

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2007 (UNAUDITED)

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This Report is authorised for public release on 29 August 2007

SUMMARY OF KEY FINANCIAL INFORMATION

	3 MONTHS ENDED		6 MONTHS ENDED		12 MONTHS
	30 JUN		30 JUN		ENDED
	2007	2006	2007	2006	31 DEC 2006
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	40,727	34,554	80,050	72,989	142,902
Operating profit	12,792	12,551	25,729	27,751	49,982
EBITDA [i]	13,332	13,066	26,797	28,775	52,161
Profit before tax	12,820	12,475	25,873	27,567	50,254
Profit after tax	9,285	9,023	18,732	19,842	35,581
EPS (sen) - Basic	2.49	2.49	5.03	5.55	9.77
- Diluted	2.37	2.40	4.78	5.35	9.35
Gross DPS (sen)	3.0	4.0	3.0	4.0	10.0
Operating margin	31%	36%	32%	38%	35%
Pre-tax margin [iv]	31%	36%	32%	38%	35%
Net margin	23%	26%	23%	27%	25%
ROE [ii]	-	-	6%	7%	12%
ROA [iii]	-	-	5%	6%	10%

	30 JUN 2007	30 JUN 2006	31 DEC 2006
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.85	0.82	0.84
Net cash per share (RM)	0.41	0.34	0.39
Net Gearing (times)	0.03	0.03	0.03

[i] EBITDA is defined as net profit before finance costs, taxation, depreciation and amortisation costs (and excludes share of results of associated companies).

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

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

[iv] Kindly refer to Note A8-Segmental Reporting for a better appreciation of the pre-tax margins recorded by individual business segments.

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>6 MONTHS ENDED</u>	
		<u>30 JUNE</u>		<u>30 JUNE</u>	
		<u>2007</u> RM'000	<u>2006</u> RM'000 (restated)	<u>2007</u> RM'000	<u>2006</u> RM'000 (restated)
Revenue	A8	40,727	34,554	80,050	72,989
Operating expenses		(28,986)	(22,728)	(56,072)	(46,479)
Other operating income		1,051	725	1,751	1,241
Operating profit		12,792	12,551	25,729	27,751
Finance cost		(109)	(153)	(228)	(306)
Share of results of associated companies (net of tax)	B14	137	77	372	122
Profit before tax	A8	12,820	12,475	25,873	27,567
Tax expense	B5	(3,535)	(3,452)	(7,141)	(7,725)
Profit for the financial period		9,285	9,023	18,732	19,842
Attributable to:					
Equity holders of the Company		9,300	9,047	18,779	19,866
Minority interest		(15)	(24)	(47)	(24)
Profit for the financial period		9,285	9,023	18,732	19,842
EPS (sen)					
- Basic	B13	2.49	2.49	5.03	5.55
- Diluted		2.37	2.40	4.78	5.35
DPS (sen)					
- 1 st Interim		3.0	4.0	3.0	4.0

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>NOTE</u>	<u>30 JUN 2007</u> <u>RM'000</u>	<u>31 DEC 2006</u> <u>RM'000</u> <u>(audited)</u>
NON-CURRENT ASSETS			
Property, plant and equipment		17,059	6,122
Investment properties		460	465
Intangible assets		2,007	-
Concession rights		15,819	16,188
Associated companies		23,380	23,008
Deferred tax assets		9	9
Long term receivables		61,036	61,036
Deposits, bank and cash balances		23,826	25,366
		143,596	132,194
CURRENT ASSETS			
Inventories		1,057	981
Trade and other receivables		92,060	91,808
Tax recoverable		191	424
Short-term investments	B7(a)	90,038	79,464
Deposits, bank and cash balances		47,252	46,755
		230,598	219,432
LESS: CURRENT LIABILITIES			
Borrowings	B9	3,122	3,185
Trade and other payables		31,615	26,326
Taxation		3,651	2,940
Proposed dividends		8,188	-
		46,576	32,451
NET CURRENT ASSETS		184,022	186,981
LESS: NON-CURRENT LIABILITIES			
Deferred tax liability		86	86
Borrowings	B9	5,824	4,757
		5,910	4,843
		321,708	314,332
CAPITAL AND RESERVES			
Share capital		186,948	186,694
Reserves		129,636	126,835
Shareholders' equity		316,584	313,529
Minority interest		5,124	803
Total equity		321,708	314,332
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.8467	0.8397

