

TALIWORKS CORPORATION BERHAD (Company No 6052-V)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2008 (UNAUDITED)**

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This Report is authorised for public release on 24 February 2009



SUMMARY OF KEY FINANCIAL INFORMATION

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DEC		31 DEC	
	2008	2007 (adjusted)	2008	2007 (audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	22,200	51,106	226,406	190,969
EBITDA [i]	18,823	11,133	70,127	50,192
Operating profit	18,188	9,820	67,585	47,270
Profit before tax	14,404	9,044	59,360	46,657
Profit after tax	13,817	5,956	46,284	33,108
EPS (sen) - Basic	3.6	1.7	12.2	9.0
- Diluted	3.3	1.5	11.1	8.4
Gross DPS (sen)	3.25	6.5	6.25	9.5
EBITDA margin [v]	85%	22%	31%	26%
Operating margin [v]	82%	19%	30%	25%
Pre-tax margin [ii], [v]	65%	18%	26%	24%
Net margin [v]	62%	12%	20%	17%
ROE [iii]			14%	10%
ROA [iv]			7%	7%

	31 DEC 2008	31 DEC 2007 (audited)
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.93	0.88
Net cash per share (RM)	0.11	0.10
Gearing (times)	0.66	0.69

[i] EBITDA is defined as net profit for the period/year before finance costs, taxation, depreciation and amortisation costs (and excludes share of results of jointly-controlled entities and associates).

[ii] Group pre-tax includes share of after-tax results of jointly-controlled entities and associates. Kindly refer to Note A8-Segmental Reporting for a better appreciation of the pre-tax margins recorded by individual business segments.

[iii] Return on Equity (ROE) is calculated by dividing the net profit for the period/year with the average of the opening and closing shareholders' equity and is tabulated for year-to-date results.

[iv] Return on Assets (ROA) is calculated by dividing the net profit for the period/year with the average of the opening and closing total assets and is tabulated for year-to-date results.

[v] The margins for the current quarter were affected by the over-estimation of revenue in the prior quarter. Refer to section B1.

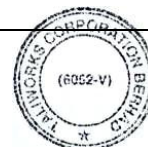


This Summary of Key Financial Information is not required under FRS134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and is disclosed on a voluntary basis.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	<u>NOTE</u>	<u>3 MONTHS ENDED</u>		<u>12 MONTHS ENDED</u>	
		<u>31 DEC</u>		<u>31 DEC</u>	
		<u>2008</u> RM'000	<u>2007</u> RM'000 (adjusted)	<u>2008</u> RM'000	<u>2007</u> RM'000 (audited)
Revenue	A8	22,200	51,106	226,406	190,969
Operating expenses		(9,836)	(43,676)	(168,855)	(149,055)
Other operating income		5,824	2,390	10,034	5,356
Operating profit		18,188	9,820	67,585	47,270
Finance cost		(3,657)	(1,225)	(14,484)	(1,550)
Share of results of a jointly controlled entity (net of tax)		(261)	300	5,690	300
Share of results of associates (net of tax)		134	149	569	637
Profit before tax	A8	14,404	9,044	59,360	46,657
Tax expense	B4	(587)	(3,088)	(13,076)	(13,549)
Profit for the financial quarter/year		13,817	5,956	46,284	33,108
Attributable to:					
Equity holders of the Company		13,400	6,253	45,757	33,735
Minority interest		417	(297)	527	(627)
Profit for the financial quarter/period		13,817	5,956	46,284	33,108
EPS (sen)	B12				
- Basic		3.6	1.7	12.2	9.0
- Diluted		3.3	1.5	11.1	8.4
DPS (sen)	B11				
- 1 st Interim		-	-	3.0	3.0
- 2 nd Interim		2.0	4.0	2.0	4.0
- Proposed final		1.25	2.5	1.25	2.5

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to these interim financial statements.



CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>NOTE</u>	31 DEC 2008 RM'000	31 DEC 2007 RM'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		28,136	27,795
Investment properties		444	455
Concession rights		16,286	15,408
Jointly controlled entity		61,528	55,838
Associates		24,214	23,645
Goodwill on consolidation		2,007	2,007
Deferred tax assets		172	84
Long term receivables		51,722	56,328
Deposits, bank and cash balances		14,201	22,484
		198,710	204,044
CURRENT ASSETS			
Inventories		1,286	1,041
Trade and other receivables		159,484	105,053
Amount due from a jointly controlled entity		38,500	52,250
Tax recoverable		4,712	304
Investments	B6(a)	205,714	197,630
Deposits, bank and cash balances		55,626	44,306
		465,322	400,584
LESS: CURRENT LIABILITIES			
Borrowings	B8	1,539	2,973
Trade and other payables		71,965	43,168
Taxation		2,355	1,712
		75,859	47,853
NET CURRENT ASSETS		389,463	352,731
LESS: NON-CURRENT LIABILITIES			
Deferred tax liability		-	28
Borrowings	B8	231,091	223,122
		231,091	223,150
		357,082	333,625
CAPITAL AND RESERVES			
Share capital		188,295	187,698
Reserves		163,336	141,426
Shareholders' equity		351,631	329,124
Minority interest		5,451	4,501
Total equity		357,082	333,625
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.9337	0.8767

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to these interim financial statements.



CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	<u>12 MONTHS ENDED 31 DEC 2008 RM'000</u>	<u>12 MONTHS ENDED 31 DEC 2007 RM'000 (audited)</u>
OPERATING ACTIVITIES		
Profit before tax	59,360	46,657
Adjustments for:		
Non-cash items	(11,028)	2,706
Interest income	(1,286)	(2,148)
Finance cost	14,484	1,550
Operating profit before working capital changes	61,530	48,765
Changes in working capital:		
Net change in current assets	(36,531)	(58,693)
Net change in current liabilities	28,756	11,552
Net cash inflow from operations	53,755	1,624
Interest paid	(5,331)	(429)
Interest received	1,497	2,073
Tax paid	(16,957)	(14,790)
Net cash inflow/(outflow) from operating activities	32,964	(11,522)
INVESTING ACTIVITIES		
Acquisition of subsidiary company	-	(5,800)
Acquisition of jointly-controlled entity	-	(55,538)
Proceeds from disposal of property, plant & equipment	48	70
Purchase of property, plant & equipment	(1,369)	(11,081)
Placement in investments, net of redemptions	(2,592)	(116,452)
Dividend received from investments	1,619	1,024
Net cash outflow from investing activities	(2,294)	(187,777)
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS options and Warrants	1,869	3,323
Proceeds from issuance of convertible bonds	-	218,250
Dividends paid	(26,439)	(24,566)
Repayment of borrowings	(3,063)	(3,039)
Decrease in deposit balances pledged as security	8,283	2,882
Net cash (outflow)/inflow from financing activities	(19,350)	196,850
Net change during the financial period	11,320	(2,449)
At beginning of financial period	44,306	46,755
At end of financial period	55,626	44,306
Cash and cash equivalents comprised the following balance sheet amounts:		
Deposits with licensed banks	59,482	44,884
Bank and cash balances	10,345	21,906
Total deposits, bank and cash balances	69,827	66,790
Less: Deposits pledged as security	(14,201)	(22,484)
	55,626	44,306

