



delivering high performance banking solutions
eBworx is a leading international consulting and
technology solutions firm specializing in the
financial services industry.

FINANCIAL SOLUTIONS SPECIALIST

vision

To be a World Leading Financial Software Solution Provider

mission

In line with our Vision, eBworx has remained focused on helping
financial institutions in three main areas:

1. To gear towards electronic banking
2. To be more customer-centric in sales & operations
3. To better manage lending practices & to move towards Basel II compliance

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notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Zamrud 1, Suajana Resort, Jalan Lapangan Terbang SAAS, 47200 Subang, Selangor Darul Ehsan on Thursday, 10 May 2007 at 10.00 a.m. to transact the following business:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2006 together with the Reports of the Directors and Auditors thereon. (Ordinary Resolution 1)
2. To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association:-
 - (i) En. Razman Hafidz Bin Abu Zarim (Ordinary Resolution 2)
 - (ii) Ms. Tan Ming-li (Ordinary Resolution 3)
3. To approve Directors' Fees for the financial year ended 31 December 2006. (Ordinary Resolution 4)
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

Special Business

To consider and if thought fit, to pass, with or without modifications, the following Ordinary/Special Resolutions:

5. AUTHORITY TO ALLOT AND ISSUE SHARES

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed

NOTICE OF ANNUAL GENERAL MEETING

10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."

(Ordinary Resolution 6)

6. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix II which is attached in the Circular to Shareholders dated 19 April 2007 be approved.

AND THAT the Directors be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the proposed amendments to the Articles of Association of the Company."

(Special Resolution)

7. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

NG YEN HOONG (LS 008016)
LIM POH YEN (MAICSA 7009745)
Company Secretaries

Petaling Jaya
19 April 2007

NOTES:-

1. Notes on Appointment of Proxy

- (i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may, but need not be a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing, signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (iii) Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (iv) The instrument appointing a proxy shall be deposited at the registered office at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

2. Explanatory Notes on Special Business

(i) Ordinary Resolution 6 – Authority to Allot and Issue Shares

The Ordinary Resolution 6, if passed, will give the Directors the authority to allot an issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

(ii) Special Resolution – Proposed Amendments to the Articles of Association of the Company will bring the Articles of Association of the Company in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

statement accompanying notice of the sixth annual general meeting

1. Venue, Date and Time of the Sixth Annual General Meeting

The details of the Sixth Annual General Meeting of the Company:-

Place : Zamrud 1, Sujana Resort
Jalan Lapangan Terbang SAAS
47200 Subang
Selangor Darul Ehsan

Date & Time : 10 May 2007 at 10.00 a.m.

2. Directors Standing for Re-election

The name of Directors who are standing for re-election pursuant to Article 127 of the Company's Articles of Association:-

- (i) En Razman Hafidz Bin Abu Zarim
- (ii) Ms. Tan Ming-li

3. Attendance of Directors at Board Meetings

The attendance record at Board Meetings and other details of the abovenamed Directors can be found in the Profile of Board of Directors in this Annual Report.

BOARD OF DIRECTORS

Razman Hafidz Bin Abu Zarim
*Chairman, Independent and
Non-Executive Director*

Tan Ming-li
*Independent and
Non-Executive Director*

Tan Suan Fong
Chief Executive Officer

Ho Sin Kheong
*Non-Independent and
Non-Executive Director*

Tan Mok Koon
*Non-Independent and
Non-Executive Director*

Lim Boon Kheng
Alternate Director to Tan Mok Koon

Yap Yuh Foh, Eddie
*Non-Independent and
Non-Executive Director*

Lim Ee-Jin
Alternate Director to Yap Yuh Foh, Eddie

AUDIT COMMITTEE

Razman Hafidz Bin Abu Zarim
*Chairman, Independent and
Non-Executive Director*

Tan Ming-li
*Independent and
Non-Executive Director*

Yap Yuh Foh, Eddie
*Non-Independent and
Non-Executive Director*

COMPANY SECRETARIES

Ng Yen Hoong (LS 008016)
Lim Poh Yen (MAICSA 7009745)

REGISTERED OFFICE

Level 14, Uptown 1
No.1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : (603) 7725 2888
Fax. No. : (603) 7725 7791

REGISTRARS

Symphony Share Registrars Sdn
Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Adbullah
50100 Kuala Lumpur
Tel. No. : (603) 2721 2222
Fax. No. : (603) 2721 2530

AUDITORS

Messrs Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel. No. : (603) 7495 8000
Fax. No. : (603) 2095 5332

PRINCIPAL BANKER

RHB Bank Berhad
Section 14 Branch
No.1 Jalan 14/20
46100 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : (603) 7957 4088
Fax. No. : (603) 7955 6219

STOCK EXCHANGE LISTING

MESDAQ Market of
Bursa Malaysia Securities Berhad

Stock Name : EBWORX
Stock Code : 0030

SPONSOR

OSK Securities Berhad
19th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel. No. : (603) 2162 4388
Fax. No. : (603) 2175 3217

company overview

ABOUT EBWORX

Delivering High Performance Banking Solutions

eBworx Berhad ("eBworx") is a leading international consulting and technology solutions firm. Banks are the center of our business and we deliver innovative and high-performance solutions to our clients. eBworx solutions help improve sales and operational efficiency, better manage risk and increase the bank's focus on its customers.

eBworx Digital Banker is an integrated suite of solutions which include the Digital Business Center (Loan Origination and Collection & Recovery) and Digital Delivery Channel (Cash Management, Internet Banking, Mobile Banking and Teller). The TradeSpring suite is a complete trade finance system and together with Digital Banker, provides best of breed solutions to our clients.

We strive to achieve the highest level of Quality in our work by conforming to requirements, looking at prevention with zero defects as our performance standard. We are committed to our work and to our clients, working as partners to deliver high performance banking solutions.

VISION AND MISSION

Our Vision:

- To be a World Leading Financial Software Solution Provider

Our Mission:

In line with our Vision, eBworx has remained focused on helping financial institutions in three main areas:

- To gear towards electronic banking
- To be more customer-centric in sales & operations
- To better manage lending practices & to move towards Basel II compliance

OUR ADVANTAGE

1. Solution - Global Leading Practices, Local Experiences

End-to-end credit management solution under our Digital Business Center suite covering the credit lifecycle from marketing, loans origination to credit risk management including solutions for centralized customer information files and centralized master collateral. Our Digital Delivery Channel covers the customer touch-point channels from Internet Banking to Cash Management to Branch Delivery Systems and our Trade Finance Solution covers end-to-end trade processing.

2. People

High performance and best-in-class team of consultants and engineers. Our people are committed and take pride in their profession, sharing their experience and leading practices. We help our valued customers maintain their competitive advantage.

3. Technology

Continuous research and development ensuring our clients receive the best in breed technology. Our objective is clear; effective technology which in turn ensures reliability, scalability, security, future proof and maintainability for enhancement. Our solution is developed on a uniform infrastructure technology platform and solution framework ensuring lower total cost of ownership.

