

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2009 (UNAUDITED)

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SUMMARY OF KEY FINANCIAL INFORMATION

	<u>3 MONTHS ENDED</u>		<u>6 MONTHS ENDED</u>		<u>12 MONTHS</u>
	<u>30 JUN</u>		<u>30 JUN</u>		<u>ENDED</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>31 DEC 2008</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	38,269	69,565	75,021	134,916	226,406
EBITDA [i]	14,583	14,536	29,286	33,874	72,129
Operating profit	13,404	13,484	26,915	31,784	67,585
Profit before tax	11,333	12,020	22,625	28,743	59,360
Profit after tax	8,293	8,615	16,769	20,484	46,284
EPS (sen) - Basic	2.1	2.3	4.4	5.5	12.2
- Diluted	2.0	2.1	4.2	5.3	11.1
Gross DPS (sen)	2.0	3.0	2.0	3.0	6.25
EBITDA margin	38%	21%	39%	25%	32%
Operating margin	35%	19%	36%	24%	30%
Pre-tax margin [ii]	30%	17%	30%	21%	26%
Net margin	22%	12%	22%	15%	20%
ROE [iii]			5%	6%	13%
ROA [iv]			2%	3%	7%

	<u>30 JUN 2009</u>	<u>30 JUN 2008</u>	<u>31 DEC 2008</u>
			<u>(audited)</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.95	0.93
Net cash per share (RM)		0.11	0.11
Gearing (times)		0.66	0.66

[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 profit attributable to equity holders of the Company 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 profit attributable to equity holders of the Company with the average of the opening and closing total assets and is tabulated for year-to-date results.

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

	NOTE	<u>3 MONTHS ENDED</u>		<u>6 MONTHS ENDED</u>	
		<u>30 JUN</u>		<u>30 JUN</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	38,269	69,565	75,021	134,916
Operating expenses		(27,079)	(57,487)	(52,400)	(106,095)
Other operating income		2,214	1,406	4,294	2,963
Operating profit		13,404	13,484	26,915	31,784
Finance cost		(3,713)	(3,596)	(7,328)	(7,155)
Share of results of jointly controlled entity (net of tax)		1,369	1,970	2,506	3,809
Share of results of associates (net of tax)		273	162	532	305
Profit before tax	A8	11,333	12,020	22,625	28,743
Tax expense	B4	(3,040)	(3,405)	(5,856)	(8,259)
Profit for the financial quarter/period		8,293	8,615	16,769	20,484
Attributable to:					
Equity holders of the Company		8,058	8,568	16,480	20,484
Minority interest		235	47	289	-
Profit for the financial quarter/period		8,293	8,615	16,769	20,484
EPS (sen)	B12				
- Basic		2.1	2.3	4.4	5.5
- Diluted		2.0	2.1	4.2	5.3
DPS (sen)		2.0	3.0	2.0	3.0

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>NOTE</u>	30 JUN 2009 RM'000	31 DEC 2008 RM'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		27,017	28,136
Investment properties		439	444
Concession rights		16,010	16,286
Jointly controlled entity		64,034	61,528
Associates		4,169	24,214
Goodwill on consolidation		2,007	2,007
Deferred tax assets		72	172
Long term receivables		51,735	51,722
Deposits, bank and cash balances		12,448	14,201
		177,931	198,710
CURRENT ASSETS			
Inventories		1,160	1,286
Trade and other receivables		176,766	159,412
Amount due from a jointly controlled entity		38,500	38,500
Tax recoverable		6,081	4,712
Investments	B6(a)	229,472	205,714
Deposits, bank and cash balances		37,000	55,626
		488,979	465,250
LESS: CURRENT LIABILITIES			
Borrowings	B8	19	1,539
Trade and other payables		59,833	71,893
Taxation		2,560	2,355
Proposed Dividends		3,531	-
		65,943	75,787
NET CURRENT ASSETS		423,036	389,463
LESS: NON-CURRENT LIABILITIES			
Borrowings	B8	235,865	231,091
Deferred tax liability		10	-
		365,092	357,082
CAPITAL AND RESERVES			
Share capital		188,344	188,295
Reserves		170,895	163,336
Shareholders' equity		359,239	351,631
Minority interest		5,853	5,451
Total equity		365,092	357,082
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.9537	0.9337