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	6 MONTHS ENDED 30 JUN 2007 RM'000	6 MONTHS ENDED 30 JUN 2006 RM'000 (restated)
OPERATING ACTIVITIES		
Profit before tax	25,873	27,567
Adjustments for:		
Non-cash items	1,312	1,412
Interest income	(732)	(1,104)
Finance cost	228	306
Operating profit before working capital changes	26,681	28,181
Changes in working capital:		
Net change in current assets	4,725	855
Net change in current liabilities	(1,780)	(20,464)
Net cash inflow from operations	29,626	8,572
Interest paid	(240)	(307)
Interest received	749	1,391
Tax paid	(6,197)	(6,059)
Net cash inflow from operating activities	23,938	3,597
INVESTING ACTIVITIES		
Acquisition of subsidiary company (Note A11(b))	(5,207)	-
Purchase of property, plant & equipment	(1,034)	(618)
Proceeds from disposal of property, plant, equipment	-	15
Placement in short-term investments, net of redemptions	(10,184)	(37,583)
Dividend received from short-term investments	493	-
Net cash outflow from investing activities	(15,932)	(38,186)
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS options	665	23,232
Repayment of borrowings	(1,529)	(1,635)
Decrease in deposit balances pledged as security	1,540	2,044
Dividend paid	(8,185)	(5,073)
Net cash (outflow)/inflow from financing activities	(7,509)	18,568
Net change during the financial period	497	(16,021)
At beginning of financial period	46,755	83,512
At end of financial period	47,252	67,491
Cash and cash equivalents comprised the following balance sheet amounts:		
Deposits with licensed banks	44,667	91,335
Bank and cash balances	26,411	7,298
Total deposits, bank and cash balances	71,078	98,633
Less: Deposits pledged as security	(23,826)	(31,142)
	47,252	67,491

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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	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
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 period	-	-	-	-	-	-	18,779	18,779	(47)	18,732
Issue of ordinary shares pursuant to:-										
- exercise of ESOS options	507	254	411	-	-	-	-	665	-	665
Second interim dividend for financial year ended 31 December 2006	-	-	-	-	-	-	(8,185)	(8,185)	-	(8,185)
Final dividend for financial year ended 31 December 2006	-	-	-	-	-	-	(8,188)	(8,188)	-	(8,188)
Minority interest on investment in subsidiary companies	-	-	-	-	-	-	-	-	4,351	4,351
Currency translation differences	-	-	-	-	(16)	-	-	(16)	17	1
At 30 June 2007	373,896	186,948	18,036	6,545	(76)	(71,500)	176,631	316,584	5,124	321,708
At 1 January 2006	352,263	176,131	51	6,547	168	(71,500)	162,371	273,768	889	274,657
Net profit for the financial period	-	-	-	-	-	-	19,866	19,866	(24)	19,842
Issue of ordinary shares pursuant to:-										
- exercise of ESOS options	-	8,608	14,624	-	-	-	-	23,232	-	23,232
Second interim dividend for financial year ended 31 December 2005	-	-	-	-	-	-	(5,073)	(5,073)	-	(5,073)
Final dividend for financial year ended 31 December 2005	-	-	-	-	-	-	(7,978)	(7,978)	-	(7,978)
Currency translation differences	-	-	-	-	(153)	-	-	(153)	2	(151)
At 30 June 2006 (restated)	352,263	184,739	14,675	6,547	15	(71,500)	169,186	303,662	867	304,529

The Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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

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 2006. These 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 financial year ended 31 December 2006.

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 by the Group of the revised Financial Reporting Standards (“FRS”) issued by the Malaysian Accounting Standards Board (“MASB”) effective for financial periods beginning 1 January 2007 as follows:-

- FRS 117 Leases
- FRS 124 Related Party Disclosures

The adoption of FRS 117 and FRS 124 does not have any financial impact on these interim financial statements.