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Number of shares	Nominal value	Share premium	Warrant reserve	Share Option reserve	Currency Translation reserve	Merger deficit	Retained earnings	Shareholders' equity	Minority interest	Total Equity
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008	375,396	187,698	19,945	6,544	2,929	114	(71,500)	183,394	329,124	4,501	333,625
Net profit for the financial year	-	-	-	-	-	-	-	45,757	45,757	527	46,284
Issue of ordinary shares pursuant to:-											
- exercise of ESOS options	671	336	870	-	-	-	-	-	1,206	-	1,206
- exercise of warrants	522	261	402	-	-	-	-	-	663	-	663
Transfers to/(from) reserves upon exercise of ESOS options / warrants	-	-	842	(52)	(790)	-	-	-	-	-	-
2 nd interim dividend FY07	-	-	-	-	-	-	-	(11,121)	(11,121)	-	(11,121)
Final dividend FY07	-	-	-	-	-	-	-	(6,958)	(6,958)	-	(6,958)
1 st interim dividend FY08	-	-	-	-	-	-	-	(8,360)	(8,360)	-	(8,360)
Currency translation differences	-	-	-	-	-	1,320	-	-	1,320	423	1,743
At 31 December 2008	376,589	188,295	22,059	6,492	2,139	1,434	(71,500)	202,712	351,631	5,451	357,082
At 1 January 2007	373,389	186,694	17,625	6,545	-	(60)	(71,500)	174,225	313,529	803	314,332
Net profit for the financial year	-	-	-	-	-	-	-	33,735	33,735	(627)	33,108
Issue of ordinary shares pursuant to:-											
- exercise of ESOS options	1,997	999	2,311	-	-	-	-	-	3,310	-	3,310
- exercise of warrants	10	5	9	(1)	-	-	-	-	13	-	13
2 nd interim dividend FY06	-	-	-	-	-	-	-	(8,185)	(8,185)	-	(8,185)
Final dividend FY06	-	-	-	-	-	-	-	(8,188)	(8,188)	-	(8,188)
1 st interim dividend FY07	-	-	-	-	-	-	-	(8,193)	(8,193)	-	(8,193)
Minority interest on investment in subsidiary companies	-	-	-	-	-	-	-	-	-	4,351	4,351
Share option granted under ESOS	-	-	-	-	2,929	-	-	-	2,929	-	2,929
Currency translation differences	-	-	-	-	-	174	-	-	174	(26)	148
At 31 December 2007 (audited)	375,369	187,698	19,945	6,544	2,929	114	(71,500)	183,394	329,124	4,501	333,625

The Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to these interim financial statements.

**PART A – EXPLANATORY NOTES PURSUANT TO
FRS 134: INTERIM FINANCIAL REPORTING**

A1 – Basis of Preparation

- (a) The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the latest audited financial statements of the Company and its subsidiary companies (“Group”) for the year ended 31 December 2007. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year.

The accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted in the most recent audited financial statements except for the adoption of the following revised and amended Financial Reporting Standards (“FRS”) and new Interpretations issued by the Malaysian Accounting Standards Board (“MASB”) effective for financial periods beginning on or after 1 January 2008:

- FRS 107 Cash Flow Statements
 - FRS 111 Construction Contracts
 - FRS 112 Income Taxes
 - FRS 118 Revenue
 - FRS 120 Accounting for Government Grants and Disclosure of Government Assistance
 - FRS 134 Interim Financial Reporting
 - FRS 137 Provisions, Contingent Liabilities and Contingent Assets
-
- Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in Foreign Operations
 - IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
 - IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments
 - IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
 - IC Interpretation 6 Liabilities arising from Participating in a Specific Market Waste Electrical and Electronic Equipment
 - IC Interpretation 7 Applying the Restatement Approach under FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies
 - IC Interpretation 8 Scope of FRS 2

The Group has not early adopted FRS 139 Financial Instruments: Recognition and Measurement, which is effective from 1 January 2010.

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group and does not have any financial impact on these interim financial statements.



A1 – Basis of Preparation (cont'd)

(b) The principal closing rates used in translation of foreign currency amounts are as follows:

<u>Foreign currency</u>	<u>31 Dec 2008</u> RM	<u>31 Dec 2007</u> RM
1 US Dollar	3.48	3.32
100 Hong Kong Dollars	44.87	42.55
100 Chinese Renminbi	50.88	45.43

A2 – Auditors' Reports

The auditors' report on the financial statements of the Company and its subsidiary companies for the most recent audited financial statements was not subject to any qualification.

A3 – Comments about the Seasonal or Cyclicity of Interim Operations

There are no significant seasonal or cyclical factors affecting the operations of the Group.

A4 – Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current quarter and financial year except for the over-estimation of revenue in the previous quarter which is now accounted for in the current quarter as further elaborated in Section B1.

A5 – Accounting Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or prior financial years that have had a material effect in the current quarter and financial year.

