

# CWORKS SYSTEMS BERHAD

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

Quarterly report on consolidated results for the 1st quarter ended 31.03.2010

## 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
	31/03/2010 RM('000)	31/03/2009 RM('000)	31/03/2010 RM('000)	31/03/2009 RM('000)
Revenue	1,738	1,092	1,738	1,092
Operating expenses	(2,032)	(2,138)	(2,032)	(2,138)
Other operating income	-	66	-	66
Loss from operations	(294)	(980)	(294)	(980)
Finance cost	-	-	-	-
Investing results	-	-	-	-
Loss before taxation	(294)	(980)	(294)	(980)
Taxation	-	-	-	-
Loss for the period	<u>(294)</u>	<u>(980)</u>	<u>(294)</u>	<u>(980)</u>
Attributable to:				
Equity holders of the parent	(313)	(1,058)	(313)	(1,058)
Minority interests	19	78	19	78
	<u>(294)</u>	<u>(980)</u>	<u>(294)</u>	<u>(980)</u>
Loss per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.31)	(1.06)	(0.31)	(1.06)
(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 2009)

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Quarterly report on consolidated results for the 1st quarter ended 31.03.2010

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(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
	31/03/2010 RM('000)	31/03/2009 RM('000)	31/03/2010 RM('000)	31/03/2009 RM('000)
Loss for the period	(294)	(980)	(294)	(980)
Other comprehensive income				
Translation of foreign subsidiary	21	(14)	21	(14)
Total comprehensive loss	<u>(273)</u>	<u>(994)</u>	<u>(273)</u>	<u>(994)</u>
Total comprehensive loss attributable to:				
Equity holders of the parent	(292)	(1,072)	(292)	(1,072)
Minority interests	19	78	19	78
	<u>(273)</u>	<u>(994)</u>	<u>(273)</u>	<u>(994)</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009)

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## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 31/03/2010 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2009 RM('000)
PROPERTY, PLANT AND EQUIPMENT	478	536
INTANGIBLE ASSETS	3,407	3,439
<b>CURRENT ASSETS</b>		
<i>Trade Receivables</i>	3,331	3,515
<i>Other Receivables and Prepaid Expenses</i>	1,634	1,886
<i>Tax Recoverable</i>	22	22
<i>Cash and Bank Balances</i>	440	392
	5,427	5,815
<b>CURRENT LIABILITIES</b>		
<i>Trade Payables</i>	1	21
<i>Other Payables and Accrued Expenses</i>	585	770
<i>Amount Owing To Directors</i>	49	49
	635	840
<b>NET CURRENT ASSETS</b>	4,792	4,975
	8,677	8,950
<b>FINANCED BY:</b>		
Share Capital	10,000	10,000
Reserves		
<i>Accumulated Loss</i>	(2,689)	(2,376)
<i>Share Premium</i>	957	957
<i>Exchange Adjustment</i>	19	(2)
	8,287	8,579
Minority interest	390	371
<b>TOTAL EQUITY</b>	8,677	8,950
Net assets per share attributable to ordinary equity holders of the parent (sen)	8.29	8.58

(The Condensed Statements of Financial Position should be read in conjunction with  
the Annual Financial Report for the year ended 31 December 2009)

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Quarterly report on consolidated results for the 1st quarter ended 31.03.2010

## 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)
<b>3 months ended 31 March 2010</b>							
Balance as at 1 January 2010	10,000	957	(2)	(2,376)	8,579	371	8,950
Total comprehensive loss for the period	-	-	21	(313)	(292)	19	(273)
<b>Balance as at 31 March 2010</b>	<u>10,000</u>	<u>957</u>	<u>19</u>	<u>(2,689)</u>	<u>8,287</u>	<u>390</u>	<u>8,677</u>
<b>3 months ended 31 March 2009</b>							
Balance as at 1 January 2009	10,000	957	(5)	65	11,017	201	11,218
Total comprehensive loss for the period	-	-	(14)	(1,058)	(1,072)	78	(994)
<b>Balance as at 31 March 2009</b>	<u>10,000</u>	<u>957</u>	<u>(19)</u>	<u>(993)</u>	<u>9,945</u>	<u>279</u>	<u>10,224</u>