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	<u>6 MONTHS</u> <u>ENDED</u> <u>30 JUN 2009</u> RM'000	<u>6 MONTHS</u> <u>ENDED</u> <u>30 JUN 2008</u> RM'000
OPERATING ACTIVITIES		
Profit before tax	22,625	28,743
Adjustments for:		
Non-cash items	(4,375)	(4,435)
Interest income	(200)	(585)
Finance cost	7,328	7,155
Operating profit before working capital changes	25,378	30,878
Changes in working capital:		
Net change in current assets	(17,279)	(16,956)
Net change in current liabilities	(12,110)	24,880
Net cash (outflow)/inflow from operations	(4,011)	38,802
Interest paid	(2,535)	(2,665)
Interest received	238	611
Tax paid	(6,910)	(8,429)
Net cash (outflow)/inflow from operating activities	(13,218)	28,319
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	74	-
Purchase of property, plant & equipment	(465)	(684)
Capital repayment from an associate	21,323	-
Placements in Investments, net of redemptions	(21,037)	(31,801)
Dividend received from Investments	-	1,062
Net cash outflow from investing activities	(105)	(31,423)
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS options and Warrants	124	1,322
Dividends paid	(5,650)	(11,121)
Repayment of borrowings	(1,530)	(1,453)
Decrease in deposit balances pledged as security	1,753	3,855
Net cash outflow from financing activities	(5,303)	(7,397)
Net change during the financial period	(18,626)	(10,501)
At beginning of financial period	55,626	44,306
At end of financial period	37,000	33,805
Cash and cash equivalents comprised the following balance sheet amounts:		
Deposits with licensed banks	16,022	29,129
Bank and cash balances	33,426	23,305
Total deposits, bank and cash balances	49,448	52,434
Less: Deposits pledged as security	(12,448)	(18,629)
	37,000	33,805

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009	376,590	188,295	22,059	6,492	2,139	1,434	(71,500)	202,712	351,631	5,451	357,082
Net profit for the financial period	-	-	-	-	-	-	-	16,480	16,480	289	16,769
Issue of ordinary shares pursuant to:-											
- exercise of warrants	98	49	75	-	-	-	-	-	124	-	124
Transfer to/(from) reserve upon exercise of warrants	-	-	10	(10)	-	-	-	-	-	-	-
2 nd interim dividend FY08	-	-	-	-	-	-	-	(5,650)	(5,650)	-	(5,650)
Final dividend for FY08	-	-	-	-	-	-	-	(3,531)	(3,531)	-	(3,531)
Currency translation differences	-	-	-	-	-	185	-	-	185	113	298
At 30 June 2009	376,688	188,344	22,144	6,482	2,139	1,619	(71,500)	210,011	359,239	5,853	365,092
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 period	-	-	-	-	-	-	-	20,484	20,484	-	20,484
Issue of ordinary shares pursuant to:-											
- exercise of ESOS options	408	204	503	-	-	-	-	-	707	-	707
- exercise of warrants	484	242	373	-	-	-	-	-	615	-	615
Transfers to/(from) reserves upon exercise of ESOS options/warrants	-	-	718	(48)	(670)	-	-	-	-	-	-
2 nd interim dividend FY07	-	-	-	-	-	-	-	(11,121)	(11,121)	-	(11,121)
Final dividend FY07	-	-	-	-	-	-	-	(6,958)	(6,958)	-	(6,958)
Currency translation differences	-	-	-	-	-	793	-	-	793	112	905
At 30 June 2008	376,288	188,144	21,539	6,496	2,259	907	(71,500)	185,799	333,644	4,613	338,257

The Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2008. 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. No new, revised or amended Financial Reporting Standards (“FRS”) and Interpretations were issued by the Malaysian Accounting Standards Board (“MASB”) to be adopted effective for financial periods beginning on or after 1 January 2009.