A6 – Issuance, Cancellation, Repurchases, Resale and Repayments of Debt and Equity Securities

During the current quarter and financial year, there was no issuance or repayment of equity or debt securities by the Company save and except for the issuance of new ordinary shares of RM0.50 each from the exercise of:-

	During the Current Quarter	Year-to-date	Balance remaining unexercised as at the reporting period
ESOS options at RM1.31 per share *	-	119,000	240,000
ESOS options at RM1.90 per share *	-	552,500	4,684,000
Warrants at RM1.27 per share **	-	522,000	69,892,700

* *expiring on 29 September 2010 (unless extended by the Company)*

** *expiring on 21 September 2010*



A6 – Issuance, Cancellation, Repurchases, Resale and Repayments of Debt and Equity Securities (cont'd)

Unless redeemed or converted in accordance with the Principal Terms and Conditions, the RM225 million nominal value of the Convertible Bonds issued by the Company will mature on 5 December 2012. The Convertible Bonds can also be redeemed at the option of the holders at the end of the 3rd anniversary of the issuance. The final conversion price has been re-set to RM2.16 in accordance with the Trust Deed dated 29 November 2007 constituting the Convertible Bonds.

A7 – Dividends Paid

During the current quarter and financial year, the following dividends were paid:-

	<u>RM'000</u>
<u>In respect of the financial year ended 31 December 2007</u>	
• 2 nd interim gross dividend of 4.0 sen per share on 375,718,600 ordinary shares of RM0.50 each, less income tax at 26%, paid on 28 March 2008	<u>11,121</u>
• Final gross dividend of 2.5 sen per share on 376,131,000 ordinary shares of RM0.50 each, less income tax at 26%, paid on 7 July 2008	<u>6,958</u>
<u>In respect of the financial year ended 31 December 2008</u>	
• 1 st interim gross dividend of 3.0 sen per share on 376,590,300 ordinary shares of RM0.50 each, less income tax at 26%, paid on 29 September 2008	<u>8,360</u>

A8 – Segmental Reporting

Segmental information is presented in respect of the Group's business segments, which is the Group's primary basis of segmental reporting.

(a) Revenue

	3 Months Ended 31 Dec 2008 RM'000	3 Months Ended 31 Dec 2007 RM'000 (adjusted)	12 Months Ended 31 Dec 2008 RM'000	12 Months Ended 31 Dec 2007 RM'000 (audited)
Water business (Malaysia)	31,807	30,821	135,887	126,322
Construction (Malaysia)	(14,497)	17,637	76,986	56,554
Waste management (China)	4,890	2,648	13,533	8,093
	22,200	51,106	226,406	190,969



A8 – Segmental Reporting (cont’d)
(b) Profit Before Tax

	3 Months Ended 31 Dec 2008 RM’000	3 Months Ended 31 Dec 2007 RM’000 (adjusted)	12 Months Ended 31 Dec 2008 RM’000	12 Months Ended 31 Dec 2007 RM’000 (audited)
Water business	10,443	11,500	50,878	47,159
Construction	3,425	2,143	11,645	7,503
Waste management	1,797	(500)	3,981	(335)
Investment holding and others	34,385	66,881	34,089	75,936
	50,050	80,024	100,593	130,263
Elimination	(31,862)	(70,204)	(33,008)	(82,993)
Operating profit	18,188	9,820	67,585	47,270
Finance cost	(3,657)	(1,225)	(14,484)	(1,550)
Share of results of a jointly controlled entity	(261)	300	5,690	300
Share of results of associates	134	149	569	637
Profit before tax	14,404	9,044	59,360	46,657

A9 – Material Subsequent Events

There were no material events subsequent to the end of the interim period that have not been reflected in the interim financial statements.

