

# CWORKS SYSTEMS BERHAD

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

Quarterly report on consolidated results for the 4th quarter ended 31.12.2008

## 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
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	2,203	3,213	6,612	6,970
Operating expenses	(1,719)	(1,779)	(6,584)	(6,087)
Other operating income	51	20	114	129
Profit from operations	535	1,454	142	1,012
Finance cost	-	-	-	-
Investing results	-	-	-	-
Profit before taxation	535	1,454	142	1,012
Taxation	42	28	34	(53)
Profit for the period	<u>577</u>	<u>1,482</u>	<u>176</u>	<u>959</u>
Attributable to:				
Equity holders of the parent	473	1,529	28	940
Minority interests	104	(47)	148	19
	<u>577</u>	<u>1,482</u>	<u>176</u>	<u>959</u>
Earnings per share attributable to equity holders of the parent (Sen)				
(a) Basic	0.47	1.53	0.03	0.94
(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 31/12/2008 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2007 RM('000)
PROPERTY, PLANT AND EQUIPMENT	603	443
INTANGIBLE ASSETS	4,230	2,797
DEFERRED TAX ASSET	-	72
<b>CURRENT ASSETS</b>		
<i>Trade Receivables</i>	3,576	4,325
<i>Other Receivables and Prepaid Expenses</i>	1,682	1,802
<i>Fixed Deposits with Licensed Banks</i>	1,003	2,048
<i>Cash and Bank Balances</i>	746	695
	7,007	8,870
<b>CURRENT LIABILITIES</b>		
<i>Trade Payables</i>	2	48
<i>Other Payables and Accrued Expenses</i>	571	916
<i>Amount Owing To Directors</i>	49	49
<i>Tax Liabilities</i>	-	-
	622	1,013
<b>NET CURRENT ASSETS</b>	6,385	7,857
	11,218	11,169
<b>FINANCED BY:</b>		
Share Capital	10,000	10,000
<b>Reserves</b>		
<i>Retained Profit</i>	65	37
<i>Share Premium</i>	957	957
<i>Exchange Adjustment</i>	(5)	7
	11,017	11,001
Minority interest	201	53
<b>TOTAL EQUITY</b>	11,218	11,054
Deferred tax liabilities	-	115
	11,218	11,169
Net assets per share attributable to ordinary equity holders of the parent (sen)	11.02	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)
<b>12 months ended 31 December 2008</b>							
Balance as at 1 January 2008	10,000	957	7	37	11,001	53	11,054
Net profit for the period (Cumulative)	-	-	-	28	28	148	176
Translation of foreign subsidiary	-	-	(12)	-	(12)	-	(12)
<b>Balance as at 31 December 2008</b>	<b>10,000</b>	<b>957</b>	<b>(5)</b>	<b>65</b>	<b>11,017</b>	<b>201</b>	<b>11,218</b>
<b>12 months ended 31 December 2007</b>							
Balance as at 1 January 2007	10,000	957	(5)	(903)	10,049	34	10,083
Net profit for the period (Cumulative)	-	-	-	940	940	19	959
Translation of foreign subsidiary	-	-	12	-	12	-	12
<b>Balance as at 31 December 2007</b>	<b>10,000</b>	<b>957</b>	<b>7</b>	<b>37</b>	<b>11,001</b>	<b>53</b>	<b>11,054</b>

(The Condensed Statements of Changes in Equity 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 4th quarter ended 31.12.2008

### CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	12 months ended 31.12.2008	12 months ended 31.12.2007
	RM('000)	RM('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	142	1,012
Adjustments for:		
Interest income	(74)	(129)
Amortisation of intangible assets	737	527
Allowance for doubtful debts	16	1
Bad debts written off	-	20
Property, plant and equipment written off	33	4
Depreciation of property, plant and equipment	230	167
Operating profit before working capital changes	1,084	1,602
Changes in working capital:		
Net change in current assets	851	(3,372)
Net change in current liabilities	(392)	598
Cash From/(Used In) Operations	1,543	(1,172)
Interest received	76	156
Tax paid	(8)	(50)
Development cost incurred	(2,170)	(1,403)
<b>Net cash used in operating activities</b>	<b>(559)</b>	<b>(2,469)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(423)	(83)
Purchase of intangible asset	-	(100)
<b>Net cash used in investing activities</b>	<b>(423)</b>	<b>(183)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(982)</b>	<b>(2,652)</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>(12)</b>	<b>13</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>(Note A15) 1,749</b>	<b>2,743</b>

(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)

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## Quarterly report on consolidated results for the 4th quarter ended 31.12.2008

### 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
	31/12/2008 RM('000)	31/12/2007 RM('000)	31/12/2008 RM('000)	31/12/2007 RM('000)
<b>REVENUE</b>				
Malaysia	1,898	3,116	5,368	6,514
United States of America	305	97	1,244	456
	<u>2,203</u>	<u>3,213</u>	<u>6,612</u>	<u>6,970</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>				
Malaysia	541	1,475	145	1,066
United States of America ("USA")	(6)	(21)	(3)	(54)
	<u>535</u>	<u>1,454</u>	<u>142</u>	<u>1,012</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 December 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**

	31.12.2008 RM('000)	31.12.2007 RM('000)
Fixed Deposits with Licensed Banks	1,003	2,048
Cash and Bank Balances	746	695
	<u>1,749</u>	<u>2,743</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 RM2.20 million and RM0.54 million respectively for the current financial quarter. This represents a reduction of approximately 31% and 63% in terms of turnover and profit before taxation respectively as compared to the same corresponding quarter in 2007 ("Q4 2007"). The reduction in both turnover and profit before taxation were mainly due to lower sales recorded from operations in Malaysia.

Cumulatively for the year ended 31 December 2008, the Group recorded a turnover and profit before taxation of approximately RM6.61 million and RM0.14 million respectively. Despite only a marginal drop in turnover of approximately 5%, the Group registered a lower profit before taxation as compared to the preceding year, mainly due to higher operating cost incurred during the current financial year.

### **B2 Variation of results against preceding quarter**

The Group recorded a turnover of approximately RM2.20 million for the current financial quarter, this represents an improvement of approximately 47% as compared to the preceding financial quarter ("Q3 2008), as a result of higher turnover, the Group recorded a profit before taxation of RM0.54 million for the current quarter as compared to a loss before taxation of RM0.25 recorded in Q3 2008. The favourable result in the current financial quarter was mainly due to higher sales generated from its operations in Malaysia.

### **B3 Prospects**

Based on the performance to date and the current global financial turmoil, the Board expects that Year 2009 will be a challenging year for the Group.

### **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 31.12.2008 RM('000)	Current Year To Date 31.12.2008 RM('000)
Taxation - Company	(2)	(8)
- Subsidiary	44	42
	<u>42</u>	<u>34</u>

The taxation of the Company is in respect of interest income earned during the financial quarter and the tax credit for the subsidiary is in respect of the reversal of net deferred tax liabilities as a result of the subsidiary, namely Cworks Mobile Sdn. Bhd. being granted pioneer status during the financial year.

The Company and its subsidiary have 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 and its subsidiary have 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**

There were no corporate proposals announced but still pending completion as at to date.

**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
	31/12/2008 RM('000)	31/12/2007 RM('000)	31/12/2008 RM('000)	31/12/2007 RM('000)
Profit attributable to ordinary equity holders of the parent	473	1,529	28	940
Weighted average number of ordinary shares in issue ('000)	100,001	100,001	100,001	100,001
Basic earnings per share (sen)	0.47	1.53	0.03	0.94

## 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: 27 February 2009