

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th quarter ended 31.12.2006

CONDENSED CONSOLIDATED INCOME STATEMENTS

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	887	896	4,858	3,558
Operating expenses	(3,621)	(752)	(7,329)	(1,755)
Other operating income	46	66	206	131
Profit/(Loss) from operations	(2,688)	210	(2,265)	1,934
Finance cost	-	-	-	-
Investing results	-	-	-	-
Profit/(Loss) before taxation	(2,688)	210	(2,265)	1,934
Taxation	(5)	(13)	(80)	(26)
Profit/(Loss) for the period	(2,693)	197	(2,345)	1,908
Attributable to:				
Equity holders of the parent	(2,652)	252	(2,344)	1,963
Minority interests	(41)	(55)	(1)	(55)
	(2,693)	197	(2,345)	1,908
Earnings/(Loss) per share attributable to equity holders of the parent (Sen)				
(a) Basic	(2.65)	0.25	(2.34)	2.50
(b) Fully diluted	N/A	N/A	N/A	N/A

(The Condensed Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2005)

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CONDENSED CONSOLIDATED BALANCE SHEETS

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 31/12/2006 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2005 RM('000)
PROPERTY, PLANT AND EQUIPMENT	533	219
INTANGIBLE ASSETS	1,920	1,128
DEFERRED TAX ASSET	38	-
CURRENT ASSETS		
<i>Trade Receivables</i>	2,483	2,585
<i>Other Receivables and Prepaid Expenses</i>	320	184
<i>Fixed Deposits with Licensed Banks</i>	5,014	8,400
<i>Cash and Bank Balances</i>	368	1,067
	8,185	12,236
CURRENT LIABILITIES		
<i>Trade Payables</i>	36	25
<i>Other Payables and Accrued Expenses</i>	416	103
<i>Amount Owing To Directors</i>	64	-
<i>Tax Liabilities</i>	13	16
	529	144
NET CURRENT ASSETS	7,656	12,092
	10,147	13,439
FINANCED BY:		
Share Capital	10,000	10,000
Reserves		
<i>Retained Profit/(Accumulated Loss)</i>	(903)	2,441
<i>Share Premium</i>	957	957
<i>Exchange Adjustment</i>	(5)	(4)
	10,049	13,394
Minority interest	34	35
TOTAL EQUITY	10,083	13,429
Deferred tax liabilities	64	10
	10,147	13,439
Net assets per share attributable to ordinary equity holders of the parent (sen)	10.05	13.39

(The Condensed Balance Sheets should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2005)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

	Share Capital	Non-Distributable - Share Premium	Non-Distributable - Exchange Adjustment	Distributable - Retained Profit/ (Accumulated Loss)	Total
	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)
12 months ended 31 December 2006					
Balance as at 1 January 2006	10,000	957	(4)	2,441	13,394
Net loss for the period	-	-	-	(2,344)	(2,344)
Dividend paid	-	-	-	(1,000)	(1,000)
Translation of foreign subsidiary	-	-	(1)	-	(1)
Balance as at 31 December 2006	<u>10,000</u>	<u>957</u>	<u>(5)</u>	<u>(903)</u>	<u>10,049</u>
12 months ended 31 December 2005					
Balance as at 1 January 2005	220	-	-	1,494	1,714
Net profit for the period	-	-	-	1,963	1,963
Issuance of shares during the period					
-Bonus Issue (IPO)	1,016	-	-	(1,016)	-
-Rights Issue (IPO)	2,472	-	-	-	2,472
-New Issue (IPO)	1,292	7,364	-	-	8,656
-Bonus Issue	5,000	(5,000)	-	-	-
Listing expenses					
-IPO	-	(1,359)	-	-	(1,359)
-Bonus Issue	-	(48)	-	-	(48)
Translation of foreign subsidiary	-	-	(4)	-	(4)
Balance as at 31 December 2005	<u>10,000</u>	<u>957</u>	<u>(4)</u>	<u>2,441</u>	<u>13,394</u>

(The Condensed Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2005)

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(These figures have not been audited)