COMPANY OVERVIEW

SOLUTION OFFERING

eBworx is focused in the financial services sector and our integrated suite of applications provides best of breed solutions to banks in the region.

Our innovative digital commerce solution includes Digital Business Centre, Digital Delivery Channel and Trade Finance Solution.

DIGITAL BUSINESS CENTER SUITE			
Digital Customer Information Files	Digital Master Collateral	Digital Central Liability System	Digital Sales & Marketing Automation
Digital Credit Management System	Digital Credit Monitoring and Administration	Digital Collection & Recovery System	RiskPulse
DIGITAL DELIVERY CHANNELS SUITE			
Digital Retail Internet Banking	Digital Cash Management	Digital Mobile Banking	Digital Teller System
TRADE SPRING SUITE			
TradeSpring	TradeSpringCentral	TradeSpringLite	

Digital Business Center Suite

Today, Basel II is on the tip of every financier's tongue. Our suite of credit management solution under our Digital Business Center suite is a key driver and forms the building blocks for banks to be Basel II ready. The financial industry today not only has to deal with increased competition for customer relationship, it also has to meet the expectations to continue driving sales opportunities to increase profitability and minimize risk in the marketplace. Our solution provides the combination of business and technology to overcome these complex business challenges to help banks achieve operational excellence, reduce credit and operational risk and manage their customer relationships and loyalty. We have designed the solution to facilitate the operational risks associated with credit processing namely misinformation, miscalculation and misapplication of credit policies and procedures.

(a) Digital Customer Information Files (DCIF)

Unified Customer View

By understanding their customers well enough to provide personalized services, banks can succeed at customer management by using tools and solutions which can help provide such information leveraging on the bank's info-structure. With DCIF, our clients are equipped with the tools and information needed to serve customers across all channels by providing access to all relevant customer details to facilitate account overview and sales planning.

(b) Digital Master Collateral (DMCOL)

Effective Exposure Coverage via Centralised Collateral Management and Monitoring

Digital Master Collateral (DMCOL) is a centralized collateral management system which acts as a centralised collateral control, storage and management solution. DMCOL provides a single, integrated environment allowing banks to consolidate the collateral information via a centralized collateral data repository.

COMPANY OVERVIEW

(c) Digital Central Liability System (DCLS)

Central Limits Control for Effective Exposure Management

Digital Central Liability System (DCLS) brings about proactive risk control capabilities for banks today to govern its credit exposure based on its customer's portfolio. This centralized credit information enables the bank to manage its obligor exposure and the respective credit limits with built in intelligent features.

DCLS as an enterprise wide information management system is a key foundation to support the operational needs in 3 key areas; the stage of credit evaluation, limit utilization as well as credit monitoring. By using DCLS, the bank has the flexibility to analyze its credit data from multiple sources and has the flexibility to define the group structure with a single customer limit.

(d) Digital Sales and Marketing Automation (DSMA)

Achieve Higher Customer Experience, Transforming Banks into Market Focused Organisation

Digital Sales & Marketing Automation (DSMA) is built to help the financial organisation achieve better customer relationship management where customers will be able to experience quality and consistent services.

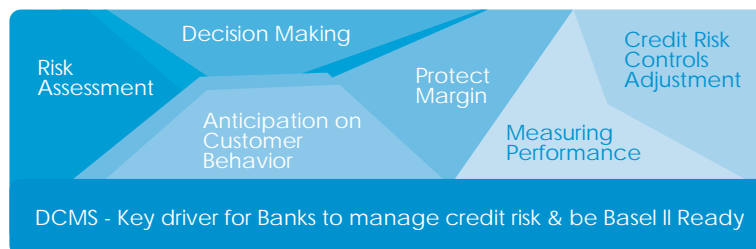
DSMA handles end-to-end inbound and outbound sales cycle for the banks and it is a credit oriented sales tool for banks to handle account relationships, manage its marketing activities, tracking of customer engagement and serve as a communication tool for information dissemination. With DSMA, the marketing or account officer will be able to conduct account analysis to define the cross selling and up selling opportunities.

(e) Digital Credit Management System (DCMS)

Automated Credit Origination and Processing Management Solution

eBworx Digital Credit Management System (DCMS) is a proven web-based, automated credit and rule based loans origination system that allows banks to streamline and manage the credit origination process.

DCMS enables banks to implement a full suite of automated credit management system across all branches and has proven to provide higher levels of customer service, greater customer satisfaction, as well as improved productivity and cost effectiveness for our existing financial institution clients.



DCMS comprises of modules covering Mortgage, Hire Purchase, Credit Card and Business Banking.

COMPANY OVERVIEW

- (f) Digital Credit Monitoring and Administration System (DCMA)
Ensure Proactive Monitoring and Administration of Credit Portfolio

DCMA provides comprehensive monitoring, alert and tracking mechanisms for post-disbursement processes. Together with our loan origination system, Digital Credit Management System ("DCMS"), DCMA enables banks to implement a full suite of automated end-to-end features to cover the whole credit management lifecycle, ensuring comprehensive risk coverage of all loans and efficient processing of all follow on actions.

DCMA covers, in general, post disbursement and loan servicing processes, monitoring and tracking of the bank's customers and accounts after disbursement, and manage the relevant actions arising from this tracking.

- (g) Digital Collection and Recovery System (DCRS)
Effective Management of Collections and Debt Recovery

Digital Collection and Recovery System (DCRS) is a web-based automated rule driven collection and recovery management system which provides single customer-view of a delinquent borrower allowing banks to manage the delinquent situation holistically from both account and customer perspective.

DCRS is designed to encapsulate the intricacies of collection. Using a combination of tools, financial institutions can deploy a variety of approach and strategy making collection itself, an art. We have designed our Collection Module for efficiency which translates to Speed and Priority of working on an account.

- (h) RiskPulse
Key Building Block for BASEL II Credit Risk Compliance

RiskPulse is designed and built based on the need for an integrated credit risk management and analysis to derive the necessary coefficients to support BASEL II and the bank's credit risk requirements in the areas of Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and its related derivatives. To achieve this, an Enterprise-wide Risk Management framework is needed to overcome the current challenges which are faced by the banks in the overall framework & architecture design of risk management in the organisation.

The primary function of RiskPulse is to provide an analytical system to help banks implement the IRB models, to perform credit portfolio analysis and to address its reporting requirements.



Digital Delivery Channel Suite

eBworx suite of solution under the Digital Delivery Channel umbrella includes our eBanking solution (Digital Retail Internet Banking, Digital Cash Management and Digital Mobile Banking) and Digital Teller System. Our solution has been designed to help our clients realise the goal of "Banking anytime, anywhere", allowing our client's customers to access their banks via traditional channels (i.e. Branch, Internet) and non-traditional channels (i.e. Mobile Phone).

COMPANY OVERVIEW

Banks today are aggressively looking at opportunities to diversify its channels to better serve its customer, which includes expansion of the branch network as well as progressive expansion of electronic channels including Internet Banking. We have adopted a channel strategy and have embedded our solution with David Naisbitt's High Tech, High Touch philosophy where the appropriate technology is deployed to provide added value and convenience to our customers whilst reinforcing the brand and human personal touch aspect of attention and relationship across all channel interactions.