A10 – Changes in Composition of the Group

There were no changes to the composition of the Group during the current quarter and financial year including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operations other than the following:-

- (a) the acquisition by the Company of a wholly owned subsidiary, Destinasi Teguh Sdn. Bhd. (“DTSB”) on 3 June 2008. DTSB has an authorised share capital of RM100,000.00 of which RM2.00 comprising 2 ordinary shares of RM1.00 each was issued and paid-up. The principal activity of DTSB is investment holding;
- (b) the incorporation of a wholly owned subsidiary, Taliworks (Shanghai) Environmental Technologies Co. Ltd. (“Taliworks (Shanghai) Environmental”) as a foreign investment enterprise in the People’s Republic of China (“PRC”) on 5 November 2008 by Taliworks International Limited (“TIL”), a wholly owned subsidiary of the Company. Taliworks (Shanghai) Environmental has a registered capital of USD1,500,000. The incorporation of the company is to facilitate business operation in the PRC for submission of project proposal and/or tender on new project(s) in relation to clinical waste, toxic waste, water supply, treatment of waste water and/or municipal solid waste in the PRC, following the Cooperation Agreement entered into on 24 April 2008 between Taliworks and Shenzhen Hanyang Investment Holding Co., Ltd.; and



A10 – Changes in Composition of the Group (cont’d)

- (c) the incorporation of a wholly owned subsidiary, Taliworks Environment Limited (“Taliworks Environment”), under the Hong Kong Companies Ordinance (Chapter 32) on 16 December 2008 by TIL. Taliworks Environment has an authorised share capital of HKD10,000.00 of which HKD1.00 comprising 1 ordinary shares of HKD1.00 each was issued and paid-up. The principal activity of Taliworks Environment is investment holding.

A11 – Changes in Contingent Liabilities or Contingent Assets

The changes in the contingent liabilities of the Group since the last audited balance sheet were as follows:-

	RM’000
<u>Secured</u>	
Bank guarantees issued to third parties for services rendered and as performance bonds on behalf of subsidiaries	-
Decrease in bank guarantees issued to third parties for services rendered and as performance bonds	<u>4,847</u>



PART B – EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 – Review of Performance

(a) Revenue

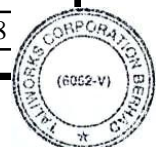
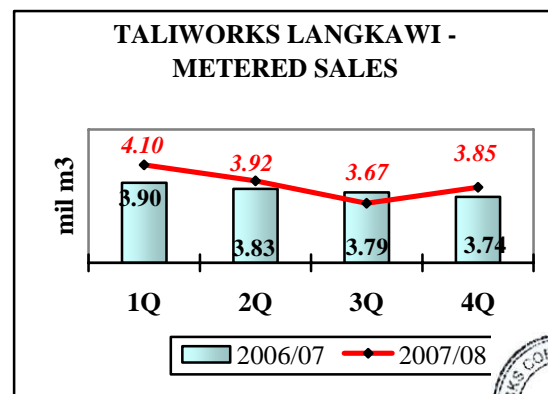
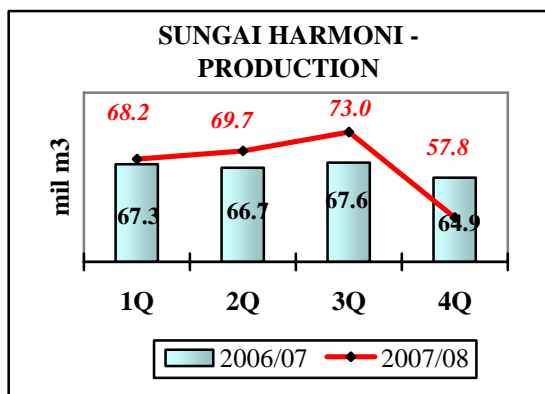
	3 Months Ended 31 Dec 2008 RM'000	3 Months Ended 30 Sep 2008 RM'000	3 Months Ended 31 Dec 2007 RM'000 (adjusted)
Water business	31,807	36,690	30,821
Construction	(14,497)	29,250	17,637
Waste management	4,890	3,350	2,648
	22,200	69,290	51,106