The principal effects from the changes to the accounting policies resulting from the adoption of the revised FRS adopted by the Group are discussed below:-

(a) FRS 117: Leases

The adoption of the revised FRS 117 will result in a retrospective change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. Leasehold land is now classified as operating lease, the minimum lease payments or the upfront payments made are allocated between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The upfront payment represents prepaid lease payments and are amortised on a straight line basis over the lease term. At 1 January 2007 and 30 June 2007, the Group does not have any leasehold land held for own use to be reclassified.

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 financial period.

A5 – Accounting Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial period.

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

During the current financial period, there was no issuance or repayment of equity or debt securities by the Company save and except for the issuance of 507,000 new ordinary shares of RM0.50 each at RM1.31 per share from the exercise of ESOS options.

A total of 676,000 ESOS options and 70,425,000 Warrants 2005/10 remained unexercised.

A7 – Dividends Paid

During the current financial period, the following dividends were paid:-

<u>In respect of the financial year ended 31 December 2006</u>	<u>RM'000</u>
• Second interim gross dividend of 3.0 sen per share on 373,757,500 ordinary shares of RM0.50 each, less income tax at 27%, paid on 2 April 2007	<u>8,185</u>
• Final gross dividend of 3.0 sen per share on 373,896,000 ordinary shares of RM0.50 each, less income tax at 27%, paid on 6 July 2007	<u>8,188</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 30 June 2007 RM'000	3 Months Ended 30 June 2006 RM'000	6 Months Ended 30 June 2007 RM'000	6 Months Ended 30 June 2006 RM'000
Water business	31,598	32,916	63,586	66,140
Construction	7,472	-	13,123	3,582
Waste management	1,657	1,638	3,341	3,267
	40,727	34,554	80,050	72,989

A8 – Segmental Reporting (continued)
(b) Profit Before Tax

	3 Months Ended 30 Jun 2007 RM'000	3 Months Ended 30 Jun 2006 RM'000 (restated)	6 Months Ended 30 Jun 2007 RM'000	6 Months Ended 30 Jun 2006 RM'000 (restated)
Water business	12,481	12,600	25,447	27,336
Construction	718	-	1,288	167
Waste management	300	161	395	415
Investment holding and others	11,889	273	11,292	80
	25,388	13,034	38,422	27,998
Elimination	(12,596)	(483)	(12,693)	(247)
Operating profit	12,792	12,551	25,729	27,751
Finance cost	(109)	(153)	(228)	(306)
Share of results of associated companies	137	77	372	122
Profit before tax	12,820	12,475	25,873	27,567

Analysis of secondary reporting by geographical location was not presented as the Group's activities are primarily in Malaysia.

A9 – Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual financial statements.

A10 – Material Subsequent Events

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements except as announced by the Company, if any, subsequent to the end of the financial period.

A11 – Changes in Composition of the Group

Save as disclosed below, there were no changes to the composition of the Group during the current financial period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operations.

- a) On 10 January 2007, an 80% subsidiary company, Taliworks (Sichuan) Ltd (“Taliworks Sichuan”), was incorporated in Hong Kong with an authorised share capital of HKD20,000,000 of which HKD15,000,000 comprising 15,000,000 ordinary shares of HKD1.00 each was issued and paid-up. The principal activity of Taliworks Sichuan is investment holding.
- b) On 24 April 2007, Taliworks Sichuan acquired 70% equity interest in Puresino (Guanghan) Water Co. Ltd, a company incorporated in the People's Republic of China which has been granted an exclusive 30-year concession rights to undertake, manage and operate the Guanghan San Xin Dui wastewater treatment plant.



A11 – Changes in Composition of the Group (continued)

b) The assets and liabilities arising from the acquisition are as follows:

	<u>Carrying Amount</u> <u>RM'000</u>
Property, plant and equipment	10,629
Trade and other receivables	4,982
Deposits, bank and cash balances	9
Trade and other payables	(4,071)
Long term borrowings	(2,665)
Total net asset	<u>8,884</u>
Less: Minority interest	<u>(2,665)</u>
	6,219
Intangible asset arising on acquisition	<u>2,007</u>
	<u>8,226</u>
The cash outflow on acquisition is as follows:	
Purchase consideration satisfied by cash	5,216
Cash and cash equivalent of subsidiary acquired	<u>(9)</u>
Net cash outflow of the Group as at 30 June 2007	<u>5,207</u>
Purchase consideration payable by cash	<u>3,010</u>
	<u>8,217</u>

