

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008 (UNAUDITED)

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SUMMARY OF KEY FINANCIAL INFORMATION

	3 MONTHS ENDED		9 MONTHS ENDED		12 MONTHS
	30 SEPT		30 SEPT		ENDED
	2008	2007	2008	2007	31 DEC 2007
	RM'000	RM'000	RM'000	RM'000	(audited)
					RM'000
Revenue	69,290	59,813	204,206	139,863	190,969
EBITDA [i]	18,247	12,262	51,304	39,059	50,192
Operating profit	17,613	11,721	49,397	37,450	47,270
Profit before tax	16,213	11,740	44,956	37,613	46,657
Profit after tax	11,983	8,420	32,467	27,152	33,108
EPS (sen) - Basic	3.2	2.3	8.6	7.4	9.0
- Diluted	3.0	2.2	8.3	6.9	8.4
Gross DPS (sen)	-	-	3.0	3.0	9.5
EBITDA margin	26%	21%	25%	28%	26%
Operating margin	25%	20%	24%	27%	25%
Pre-tax margin [ii]	23%	20%	22%	27%	24%
Net margin	17%	14%	16%	19%	17%
ROE [iii]			10%	9%	10%
ROA [iv]			5%	7%	7%

	30 SEPT 2008	30 SEPT 2007	31 DEC 2007
			(audited)
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.90	0.86	0.88
Net cash per share (RM)	0.11	0.37	0.10
Gearing (times)	0.69	0.03	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.

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	3 MONTHS ENDED		9 MONTHS ENDED	
		30 SEPT		30 SEPT	
		2008	2007	2008	2007
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	69,290	59,813	204,206	139,863
Operating expenses		(52,924)	(49,307)	(159,019)	(105,379)
Other operating income		1,247	1,215	4,210	2,966
Operating profit		17,613	11,721	49,397	37,450
Finance cost		(3,672)	(97)	(10,827)	(325)
Share of results of a jointly controlled entity (net of tax)		2,142	-	5,951	-
Share of results of associates (net of tax)		130	116	435	488
Profit before tax	A8	16,213	11,740	44,956	37,613
Tax expense	B4	(4,230)	(3,320)	(12,489)	(10,461)
Profit for the financial quarter/period		11,983	8,420	32,467	27,152
Attributable to:					
Equity holders of the Company		11,873	8,703	32,357	27,482
Minority interest		110	(283)	110	(330)
Profit for the financial quarter/period		11,983	8,420	32,467	27,152
EPS (sen)	B12				
- Basic		3.2	2.3	8.6	7.4
- Diluted		3.0	2.2	8.3	6.9
DPS (sen)		-	-	3.0	3.0

