

CWORKS SYSTEMS BERHAD

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

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2007

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
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	900	1,838	3,757	3,971
Operating expenses	(1,232)	(1,651)	(4,308)	(3,708)
Other operating income	31	47	109	160
Profit/(Loss) from operations	(301)	234	(442)	423
Finance cost	-	-	-	-
Investing results	-	-	-	-
Profit/(Loss) before taxation	(301)	234	(442)	423
Taxation	(18)	(52)	(81)	(75)
Profit/(Loss) for the period	<u>(319)</u>	<u>182</u>	<u>(523)</u>	<u>348</u>
Attributable to:				
Equity holders of the parent	(325)	151	(589)	308
Minority interests	6	31	66	40
	<u>(319)</u>	<u>182</u>	<u>(523)</u>	<u>348</u>
Earnings/(Loss) per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.32)	0.15	(0.59)	0.31
(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 2006)

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CONDENSED CONSOLIDATED BALANCE SHEETS

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 30/09/2007 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2006 RM('000)
PROPERTY, PLANT AND EQUIPMENT	476	533
INTANGIBLE ASSETS	2,638	1,920
DEFERRED TAX ASSET	38	38
CURRENT ASSETS		
<i>Trade Receivables</i>	2,183	2,483
<i>Other Receivables and Prepaid Expenses</i>	1,590	320
<i>Fixed Deposits with Licensed Banks</i>	3,029	5,014
<i>Cash and Bank Balances</i>	453	368
	7,255	8,185
CURRENT LIABILITIES		
<i>Trade Payables</i>	14	36
<i>Other Payables and Accrued Expenses</i>	665	416
<i>Amount Owing To Directors</i>	49	64
<i>Tax Liabilities</i>	54	13
	782	529
NET CURRENT ASSETS	6,473	7,656
	9,625	10,147
FINANCED BY:		
Share Capital	10,000	10,000
Reserves		
<i>Accumulated Loss</i>	(1,492)	(903)
<i>Share Premium</i>	957	957
<i>Exchange Adjustment</i>	(5)	(5)
	9,460	10,049
Minority interest	100	34
TOTAL EQUITY	9,560	10,083
Deferred tax liabilities	65	64
	9,625	10,147
Net assets per share attributable to ordinary equity holders of the parent (sen)	9.46	10.05

(The Condensed Balance Sheets should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2006)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->					Minority interest	Total Equity
	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)	RM('000)	RM('000)
9 months ended 30 September 2007							
Balance as at 1 January 2007	10,000	957	(5)	(903)	10,049	34	10,083
Net profit/(loss) for the period	-	-	-	(589)	(589)	66	(523)
Balance as at 30 September 2007	<u>10,000</u>	<u>957</u>	<u>(5)</u>	<u>(1,492)</u>	<u>9,460</u>	<u>100</u>	<u>9,560</u>
9 months ended 30 September 2006							
Balance as at 1 January 2006	10,000	957	(4)	2,441	13,394	35	13,429
Net profit for the period	-	-	-	308	308	40	348
Dividend paid	-	-	-	(1,000)	(1,000)	-	(1,000)
Balance as at 30 September 2006	<u>10,000</u>	<u>957</u>	<u>(4)</u>	<u>1,749</u>	<u>12,702</u>	<u>75</u>	<u>12,777</u>

(The Condensed Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)

CWORKS SYSTEMS BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	9 months ended 30.09.2007	9 months ended 30.09.2006
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(442)	423
Adjustments for:		
Interest income	(108)	(160)
Amortisation of intangible assets	360	199
Depreciation of property, plant and equipment	124	111
Operating profit/(loss) before working capital changes	(66)	573
Changes in working capital:		
Net change in current assets	(948)	(1,870)
Net change in current liabilities	313	276
Cash Used In Operations	(701)	(1,021)
Interest received	86	112
Tax paid	(40)	(50)
Development cost incurred	(1,078)	(786)
Net cash used in operating activities	(1,733)	(1,745)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(67)	(475)
Purchase of intangible asset	(100)	-
Net cash used in investing activities	(167)	(475)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(1,000)
Net cash used in financing activities	-	(1,000)

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Quarterly report on consolidated results for the 3rd quarter ended 30.09.2007

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	9 months ended 30.09.2007	9 months ended 30.09.2006
	RM('000)	RM('000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,900)	(3,220)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,382	9,467
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(Note A15) <u>3,482</u>	<u>6,247</u>

(The Condensed Cash Flow Statements should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2006)

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NOTES

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 2006.

The same 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 2006 except for the adoption of the following new/revised Financial Reporting Standards (FRS) effective for the financial period beginning 1 January 2007:-

FRS 117 Leases

FRS 124 Related party disclosures

The adoption of the above FRSs does not have any financial impact on the Group.