- c) On 4 June 2007, Taliworks International Limited (“Taliworks International”), a wholly owned subsidiary company of Taliworks, incorporated a 70% owned subsidiary company, Taliworks-IBI Technologies International Limited (“Taliworks-IBI”). Taliworks-IBI was incorporated in Hong Kong with an authorised and issued share capital of HKD200,000 comprising 200,000 ordinary shares of HKD1.00 each. The principal activity of Taliworks-IBI is investment holding.
- d) On 15 June 2007, Taliworks-IBI incorporated a 90% owned subsidiary company, Taliworks-IBI Technologies (Xiamen) Limited (“Taliworks-IBI Xiamen”). Taliworks-IBI Xiamen was incorporated in Hong Kong with an authorised share capital of HKD500,000 of which HKD100,000 comprising 100,000 ordinary shares of HKD1.00 each was issued. The principal activity of Taliworks-IBI Xiamen is as an investment holding company for manufacturing and trading activities of environmental protection related business.

A12 – Changes in Contingent Liabilities or Contingent Assets

The contingent liabilities of the Group as at the end of the financial period are as follows:-

	<u>30 Jun 2007</u> <u>RM'000</u>
<u>Secured</u>	
Bank guarantees issued to third parties as performance bond on behalf of subsidiary companies	9,887
Bank guarantees issued to third parties for services rendered and as performance bonds	<u>10,205</u>



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

B1 – Review of Performance (Comparison with Corresponding Quarter’s Results)

	3 Months Ended 30 Jun 2007 RM’000	3 Months Ended 30 Jun 2006 RM’000 (restated)
Revenue	40,727	34,554
Operating profit	12,792	12,551
Profit before taxation	12,820	12,475

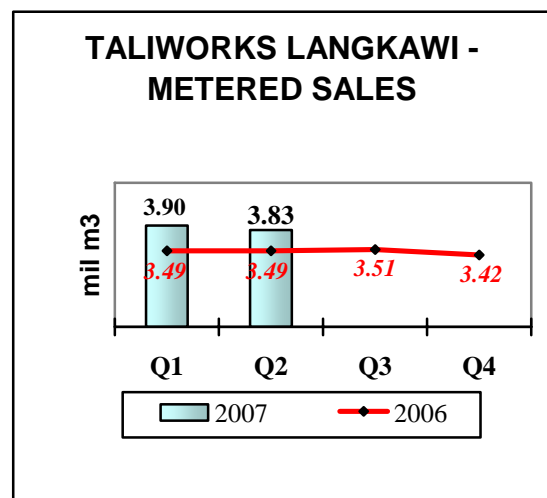
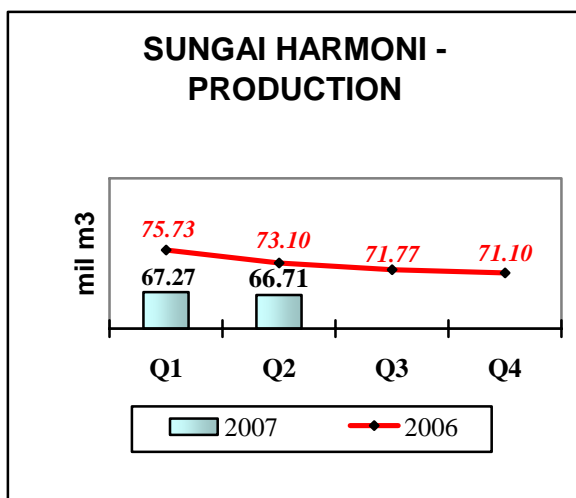
The review of performance should be read in conjunction with the segmental information presented in Note A8.

Revenue

Group revenue was about 18% higher than that recorded in the corresponding quarter. This was mainly contributed from construction activities from the Bekalan Air Padang Terap Project which commenced in the last quarter of 2006. However, revenue from the water business declined by about 4% from lower production recorded by SSP1 at Sungai Harmoni Sdn Bhd (“Sungai Harmoni”).