(b) Profit Before Tax

	3 Months Ended 31 Dec 2008 RM'000	3 Months Ended 30 Sep 2008 RM'000	3 Months Ended 31 Dec 2007 RM'000 (adjusted)
Water business	10,443	13,303	11,500
Construction	3,425	3,382	2,143
Waste management	1,797	1,190	(500)
Investment holding and others	34,385	(122)	66,881
	50,050	17,753	80,024
Elimination	(31,862)	(140)	(70,204)
Operating profit	18,188	17,613	9,820
Finance cost	(3,657)	(3,672)	(1,225)
Share of results of a jointly controlled entity	(261)	2,142	300
Share of results of associates	134	130	149
Profit before tax	14,404	16,213	9,044

Revenue

The following is the production statistics of Sungai Harmoni Sdn Bhd (“SHSB”) and metered sales of Taliworks (Langkawi) Sdn Bhd (“TLSB”)



B1 – Review of Performance (cont'd)

Revenue (cont'd)

Q-o-Q, revenue dropped considerably due to over estimation of the percentage of completion of the construction projects in the previous quarter and variation orders recognised earlier which currently are being disputed. However, this did not have a material impact to the profit after tax of the Group and the construction division remained profitable.

Production from Sungai Selangor Water Treatment Works Phase I (“SSP1”) decreased from 73.0 mil m³ to 57.8 mil m³. Taken on a million litre per day (“MLD”) basis, the decrease was from 745 MLD to 688 MLD, a decrease of 7.6%. On the other hand, TLSB registered metered sales of 3.85 mil m³, a 5% increase over the previous quarter. For the year in review, SHSB’s average output of 730 MLD remains almost unchanged from the previous year’s average whereas TLSB recorded a modest growth of 1.7%.

In the waste management division, Puresino (Guanghan) Water Co Ltd, a subsidiary involved in the management, operation and maintenance of a wastewater treatment plant in China, adjusted for a tariff hike in the current quarter from RMB0.80/m³ to RMB1.15/m³ with a net impact of an equivalent of RM1.7 million. The hike was approved subsequent to the year end but was effective from beginning of the year.

Similarly, Group revenue Y-o-Y was affected by the revision to the contract revenue in the current quarter. Revenue from the water business improved marginally by about 3.2% driven mainly by the increase in the Bulk Sales Rate (“BSR”) in TLSB from RM1.70/m³ to RM1.92/m³ effective 1 January 2008. SSP1 registered a 3.6% drop in production from 714 MLD to 688 MLD whereas TLSB recorded an increase in metered sales by 3.6%. These factors accounted for the marginal increase in the revenue from the water business.

Profit before Taxation

Despite the drop in revenue Q-o-Q, the construction division managed to record a PBT of RM3.4 million as the division was able to revise downwards the estimated construction costs for the Padang Terap project due to the lower price of construction materials. A significant jump in the price of construction materials were felt in the first half of the year but has since declined towards the end of the year. Although the completion date has been extended to end of 2009, the physical progress of the project has been assessed at about 86% completed. Physical progress of the Klang Valley Flood Mitigation project was assessed at 90% completed as at the end of the year. No work was done in the current quarter and completion is expected to be in the 2nd quarter of 2009.

In the current quarter, the Group also realised capital gains of RM3.2 million from the redemption of money market unit trust funds included as short term investments.

Share of results from the highway toll division has dropped substantially due to higher amortisation of the concession assets and goodwill on the account of lower projected traffic and an impairment of its quoted investment. Average Daily Traffic (“ADT”) of the Cheras-Kajang Highway was recorded at 191,086 vehicles compared to 185,086 vehicles, an increase of 3.2% Q-o-Q.

Y-o-Y, PBT has increased substantially due to the exceptional charges of RM6.3 million made in the 4th quarter of 2007. This was in relation to the FRS2 charges on ESOS granted and corporate expenses for the issuance of the convertible bonds and the acquisition of the Cerah Sama group.

Whilst the revenue from the water business has increased by 3%, PBT on the other hand has decreased by 9% mainly from the increase in upkeep and maintenance costs and lower interest income from the investment of surplus funds.



B1 – Review of Performance (cont'd)

Profit before Taxation (cont'd)

For the construction division, the increased in profits was on the account of the advanced stage in the completion of both the projects undertaken by the Group.