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>	30 SEPT 2008 RM'000	31 DEC 2007 RM'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		25,580	24,892
Investment properties		447	455
Concession rights		16,399	15,408
Jointly controlled entity		61,789	55,838
Associates		24,080	23,645
Goodwill on consolidation		2,007	2,007
Deferred tax assets		84	84
Long term receivables		56,328	56,328
Deposits, bank and cash balances		18,574	22,484
		205,288	201,141
CURRENT ASSETS			
Inventories		1,073	1,041
Trade and other receivables		150,845	107,956
Amount due from a jointly controlled entity		52,250	52,250
Tax recoverable		1,727	304
Investments	B6(a)	225,800	197,630
Deposits, bank and cash balances		27,721	44,306
		459,416	403,487
LESS: CURRENT LIABILITIES			
Borrowings	B8	3,042	2,973
Trade and other payables		87,259	43,168
Taxation		2,469	1,712
		92,770	47,853
NET CURRENT ASSETS		366,646	355,634
LESS: NON-CURRENT LIABILITIES			
Deferred tax liability		28	28
Borrowings	B8	228,731	223,122
		228,759	223,150
		343,175	333,625
CAPITAL AND RESERVES			
Share capital		188,295	187,698
Reserves		149,879	141,426
Shareholders' equity		338,174	329,124
Minority interest		5,001	4,501
Total equity		343,175	333,625
Net assets per share attributable to ordinary equity holders of the Company (RM)		0.8980	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>9 MONTHS</u> <u>ENDED</u> <u>30 SEPT 2008</u> <u>RM'000</u>	<u>9 MONTHS</u> <u>ENDED</u> <u>30 SEPT 2007</u> <u>RM'000</u>
OPERATING ACTIVITIES		
Profit before tax	44,956	37,613
Adjustments for:		
Non-cash items	(7,659)	3,959
Interest income	(716)	(1,086)
Finance cost	10,827	325
Operating profit before working capital changes	47,408	40,811
Changes in working capital:		
Net change in current assets	(42,977)	(16,285)
Net change in current liabilities	42,703	4,192
Net cash inflow from operations	47,134	28,718
Interest paid	(2,667)	(244)
Interest received	927	1,173
Tax paid	(13,155)	(10,790)
Net cash inflow from operating activities	32,239	18,857
INVESTING ACTIVITIES		
Acquisition of subsidiary company	-	(5,207)
Proceeds from disposal of property, plant & equipment	31	-
Purchase of property, plant & equipment	(1,354)	(1,771)
Placement in Investments, net of redemptions	(26,799)	(3,684)
Dividend received from Investments	1,426	794
Net cash outflow from investing activities	(26,696)	(9,868)
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS options and Warrants	1,869	1,067
Dividends paid	(26,439)	(16,373)
Repayment of borrowings	(1,468)	(1,554)
Decrease in deposit balances pledged as security	3,910	1,540
Net cash outflow from financing activities	(22,128)	(15,320)
Net change during the financial period	(16,585)	(6,331)
At beginning of financial period	44,306	46,755
At end of financial period	27,721	40,424
Cash and cash equivalents comprised the following balance sheet amounts:		
Deposits with licensed banks	25,954	52,524
Bank and cash balances	20,341	11,726
Total deposits, bank and cash balances	46,295	64,250
Less: Deposits pledged as security	(18,574)	(23,826)
	27,721	40,424

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 period	-	-	-	-	-	-	-	32,357	32,357	110	32,467
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 and 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	-	-	-	-	-	1,263	-	-	1,263	390	1,653
At 30 Sept 2008	376,589	188,295	22,059	6,492	2,139	1,377	(71,500)	189,312	338,174	5,001	343,175
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	-	-	-	-	-	-	-	27,482	27,482	(330)	27,152
Issue of ordinary shares pursuant to:-											
- exercise of ESOS options	787	394	673	-	-	-	-	-	1,067	-	1,067
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	-	-	-	-	-	23	-	-	23	11	34
At 30 Sept 2007	374,176	187,088	18,298	6,545	2,929	(37)	(71,500)	177,141	320,464	4,835	325,299

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 financial year ended 31 December 2007.

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>30 Sept 2008</u> RM	<u>31 Dec 2007</u> RM	<u>30 Sept 2007</u> RM
1 US Dollar	3.46	3.32	3.41
100 Hong Kong Dollars	44.52	42.55	43.93
100 Chinese Renminbi	50.49	45.43	45.39

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 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 *	3,000	119,000	240,000
ESOS options at RM1.90 per share *	260,500	552,500	4,684,000
Warrants at RM1.27 per share **	38,200	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 will mature on 5 December 2012. 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 period, the following dividends were paid:-

RM'000

In respect of the financial year ended 31 December 2007

- 2nd 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 11,121
- 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 6,958

In respect of the financial year ended 31 December 2008

- 1st 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 8,360

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 Sept 2008 RM'000	3 Months Ended 30 Sept 2007 RM'000	9 Months Ended 30 Sept 2008 RM'000	9 Months Ended 30 Sept 2007 RM'000
Water business (Malaysia)	36,690	31,915	104,080	95,501
Construction (Malaysia)	29,239	25,794	91,444	38,917
Waste management (China)	3,350	2,104	8,643	5,445
Investment holding and others	11	-	39	-
	69,290	59,813	204,206	139,863