As at the date of this report, the Group has not applied the following new standards which have been issued by the Malaysian Accounting Standards Board, but are not yet effective:

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 4	Insurance Contracts 1 January 2010
FRS 7	Financial Instruments: Disclosure 1 January 2010
FRS 8	Operating Segments 1 July 2009
FRS 123	Borrowing Costs 1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement 1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards 1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations 1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate 1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives 1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment 1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions 1 January 2010
IC Interpretation 13	Customer Loyalty Programmes 1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction 1 January 2010

The Group will apply the above standards from the financial periods beginning on 1 January 2010, except for FRS 4, Amendments to FRS 1 and IC Interpretations 13 and 14, which are not applicable to the Group.

The adoption of the above applicable FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the interim financial statements of the Group except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

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>30 Jun 2009</u> RM	<u>31 Mar 2009</u> RM	<u>30 Jun 2008</u> RM
1 US Dollar	3.52	3.65	3.27
100 Hong Kong Dollars	45.45	47.06	41.87
100 Chinese Renminbi	51.55	53.35	47.64

A2 – Auditors' Reports

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

A3 – Comments about the Seasonal or Cyclical 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 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 quarter and financial period.

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

During the current quarter and financial period, 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 *	-	-	240,000
ESOS options at RM1.90 per share *	-	-	# 4,519,000
Warrants at RM1.27 per share **	22,900	98,300	69,794,400

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

** *expiring on 21 September 2010*

after taking into account 6,000 ESOS options lapsed during the financial period

Unless redeemed or converted in accordance with the Principal Terms and Conditions, the RM225 million nominal value of the Convertible Bonds 2007/12 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 (subject to anti-dilution provisions) in accordance with the Trust Deed dated 29 November 2007 constituting the Convertible Bonds.

A7 – Dividends Paid

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

RM'000

In respect of the financial year ended 31 December 2008

- 2nd interim gross dividend of 2.0 sen per share on 376,665,700 ordinary shares of RM0.50 each, less income tax at 25%, paid on 30 March 2009

5,650

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 Jun 2009 RM'000	3 Months Ended 30 Jun 2008 RM'000	6 Months Ended 30 Jun 2009 RM'000	6 Months Ended 30 Jun 2008 RM'000
Water business (Malaysia)	33,750	33,834	66,824	67,418
Construction (Malaysia)	442	32,911	442	62,205
Waste management (China)	4,077	2,820	7,755	5,293
	38,269	69,565	75,021	134,916

(b) Profit Before Tax

	3 Months Ended 30 Jun 2009 RM'000	3 Months Ended 30 Jun 2008 RM'000	6 Months Ended 30 Jun 2009 RM'000	6 Months Ended 30 Jun 2008 RM'000
Water business	13,542	13,276	26,766	27,132
Construction	(550)	(624)	(1,234)	4,838
Waste management	621	916	1,800	994
Investment holding and others	(169)	803	(255)	(174)
	13,444	14,371	27,077	32,790
Elimination	(40)	(887)	(162)	(1,006)
Operating profit	13,404	13,484	26,915	31,784
Finance cost	(3,713)	(3,596)	(7,328)	(7,155)
Share of results of a jointly controlled entity	1,369	1,970	2,506	3,809
Share of results of associates	273	162	532	305
Profit before tax	11,333	12,020	22,625	28,743

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 period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operations.

A11 – Changes in Contingent Liabilities or Contingent Assets

There were no changes to the contingent liabilities of the Group since the last audited balance sheet.