(a) Digital Retail Internet Banking (DRIB)
Online Access to Banking Services

Digital Retail Internet Banking (DRIB) is more than just an alternative channel for the bank's customer's banking convenience. It is the next-generation internet banking solution engineered to support today's channel unification vision.

DRIB can reduce customer's dependence on the bank's branch network for routine banking transactions which in turn cuts down service cost and increases efficiency. DRIB provides the bank's customers with the convenience and an efficient means to view their assets and liabilities as well as perform fund transfers and bill payments transactions at their fingertips via the Internet.

(b) Digital Cash Management (DCM)
Convenience Banking For Your Corporate Customer

Digital Cash Management was designed to help reduce dependency on traditional branch networks for routine banking transactions whilst allowing corporations to better manage their liquidity positions. The solution is comprehensive and provides specific interfaces for different types of users for better control and ease of use.

Users have access to a range of features at their fingertips using simple web-browser access. With DCM, the corporate customers can enjoy the convenience of performing routine transactions such as liquidity management, account management, payment management, collection, trade finance initiation and payroll processing with a web browser from their desktop. The bank can greatly value-add its services to its valued corporate customers while benefiting itself in terms of savings in time, resources and an avenue to generate additional revenue.

(c) Digital Mobile Banking (DMB)
Banking Anytime, Anywhere

The Digital Mobile Banking (DMB) is eBworx mobile banking solution that connects banking services to the wireless world, and is built on open industry standards. DMB allows the customer to perform simple transactions such as account balance enquiry and bill payments.

With the growing popularity of mobile or cellular phones, PDA and handheld PCs, consumers have embraced the emergence of WAP, GPRS, 3G and other open industry standards for wireless communication. DMB leverages on the industry's proven encryption technologies which guarantee security whilst performing various transactions on wireless communications.

COMPANY OVERVIEW

(d) Digital Teller System (DTS)

Customer Centric Branch Delivery Solution

The Digital Teller System (DTS) is a complete electronic teller solution that overcomes the weaknesses of traditional client server branch delivery system with the n-tier web-based system that is simple to maintain and easily accessible through a web browser. DTS caters to the bank's daily branch operation activities and functions such as branch opening, transactions posting, balance reconciliation, journaling, error correction, printing and branch closing. DTS is also able to integrate with external devices like pin pads, encoders and passbook printers.

Trade Finance Solution

(a) TradeSpring

TradeSpring is a web-based backend trade processing solution providing the bank with a competitive edge in today's rapidly changing marketplace.

TradeSpring is a complete application with end-to-end processing capabilities enabling online, realtime access to every stage of the trade instrument lifecycle. Tightly integrated with workflow, imaging and central liabilities control, it enables banks to significantly improve operational efficiencies. Each trade instrument is created, processed, approved and tracked throughout until the time the instrument is paid up or sent out via telex or SWIFT to correspondent banks.

(b) TradeSpringLite

Providing consistent, ongoing, and ever-increasing customer satisfaction is the hallmark to achieving advantage in today's financial services industry. To win, the bank needs the strategy and tools to deliver faster, more targeted services with greater consistency.

TradeSpringLite is an Internet web-based front-end trade financing solution providing the bank with a competitive edge in today's rapidly changing marketplace.

TradeSpringLite for trade related activities will improve turnaround times, increase customer satisfaction and boost profitability. TradeSpringLite provides the bank's customers with fingertip access to their trade account, transactions, statuses, limits utilisation with the bank in a safe, secure environment anywhere, anytime.

(c) TradeSpringCentral

TradeSpringCentral is a web-based enterprise workflow and imaging application providing the bank with a competitive edge in today's rapidly changing marketplace.

TradeSpringCentral facilitates and enables centralisation and regionalisation of trade finance operations. It enables our customers to achieve competitive service standards by streamlining the registration of trade instruments from their branches to their trade centres. Incorporated within TradeSpringCentral are workflow and imaging capabilities that enable trade instruments to be registered and submitted and routed to the relevant trade centres for onward processing in a safe, secure and paperless manner. TradeSpringCentral, a web based module within our TradeSpring Product Suite, is best suited for customers who may already have a trade finance processing back end in place but would like to improve operational efficiency and achieve cost savings from centralisation and regionalisation.

chairman's statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of eBworx Berhad ("eBworx") for the financial year ended 31 December 2006.

2006 was an encouraging year for eBworx Group. Post tax profit more than doubled from RM2.8 million in FY2005 to RM7.4 million. This was the result of the strategies and efforts that the Group had taken during 2006 and 2005. These strategies included:

- Improving accountability for margins and cashflows at project level
- Focusing on high margin revenue, such as software enhancement services and maintenance services
- Building new lines of business that generate recurring income, such as IT insource or outsource managed services
- Incorporating improved review processes at every stage of sales, presales and project life cycle, to reduce risk and to ensure quality deliverables
- Investing in training our staff in areas of quality awareness, systematic processes and hard and soft skill transfers

In terms of sales and marketing, eBworx took the strategy of focusing on up-sell and cross-sell to existing customers for better quality sales at lower cost. We continue to drive the sales activity in countries in which we are already present. These include Malaysia, Singapore, Indonesia and Thailand. The strategy allows us to leverage on our local successes and in-depth understanding of the local work culture and business requirement. In addition, with this strategy, we also achieved economies of scale by utilizing the resources needed to support existing installation sites to implement new projects. For the year under review, these repeat businesses from existing customers accounted for more than 87% of the revenue.

Our investment in Research & Development ("R&D") in ChengDu, China started to bear fruits. Besides the cost effectiveness advantage demonstrated by our ChengDu R&D centre, the software components produced by our ChengDu team successfully improved the performances of our software installation sites.

Our JV with SpringTrax Sdn. Bhd., SpringWorx Technovations Sdn. Bhd., has completed the Trade Finance product development. The product is well accepted by the market with contracts being awarded by two local banks. More importantly, we are receiving positive feedback from the regional banking industry and generating significant interests in this product. We are optimistic about the future performance of SpringWorx as there is a new wave of demand for technology platform upgrades for Trade Finance systems in banks across the region.

CHAIRMAN'S STATEMENT

With the Basel II compliance requirement driven by most of the central banks in the region, we foresee that our credit management systems will continue to be strongly demanded by the market. In addition, we expect a growing need for regional banks to revamp their electronic banking channels such as internet banking, mobile banking and cash management. This growing need will also continue to drive our business in electronic delivery products. Lastly, with our initial success in venturing into IT managed services, we will actively pursue revenue diversification into this increasingly important recurring revenue stream. With more banks moving towards insource or outsource for their IT managed services and leveraging on our strong presence in the regional banking industry, we will explore ways to enhance this business area.

FINANCIAL HIGHLIGHTS

For the financial year ended 31 December 2006, eBworx and its subsidiaries ("the Group") generated consolidated revenue of RM33.8 million as compared to RM36.6 million achieved in the previous corresponding year.