	12 months ended 31.12.2006	12 months ended 31.12.2005
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(2,265)	1,934
Adjustments for:		
Interest income	(206)	(130)
Allowance for doubtful debts	1,773	-
Amortisation of intangible assets	309	107
Depreciation of property, plant and equipment	170	56
Operating profit before working capital changes	(219)	1,967
Changes in working capital:		
Net change in current assets	(1,827)	(1,576)
Net change in current liabilities	288	98
Cash Generated From/(Used In) Operations	(1,758)	489
Interest received	224	82
Tax paid	(66)	-
Development cost incurred	(851)	(788)
Net cash used in operating activities	(2,451)	(217)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(483)	(165)
Purchase of intangible asset	(150)	-
Acquisition of subsidiaries	-	90
Net cash used in investing activities	(633)	(75)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares		
-Rights Issue	-	2,472
-New Issue	-	8,656
Listing expenses	-	(1,407)
Dividend paid	(1,000)	-
Net cash from/(used in) financing activities	(1,000)	9,721

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(These figures have not been audited)

	12 months ended 31.12.2006	12 months ended 31.12.2005
	RM('000)	RM('000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,084)	9,429
EFFECTS OF EXCHANGE RATE CHANGES	(1)	(4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	9,467	42
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(Note A16) <u>5,382</u>	<u>9,467</u>

(The Condensed Cash Flow Statements should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2005)

CWORKS SYSTEMS BERHAD

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Quarterly report on consolidated results for the 4th quarter ended 31.12.2006

A EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial report has been prepared in compliance with FRS 134, Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2005.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the year ended 31 December 2005.

A2 Changes in accounting policies

The significant accounting policies adopted are consistent with those adopted in the preparation of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:-

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of all FRS mentioned above does not have significant impact on the Group

A3 Auditors' report of preceding annual financial statements

The auditors' report on the preceding year's annual audited financial statements was not subject to any qualification.

A4 Seasonal or cyclical factors

The Group's operations were not subject to any seasonal or cyclical changes.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

A6 Material changes in estimates

There were no changes in estimates of amounts reported in prior financial years, which may have a material effect in the current financial quarter.

A7 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

A8 Dividend paid

There were no dividends paid during the current financial quarter

A9 Segment information

Segmental information is presented only in respect of the Group's geographical segments. There is no information on business segments as the Group is principally involved in software development.

GEOGRAPHICAL SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	31/12/2006	QUARTER	31/12/2006	PERIOD
	RM('000)	31/12/2005	31/12/2005	RM('000)
<u>REVENUE</u>				
Malaysia	807	892	4,565	3,554
United States of America	80	4	293	4
	<u>887</u>	<u>896</u>	<u>4,858</u>	<u>3,558</u>
<u>PROFIT/(LOSS) BEFORE TAXATION</u>				
Malaysia	(2,596)	286	(2,039)	2,010
United States of America	(92)	(76)	(226)	(76)
	<u>(2,688)</u>	<u>210</u>	<u>(2,265)</u>	<u>1,934</u>

A10 Valuation of property, plant and equipment

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have effect in the current financial quarter under review.

A11 Material events subsequent to the end of the quarter

There were no material events subsequent to the current financial quarter ended 31 December 2006 up to the date of this report which, is likely to substantially affect the results of the operations of the Group.

A12 Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter.

A13 Contingent liabilities

There were no contingent liabilities as at the date of this announcement.

A14 Capital commitments

There were no capital commitments as at the date of this announcement.

A15 Significant related party transactions

There were no significant related party transactions as at the date of this announcement.

A16 Cash and cash equivalents

	31.12.2006	31.12.2005
	RM('000)	RM('000)
Fixed Deposits with Licensed Banks	5,014	8,400
Cash and Bank Balances	368	1,067
	<u>5,382</u>	<u>9,467</u>

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET

B1 Review of performance

The Group recorded a turnover and loss before taxation of approximately RM0.89 million and RM2.69 million respectively for the current financial quarter. The turnover remained almost unchanged as compared to the same quarter in the previous year while the loss before taxation deteriorate from a profit before taxation of RM0.21 million achieved in 4th quarter of 2005 against current quarter loss of RM2.69 million. The loss before taxation was mainly due to higher operating costs incurred, arose from higher allowance for doubtful debts of approximately RM1.77 million and loss incurred by its subsidiaries.

For the year ended 31 December 2006, the Group recorded a turnover and loss before taxation of approximately RM4.86 million and RM2.27 million respectively. This represents an improvement of 37% in terms of turnover and a deterioration of 217% in terms of profit/(loss) before taxation as compared to the preceding year.

