

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th quarter ended 31.12.2010

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
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	1,153	2,158	5,717	5,815
Operating expenses	(1,692)	(2,214)	(6,949)	(8,129)
Other operating income	1	30	2	43
Loss from operations	(538)	(26)	(1,230)	(2,271)
Finance cost	-	-	-	-
Investing results	-	-	-	-
Loss before taxation	(538)	(26)	(1,230)	(2,271)
Taxation	(1)	-	(1)	-
Loss for the period	(539)	(26)	(1,231)	(2,271)
Attributable to:				
Equity holders of the parent	(522)	11	(1,295)	(2,441)
Minority interests	(17)	(37)	64	170
	(539)	(26)	(1,231)	(2,271)
Earnings/(Loss) per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.52)	0.01	(1.29)	(2.44)
(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)

CWORKS SYSTEMS BERHAD

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Quarterly report on consolidated results for the 4th quarter ended 31.12.2010

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
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM('000)	RM('000)	RM('000)	RM('000)
Loss for the period	(539)	(26)	(1,231)	(2,271)
Other comprehensive income/(loss), net of tax:				
Translation of foreign subsidiary	1	(1)	43	3
Total comprehensive loss	<u>(538)</u>	<u>(27)</u>	<u>(1,188)</u>	<u>(2,268)</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(521)	10	(1,252)	(2,438)
Minority interests	<u>(17)</u>	<u>(37)</u>	<u>64</u>	<u>170</u>
	<u>(538)</u>	<u>(27)</u>	<u>(1,188)</u>	<u>(2,268)</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)

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)
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Quarterly report on consolidated results for the 4th quarter ended 31.12.2010

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 31/12/2010 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2009 RM('000)
PROPERTY, PLANT AND EQUIPMENT	293	536
INTANGIBLE ASSETS	3,877	3,439
CURRENT ASSETS		
<i>Trade Receivables</i>	2,713	3,515
<i>Other Receivables and Prepaid Expenses</i>	1,721	1,886
<i>Tax Recoverable</i>	22	22
<i>Cash and Bank Balances</i>	83	392
	4,539	5,815
CURRENT LIABILITIES		
<i>Trade Payables</i>	268	21
<i>Other Payables and Accrued Expenses</i>	630	770
<i>Amount Owing To Directors</i>	49	49
	947	840
NET CURRENT ASSETS	3,592	4,975
	7,762	8,950
FINANCED BY:		
Share Capital	10,000	10,000
Reserves		
<i>Accumulated Loss</i>	(3,671)	(2,376)
<i>Share Premium</i>	957	957
<i>Exchange Adjustment</i>	41	(2)
	7,327	8,579
Minority interest	435	371
TOTAL EQUITY	7,762	8,950
Net assets per share attributable to ordinary equity holders of the parent (sen)	7.33	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 4th quarter ended 31.12.2010

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)		
12 months ended 31 December 2010							
Balance as at 1 January 2010	10,000	957	(2)	(2,376)	8,579	371	8,950
Total comprehensive loss for the period	-	-	43	(1,295)	(1,252)	64	(1,188)
Balance as at 31 December 2010	<u>10,000</u>	<u>957</u>	<u>41</u>	<u>(3,671)</u>	<u>7,327</u>	<u>435</u>	<u>7,762</u>
12 months ended 31 December 2009							
Balance as at 1 January 2009	10,000	957	(5)	65	11,017	201	11,218
Total comprehensive loss for the period	-	-	3	(2,441)	(2,438)	170	(2,268)
Balance as at 31 December 2009	<u>10,000</u>	<u>957</u>	<u>(2)</u>	<u>(2,376)</u>	<u>8,579</u>	<u>371</u>	<u>8,950</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)

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)
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Quarterly report on consolidated results for the 4th quarter ended 31.12.2010

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	12 months ended 31.12.2010	12 months ended 31.12.2009
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,230)	(2,271)
Adjustments for:		
Interest income	(2)	(13)
Amortisation of intangible assets	1,163	831
Allowance for doubtful debts	636	105
Bad debts written off	7	38
Depreciation of property, plant and equipment	238	253
Development costs written off	-	408
Loss on disposal of property, plant and equipment	7	1
Operating profit/(loss) before working capital changes	819	(648)
Changes in working capital:		
Net change in current assets	324	(298)
Net change in current liabilities	108	218
Cash From/(Used In) Operations	1,251	(728)
Interest received	2	13
Tax paid	(1)	-
Development cost incurred	(1,602)	(447)
Net cash used in operating activities	(350)	(1,162)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	15	2
Purchase of property, plant and equipment	(21)	(189)
Net cash used in investing activities	(6)	(187)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(356)	(1,349)
EFFECTS OF EXCHANGE RATE CHANGES	47	3
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	392	1,738
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A15)	83	392