Despite the decrease of 7.6% in revenue, the Group recorded a profit before tax ("PBT") and profit after tax ("PAT") of RM7.47 million and RM7.38 million respectively. This marked a significant improvement of RM4.65 million and RM4.58 million as compared to the PBT and PAT of RM2.82 million and RM2.8 million recorded in the previous corresponding year. The improvement in performance was mainly attributable to the Group's continuous and concerted efforts to focus on projects with better margins, cost reduction initiatives and optimising its operational efficiency.

UTILISATION OF PROCEEDS

As at 31 December 2006, the Group had utilised all the proceeds raised from its initial public offering ("IPO"). The details of the utilisation of proceeds are as follows:

IPO	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	%
Expansion of core and related business	5,000	4,921	79	0.5
Working capital	5,900	5,900	-	-
R&D expenditure	4,000	4,000	-	-
Listing expenses	1,600	1,679	(79)	(0.5)
Total	16,500	16,500	-	-

On 24 April 2006, the Company has completed its private placement of 10% of the issued and paid-up share capital of eBworx ("Private Placement").

CHAIRMAN'S STATEMENT

The details of the utilization of proceeds raised from its Private Placement as at 31 December 2006 are as follows:-

Private Placement	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	%
Working Capital	5,494	5,638	(144)	(2.5)
Estimated expenses in relation to the Private Placement	300	156	144	2.5
Total	5,794	5,794	-	-

RESEARCH & DEVELOPMENT (R&D)

During the year under review, we spent approximately RM2.4 million in development activities. This formed part of the Group's continued efforts in developing new products and enhancing the current products of the Group to meet contemporary needs of customers and industry. By continuously investing in R&D, the Group is able to leverage on its results to create competitive edge which ultimately ensures the realisation of our vision.

CORPORATE GOVERNANCE AND INVESTOR RELATIONS

The Group maintains a communications programme encompassing formal announcements, interim results announcements and participation in dialogues and meetings with shareholders, institutions and analysts with the objective of fostering and maintaining good relations and mutual understanding with the various parties. The company's latest developments and projects can be accessed from its website at www.ebworx.com.

APPRECIATION

On behalf of the Board of Directors, I wish to take this opportunity to thank the Management Team and our employees at all levels for their commitment, dedication and continuing hard work during the year. We also wish to express our appreciation and gratitude to the regulatory authorities, our customers and business partners for their continued valuable support. We also thank our shareholders for their faith in us. I am also grateful to my fellow Board members for their advice, guidance and support.

Razman Hafidz Abu Zarim
Chairman

directors' profiles



Razman Hafidz
Bin Abu Zarim

Encik Razman Hafidz Bin Abu Zarim, aged 51, was appointed as a Non-Executive Director and Chairman of the Company on 15 September 2003.

Encik Razman is the Managing Director / Chief Executive Officer of Mithril Berhad. He also sits on the Boards of several other listed companies, including Malaysian Oxygen Berhad, Courts Mammoth Berhad, Toyochem Corporation Berhad, Mithril Berhad, Panasonic Manufacturing Malaysia Berhad and Yeo Hiap Seng (Malaysia) Berhad.

He started his career in 1977 with Touche Ross & Co, Chartered Accountants, London and in 1984 joined Hacker Young, Chartered Accountants, London, where he was admitted as an Audit Partner in 1987.

He returned to Malaysia in 1989 as an Audit Partner of Price Waterhouse, an international firm of public accountants. In 1993, he was appointed the Partner-in-

charge of Price Waterhouse's Management Consulting Practice and became an Executive Committee member.

In 1994, he established Norush Sdn Bhd, an investing and business advisory firm, where he remains as Chairman.

Encik Razman graduated with a Joint-Honours degree in Economics and Accounting, BS (Econ), from University College, Cardiff, University of Wales. He is also a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

Encik Razman does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years.



Tan Suan Fong

Mr. Tan Suan Fong, a Malaysian citizen age 35, is the Executive Director of the Company and was appointed to the Board on 25 July 2000. He is currently the Chief Executive Officer of the Company.

Under his stewardship, the eBworx Group has grown into a successful international financial software solutions provider. He is responsible for the planning and execution of eBworx's corporate strategy, business and product development.

Mr. Tan Suan Fong graduated with a Degree in Computer Science (First Class Honors) from the University of Malaya.

Mr. Tan Suan Fong has a direct shareholding of 26,741,020 ordinary shares of RM0.10 each in the Company representing 11.65% interest therein.

Mr. Tan Suan Fong does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years.

DIRECTORS' PROFILES



Ho Sin Kheong

Mr. Ho Sin Kheong, a Malaysian citizen age 52, was appointed as an Executive Director of the Company on 5 August 2003 and redesignated as Non-Independent and Non-Executive Director on 28 February 2005.

Mr. Ho Sin Kheong has over 20 years of banking and IT experience. He started his career as a Computer Science lecturer at Universiti Sains Malaysia in 1982 till early 1983.

He then joined NCR Malaysia Sdn. Bhd. ("NCR") in 1983 as Senior Systems Engineer and was one of the pioneer UNIX and C specialists in Malaysia. Prior to leaving NCR in 1988, he was the Manager in charge of the financial systems application team.

Mr. Ho Sin Kheong joined Ban Hin Lee Bank Berhad as a Data Processing Manager in 1988, where he successfully implemented the first integrated Online Signature Verification System in Asia. He was then

promoted to Assistant General Manager, IT Division in 1994, before leaving the company in 1997.

From 1997 till 2003, Mr. Ho Sin Kheong was the Chief Information Officer in United Overseas Bank (Malaysia) Berhad, where he spearheaded numerous strategic computerization projects including data warehouse, call center, internet banking, online bill payment, loan origination, wealth management, SAP financials, Peoplesoft Human Resource and Bankwide Customer Information File.

Mr. Ho Sin Kheong graduated with a Master of Science from Universiti Sains Malaysia in 1983 and a Bachelor of Science with Education (Honours) degree from Universiti Pertanian Malaysia in 1979.

Mr. Ho Sin Kheng has a direct shareholding of 1,000,000 ordinary shares of RM0.10 each in the Company representing 0.44% interest therein.

Mr. Ho Sin Kheong does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years.

DIRECTORS' PROFILES



Tan Mok Koon

Mr. Tan Mok Koon, a Singaporean citizen age 49, was appointed as a Non-Executive Director of the Company on 17 February 2003.

Mr. Tan Mok Koon is the Group Managing Director of CSE Global Limited ("CSE"), a global systems integrator listed on the Singapore Stock Exchange. Operating in the Americas, Europe, the Middle East, Africa and Asia, with 1127 employees spread over 28 cities in 20 countries. He joined CSE in 1986 as an engineer, when the company was the engineering projects division of Chartered Electronics Industries, the electronics arm of Singapore Technologies Pte Ltd. Promoted to General Manager in 1992, he was subsequently appointed as a Managing Director, following the successful conclusion of a management buy-out in 1997.

