

CWORKS SYSTEMS BERHAD

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

Quarterly report on consolidated results for the 2nd quarter ended 30.06.2008

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
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	1,462	1,372	2,909	2,857
Operating expenses	(1,695)	(1,759)	(3,097)	(3,076)
Other operating income	24	36	46	78
Loss from operations	(209)	(351)	(142)	(141)
Finance cost	-	-	-	-
Investing results	-	-	-	-
Loss before taxation	(209)	(351)	(142)	(141)
Taxation	(2)	(14)	(6)	(63)
Loss for the period	<u>(211)</u>	<u>(365)</u>	<u>(148)</u>	<u>(204)</u>
Attributable to:				
Equity holders of the parent	(189)	(362)	(157)	(264)
Minority interests	(22)	(3)	9	60
	<u>(211)</u>	<u>(365)</u>	<u>(148)</u>	<u>(204)</u>
Loss per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.19)	(0.36)	(0.16)	(0.26)
(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)

CWORKS SYSTEMS BERHAD

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CONDENSED CONSOLIDATED BALANCE SHEETS

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 30/06/2008 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2007 RM('000)
PROPERTY, PLANT AND EQUIPMENT	731	443
INTANGIBLE ASSETS	3,647	2,797
DEFERRED TAX ASSET	72	72
CURRENT ASSETS		
<i>Trade Receivables</i>	2,639	4,325
<i>Other Receivables and Prepaid Expenses</i>	1,734	1,802
<i>Fixed Deposits with Licensed Banks</i>	2,592	2,048
<i>Cash and Bank Balances</i>	463	695
	7,428	8,870
CURRENT LIABILITIES		
<i>Trade Payables</i>	30	48
<i>Other Payables and Accrued Expenses</i>	776	916
<i>Amount Owing To Directors</i>	49	49
<i>Tax Liabilities</i>	2	-
	857	1,013
NET CURRENT ASSETS	6,571	7,857
	11,021	11,169
FINANCED BY:		
Share Capital	10,000	10,000
Reserves		
<i>Retained Profit/(Accumulated Loss)</i>	(120)	37
<i>Share Premium</i>	957	957
<i>Exchange Adjustment</i>	7	7
	10,844	11,001
Minority interest	62	53
TOTAL EQUITY	10,906	11,054
Deferred tax liabilities	115	115
	11,021	11,169
Net assets per share attributable to ordinary equity holders of the parent (sen)	10.84	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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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)
6 months ended 30 June 2008							
Balance as at 1 January 2008	10,000	957	7	37	11,001	53	11,054
Net profit/(loss) for the period	-	-	-	(157)	(157)	9	(148)
Balance as at 30 June 2008	<u>10,000</u>	<u>957</u>	<u>7</u>	<u>(120)</u>	<u>10,844</u>	<u>62</u>	<u>10,906</u>
6 months ended 30 June 2007							
Balance as at 1 January 2007	10,000	957	(5)	(903)	10,049	34	10,083
Net profit/(loss) for the period	-	-	-	(264)	(264)	60	(204)
Balance as at 30 June 2007	<u>10,000</u>	<u>957</u>	<u>(5)</u>	<u>(1,167)</u>	<u>9,785</u>	<u>94</u>	<u>9,879</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

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	6 months ended 30.06.2008	6 months ended 30.06.2007
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(142)	(141)
Adjustments for:		
Interest income	(46)	(78)
Amortisation of intangible assets	365	235
Property, plant and equipment written off	33	-
Depreciation of property, plant and equipment	93	81
Operating profit before working capital changes	303	97
Changes in working capital:		
Net change in current assets	1,755	(1,375)
Net change in current liabilities	(158)	685
Cash From/(Used In) Operations	1,900	(593)
Interest received	46	56
Tax paid	(5)	(21)
Development cost incurred	(1,215)	(653)
Net cash from/(used in) operating activities	726	(1,211)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(414)	(50)
Purchase of intangible asset	-	(100)
Net cash used in investing activities	(414)	(150)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	312	(1,361)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,743	5,382
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3,055	4,021

(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 2nd quarter ended 30.06.2008

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 QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2008 RM('000)	30/06/2007 RM('000)	30/06/2008 RM('000)	30/06/2007 RM('000)
REVENUE				
Malaysia	1,265	1,292	2,454	2,616
United States of America	197	80	455	241
	<u>1,462</u>	<u>1,372</u>	<u>2,909</u>	<u>2,857</u>
PROFIT BEFORE TAXATION				
Malaysia	(179)	(342)	(174)	(142)
United States of America	(30)	(9)	32	1
	<u>(209)</u>	<u>(351)</u>	<u>(142)</u>	<u>(141)</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 June 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

	30.06.2008 RM('000)	30.06.2007 RM('000)
Fixed Deposits with Licensed Banks	2,592	3,525
Cash and Bank Balances	463	496
	<u>3,055</u>	<u>4,021</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 RM1.46 million and RM0.21 million respectively for the current financial quarter. This represents an improvement of approximately 7% and 40% in terms of turnover and loss before taxation respectively as compared to the same corresponding quarter in 2007 ("Q2 2007"). The improvement was mainly due to higher profit margin recorded in current quarter as compared to Q2 2007, as a result of a revision in the selling price of the Group's range of products.

For the 6 months ended 30 June 2008, the Group recorded a turnover and loss before taxation of approximately RM2.91 million and RM0.14 million respectively. This represents a marginal improvement of approximately 2% in terms of turnover whilst loss before taxation remained constant at RM0.14 million as compared to the preceding year corresponding period.

B2 Variation of results against preceding quarter

The Group recorded a turnover and loss before taxation of approximately RM1.46 million and RM0.21 million respectively for the current financial quarter. The turnover remained constant for the current financial quarter as compared to the preceding financial quarter ("Q1 2008") while the unfavourable result recorded in current financial quarter as compared to Q1 2008 was mainly due to lower contribution from its subsidiaries and higher operating costs including writing off of property, plant and equipment.

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 30.06.2008 RM('000)	Current Year To Date 30.06.2008 RM('000)
Taxation - Company	2	4
- Subsidiary	-	2
	<u>2</u>	<u>6</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

The remaining portion of the IPO proceeds raised of RM0.659 million was fully utilised during the financial quarter under review.

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 30/06/2008 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2007 RM('000)	CURRENT YEAR TO DATE 30/06/2008 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2007 RM('000)
Loss attributable to ordinary equity holders of the parent	<u>(189)</u>	<u>(362)</u>	<u>(157)</u>	<u>(264)</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 loss per share (sen)	<u>(0.19)</u>	<u>(0.36)</u>	<u>(0.16)</u>	<u>(0.26)</u>

b. Diluted loss per share

The fully diluted 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)
Secretaries
Kuala Lumpur

Date: 29 August 2008