

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2011

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
	30/09/2011	30/09/2010	30/09/2011	30/09/2010
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	1,111	1,285	3,940	4,564
Operating expenses	(1,192)	(1,677)	(4,161)	(5,257)
Other operating income	9	1	122	1
Loss from operations	(72)	(391)	(99)	(692)
Finance cost	-	-	-	-
Investing results	-	-	-	-
Loss before taxation	(72)	(391)	(99)	(692)
Taxation	-	-	-	-
Loss for the period	(72)	(391)	(99)	(692)
Attributable to:				
Equity holders of the parent	(46)	(386)	(32)	(773)
Minority interests	(26)	(5)	(67)	81
	(72)	(391)	(99)	(692)
Loss per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.05)	(0.39)	(0.03)	(0.77)
(b) Fully diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2011

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
	30/09/2011	30/09/2010	30/09/2011	30/09/2010
	RM('000)	RM('000)	RM('000)	RM('000)
Loss for the period	(72)	(391)	(99)	(692)
Other comprehensive income/(loss), net of tax:				
Translation of foreign subsidiary	13	28	13	42
Total comprehensive loss	<u>(59)</u>	<u>(363)</u>	<u>(86)</u>	<u>(650)</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(33)	(358)	(19)	(731)
Minority interests	<u>(26)</u>	<u>(5)</u>	<u>(67)</u>	<u>81</u>
	<u>(59)</u>	<u>(363)</u>	<u>(86)</u>	<u>(650)</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2011

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 30/09/2011 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2010 RM('000)
PROPERTY, PLANT AND EQUIPMENT	194	293
INTANGIBLE ASSETS	4,923	3,877
OTHER INVESTMENTS	*	*
CURRENT ASSETS		
<i>Trade Receivables</i>	3,446	3,739
<i>Other Receivables and Prepaid Expenses</i>	112	847
<i>Tax Recoverable</i>	18	22
<i>Cash and Bank Balances</i>	205	80
	3,781	4,688
CURRENT LIABILITIES		
<i>Trade Payables</i>	62	268
<i>Other Payables and Accrued Expenses</i>	889	663
<i>Amount Owing To Directors</i>	155	49
	1,106	980
NET CURRENT ASSETS	2,675	3,708
	7,792	7,878
FINANCED BY:		
Share Capital	10,000	10,000
Reserves		
<i>Accumulated Loss</i>	(3,583)	(3,551)
<i>Share Premium</i>	957	957
<i>Exchange Adjustment</i>	54	41
	7,428	7,447
Minority interest	364	431
TOTAL EQUITY	7,792	7,878
Net assets per share attributable to ordinary equity holders of the parent (sen)	7.43	7.45

* Denotes RM19

(The Condensed Statements of Financial Position should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2010)

CWORKS SYSTEMS BERHAD

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Quarterly report on consolidated results for the 3rd quarter ended 30.09.2011

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	Accumulated Loss	Total		
	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)		
9 months ended 30 September 2011							
Balance as at 1 January 2011	10,000	957	41	(3,551)	7,447	431	7,878
Total comprehensive loss for the period	-	-	13	(32)	(19)	(67)	(86)
Balance as at 30 September 2011	<u>10,000</u>	<u>957</u>	<u>54</u>	<u>(3,583)</u>	<u>7,428</u>	<u>364</u>	<u>7,792</u>
9 months ended 30 September 2010							
Balance as at 1 January 2010	10,000	957	(2)	(2,376)	8,579	371	8,950
Total comprehensive loss for the period	-	-	42	(773)	(731)	81	(650)
Balance as at 30 September 2010	<u>10,000</u>	<u>957</u>	<u>40</u>	<u>(3,149)</u>	<u>7,848</u>	<u>452</u>	<u>8,300</u>

(The Condensed Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010)

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)
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Quarterly report on consolidated results for the 3rd quarter ended 30.09.2011

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	9 months ended 30.09.2011	9 months ended 30.09.2010
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(99)	(692)
Adjustments for:		
Interest income	-	(1)
Amortisation of intangible assets	491	866
Bad debts written off	98	-
Impairment loss on trade receivables	977	416
Depreciation of property, plant and equipment	101	174
Loss on disposal of property, plant and equipment	-	7
Operating profit before working capital changes	1,568	770
Changes in working capital:		
Net change in current assets	(42)	519
Net change in current liabilities	125	(234)
Cash From Operations	1,651	1,055
Interest received	-	1
Development cost incurred	(1,536)	(1,294)
Net cash from/(used in) operating activities	115	(238)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment		15
Purchase of property, plant and equipment	(3)	(3)
Net cash from/(used in) investing activities	(3)	12
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	112	(226)
EFFECTS OF EXCHANGE RATE CHANGES	13	46
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	80	392
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(Note A15) 205	212

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2010)

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2011

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 2010.

