

# CWORKS SYSTEMS BERHAD

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

Quarterly report on consolidated results for the 1st quarter ended 31.03.2008

## 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
	31/03/2008 RM('000)	31/03/2007 RM('000)	31/03/2008 RM('000)	31/03/2007 RM('000)
Revenue	1,447	1,485	1,447	1,485
Operating expenses	(1,402)	(1,317)	(1,402)	(1,317)
Other operating income	22	42	22	42
Profit from operations	67	210	67	210
Finance cost	-	-	-	-
Investing results	-	-	-	-
Profit before taxation	67	210	67	210
Taxation	(4)	(49)	(4)	(49)
Profit for the period	63	161	63	161
Attributable to:				
Equity holders of the parent	32	98	32	98
Minority interests	31	63	31	63
	63	161	63	161
Earnings per share attributable to equity holders of the parent (Sen)				
(a) Basic	0.03	0.10	0.03	0.10
(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 2007)

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## CONDENSED CONSOLIDATED BALANCE SHEETS

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 31/03/2008 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2007 RM('000)
PROPERTY, PLANT AND EQUIPMENT	412	443
INTANGIBLE ASSETS	3,296	2,797
DEFERRED TAX ASSET	72	72
<b>CURRENT ASSETS</b>		
<i>Trade Receivables</i>	2,677	4,325
<i>Other Receivables and Prepaid Expenses</i>	1,726	1,802
<i>Fixed Deposits with Licensed Banks</i>	3,070	2,048
<i>Cash and Bank Balances</i>	802	695
	8,275	8,870
<b>CURRENT LIABILITIES</b>		
<i>Trade Payables</i>	4	48
<i>Other Payables and Accrued Expenses</i>	768	916
<i>Amount Owing To Directors</i>	49	49
<i>Tax Liabilities</i>	2	-
	823	1,013
<b>NET CURRENT ASSETS</b>	7,452	7,857
	11,232	11,169
<b>FINANCED BY:</b>		
Share Capital	10,000	10,000
Reserves		
<i>Retained Profit</i>	69	37
<i>Share Premium</i>	957	957
<i>Exchange Adjustment</i>	7	7
	11,033	11,001
Minority interest	84	53
TOTAL EQUITY	11,117	11,054
Deferred tax liabilities	115	115
	11,232	11,169
Net assets per share attributable to ordinary equity holders of the parent (sen)	11.03	11.00

(The Condensed Balance Sheets should be read in conjunction with  
the Annual Financial Report for the year ended 31 December 2007)

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Quarterly report on consolidated results for the 1st quarter ended 31.03.2008

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->				Total	Minority interest	Total Equity
	Share Capital	Non- Distributable - Share Premium	Non- Distributable - Exchange Adjustment	Distributable - Retained Profit/ (Accumulated Loss)			
	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)
<b>3 months ended 31 March 2008</b>							
Balance as at 1 January 2008	10,000	957	7	37	11,001	53	11,054
Net profit for the period	-	-	-	32	32	31	63
<b>Balance as at 31 March 2008</b>	<u>10,000</u>	<u>957</u>	<u>7</u>	<u>69</u>	<u>11,033</u>	<u>84</u>	<u>11,117</u>
<b>3 months ended 31 March 2007</b>							
Balance as at 1 January 2007	10,000	957	(5)	(903)	10,049	34	10,083
Net profit for the period	-	-	-	98	98	63	161
<b>Balance as at 31 March 2007</b>	<u>10,000</u>	<u>957</u>	<u>(5)</u>	<u>(805)</u>	<u>10,147</u>	<u>97</u>	<u>10,244</u>

(The Condensed Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

# CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

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## Quarterly report on consolidated results for the 1st quarter ended 31.03.2008

### CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	3 months ended 31.03.2008	3 months ended 31.03.2007
	RM('000)	RM('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	67	210
Adjustments for:		
Interest income	(22)	(42)
Amortisation of intangible assets	186	116
Depreciation of property, plant and equipment	41	39
Operating profit before working capital changes	272	323
Changes in working capital:		
Net change in current assets	1,725	(309)
Net change in current liabilities	(192)	15
Cash From Operations	1,805	29
Interest received	22	20
Tax paid	(2)	(7)
Development cost incurred	(685)	(317)
<b>Net cash from/(used in) operating activities</b>	<b>1,140</b>	<b>(275)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(11)	(44)
Purchase of intangible asset	-	(100)
<b>Net cash used in investing activities</b>	<b>(11)</b>	<b>(144)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,129</b>	<b>(419)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>2,743</b>	<b>5,382</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>3,872</b>	<b>4,963</b>