Mr. Tan Mok Koon graduated with an honors degree in chemical engineering from the National University of Singapore in 1983.

Mr. Tan Mok Koon has a direct shareholding of 50,000 ordinary shares of RM0.10 each in the Company representing 0.02% interest therein.

Mr. Tan Mok Koon does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years.



Lim Boon Kheng

Mr. Lim Boon Kheng, a Singaporean citizen age 41, was appointed as Alternate Director to Tan Mok Koon on 2 June 2004.

Mr. Lim Boon Kheng is the Group Chief Financial Officer of CSE. He began his career in 1990 as an accountant with ULC Systems (FE) Pte Ltd. He then joined Singapore Technologies Pte Ltd in 1991 as an accountant and was promoted to various positions in the organization. He left the company in 1999 to join CSE as the Group Financial Controller. His current responsibilities include finance and accounting, merger and acquisition and also corporate restructuring.

Mr. Lim Boon Kheng graduated with a Bachelor of Accountancy degree from the National University of Singapore in 1990.

Mr. Lim Boon Kheng has a direct shareholding of 50,000 ordinary shares of RM0.10 each in the Company representing 0.02% interest therein.

Mr. Lim Boon Kheng does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years.

DIRECTORS' PROFILES



Yap Yuh Foh, Eddie

Mr. Yap Yuh Foh, Eddie, a Malaysian citizen age 37, was appointed as a Non-Executive Director on 11 April 2003.

Mr. Yap Yuh Foh, Eddie is the Executive Director and Chief Operating Officer of OSK Ventures International Berhad, the venture capital and private equity arm of OSK Holdings Berhad. He is responsible for managing venture capital and private equity investment covering a spectrum of industrial and high technology companies. He is also a committee member of the Malaysian Venture Capital Association.

Mr Yap Yuh Foh, Eddie also sits on the Boards of other listed companies, namely OSK Ventures International Berhad and Green Packet Berhad.

Mr. Yap Yuh Foh joined OSK in 1996 and prior to his current designation, he was the Senior Manager of the corporate finance division. Prior to that, he was with the corporate finance division of Affin Merchant Bank Berhad

from 1993 to 1996 where he last served as a Manager. Having been exposed to the corporate finance arenas of both merchant banking and stockbroking, he has originated and executed various debt and equity capital market transactions on Bursa Securities and MESDAQ Market.

Mr. Yap Yuh Foh, Eddie graduated in Distinction with double majors in Accountancy and Economics & Finance from the Royal Melbourne Institute of Technology University. He is also a Certified Practicing Accountant with the Australian Society of Certified Practicing Accountants and a Chartered Accountant with the Malaysian Institute of Accountants.

Mr. Yap Yuh Foh, Eddie does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years.

DIRECTORS' PROFILES



Lim Ee-Jin

Mr. Lim Ee-Jin, a Malaysian citizen age 37, was appointed as an Alternate Director to Mr. Yap Yuh Foh, Eddie on 11 April 2003.

Mr. Lim Ee-Jin is the Assistant General Manager of OSK Ventures International Berhad, the venture capital and private equity arm of OSK Holdings Berhad. He is involved in the management of venture capital and private equity investment, covering a spectrum of industrial and high technology companies.

Mr. Lim Ee-Jin also sits on the Boards of other listed companies, namely OSK Ventures International Berhad and Green Packet Berhad.

Mr. Lim Ee-Jin holds a Bachelor of Commerce (majoring in Accountancy) from the University of Birmingham, United Kingdom. He is also an affiliate member of the Association of Chartered Certified Accountants.

Mr. Lim Ee-Jin does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has he been convicted of any offences in the last ten (10) years.



Tan Ming-li

Ms. Tan Ming-li, a Malaysian citizen age 37, was appointed as an Independent Non-Executive Director of the Company on 11 September 2003.

Ms. Tan Ming-li is currently a partner in the legal firm of Cheang & Ariff and has been in legal practice since 1994. She specializes in corporate and securities law and has extensive exposure to both international and local clientele which include multinational and public listed companies, merchant and commercial banks and securities houses.

Prior to joining Cheang & Ariff in 1997, she practiced law in the firm of Allen & Gledhill, Kuala Lumpur, where she was actively involved in corporate and commercial litigation.

Ms. Tan Ming-li is a graduate from the University of Melbourne, Australia with a double degree in Law (Hons) and Science.

Ms. Tan Ming-li does not have any family relationship with any other Directors and/or major shareholders of the Company or any conflict of interest with the Company. Neither has she been convicted of any offences in the last ten (10) years.

key management profile

The key information regarding the key management of the Group as at the date of this report is set out as follows:

Tan Suan Fong

CHIEF EXECUTIVE OFFICER

Mr. Tan Suan Fong is the Chief Executive Officer of the Group. He is also an Executive Director of the Company being appointed to the Board on 25 July 2000.

Mr Tan is a co-founder of the Company and under his stewardship, the Group has grown into a successful international financial software solutions provider. He is responsible for the planning and execution of eBworx corporate strategy and business development.

Chen Kwek Kong

DEPUTY CHIEF EXECUTIVE OFFICER

Mr. Chen Kwek Kong is the Deputy CEO of the Group. He is also the Director of SpringWorx Technovations Sdn Bhd, the 50% owned jointly controlled entity.

Mr. Chen has more than 25 years experience in the software and service industry. During his career he worked with IBM in a number of systems engineering and sales capacities. Following IBM he joined Computer Associates

Malaysia where he held the position of General Manager. More recently he spent the last 10 years with Silverlake as President. Whilst at Silverlake he managed some of their largest banking projects throughout Asia.

Destine Lim

DIRECTOR, ENTERPRISE APPLICATION ARCHITECTURE

Ms. Destine Lim is the Director, Enterprise Application Architecture of the Group. She is also the Director and Chief Technology Officer of SpringWorx Technovations Sdn Bhd, the 50% owned jointly controlled entity.

Ms. Lim has more than 20 years' experience in the banking industry and was the Chief Information Officer of a major foreign financial institution in Malaysia before leaving to set up SpringTrax Sdn Bhd, whose holds another 50% equity interest in SpringWorx Technovations Sdn Bhd.

Tse Fook Kun Bronnie

DIRECTOR, PRODUCT & TECHNOLOGY

Mr. Tse Fook Kun Bronnie is the Director, Product & Technology of the Group.

Mr. Tse has over 30 years experience gained in the IT and Finance industries. His experience

covers technical implementations, project management and marketing having worked in both end user and vendor environment. Prior to joining eBworx, Mr. Tse spent 4 years as Vice President, IT, with a major local bank in Singapore. He has international experience working in Asia and Europe. Earlier he spent 18 years with ICL where he was their Business and Development Manager for Asia.

statement on corporate governance

The Board of Directors of eBworx Berhad recognizes the importance of good corporate governance and is committed to the establishment and implementation of a proper framework and controls that are in line with the principles and best practices as recommended by the Malaysian Code of Corporate Governance (the "Code").

The Board is committed to ensuring that good corporate governance is practiced throughout the Group as a fundamental element in discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The following statement describes the application of the principles and extent of compliance with the best practices.