When compared to the corresponding quarter, the production from SSP1 registered a significant decline of about 9% from 73.10 m³ to 66.71 m³. However, the percentage of decline has been on the downward trend. On the other hand, Taliworks Langkawi Sdn Bhd (“Taliworks Langkawi”) enjoyed a robust growth from 3.49 m³ to 3.83 m³ (or about 10%) over the corresponding quarter due to the increased in tourism activities in Langkawi.

The following are the production and metered sales data for Sungai Harmoni and Taliworks Langkawi respectively:-



B1 – Review of Performance (Comparison with Corresponding Quarter’s Results) (continued)

Profit before Taxation

The operating profit and profit before tax of the Group has slightly increased marginally by RM0.2 million (or 2%) and RM0.3 million (or 3%) respectively compared to the corresponding quarter. This was mainly contributed from the construction activities during the current interim period.

B2 – Review of Performance (Comparison with Preceding Quarter’s Results)

(a) Revenue

	3 Months Ended 30 Jun 2007 RM'000	3 Months Ended 31 Mar 2007 RM'000
Water business	31,598	31,988
Construction	7,472	5,651
Waste management	1,657	1,684
	40,727	39,323

Compared to the previous quarter, total revenue recorded was marginally higher by RM1.4 million (or about 4%.) This was contributed from the increased in construction activities which is 8.6% completed compared to 3.9% in the previous quarter. Production from SSP1 declined slightly from 67.27 m3 to 66.71 m3 (or by about 1%) and metered sales from Taliworks Langkawi also reported a marginal decrease of 2% from 3.90 m3 to 3.83 m3.

(b) Profit Before Tax

	3 Months Ended 30 Jun 2007 RM'000	3 Months Ended 31 Mar 2007 RM'000
Water business	12,481	12,966
Construction	718	570
Waste management	300	95
Investment holding and others	11,889	(597)
	25,388	13,034
Elimination	(12,596)	(97)
Operating profit	12,792	12,937
Finance cost	(109)	(119)
Share of results of associated companies	137	235
Profit before tax	12,820	13,053

The operating profit and the profit before tax of the Group registered marginal decreases compared to the preceding quarter primarily from the lower revenue recorded from the water business.

B3 – Current Year Prospects

With the progression of the Bekalan Air Padang Terap Project, the Group will record higher revenue and profit contribution from construction activities throughout 2007. However, the performance from the water business will depend on the production output from Sungai Harmoni for the rest of the year.

B3 – Current Year Prospects (continued)

The Group has recently announced the proposed acquisition of a 55% equity interest in Cerah Sama Sdn Bhd, which holds, directly and indirectly 100% of the equity interest in Grand Saga Sdn Bhd, the toll concessionaire for the Cheras-Kajang Highway. The proposed acquisition, if approved by shareholders at an extraordinary general meeting to be convened, is expected to be completed during the year whereby Cerah Sama is to be equity account as a joint-controlled entity with the South East Asian Strategic Assets Fund (“SEASAF”) as the joint-venture partner to Taliworks.

The Group will continue with its efforts during the year to source for water, waste and wastewater projects as well as viable infrastructure projects that can generate recurring income, both locally and abroad.

B4 – Profit Forecast

Not applicable as no profit forecast was published.

B5 – Taxation

	3 Months Ended 30 Jun 2007 RM'000	6 Months Ended 30 Jun 2007 RM'000
Malaysian income tax:- - Current year	3,535	7,141
	3,535	7,141

The effective tax rate of the Group for the financial period is higher than the statutory tax rate of 27% primarily due to certain expenses not allowed as tax deductions and losses incurred by certain subsidiaries which were not available to be set-off against taxable profits in other companies within the Group.

B6 – Profits on Sale of Unquoted Investments and Properties

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

B7 – Purchase or Disposal of Quoted Securities

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

	RM'000
Book value	90,038
Carrying amount	90,038
Market value	90,713

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



B8 – Status of Corporate Proposals Announced But Not Completed

On 16 July 2007, the Company announced the following proposals:-

- (i) that the Company had entered into a sale and purchase agreement with Bunga Abadi Sdn Bhd, for the proposed acquisition of a total of 327,250 ordinary shares of RM1.00 each representing 55% of the issued and paid-up share capital of Cerah Sama Sdn Bhd for a purchase consideration of approximately RM55.54 million (“Proposed Acquisition”); and
- (ii) the proposed issuance of up to RM225 million nominal value of convertible bonds (“Bonds”) to be placed out to non-related investors (“Proposed Bond Issue”). Pursuant thereto, the Company had entered into a purchase agreement with Goldman Sachs International (“Goldman Sachs”) where RM180 million nominal value of Bonds will be purchased by Goldman Sachs under the Proposed Bond Issue. The remaining RM45 million nominal value of Bonds, which shall have the same terms and conditions as the Bonds to be purchased by Goldman Sachs, may be placed out to other non-related investors.