(Note A15)

(The Condensed Cash Flow Statements should be read in conjunction with  
the Annual Financial Report for the year ended 31 December 2007)

# CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

## Quarterly report on consolidated results for the 1st quarter ended 31.03.2008

### 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 2007.

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 2007, except for the adoption of the following revised Financial Reporting Standards (FRSs) and new Interpretations 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 129, Financial Reporting in Hyperinflationary Economies

FRS 134, Interim Financial Reporting

FRS 137, Provisions, Contingent Liabilities and Contingent Assets

FRS 139, Financial Instruments: Recognition and Measurement

Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2, Member's 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 129, Financial Reporting in Hyperinflationary Economies

IC Interpretation 8, Scope of FRS 2

FRS 111, FRS 120, FRS 129 and the Interpretations listed above are not applicable to the Group. FRS 139, Financial Instruments: Recognition and Measurement has been deferred and has not been adopted by the Group.

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of 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	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	31/03/2008	QUARTER	31/03/2008	PERIOD
	RM('000)	31/03/2007	31/03/2007	RM('000)
		RM('000)		RM('000)
<b>REVENUE</b>				
Malaysia	1,189	1,324	1,189	1,324
United States of America	258	161	258	161
	<u>1,447</u>	<u>1,485</u>	<u>1,447</u>	<u>1,485</u>
<b>PROFIT BEFORE TAXATION</b>				
Malaysia	5	200	5	200
United States of America	62	10	62	10
	<u>67</u>	<u>210</u>	<u>67</u>	<u>210</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 31 March 2008 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**

	31.03.2008	31.03.2007
	RM('000)	RM('000)
Fixed Deposits with Licensed Banks	3,070	4,427
Cash and Bank Balances	802	536
	<u>3,872</u>	<u>4,963</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 profit before taxation of approximately RM1.45 million and RM0.07 million respectively for the current financial quarter. This represents a marginal drop of approximately 3% in terms of turnover and 68% drop in terms of profit before taxation as compared to the same corresponding quarter in 2007 ("Q1 2007"). The lower profit before taxation was mainly due to higher advertisement and marketing expenses incurred in current quarter as compared to Q1 2007.

**B2 Variation of results against preceding quarter**

The Group recorded a turnover and profit before taxation of approximately RM1.45 million and RM0.07 million respectively for the current financial quarter. These represent reduction of approximately 55% in terms of turnover and 95% in terms of profit before taxation as compared to the preceding quarter ("Q4 2007"). The reduction was mainly due to lower turnover contribution from its operations in Malaysia, as a result of the completion of contracts in the previous quarter.

**B3 Prospects**

Based on the performance to date, the Board expects that Year 2008 will be a satisfactory 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 31.03.2008 RM('000)	Current Year To Date 31.03.2008 RM('000)
Taxation - Company	2	2
- Subsidiary	2	2
	<u>4</u>	<u>4</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 31.03.2008 RM('000)	Balance Unutilised RM('000)
Research and development expenditure	2,600	(2,529)	71
Working capital	2,500	(2,500)	-
Capital expenditure	1,100	(512)	588
Marketing, advertising and promotion	1,000	(1,000)	-
Listing expenses	1,456	(1,456) *	-
	<u>8,656</u>	<u>(7,997)</u>	<u>659</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.

The Company had on 14 April 2008, submitted another application to SC to apply for the reallocation of proceeds amounting to RM0.588 million which was previously allocated for capital expenditure purposes to part finance the working capital requirements and to extend said utilisation by six (6) months up to 7 November 2008. The SC had vide its letter dated 5 May 2008, approved for the reallocation and extension of time as per the Company's application. The revised utilisation of IPO proceeds is as follows:-

Descriptions	Amount Approved (Revised) RM('000)	Utilisation as at 31.03.2008 RM('000)	Balance Unutilised RM('000)
Research and development expenditure	2,600	(2,529)	71
Working capital	3,088	(2,500)	588
Capital expenditure	512	(512)	-
Marketing, advertising and promotion	1,000	(1,000)	-
Listing expenses	1,456	(1,456) *	-
	<u>8,656</u>	<u>(7,997)</u>	<u>659</u>

**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 per share**

## a. Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2008 RM('000)	31/03/2007 RM('000)	31/03/2008 RM('000)	31/03/2007 RM('000)
Profit attributable to ordinary equity holders of the parent	<u>32</u>	<u>98</u>	<u>32</u>	<u>98</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 per share (sen)	<u>0.03</u>	<u>0.10</u>	<u>0.03</u>	<u>0.10</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: 29 May 2008