1. THE BOARD OF DIRECTORS

1.1 The Board

The Board of Directors comprises members with a wide range of experience in management, business, financial, legal and technical activities. Together with the Management, they collectively bring a diverse range of skills and expertise to effectively discharge their responsibilities towards achieving the Group's business strategies and corporate goals.

The Executive Director frequently attends the Group's management meetings wherein operational details and other issues were discussed and considered. Apart from the management meetings, the Executive Director also holds informal meetings with the other members of the Board whenever necessary.

1.2 Board Balance

Presently, the constitution of the Board comprises six (6) members with one (1) Executive Director and five (5) Non-Executive Directors (including Chairman), two of whom are Independent Non-Executive Directors. With this Board composition, the Company fully complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Mesdaq Market with regard to the constitution of the Board of Directors and the required ratio of independent directors, as well as the requirement for a director who is a member of the Malaysian Institute of Accountants to sit on the Audit Committee. The profiles of each Board member are set out in pages 15 to 19 of this Annual Report.

1.3 Duties and Responsibilities

The executive director takes on primary responsibilities for the day-to-day running of the business, implementation of Board policies and making operational decisions. Non-executive directors have the necessary skill and experience to give an independent judgement when dealing with the issues of strategy, performance and resources, including key appointments and standards of conduct. The role of the independent non-executive directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined and takes account of the long term interests of the public shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business.

No individual or group of individuals dominates the Board's decision-making. Together, the Directors possess the wide range of business, commercial and financial experience essential in the management and direction of a corporation with regional presence.

STATEMENT ON CORPORATE GOVERNANCE

1.4 Access to Information and Advice

The Directors are provided before each Board Meeting, with the agenda together with a full set of Board papers containing information relevant to the business of the meeting and where necessary, additional information is provided during the Board meeting on significant issues that arise or when specifically requested by a director.

The directors also have access to the services of the Company Secretary and management representatives whether as a full board or in their individual capacity. Where considered necessary, the Board may also engage the services of professionals at the expense of the Group on specialized issues and furtherance of their duties.

1.5 Appointment Process

The Board appoints its members through a formal and transparent selection process which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

1.6 Re-election of Directors

Directors appointed by the Board of Directors during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments and thereafter shall retire at least once every 3 years and retiring directors shall be eligible for re-election.

1.7 Meetings

There were four (4) Board Meetings held during the financial year ended 31 December 2006. The record of attendance for each Director at those meetings is set out below:

	Number of Meetings Attended
Executive Director Tan Suan Fong	4/4
Non-Executive Directors	
Ho Sin Kheong	4/4
Tan Mok Koon	4/4
Lim Boon Kheng (Alternate to Tan Mok Koon)	4/4
Yap Yuh Foh, Eddie	3/4
Lim Ee-Jin (Alternate to Yap Yuh Foh)	1/4
Tan Ming-li	4/4
Razman Hafidz Abu Zarim	4/4

STATEMENT ON CORPORATE GOVERNANCE

During the financial year, the Board also resolved and approved the Company's matters through circular resolutions. Board members are provided sufficient detailed information for approvals via circular resolutions and are given full access to senior management to clarify any matters that may arise.

2. DIRECTORS' REMUNERATION

2.1 Remuneration

Aggregate remuneration of Directors during the financial year ended 31 December 2006 can be categorized into the following components:

Category	Director's Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Director	30,000	509,692	539,692
Non-Executive Directors	180,000	-	180,000

Directors' remuneration is broadly categorized into the following bands:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below 50,000	-	5
RM500,001 to RM550,000	1	-

2.2 Directors' Interest in Executive Share Options Scheme ("ESOS")

Options granted to Directors to subscribe to shares in the Company are set out in the table below:

	At 01.01.06	Granted During The Year	Exercised During The Year	Lapsed During The Year	At 31.12.06	Exercise Price (RM)	Earliest Date for Exercise	Latest Date for Exercise
Tan Suan Fong	500,000	-	-	-	500,000	0.4563	26.06.04	02.10.08
Tan Suan Fong	2,000,000	-	-	-	2,000,000	0.1515	06.06.06	02.10.08
Ho Sin Kheong	2,000,000	-	-	2,000,000	-	0.3300	20.10.04	02.10.08
Ho Sin Kheong	200,000	-	-	200,000	-	0.4563	26.06.04	02.10.08

2.3 Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme (MAP) prescribed by RIIAM, the training arm of Bursa Securities. The Directors will continue to undergo the Continuing Education Programme (CEP) to keep abreast of the new regulatory development and Bursa Securities Listing Requirements. Directors are also encouraged to attend any relevant training programme to further enhance their knowledge to enable them to discharge their responsibilities more effectively.

STATEMENT ON CORPORATE GOVERNANCE

3. SHAREHOLDERS

The Group values dialogue with investors as a means of effective communication that enables the Board to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests. The Annual General Meeting ("AGM") is the principal forum for dialogue with shareholders. At the AGM, the Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements, corporate developments in the Group, the resolutions being proposed and on the business of the Group in general at every AGM.

4. ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at end of the financial year and the income statements of the Company and the Group for the year then ended.

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. In preparing the financial statements, the Directors are required to select appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors are also required to prepare the financial statements on a going concern basis unless it is inappropriate to do so.

The Directors have responsibility for ensuring that the Group keeps proper accounting records which disclose with accuracy at any time the financial position of the Group which enables them to ensure that the financial statements comply with the Companies Act 1965. The Directors also have responsibility for taking such steps as are reasonable to safeguard the assets of the Group for prevention and detection of fraud and other irregularities.

4.2 Internal Control

The Statement of Internal Control furnished on Pages 26 to 27 of this Annual Report provides an overview of the state of internal controls within the Group.

4.3 Audit Committee

The Board has set up an Audit Committee, which composition is in compliance with the relevant regulatory requirements. The report of the Audit Committee is on pages 28 to 31.

An appropriate relationship is maintained with the Company's auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both external and internal auditors.

4.4 Executive Share Options Scheme (ESOS) Committee

The ESOS Committee was established to administer the eBworx's ESOS which became effective on 2 October 2003. The implementation of the ESOS is to reward and retain executives of the Group who are instrumental to the success and growth of the Group.

STATEMENT ON CORPORATE GOVERNANCE

Terms of reference

(i) Objective

- a. To administer the eBworx's ESOS in accordance with the objectives and regulations thereof.
- b. To determine participation eligibility, option offers and share allocations.
- c. To attend to such other matters as may be required.

(ii) Composition of the ESOS Committee

The Committee and the Chairman shall be appointed by the Board of Directors and shall consist of at least three (3) directors.

The ESOS Committee shall be appointed by the directors and the members of ESOS Committee shall elect a chairman from among themselves.

The Board of Directors must review the term of office and performance of the ESOS Committee and each of its members at least once every three year (3) years to determine whether such ESOS Committee has carried out their duties in accordance with their terms of reference.