(The Condensed Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009)

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Quarterly report on consolidated results for the 1st quarter ended 31.03.2010

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	3 months ended 31.03.2010	3 months ended 31.03.2009
	RM('000)	RM('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(294)	(980)
Adjustments for:		
Interest income	-	(6)
Amortisation of intangible assets	287	307
Allowance for doubtful debts	41	1
Depreciation of property, plant and equipment	59	62
Operating profit/(loss) before working capital changes	93	(616)
Changes in working capital:		
Net change in current assets	395	91
Net change in current liabilities	(205)	143
Cash From/(Used In) Operations	283	(382)
Interest received	-	6
Development cost incurred	(256)	(132)
<b>Net cash from/(used in) operating activities</b>	<b>27</b>	<b>(508)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(180)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(180)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>27</b>	<b>(688)</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>21</b>	<b>(14)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>392</b>	<b>1,738</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>440</b>	<b>1,036</b>

(Note A15)

(The Condensed Cash Flow Statements should be read in conjunction with  
the Annual Financial Report for the year ended 31 December 2009)

# CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

## Quarterly report on consolidated results for the 1st quarter ended 31.03.2010

### 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 ACE Market.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

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 2009, except for in the current period ended 31 March 2010, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements:

FRS 1 and FRS 127	Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 2	Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures Amendments to FRS 7, Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised 2009)
FRS 123	Borrowing Costs
FRS 132	Amendments to FRS 132, Financial Instruments: Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 139	Financial Instruments: Recognition and Measurement Amendments to FRS 139, Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives Amendment to IC Interpretation 9, Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above FRSs, amendments and interpretations are not expected to have any significant impact on the financial statements 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
	31/03/2010 RM('000)	31/03/2009 RM('000)	31/03/2010 RM('000)	31/03/2009 RM('000)
<b><u>REVENUE</u></b>				
Malaysia	1,516	858	1,516	858
United States of America	222	234	222	234
	<u>1,738</u>	<u>1,092</u>	<u>1,738</u>	<u>1,092</u>
<b><u>LOSS BEFORE TAXATION</u></b>				
Malaysia	(275)	(859)	(275)	(859)
United States of America	(19)	(121)	(19)	(121)
	<u>(294)</u>	<u>(980)</u>	<u>(294)</u>	<u>(980)</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 2010 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**

	31.03.2010 RM('000)	31.03.2009 RM('000)
Fixed Deposits with Licensed Banks	-	809
Cash and Bank Balances	440	227
	<u>440</u>	<u>1,036</u>

**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET****B1 Review of performance**

The Group recorded a turnover of approximately RM1.74 million for the current financial quarter, this represents an improvement of approximately 59% as compared to the same corresponding financial quarter in 2009 ("Q1 2009) due to higher sales from its operations in Malaysia. As a result of higher turnover from its operations in Malaysia in current financial quarter, the Group recorded a lower loss before taxation of RM0.29 million for the current quarter as compared to a loss before taxation of RM0.98 million recorded in the same corresponding quarter in 2009.

**B2 Variation of results against preceding quarter**

The Group recorded a turnover of approximately RM1.74 million for the current financial quarter, this represents a reduction of approximately 19% as compared to the preceding financial quarter ("Q4 2009). As a result of lower turnover from its operations in Malaysia in current financial quarter, the Group recorded a loss before taxation of RM0.29 million for the current quarter as compared to a profit before taxation of RM12,000 recorded in Q4 2009.

**B3 Prospects**

Based on the performance to date, the Board expects that Year 2010 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 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.

No provision for income tax has been made for foreign subsidiary as the foreign subsidiary incurred operating loss.

**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 Loss per share**

## a. Basic loss per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2010 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2009 RM('000)	CURRENT YEAR TO DATE 31/03/2010 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2009 RM('000)
Loss attributable to ordinary equity holders of the parent	<u>(313)</u>	<u>(1,058)</u>	<u>(313)</u>	<u>(1,058)</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>(0.31)</u>	<u>(1.06)</u>	<u>(0.31)</u>	<u>(1.06)</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  
31 May 2010