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 2010, except for in the current period ended 30 September 2011, the Group adopted the following new and revised Financial Reporting standards ("FRSs"), Issues Committee ("IC") Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Amendments to FRS 2, Share-based Payment
FRS 3	Business Combinations
FRS 5	Amendments to FRS 5, Non-Current Assets Held for Sale and Discontinued Operations
FRS 7	Amendments to FRS 7, Improving Disclosures about Financial Instruments
FRS 121	Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Amendments to FRS 132, Financial Instruments: Presentation
FRS 134	Amendment to FRS 134, Interim Financial Reporting
FRS 138	Amendments to FRS 138, Intangible Assets
FRS 139	Amendments to FRS 139, Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to consequential amendments arising from revised FRS 3)
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments relating to prepayments of a minimum funding requirement)
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-Cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguish Financial Liabilities with Equity Instruments

The adoption of the above FRSs, amendments and interpretations are not expected to have any significant impact on the financial statements of the Group.

Standards and Interpretations in issue but not yet effective

The Group and the Company have not applied the new and revised FRSs and the IC Interpretations which have been issued as at the reporting date by the Malaysian Accounting Standards Board ("MASB") as described hereunder:

		Effective for financial period beginning on or after
FRS 124	Amendment to FRS 124, Related Party Disclosures	1 January 2012
IC Interpretation 15	Agreement for the Construction of Real Estate	1 January 2012

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

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 30/09/2011 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2010 RM('000)	CURRENT YEAR TO DATE 30/09/2011 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2010 RM('000)
REVENUE				
Malaysia	680	1,088	3,073	4,013
United States of America	431	197	867	551
	<u>1,111</u>	<u>1,285</u>	<u>3,940</u>	<u>4,564</u>

GEOGRAPHICAL SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30/09/2011	30/09/2010	30/09/2011	30/09/2010
	RM('000)	RM('000)	RM('000)	RM('000)
<u>PROFIT/(LOSS) BEFORE TAXATION</u>				
Malaysia	(196)	(344)	(144)	(527)
United States of America	124	(47)	45	(165)
	<u>(72)</u>	<u>(391)</u>	<u>(99)</u>	<u>(692)</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 September 2011 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

	30.09.2011	30.09.2010
	RM('000)	RM('000)
Cash and Bank Balances	<u>205</u>	<u>212</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 RM1.1 million for the current financial quarter, this represents a reduction of approximately 14% as compared to the same corresponding financial quarter in 2010 ("Q3 2010) due to lower sales from its operations in Malaysia. Despite the Group registered lower turnover, the Group recorded a lower loss before taxation of RM72,000 for the current quarter as compared to a loss before taxation of RM0.39 million recorded in the same corresponding quarter in 2010 as a result of higher gross profit margin recorded in current financial quarter against Q3 2010.

For the six (9) month period ended 30 September 2011, the Group recorded a turnover and loss before taxation of approximately RM3.94 million and RM99,000 respectively.

B2 Variation of results against preceding quarter

The Group recorded a turnover of approximately RM1.1 million for the current financial quarter, this represents an improvement of approximately 58% as compared to the preceding financial quarter ("Q2 2011) due to higher sales from both operations in Malaysia and United States of America in current financial quarter. The Group recorded a higher loss before taxation of RM72,000 in current quarter against loss before taxation of RM57,000 recorded in Q2 2011, mainly due to higher impairment loss on trade receivables.

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 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 has sufficient unabsorbed tax losses brought forward from prior years to offset against current year's operating income.

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 Board of Directors of CWorks wishes to announce that the High Court had on 15 September 2011 granted CWorks' claim as follows:

- (a) The claim sum of RM1,751,617.27;
- (b) Interest at the rate of 8% per annum on the sum of RM1,751,617.27 from the date of the filing of the writ (23 November 2006) until the date of the Judgment;
- (c) Interest at the rate of 8% per annum on the sum of RM1,751,617.27 from the date of the Judgment until realisation in full; and
- (d) Costs of RM40,000.00

Based on the above Judgment sum, CWorks would stand to receive (without costs) including interest of 8% from the date of filing of the writ to the date of Judgment, the sum of approximately RM2,391,353.47.