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

B1 – Review of Performance

(a) *Revenue*

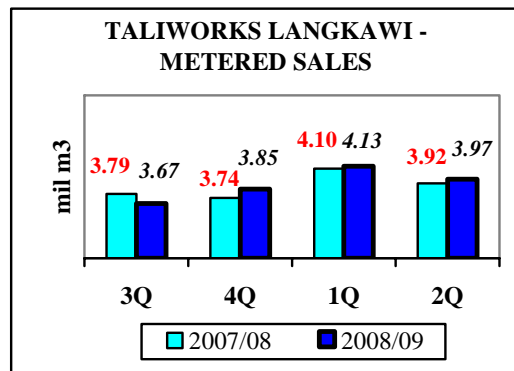
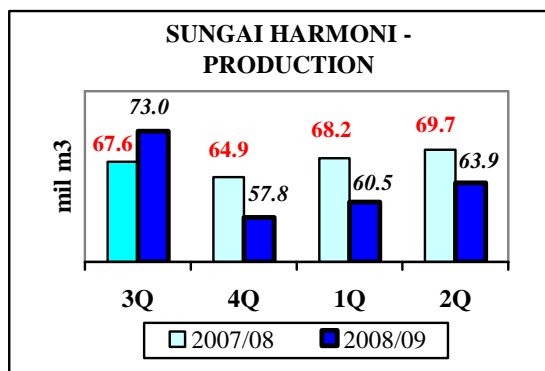
	3 Months Ended 30 Jun 2009 RM'000	3 Months Ended 31 Mar 2009 RM'000	3 Months Ended 30 Jun 2008 RM'000
Water business	33,750	33,074	33,834
Construction	442	-	32,911
Waste management	4,077	3,678	2,820
	38,269	36,752	69,565

(b) *Profit Before Tax*

	3 Months Ended 30 Jun 2009 RM'000	3 Months Ended 31 Mar 2009 RM'000	3 Months Ended 30 Jun 2008 RM'000
Water business	13,542	13,224	13,276
Construction	(550)	(684)	(624)
Waste management	621	1,179	916
Investment holding and others	(169)	(86)	803
	13,444	13,633	14,371
Elimination	(40)	(122)	(887)
Operating profit	13,404	13,511	13,484
Finance cost	(3,713)	(3,615)	(3,596)
Share of results of a jointly controlled entity	1,369	1,137	1,970
Share of results of associates	273	259	162
Profit before tax	11,333	11,292	12,020

Revenue

The following are 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)

In the absence of significant construction activities in both quarters under review, there was only a 4% increase in revenue Q-o-Q. The improvement in revenue came from the following:-

- (a) Production from Sungai Selangor Water Treatment Works Phase I (“SSP1”) increased from 60.5 million m³ to 63.9 million m³, an increase of 5%. On the other hand, TLSB registered lower metered sales by 4% to 3.97 mil m³;
- (b) a further 13% recognised from the completion of the Klang Valley Flood Mitigation Project, bringing the completion to 93%. No revenue was recognised from the Padang Terap project as the project has been delayed arising from the inability of the authorities to secure vacant possession of land on which the project is situated. This project is now scheduled for completion by end of the year; and
- (c) increase in tonnage of waste processed in both the subsidiaries, Puresino (Guanghan) Water Co Ltd and Tianjin-SWM (M) Environment Co Ltd. in China.

Y-o-Y, Group revenue dropped significantly by RM31 million (or 45%) due to the drastic reduction in contribution from construction activities.

Revenue from the water business dropped only marginally although production from SSP1 was lower by 8%. The higher revenue came about from additional electricity rebates allowed under the contractual agreement.

Meanwhile, revenue from waste management division registered an increase of 45% driven by increases in tariff rates and production volume from both the Tianjin and Guanghan operations as well as from the appreciation of the RMB.

Profit before Taxation (“PBT”)

Q-o-Q, PBT remain unchanged at about RM11.3 million despite the improvement in revenue.

During the current quarter, the Group recognised an unrealised foreign exchange loss of RM0.9 million (of which RM0.5 million was attributable to the waste segment) compared to an unrealised gain of RM1.2 million in the previous quarter. However, this was moderated by a gain of RM0.7 million arising from a partial capital repayment in an associate, CGE Utilities (M) Sdn Bhd. (“CGEU”). The capital repayment was from the financial compensation of RM25 million under a deed of settlement dated 23 October 2003 entered into by CGEU in respect of the early termination of the company’s Operation and Maintenance Sub-contract, details of which were announced on 16 and 29 October 2003. Excluding these exceptional items, the Group’s performance in the current quarter was comparatively better.