The Proposed Bond Issue is conditional upon the completion of the Proposed Acquisition but the Proposed Acquisition is not conditional upon the Proposed Bond Issue.

The Proposed Acquisition is deemed to be a related party transaction under Chapter 10 of the Listing Requirements of Bursa Securities. The Company is currently preparing the necessary applications to the relevant authorities.

For further information and the salient terms of these proposals, please refer to our earlier announcement dated 16 July 2007 to Bursa Securities (<http://www.bursamalaysia.com>).

B9 – Group Borrowings and Debt Securities

Group borrowings as the end of the reporting period are all secured and interest bearing. Included in the borrowings is an offshore borrowing denominated in a foreign currency as follows:-

	US Dollars '000
Not later than one year	875
Later than one year but not later than two years	875
	1,750

B10- Off Balance Sheet Financial Instruments

As at 24 August 2007 (being a date not earlier than 7 days from the date of this report), there were no contracts on financial instruments with off balance sheet risk.

B11- Material Litigations

As at 24 August 2007 (being a date not earlier than 7 days from the date of this report), there were no pending material litigations against the Company or its subsidiary companies.

B12– Dividends

The Board is pleased to declare a first interim dividend of 3.0 sen per share less income tax at 27%, in respect of the current financial year ending 31 December 2007, be payable on 15 October 2007 to depositors who are registered in the Record of Depositors at the close of business on 17 September 2007.

B12– Dividends (continued)

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 17 September 2007 in respect of transfers; and
- b) Shares bought on the Bursa Securities on cum entitlement basis according to the Rules of Bursa Securities.

B13- 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 by the adjusted weighted average number of shares in issue. The weighted average number of shares in issue is adjusted for potential dilutive shares from the exercise of outstanding ESOS options and Warrants of the Company.

	3 Months Ended 30 Jun 2007	3 Months Ended 30 Jun 2006 (restated)	6 Months Ended 30 Jun 2007	6 Months Ended 30 Jun 2006 (restated)
(a) Basic Earnings per share				
Net Profit attributable to equity holders of the Company (RM’000)	9,300	9,047	18,779	19,866
Weighted average number of shares in issue (‘000)	373,830	363,074	373,692	357,667
Basic EPS (sen)	2.49	2.49	5.03	5.55
(b) Diluted Earnings per share				
Net Profit attributable to equity holders of the Company (RM’000)	9,300	9,047	18,779	19,866
Weighted average number of shares in issue (‘000)	373,830	363,074	373,692	357,667
Effects of dilution from exercise of:-				
- Warrants (‘000)	18,121	13,094	18,726	13,094
- ESOS options (‘000)	158	814	164	814
	392,109	376,982	392,582	371,575
Diluted EPS (sen)	2.37	2.40	4.78	5.35



B14 – Restatement of Comparatives

In the previous interim report for the second quarter ended 30 June 2006, the Company recognised RM4.5 million as share of results of an associated company. Subsequently, it was de-recognised and reversed out in the interim report for the fourth quarter ended 31 December 2006.

For better comparison of the interim financial statements for the current quarter and financial period with the corresponding periods, the comparatives have been restated to exclude the earlier recognition, where relevant, as indicated in this Interim Report.

Similarly, the comparatives for the previous fourth quarter and year-to-date for 31 December 2006 will also be restated in the forthcoming interim report for the fourth quarter ending 31 December 2007.

B15 – Authorisation for Release

This Interim Financial Report for the financial period ended 30 June 2007 has been seen and approved by the Board for public release.

By Order of the Board
Ng Yim Kong
Company Secretary (LS 0008343)
29 August 2007

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>