(b) Profit Before Tax

	3 Months Ended 30 Sept 2008 RM'000	3 Months Ended 30 Sept 2007 RM'000	9 Months Ended 30 Sept 2008 RM'000	9 Months Ended 30 Sept 2007 RM'000
Water business	13,303	10,212	40,435	35,659
Construction	3,382	4,072	8,220	5,360
Waste management	1,190	(230)	2,184	165
Investment holding and others	(122)	(2,237)	(296)	9,055
	17,753	11,817	50,543	50,239
Elimination	(140)	(96)	(1,146)	(12,789)
Operating profit	17,613	11,721	49,397	37,450
Finance cost	(3,672)	(97)	(10,827)	(325)
Share of results of a jointly controlled entity	2,142	-	5,951	-
Share of results of associates	130	116	435	488
Profit before tax	16,213	11,740	44,956	37,613

A9 – Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the most recent audited 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 interim financial statements.

A11 – 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 other than the acquisition of a wholly owned subsidiary, Destinasi Teguh Sdn. Bhd. for a cash consideration of RM2,500 on 3 June 2008.

A12 – Changes in Contingent Liabilities or Contingent Assets

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

	RM'000
<u>Secured</u>	
Bank guarantees issued to third parties for services rendered and as performance bonds on behalf of subsidiaries	<u>7,573</u>
Bank guarantees issued to third parties for services rendered and as performance bonds	<u>12,450</u>

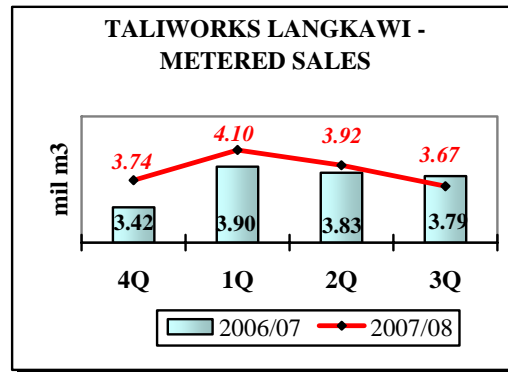
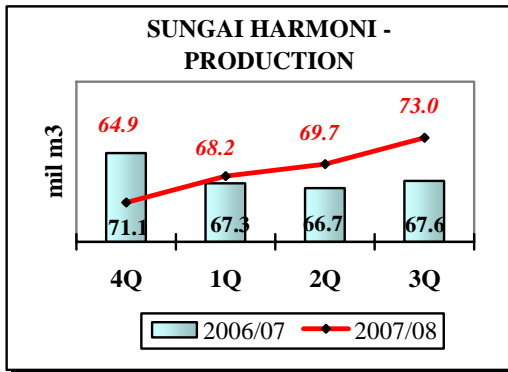
PART B – EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 – Review of Performance

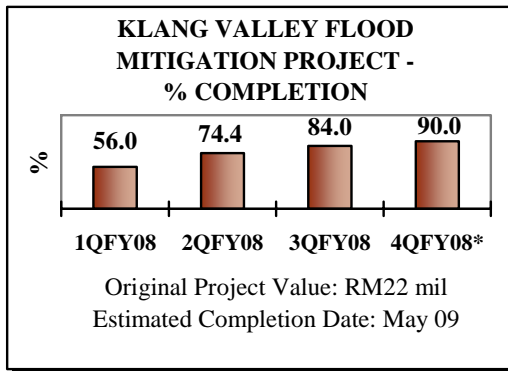
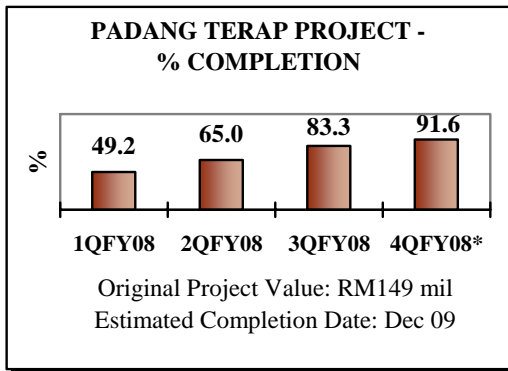
(i) Operational Performance

The following is the operational performance from two of the major revenue contributors to the Group.