Basis of Allocation

Options are allocated to eligible executives, which include executive directors, based on the performance and contribution to the Group, seniority and length of service of the respective executives.

4.5 Remuneration / Compensation Committee

The Board has formed a Remuneration / Compensation Committee on 27 January 2005 with the following members:

Name	Designation	Status of Directorship
Tan Mok Koon	Chairman	Non-Independent Non-Executive Director
Yap Yuh Foh, Eddie	Member	Non-Independent Non-Executive Director
Tan Ming-li	Member	Independent Non-Executive Director
Tan Suan Fong	Member	Non-Independent Executive Director

The Remuneration Committee, comprising mainly of Non-Executive Directors is responsible for recommending to the Board the remuneration packages to be paid to executive directors which includes basic salary, fees, benefits in kind, bonuses and incentives, pension and share option scheme.

The Remuneration Committee also endorses on the recommendation by the Chief Executive Officer, the remuneration packages which include the basic salary, bonus, fees, benefits in kind, incentive scheme, pension and share option scheme to be paid to the senior management (members of the Key Management Team).

The Remuneration Committee shall ensure that the Company's Directors are fairly rewarded for their individual contributions to the Company's overall performance and the level of remuneration shall be sufficient to attract and retain Directors to run the Company and Group successfully.

statement on internal control

INTRODUCTION

The Board of Directors remains committed towards ensuring that a sound system of internal control exists in order to safeguard shareholders' investments and the Company's assets. The Board is pleased to provide below a statement on the state of the internal control of the Group prepared in accordance with paragraph 2.14 (c), Guidance Notes 2 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements for the MESDAQ Market.

BOARD RESPONSIBILITY

The Board is primarily responsible for establishing the Company's systems of internal controls and risk management framework, and reviewing the adequacy and integrity of the internal control system. The Board has delegated the responsibility of reviewing the adequacy and integrity of the internal control system to the Audit Committee, which assesses the adequacy and integrity of the system of internal controls through independent reviews conducted on reports it receives from the internal audit function, external auditors and management.

Due to inherent limitations in any system of internal controls, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Company's business objectives. As such, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

On a day-to-day basis, the Heads of Department are delegated the responsibility of identifying and managing the risks of their department. Significant risks identified and the corresponding internal controls implemented are discussed at periodic management meetings. In addition, significant risks identified are brought to the attention of the Board at their scheduled meetings.

Management with the assistance of external consultants updated the key risk profile of the Company for financial year ended 31 December 2006. Risks identified were prioritised in terms of the possibility of their occurrence and the impact to the Company should the risk materialises. The updated key risk profile was presented to the Audit Committee on 31 October 2006.

The abovementioned practice/ initiative effected by Management is the ongoing process of identifying, evaluating and managing significant risks that may affect the Group's achievement of its business objectives.

STATEMENT ON INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Company's internal audit function is outsourced to external consultants. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control systems. Internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage.

Subsequent to the internal audit reviews performed by the internal audit function, reports are periodically tabled at the Audit Committee meetings. These reports mainly highlight to the Audit Committee the appropriate controls which are not in place together with recommended corrective actions which have been agreed for implementation by Management.

During the financial year under review, weaknesses in internal controls identified have been appropriately addressed. Notwithstanding this, the Company will continue to take measures to enhance and strengthen the internal control environment.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The other key elements of the Group's internal control systems are as follows:

- (a) The Group has a formal organisation structure with well-defined lines of responsibility and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures.
- (b) Development of business strategies and budgets by Management and approved by the board which ensures that a clear direction is provided to operating units/departments to work cohesively towards the achievement of the business objectives/goals.
- (c) Monitoring of key business risks and results against budgets, with significant variances being followed up and appropriate action taken, where necessary.
- (d) Documented internal policies set out in a series of memorandums of departments within the Group. These policies are regularly reviewed to ensure its continued relevance and effectiveness.

CONCLUSION

For the financial year under review, issues highlighted by Management and the Internal Audit function in relation to the Company's internal control system have been adequately addressed. The Board and Management remain committed towards operating a sound system of internal control and shall continue to be vigilant to ensure that the Group's internal controls system remains relevant to appropriately address changes in the operating environment.

audit committee report

The Board is pleased to present below the report of the Audit Committee for the financial year ended 31 December 2006.

COMPOSITION AND MEETINGS

The members of the Audit Committee and details of their attendance of the meetings during the financial year ended 31 December 2006 are as follows:

		Number of meetings	Attendance of meetings
Chairman:	Razman Hafidz Bin Abu Zarim (Independent Non-Executive Director)	4	4
Members:	Tan Ming-li (Independent Non-Executive Director)	4	4
	Yap Yuh Foh, Eddie (Non-Independent Non-Executive Director)	4	3

At the invitation of the Audit Committee, Senior Management staff and the external consultants to whom the internal audit function was outsourced to attended the Audit Committee meetings. The agenda of the meetings and relevant information were distributed to the Audit Committee members with sufficient notification. The Company Secretary is also responsible for recording the proceedings of the Audit Committee meetings.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2006, the following activities were carried out by the Audit Committee:

- (a) Reviewed and recommended to the Board for approval of the unaudited quarterly reports on the consolidated results of the Group.
- (b) Reviewed changes to the regulatory requirement during the period, in particular the listing requirements and recommendations to the Board, where appropriate, actions that are required towards compliance with the new regulatory requirements.
- (c) Reviewed the internal audit reports and ensured the implementation of the action plans carried out by Management on a timely basis.
- (d) Reviewed the audit plan of the external auditors.
- (e) Reviewed the audit fee for the external auditors of the Company and the Group.
- (f) Reviewed the annual audited financial statements, external auditors' reports and their audit findings.

AUDIT COMMITTEE REPORT

- (g) Reviewed related party transactions and considered conflict of interest situation that may arise within the Group.
- (h) Reviewed the Group's Key Risk Profile ("KRP") updated by Management with the assistance of the external consultants.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Internal Audit Function, which is outsourced to external consultants, assists the Audit Committee in ensuring the adequacy and effectiveness of the internal control system of the Group. The activities of the Internal Audit Function during the financial year ended 31 December 2006 were as follows:

- (a) Facilitated the updating of the Group's KRP;
- (b) Execution of the approved internal audit plan;
- (c) Presentation of the internal audit findings at certain Audit Committee meetings. All findings raised by the Internal Audit Function have/are been appropriately addressed by Management; and
- (d) Conducted follow up reviews to ensure that action plans are properly and timely implemented by Management.

The internal audits conducted did not reveal weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

TERMS OF REFERENCE OF AUDIT COMMITTEE

Membership

- (a) The members of the Audit Committee are appointed by the Board of Directors amongst them and shall consist of no fewer than three (3) members.
- (b) A majority of the Audit Committee members including the Chairman shall be Independent Directors as defined in Chapter 1 of the Listing Requirements for Mesdaq Market of Bursa Malaysia Securities Berhad ("Bursa Securities").
- (c) The members of Audit Committee shall elect amongst them an independent director to act as the Chairman of the Audit Committee.
- (d) At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or possess at least three (3) years working experience and has passed the examinations set out in Part I of the First Schedule or a member of one of the associations of accountants set out in Part II of the First Schedule of the Accountants Act 1967 respectively.
- (e) No alternate Director(s) shall be appointed to be member(s) of the Audit Committee.
- (f) Any vacancy in the Audit Committee, which results in a non-compliance with the listing requirements, shall be filled within a period of three (3) months.