(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 4th quarter ended 31.12.2010

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 December 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 5	Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures Amendments to FRS 7, Financial Instruments: Disclosures
FRS 8	Amendments to FRS 8, Operating Segments
FRS 101	Presentation of Financial Statements (revised 2009)
FRS 107	Amendments to FRS 107, Cash Flow Statements
FRS 108	Amendments to FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Amendments to FRS 110, Events after the Reporting Period
FRS 116	Amendments to FRS 116, Property, Plant and Equipment
FRS 117	Amendments to FRS 117, Leases
FRS 118	Amendments to FRS 118, Revenue
FRS 119	Amendments to FRS 119, Employee Benefits
FRS 120	Amendments to FRS 120, Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	Amendments to FRS 123, Borrowing Costs
FRS 128	Amendments to FRS 128, Investment in Associates
FRS 129	Amendments to FRS 129, Financial Reporting in Hyperinflationary Economies
FRS 131	Amendments to FRS 131, Interests in Joint Ventures
FRS 132	Amendments to FRS 132, Financial Instruments: Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 134	Amendments to FRS 134, Interim Financial Reporting
FRS 136	Amendments to FRS 136, Impairment of Assets
FRS 138	Amendments to FRS 138, Intangible Assets

FRS 139	Financial Instruments: Recognition and Measurement
	Amendments to FRS 139, Financial Instruments: Recognition and Measurement
FRS 140	Amendments to FRS 140, Investment Property
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 31/12/2010 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2009 RM('000)	CURRENT YEAR TO DATE 31/12/2010 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2009 RM('000)
REVENUE				
Malaysia	957	1,708	4,970	4,480
United States of America	196	450	747	1,335
	<u>1,153</u>	<u>2,158</u>	<u>5,717</u>	<u>5,815</u>

GEOGRAPHICAL SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM('000)	RM('000)	RM('000)	RM('000)
<u>LOSS BEFORE TAXATION</u>				
Malaysia	(499)	(1)	(1,026)	(2,102)
United States of America	(39)	(25)	(204)	(169)
	<u>(538)</u>	<u>(26)</u>	<u>(1,230)</u>	<u>(2,271)</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 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

	31.12.2010	31.12.2009
	RM('000)	RM('000)
Cash and Bank Balances	<u>83</u>	<u>392</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 RM1.15 million for the current financial quarter, this represents a reduction of approximately 47% as compared to the same corresponding financial quarter in 2009 ("Q4 2009) due to lower sales from its operations in Malaysia and United States of America. As a result of lower turnover, the Group recorded a higher loss before taxation of RM0.54 million for the current quarter as compared to a loss before taxation of RM26,000 recorded in the same corresponding quarter in 2009.

For the full year of 2010, the Group recorded a turnover and loss before taxation of approximately RM5.72 million and RM1.23 million respectively.

B2 Variation of results against preceding quarter

The Group recorded a turnover of approximately RM1.15 million for the current financial quarter, this represents a reduction of approximately 10% as compared to the preceding financial quarter ("Q3 2010) due to lower sales from its operations in Malaysia in current financial quarter. As a result of lower turnover, the Group recorded a higher loss before taxation of RM0.54 million in current quarter against loss before taxation of RM0.39 million recorded in Q3 2010.

B3 Prospects

Based on the performance to date, the Board expects that Year 2011 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 is in respect of interest income earned during the financial quarter.

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 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
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM('000)	RM('000)	RM('000)	RM('000)
Profit/(Loss) attributable to ordinary equity holders of the parent	<u>(522)</u>	<u>11</u>	<u>(1,295)</u>	<u>(2,441)</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>(0.52)</u>	<u>0.01</u>	<u>(1.29)</u>	<u>(2.44)</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.

B14 REALISED AND UNREALISED GROUP PROFITS/(LOSSES)

Supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad are as follow:

	GROUP 2010 RM
Accumulated loss carried forward are analysed as follows:	
Unrealised	(41)
Realised	<u>(3,630)</u>
	<u><u>(3,671)</u></u>

By Order of the Board

Wong Keo Rou (MAICSA 7021435)
Lim Hui Lee (MAICSA 7055378)
Secretary

Kuala Lumpur
Date: 28 February 2011