On 6 October 2011, the Company has been served with a Shah Alam High Court Originating Summons No: 24-2586-10/2011 by Metronic for 1) A declaration that the Winding Up Notice under Section 218 (1) (e) dated 28 September 2011 served by the Company to Metronic is null and void; 2) An Order that the Company, whether by themselves, and/or their employees, agents and or anyone else be restrained by an Injunction from filing a winding up petition in accordance with a Statutory Notice dated 28 September 2011 under Section 218 (1)(e) Companies Act 1965; and 3) An order that the Company, or their employees and/or agents be restrained from taking any action if a winding up petition has already been filed including presenting, advertising, gazetting and proceeding with the winding up in any way.

The Company has been advised by their solicitors that pursuant to the Judgement dated 15 September 2011 obtained by the Company against Metronic in Shah Alam High Court Suit No MT6-22-1551-2006, the Company has a strong defence against the Originating Summons and will resist the same strenuously.

On 20 October 2011 the Shah Alam High Court had dismissed Metronic's application to stay the execution of the Judgement dated 15 September 2011 with costs of RM3,000.00.

Metronic has also filed an application to injunct CWorks from filing a Winding Up Petition in Originating Summons No 24-2586-10/2011 premised on the said Judgement dated 15 September 2011 which was fixed for hearing on 11 November 2011.

On 28 October 2011, Metronic filed a Notice of Appeal to the Court of Appeal to appeal against the decision of the Shah Alam High Court in dismissing their application to stay the execution of the Judgement dated 15 September 2011. CWorks has been served with the sealed copy of a Summons in Chambers by Metronic dated 2 November 2011 filed under Shah Alam High Court No. MT6-22-1551-2006. The said application is for an Erinford Injunctive Order seeking the following:

(a) that the Judgement of the Court dated 20 October 2011 (stay) be stayed and an Erinford Injunctive Order be given towards the decision of the Court dated 20 October 2011, and that CWorks and/or its employees, and/or its agents be barred by way of an injunction from executing the Judgement dated 15 September 2011, until the hearing and decision of the Court of Appeal in determining Metronic's appeal to Court of Appeal against the decision of the High Court dated 15 September 2011; and

(b) that the Judgement sum of RM1,751,617.27 be paid into the Shah Alam High Court within seven (7) days of the date of the order pursuant to the application and the order remains until determination and decision of the appeal by the Court of Appeal.

On 11 November 2011, at the Shah Alam High Court of the Originating Summons (for an injunction to restrain CWorks from filing a winding up petition) and under the Originating Summons Metronic was also seeking to declare the 218 Notice null and void. After hearing submissions from the Plaintiff (Metronic) and the Defendant's (CWorks) solicitors, the Learned Judge decided that there is no issue with the 218 Notice although the sealed Judgement was not served to Metronic yet. The Learned Judge also noted that Metronic had also been served with the draft Judgement dated 15 September 2011 before the 218 Notice was served to Metronic.

The Learned Judge also held that Metronic has not forwarded sufficient grounds to obtain the Injunction (to restrain CWorks from filing a winding up petition) and therefore the Learned Judge dismissed the entire application with costs of RM5,000.00.

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	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/2011	30/09/2010	30/09/2011	30/09/2010
	RM('000)	RM('000)	RM('000)	RM('000)
Loss attributable to ordinary equity holders of the parent	<u>(46)</u>	<u>(386)</u>	<u>(32)</u>	<u>(773)</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>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30/09/2011	QUARTER	30/09/2011	PERIOD
	RM('000)	30/09/2010	RM('000)	30/09/2010
	RM('000)	RM('000)	RM('000)	RM('000)
Basic loss per share (sen)	<u>(0.05)</u>	<u>(0.39)</u>	<u>(0.03)</u>	<u>(0.77)</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.

B14 REALISED AND UNREALISED PROFITS/(LOSSES) DISCLOSURE

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:

	3 Months Ended	
	30 September 2011	30 June 2011
	Current	Current
	Quarter	Quarter
	RM('000)	RM('000)
Total cumulated loss of the Company and its subsidiaries:		
Unrealised	-	-
Realised	<u>(3,583)</u>	<u>(3,537)</u>
	<u>(3,583)</u>	<u>(3,537)</u>
Add: Consolidated adjustments	54	54
Total cumulated loss	<u><u>(3,529)</u></u>	<u><u>(3,483)</u></u>

By Order of the Board

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

Kuala Lumpur
Date: 25 November 2011