(a) *Water Business*



(b) *Construction*



* The 4QFY08 represent the Group's best estimates and there is no assurance that these can be achieved. Actual results may differ from the projections as a result of a number of risks and uncertainties, some of which are beyond the control of the Group.

** The Company has applied for the extension of time to complete both the projects due to no default of the Company.



B1 – Review of Performance (cont'd)

 (ii) Financial Performance

 (a) *Revenue*

	3 Months Ended 30 Sept 2008 RM'000	3 Months Ended 30 Jun 2008 RM'000	3 Months Ended 30 Sept 2007 RM'000
Water business	36,690	33,809	31,915
Construction	29,239	32,911	25,794
Waste management	3,350	2,820	2,104
Investment holding and others	11	25	-
	69,290	69,565	59,813

 (b) *Profit Before Tax*

	3 Months Ended 30 Sept 2008 RM'000	3 Months Ended 30 Jun 2008 RM'000	3 Months Ended 30 Sept 2007 RM'000
Water business	13,303	13,276	10,212
Construction	3,382	(624)	4,072
Waste management	1,190	916	(230)
Investment holding and others	(122)	803	(2,237)
	17,753	14,371	11,817
Elimination	(140)	(887)	(96)
Operating profit	17,613	13,484	11,721
Finance cost	(3,672)	(3,596)	(97)
Share of results of a jointly controlled entity	2,142	1,970	-
Share of results of associates	130	162	116
Profit before tax	16,213	12,020	11,740

Revenue

Y-o-Y, the Group revenue was about RM9.5 million (or 16%) higher.

Revenue from the water business improved by about 15% driven mainly by the higher production in Sungai Selangor Water Treatment Works Phase I (“SSP1”) which registered a 8% increase in production from 67.6 million m³ to 73.0 million m³. Although there was a 3% drop in metered sales, the increase in the Bulk Sales Rate (“BSR”) in Taliworks Langkawi Sdn Bhd (“Taliworks Langkawi”) from RM1.70/m³ to RM1.92/m³ effective 1 January 2008 has also contributed to the better performance from the water business.

The improved revenue was also attributable to the higher construction activities where the revenue recognised on a percentage of completion method was at a larger quantum i.e. 18.3% (3QFY07: 17.4%) and 9.6% (3QFY07: nil) for the Padang Terap project and Klang Valley Flood Mitigation project respectively.

B1 – Review of Performance (cont'd)

Q-o-Q, revenue recorded was marginally lower by about RM0.3 million (or 0.4%).

Metered sales from Taliworks Langkawi dropped by about 6% from 3.92 million m³ to 3.67 million m³ whilst production from SSP1 registered an increase of 5% from 69.7 million m³ to 73.0 million m³. SSP1 has been recording a gradual increase in production since the fourth quarter of last year.

Profit before Taxation

Y-o-Y, the Group registered a much higher profit before tax by about RM4.5 million (or 38%), partially due to the exceptional charges made in the corresponding quarter amounting to about RM3.7 million for both FRS2 share based payment charges and corporate proposals expenses. On account of the higher production in SSP1 and increased in the BSR for Taliworks Langkawi, the water business saw a marked improvement.

Although construction revenue was higher in the current quarter, profit before tax on the other hand, was lower. This was due to the upward revision in the construction costs in the previous quarter which resulted in a lower recognition of construction margins for the year.