B2 – Current Year Prospects

The current economic condition is expected to have an impact to the Group, particularly its ability to secure construction projects locally to replenish the depleting order book. The two projects that the Group is currently undertaking will be completed by 2009.

Despite the challenging operating environment, the Group does not expect the performance of the concession-based businesses to be severely affected.

B3 – Profit Forecasts or Profit Guarantees

Not applicable as no profit forecast or guarantees was published.

B4 – Taxation

	3 Months Ended 31 Dec 2008 RM'000	12 Months Ended 31 Dec 2008 RM'000
Malaysian income tax:-		
- Current year tax	1,012	13,635
- Over provision of tax in prior years	(309)	(443)
- Deferred Tax	(116)	(116)
	587	13,076

The tax expense is in respect of the estimated Malaysian income tax charge for the period and for the year. The effective tax rate of the Group is lower than the statutory tax rate principally due to the receipt of tax exempt dividend income and capital gains arising from the redemption of investments (primarily during the current interim period). However, this was moderated by certain expenses not allowed as tax deductions and tax effect of share of results of jointly controlled entity and associates.

B5 – Profits on Sale of Unquoted Investments and Properties

There was no sale of unquoted investments and properties for the current quarter and financial year.

B6 – Purchase or Disposal of Quoted Securities

- (a) There were no purchases or disposals of quoted securities for the current quarter and financial year except for the investment and redemption of quoted unit trusts included as Investments. As at the end of the reporting period, the Investments of the Group were as follows:-

	RM'000
Book value / carrying amount	205,714
Market value	205,752

- (b) There were no investments in quoted shares as at end of the reporting period.



B7 – Status of Corporate Proposals Announced But Not Completed

(i) Status of Corporate Proposals

There were no proposals announced but not completed as at end of the reporting period.

(ii) Status of Proposed Utilisation of Proceeds

As at 18 February 2009 (being a date not earlier than 7 days from the date of this report), the status of utilisation of proceeds raised from the issuance of the Convertible Bonds was as follows:-

	Total Net Proceeds Raised (RM'000)	Amount Unutilised (RM'000)
(i) For future local and overseas business expansion	196,400	170,916
(ii) For general working capital purposes (current requirements and those arising from future local and overseas business expansion)	21,850	9,150
TOTAL	218,250	180,066

- (a) Depending on the funding requirements of the Company, its subsidiaries and its joint venture companies namely Cerah Sama Sdn Bhd (“CSSB”), the Company may re-allocate the amount of proceeds to be utilised between each of the abovementioned categories.
- (b) In addition, any proceeds not fully utilised under (i) above within the stipulated timeframe will be utilised for general working capital purposes if not re-allocated during the stipulated timeframe. Proceeds under (i) above may also be utilised to fund any shareholders’ advances to CSSB.
- (c) The proceeds are to be utilised within 2 years from the issuance of the Convertible Bonds. There was no deviation in the utilisation of proceeds.

B8 – Group Borrowings and Debt Securities

Included in the borrowings are:-	Short Term		Long Term	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Hire purchase	18	-	42	-
Bank borrowings	1,521	-	-	-
Government support loan	-	-	-	3,053
Convertible bonds	-	-	-	227,996
	1,539	-	42	231,049



B8 – Group Borrowings and Debt Securities (cont'd)

Borrowings denominated in foreign currency are:-	US Dollars'000	Renminbi'000
Secured:		
Not later than one year	⁽ⁱ⁾ 438	-
	438	-
Unsecured:		
Later than one year but not later than five years	-	⁽ⁱⁱ⁾ 6,000
	438	6,000

(i) To be repaid by the Company.

(ii) To be repaid by a subsidiary in the People's Republic of China.

B9 – Off Balance Sheet Financial Instruments

As at 18 February 2009 (being a date not earlier than 7 days from the date of this Report), the Group is not aware of any contracts on financial instruments with off balance sheet risk.

B10 – Material Litigations

As at 18 February 2009 (being a date not earlier than 7 days from the date of this Report), the Group is not aware of any pending material litigations against the Company or its subsidiary companies.