B2 Variation of results against preceding quarter

The Group recorded a turnover and loss before taxation of RM0.89 million and RM2.69 million respectively for the current financial quarter. This represents a reduction of 52% in terms of turnover and a deterioration of 1,249% in terms of profit/(loss) before taxation, as compared to turnover and profit before taxation of RM1.84 million and RM0.23 million respectively in the preceding quarter. The reduction in turnover is mainly due to smaller contribution from Indonesian market as compared to the preceding quarter while loss before taxation is mainly due to allowance for doubtful debts of approximately RM1.77 million and operational losses suffered by subsidiaries.

B3 Prospects

Based on the performance to date, the Board expects 2007 to be a challenging year ahead.

B4 Profit forecast and profit guarantee

The Group did not announce any profit forecast nor profit guarantee during the financial quarter.

B5 Taxation

The taxation for the current financial quarter and year to date is as follows:-

	Current Year Quarter 31.12.2006 RM('000)	Current Year To Date 31.12.2006 RM('000)
Taxation - Company	12	61
- Subsidiary	(7)	19
	<u>5</u>	<u>80</u>

The taxation of the Company is in respect of interest income earned during the financial quarter.

The Company has been awarded Multimedia Super Corridor status. Accordingly, there is no tax charge on the business income for the financial quarter under review as the Company has been granted pioneer status under the Promotion of Investments (Amendment) Act, 1997.

B6 Unquoted investments and properties

There were no acquisitions or disposals of unquoted investments and properties for the financial quarter under review.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities for the financial quarter under review.

B8 Status of corporate proposals
Utilisation of IPO Proceeds

Descriptions	Amount Approved RM('000)	Utilisation as at 31.12.2006 RM('000)	Balance Unutilised RM('000)
Research and development expenditure	2,600	(1,176)	1,424
Working capital	2,500	(2,500)	-
Capital expenditure	1,100	(216)	884
Marketing, advertising and promotion	1,000	(922)	78
Listing expenses	1,456	(1,456) *	-
	<u>8,656</u>	<u>(6,270)</u>	<u>2,386</u>

* The unutilised portion of listing expenses amounted to RM96,762 has been utilised for working capital purposes
The IPO proceeds are expected to be fully utilised by May 2007

B9 Group's borrowings and debt securities

There were no borrowings and debt securities for the financial quarter under review.

B10 Off balance sheet financial instruments

There were no financial instruments with off-balance sheet risk as at the date of this announcement applicable to the Group.

B11 Material litigations

On 23 November 2006, the Company filed a Writ of Summons and a Statement of Claim with the Shah Alam High Court (Suit No. MT4-22-1551-2006) and the copy of sealed Writ of Summons and Statement of Claim were served on Metronic Global Berhad's ("Metronic") solicitors on 8 January 2007.

The Company is claiming for an outstanding amount of RM1,751,617.27 and interest charges at the rate of 8% per annum on the aforesaid amount from the date of filing of the Writ of Summons until the payment date. The claims represent outstanding payments due from Metronic for the development and provision of the Company's software pursuant to the Software Development Agreement dated 9 May 2005 between the Company and Metronic.

B12 Dividends

No dividend has been declared in respect of the financial period under review.

B13 Earnings per share

a. Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2006 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2005 RM('000)	CURRENT YEAR TO DATE 31/12/2006 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2005 RM('000)
Profit/(Loss) attributable to ordinary equity holders of the parent	<u>(2,652)</u>	<u>252</u>	<u>(2,344)</u>	<u>1,963</u>
Weighted average number of ordinary shares in issue ('000)	<u>100,001</u>	<u>100,001</u>	<u>100,001</u>	<u>78,632</u>
Basic earnings/(loss) per share (sen)	<u>(2.65)</u>	<u>0.25</u>	<u>(2.34)</u>	<u>2.50</u>

b. Diluted earnings per share

The fully diluted earnings per share have not been presented as there is no diluted effect for the shares of the Group.

By Order of the Board

Wong Keo Rou (MAICSA 7021435)
Lim Hui Lee (MAICSA 7055378)
Secretaries

Kuala Lumpur
Date: 28 February 2007