A2 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.

A3 Seasonal or cyclical factors

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

A4 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.

A5 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.

A6 Debt and equity securities

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

A7 Dividend paid

There were no dividends paid during the current financial quarter

A8 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 QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM('000)	RM('000)	RM('000)	RM('000)
REVENUE				
Malaysia	782	1,789	3,398	3,758
United States of America	118	49	359	213
	<u>900</u>	<u>1,838</u>	<u>3,757</u>	<u>3,971</u>
PROFIT/(LOSS) BEFORE TAXATION				
Malaysia	(267)	306	(409)	557
United States of America	(34)	(72)	(33)	(134)
	<u>(301)</u>	<u>234</u>	<u>(442)</u>	<u>423</u>

A9 Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment.

A10 Material events subsequent to the end of the quarter

There were no material events subsequent to the current financial quarter ended 30 September 2007 up to the date of this report which, is likely to substantially affect the results of the operations of the Group.

A11 Changes in the composition of the Group

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

A12 Contingent liabilities

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

A13 Capital commitments

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

A14 Significant related party transactions

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

A15 Cash and cash equivalents

	30.09.2007 RM('000)	30.09.2006 RM('000)
Fixed Deposits with Licensed Banks	3,029	6,000
Cash and Bank Balances	453	247
	<u>3,482</u>	<u>6,247</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 of approximately RM0.9 million for the current financial quarter. This represents a reduction of approximately 51% as compared to the same corresponding quarter in 2006 ("Q3 2006"). The reduction in turnover was mainly due to lower contribution from its operations in Malaysia. The Group recorded a loss before taxation of approximately RM0.3 million as compared to the profit before taxation of RM0.23 million recorded in Q3 2006. The unfavourable results were mainly due to lower sales and lower gross profit margin of approximately 78% recorded in current quarter as compared to 84% recorded in Q3 2006.

For the 9 months ended 30 September 2007, the Group recorded a turnover and loss before taxation of approximately RM3.76 million and RM0.44 million respectively. This represents a reduction of approximately 5% in terms of turnover and a reduction of approximately 204% in terms of profit/(loss) before taxation as compared to the preceding year corresponding period.

B2 Variation of results against preceding quarter

The Group recorded a turnover of approximately RM0.9 million for the current financial quarter. This represents a reduction of approximately 34% as compared to the preceding quarter ("Q2 2007"). The reduction was mainly due to lower contribution from its operations in Malaysia, which dropped approximately 39%. The Group recorded a loss before taxation of approximately RM0.3 million for the current quarter as compared to the loss before taxation of approximately RM0.35 million recorded in Q2 2007. The improvement was mainly due to higher gross profit margin of approximately 78% recorded in current quarter as compared to 73% recorded in Q2 2007.

B3 Prospects

The Board is hopeful that 2007 will be a better year as compared to the preceding year.

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 30.09.2007 RM('000)	Current Year To Date 30.09.2007 RM('000)
Taxation - Company	7	27
- Subsidiary	11	54
	<u>18</u>	<u>81</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 30.09.2007 RM('000)	Balance Unutilised RM('000)
Research and development expenditure	2,600	(1,873)	727
Working capital	2,500	(2,500)	-
Capital expenditure	1,100	(256)	844
Marketing, advertising and promotion	1,000	(1,000)	-
Listing expenses	1,456	(1,456) *	-
	<u>8,656</u>	<u>(7,085)</u>	<u>1,571</u>

* The unutilised portion of listing expenses amounted to RM96,762 has been utilised for working capital purposes

The Company had on 20 April 2007, submitted an application to Securities Commission ("SC") to apply for the extension of time for the proposed utilisation of the above IPO proceeds. The SC had vide its letter dated 25 April 2007, approved the extension of time until 8 May 2008 for the utilisation of the remaining IPO proceeds raised.

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.

The legal proceeding is still on-going.

B12 Dividends

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

B13 Earnings/(Loss) per share

a. Basic earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/2007 RM('000)	30/09/2006 RM('000)	30/09/2007 RM('000)	30/09/2006 RM('000)
Profit/(Loss) attributable to ordinary equity holders of the parent	<u>(325)</u>	<u>151</u>	<u>(589)</u>	<u>308</u>
Weighted average number of ordinary shares in issue ('000)	<u>100,001</u>	<u>100,001</u>	<u>100,001</u>	<u>100,001</u>
Basic earnings/(loss) per share (sen)	<u>(0.32)</u>	<u>0.15</u>	<u>(0.59)</u>	<u>0.31</u>

b. Diluted earnings/(loss) per share

The fully diluted earnings/(loss) 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)
Company Secretaries
Kuala Lumpur
21 November 2007