For the waste management segment, the Tianjin operations recorded a 9% growth in tipping tonnage. In the corresponding quarter, Puresino Guanghan commenced the wastewater operations and quite a substantial amount was expensed as pre-commencement costs resulting in a loss during the corresponding quarter.

The acquisition of Cerah Sama Sdn Bhd (“CSSB”), a jointly controlled entity, which was completed in the last quarter of last year has also contributed to the better profit record this quarter. However, on the same token, the issuance of the Convertible Bonds in December 2007 resulted in a higher financing cost.

Q-o-Q, Group profit before tax shown an increase by about RM4.2 million (or 35%). This was mainly due to the downward revision in the estimated construction profits in the previous quarter which resulted in a loss recorded in that quarter. Despite an 8% increase in revenue from water business, profit before tax remained flat due to the higher rehabilitation and maintenance costs incurred in SSP1 and the increase in electricity costs to pump water to the Malut Dam in Langkawi.

B2 – Current Year Prospects

Despite the challenging circumstances, the Group expects the performance of the various divisions particularly the concession-based businesses to be in line with its expectations for the remaining quarter of the year.

B3 – Profit Forecasts or Profit Guarantees

Not applicable as no profit forecast or guarantees was published.

B4 – Taxation

	3 Months Ended 30 Sept 2008 RM'000	9 Months Ended 30 Sept 2008 RM'000
Malaysian income tax:-		
- Current year tax	4,364	12,623
- Over provision of tax in prior years	(134)	(134)
	4,230	12,489

B4 – Taxation (cont'd)

The tax expense is in respect of the estimated Malaysian income tax charge for the period. The effective tax rate of the Group for the financial period is higher than the statutory tax rate primarily due to 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 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 in quoted unit trusts included in Investments. As at the end of the reporting period, the Investments of the Group were as follows:-

	RM'000
Book value / carrying amount	225,800
Market value	228,326

- (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 19 November 2008 (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, 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.*

B7 – Status of Corporate Proposals Announced But Not Completed (cont’d)

- (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	
	<u>Secured</u> RM’000	<u>Unsecured</u> RM’000	<u>Secured</u> RM’000	<u>Unsecured</u> RM’000
Hire purchase	18	-	46	-
Bank borrowings	3,024	-	-	-
Government support loan	-	-	-	3,029
Convertible bonds	-	-	-	225,656
	3,042	-	46	228,685

Borrowings denominated in foreign currency are:-	US Dollars’000	Renminbi’000
	Secured:	
Not later than one year	(i)875	-
	875	-
Unsecured:		
Later than one year but not later than five years	-	(ii)6,000
	875	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 19 November 2008 (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 19 November 2008 (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 does not recommend any dividend for the current quarter under review. In line with the Company’s general dividend policy (which is effective until the financial year ending 31 December 2008), dividend payment for each financial year will generally be paid in three tranches comprising two interim dividends in the second and fourth financial quarters and a final dividend by the end of the financial year.

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.

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 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.

	3 Months Ended 30 Sept 2008	3 Months Ended 30 Sept 2007	9 Months Ended 30 Sept 2008	9 Months Ended 30 Sept 2007
(a) Basic earnings per share				
Net Profit attributable to equity holders of the Company (RM'000)	11,873	8,703	32,357	27,482
Weighted average number of shares in issue ('000)	376,578	374,095	375,964	373,828
Basic EPS (sen)	3.2	2.3	8.6	7.4
(b) Diluted earnings per share				
Net Profit attributable to equity holders of the Company (as adjusted) (RM'000)	15,296	8,703	42,432	27,482
Weighted average number of shares in issue (as adjusted) ('000)	508,487	404,056	511,599	398,156
Diluted EPS (sen)	3.0	2.2	8.3	6.9

B13 – Authorisation for Release

This Interim Financial Report for the current quarter and financial period ended 30 September 2008 has been seen and approved by the Board for public release.

By Order of the Board
 Ng Yim Kong
 Company Secretary (LS 0009297)
 25 November 2008

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>