Y-o-Y, despite the substantial drop in revenue, PBT declined slightly under 6% or by about RM0.7 million. The decline was attributable mainly to unrealised foreign exchange losses mentioned previously and the lower share of results from the jointly controlled entity, Cerah Sama Sdn Bhd, as a result of the higher amortisation of concession assets and goodwill recognised in the current quarter by about RM0.7 million. However, this was moderated by the higher Average Daily Traffic (“ADT”) of 197,275 vehicles/day at the Cheras-Kajang Highway, a slight increase of 2.7% over the corresponding period.

B2 – Current Year Prospects

The Group's financial performance is largely driven by the performance of the water business as this segment contributes the bulk of the profits to the Group. The Group is optimistic that the overall water demand will be able to sustain at current levels.

Whilst the domestic water business will provide recurring income, the Group is continuing with its efforts to expand its business specifically in the field of water, waste and infrastructure both locally and abroad.

In the absence of any significant contribution from construction activities this year, the Group expects the performance for the second half of the year to be in line with expectations.

B3 – Profit Forecasts or Profit Guarantees

Not applicable as no profit forecast or guarantees was published.

B4 – Taxation

	3 Months Ended 30 Jun 2009 RM'000	6 Months Ended 30 Jun 2009 RM'000
Malaysian income tax:-		
- Current year tax	2,930	5,746
- Deferred Tax	110	110
	3,040	5,856

The tax expense is in respect of the estimated Malaysian income tax charge for the period. The effective tax rate of the Group is higher than the statutory tax rate principally 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.

B5 – Profits on Sale of Unquoted Investments and Properties

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

B6 – 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 of quoted money market 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	229,472
Market value	230,187

- (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 12 August 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.*

There was no utilisation since the previous quarter.

B8 – Group Borrowings and Debt Securities

Included in the borrowings are:-	Short Term		Long Term	
	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000
Hire purchase	19	-	32	-
Government support loan	-	-	-	3,093
Convertible bonds	-	-	-	232,740
	19	-	32	235,833

All the borrowings of the Group are denominated in RM save and except for the above Government Support Loan of RMB 6.0 million to be repaid by a subsidiary in the People’s Republic of China.



B9 – Off Balance Sheet Financial Instruments

As at 12 August 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 12 August 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

The Board is pleased to declare an interim gross dividend of 2.0 sen per share less income tax at 25%, in respect of the current financial year ending 31 December 2009, be payable on 18 September 2009 to depositors who are registered in the Record of Depositors at the close of business on 4 September 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 4 September 2009 in respect of transfers; and
- b) Shares bought on the Bursa Securities on cum entitlement basis according to the Rules of Bursa Securities.

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.

	3 Months Ended 30 Jun 2009	3 Months Ended 30 Jun 2008	6 Months Ended 30 Jun 2009	6 Months Ended 30 Jun 2008
Net Profit attributable to equity holders of the Company (RM'000)	8,058	8,568	16,480	20,484
Weighted average number of shares in issue ('000)	376,680	375,797	376,659	375,653
Basic EPS (sen)	2.1	2.3	4.4	5.5

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

	3 Months Ended 30 Jun 2009	3 Months Ended 30 Jun 2008	6 Months Ended 30 Jun 2009	6 Months Ended 30 Jun 2008
Net Profit attributable to equity holders of the Company (as adjusted) (RM'000)	8,058	8,568	16,480	27,138
Weighted average number of shares in issue (as adjusted) ('000)	396,765	407,792	397,007	511,778
Diluted EPS (sen)	2.0*	2.1*	4.2*	5.3

* The Convertible Bonds and/or ESOS options that could potentially dilute the earnings per share have been excluded from the computation because of its anti-dilutive effect.

B13 – Authorisation for Release

This Interim Financial Report for the current quarter and financial period ended 30 June 2009 has been seen and approved by the Board for public release.

By Order of the Board
 Ng Yim Kong
 Company Secretary (LS 0009297)
 18 August 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>