B11 – Dividends

General Dividend Policy

The Company's general dividend policy is to distribute not less than 50% of its net earnings as gross dividends for the three financial years commencing 31 December 2006 to 31 December 2008 subject to availability of distributable reserves and tax credits to frank the dividends.

In view of the current economic condition which is expected to persist for the foreseeable future, the Group has placed importance in conserving cash. The economic downturn has also provided the Group a window of opportunity to invest in viable projects particularly in concession-based businesses at attractive valuations.

As such, the Board, after considering all these factors, has decided from the financial year 2009 onwards (unless a decision is made to the contrary), to declare dividends to shareholders based on the affordability of the Group.



B11 – Dividends (cont’d)

2nd Interim Dividend

In accordance with the general dividend policy, the Board is pleased to declare a second interim gross dividend of 2.0 sen per share less income tax at 25%, in respect of the current financial year ended 31 December 2008, be payable on 30 March 2009 to depositors who are registered in the Record of Depositors at the close of business on 13 March 2009.

A depositor shall qualify for entitlement to the dividends only in respect of:-

- a) Shares transferred into the Depositor’s Securities Account before 4.00 p.m. on 13 March 2009 in respect of transfers; and
- b) Shares bought on the Bursa Securities on cum entitlement basis according to the Rules of Bursa Securities.

Proposed Final Dividend

The Board is also pleased to recommend a final gross dividend of 1.25 sen per share less income tax at 25%, in respect of the current financial year ended 31 December 2008 to be approved by shareholders of the Company at the Annual General Meeting to be convened.

If the proposed final dividend is approved by the shareholders, the total gross dividend paid and declared in respect of the current financial year would be 6.25 sen per share, less income tax of between 25% to 26% (2007: 9.5 sen per share, less income tax of between 26% to 27%).

B12 – Earnings Per Share (“EPS”)

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of shares in issue.

(b) Diluted earnings per share

The diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company (as adjusted) by the weighted average number of shares in issue (as adjusted). The net profit attributable to equity holders of the Company is adjusted for net savings from the after-tax effects of the financing costs of the Convertible Bond as if the Convertible Bonds were converted into shares at the beginning of the financial period. The weighted average number of shares in issue is adjusted for potential dilutive shares from the exercise of outstanding ESOS options, Warrants and Convertible Bonds of the Company.



B12 – Earnings Per Share (“EPS”) (cont’d)

 (b) *Diluted earnings per share (cont’d)*

	3 Months Ended 31 Dec 2008	3 Months Ended 31 Dec 2007 (adjusted)	12 Months Ended 31 Dec 2008	12 Months Ended 31 Dec 2007 (audited)
(a) Basic earnings per share				
Net Profit attributable to equity holders of the Company (RM’000)	13,400	6,253	45,757	33,735
Weighted average number of shares in issue (‘000)	376,590	374,095	376,121	374,050
Basic EPS (sen)	3.6	1.7	12.2	9.0
(b) Diluted earnings per share				
Net Profit attributable to equity holders of the Company (as adjusted) (RM’000)	16,111	6,253	56,289	33,735
Weighted average number of shares in issue (as adjusted) (‘000)	491,536	409,351	509,236	399,633
Diluted EPS (sen)	3.3	1.5	11.1	8.4

B13 – Adjustments and Restatement of Comparatives

Comparatives may differ from the unaudited consolidated results announced for the 4th quarter 2007 as they have been adjusted to reflect the audited results of the Group for the year ended 31 December 2007.

B14 – Authorisation for Release

This Interim Financial Report for the current quarter and financial period ended 31 December 2008 has been seen and approved by the Board for public release.

By Order of the Board
 Ng Yim Kong
 Company Secretary (LS 0009297)
 24 February 2009

For more information on **TALIWORKS CORPORATION BERHAD**, shareholders and the general public can access the Company’s website at <http://www.taliworks.com.my>. The Company also participates in the CMDF-Bursa Research Scheme to facilitate greater investors' understanding of the Group. Copies of independent research reports on the Company can be downloaded from <http://www.bursamalaysia.com>