AUDIT COMMITTEE REPORT

Authority

The Audit Committee has been granted authority by the Board of Directors appropriate for them to carry out their duties and responsibilities, including investigation into any matters within their terms of reference. Whenever requested, they have access to internal resources necessary to perform their duties. Where considered necessary, the Audit Committee has the authority to engage external resources, including independent professional and or any other advice, as may be deemed fit at the cost and expense of the Group.

In carrying out their duties and responsibilities, the Audit Committee is granted full and unrestricted access to any information pertaining to the Group and the Company. Direct communication channels are opened for the Audit Committee with the external auditors and or persons carrying out internal audit function or activity. Wherever considered necessary, the Audit Committee is also empowered to convene meetings with the external auditors, with or without the presence of executive directors, as they may consider fit.

Meetings

At least four (4) meetings are held in a year. However, meetings are also held as and when required or upon the request of the external auditors to consider any matters that the external auditors believes should be brought to the attention of the Directors and or shareholders.

The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The agenda of the Audit Committee meetings shall be circulated before each meeting to members of the Audit Committee. The Audit Committee may require the external auditors and any officer of the Company to attend any of its meetings as it determines.

The external auditors and internal auditors (if any) shall have the right to appear and be heard at any meeting of the Audit Committee and shall so appear when required to do so by the Audit Committee.

Upon request of the external auditors or internal auditors (if any), the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters that the auditors believe should be brought to the attention of the directors or shareholders.

The Company Secretary of the Company shall be Secretary of the Committee and shall be responsible in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of Audit Committee and circulating them to the Audit Committee members.

AUDIT COMMITTEE REPORT

Functions and Responsibilities

The Audit Committee is required to review and report the following to the Board of Directors:

- (i) To review the following:
 - (a) The nomination of external auditors;
 - (b) The adequacy of existing external audit arrangement, with particular emphasis on the scope and quality of the audit;
 - (c) The effectiveness of the internal audit function (if any);
 - (d) The effectiveness of the internal control and management information systems;
 - (e) The financial statements of the Company with both the external auditors and management;
 - (f) The external auditors' audit report;
 - (g) Any management letter sent by the external auditors to the Company and the management's response to such letter;
 - (h) Any letter of resignation from the Company's external auditors;
 - (i) The assistance given by the Company's officers to the external auditors;
 - (j) All areas of significant financial risk and the arrangements in place to contain those risks to acceptable level; and
 - (k) All related-party transactions and potential conflict of interests situations.
- (ii) The Audit Committee shall:
 - (a) Have explicit authority to investigate any matters within its term of reference;
 - (b) Have the resources which it needs to perform its duties;
 - (c) Have full access to any information which it requires in the course of performing its duties;
 - (d) Have unrestricted access to the Chief Executive Officer and the Chief Financial Officer;
 - (e) Have direct communication channels with the external auditors and internal auditors (if any);
 - (f) Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and
 - (g) Be able to invite outsiders with relevant experience to attend its meetings if necessary.
- (iii) When the Audit Committee is of the view that any matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of Bursa Securities Listing Requirements for Mesdaq Market, the Audit Committee must promptly report such matters to Bursa Securities.
- (iv) To make recommendations to the Board of Directors to outsource certain of its internal audit function to an independent firm of consultants, if necessary.
- (v) To discuss problems and reservations arising from the interim and final audits, their evaluation of the system of internal controls, and any matters the external auditor may wish to discuss (in the absence of management where necessary).
- (vi) To consider the major findings of internal investigations and management's response during the year with management, external auditors, including the status of previous audit recommendations.
- (vii) To carry out any other function that may be mutually agreed upon by the Committee and the Board.

directors' report

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are the provision of computer software applications and dealing in computer software and hardware for the financial services industry.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year	7,382,488	5,833,907

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the change in accounting policy due to the adoption of FRS 2 Share-based payments which has resulted in a decrease in the Group's and the Company's opening retained profits and profit for the year by RM301,606 and RM154,169 respectively. The corresponding cumulative effect of this adjustment is recognised in the share option reserve.

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend any payment of final dividends in respect of the current financial year.

DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Suan Fong
 Tan Mok Koon
 Yap Yuh Foh
 Ho Sin Kheong
 Tan Ming-li
 Razman Hafidz Abu Zarim
 Lim Ee-Jin (alternate to Yap Yuh Foh)
 Lim Boon Kheng (alternate to Tan Mok Koon)

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options granted pursuant to the Executive Share Options Scheme.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 5 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.1.06	Acquired During the year	Disposed	At 31.12.06
Tan Suan Fong	24,579,620	2,161,400	-	26,741,020
Ho Sin Kheong	1,000,000	-	-	1,000,000
Tan Mok Koon	50,000	-	-	50,000
Lim Boon Kheng	50,000	-	-	50,000

	Options over ordinary shares of RM0.10 each			
	At 1.1.06	Granted During the year	Lapsed	At 31.12.06
Tan Suan Fong	2,500,000	-	-	2,500,000
Ho Sin Kheong	2,200,000	-	(2,200,000)	-

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

EXECUTIVE SHARE OPTIONS SCHEME ("ESOS")

The ESOS is detailed in Note 24 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 600,000 ordinary shares of RM0.10 each. The list of employees granted options to subscribe for 600,000 or more ordinary shares of RM0.10 each during the financial year is as follows:

Name	Exercise Price RM	At 1.1.06	Number of Share Options		At 31.12.06
			Granted	Exercised	
Chen Kwek Kong	0.1515	2,500,000	-	-	2,500,000
Tse Fook Kun Bronnie	0.1515	2,500,000	-	-	2,500,000

The above share options will expire on 2 October 2008.

Details of options granted to Directors are disclosed in the section on Directors' Interest in Executive Share Options Scheme of this report.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM20,693,000 to RM22,959,300 by way of:

- (a) the issuance of 20,693,000 ordinary shares of RM0.10 each through a private placement at an issue price of RM0.28 per ordinary share for cash, for additional working capital purposes; and
- (b) the issuance of 1,970,000 ordinary shares of RM0.10 each for cash pursuant to the Company's Executive Share Options Scheme at an exercise price of RM0.1515 per ordinary share.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (*cond't*)

- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) it necessary to write off for any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of these financial statements; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 2 April 2007.

TAN SUAN FONG

RAZMAN HAFIDZ ABU ZARIM

statement by directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, TAN SUAN FONG and RAZMAN HAFIDZ ABU ZARIM, being two of the Directors of eBworx Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 38 to 83 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 2 April 2007.

TAN SUAN FONG

RAZMAN HAFIDZ ABU ZARIM

statutory declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, NG LEE KUAN, being the officer primarily responsible for the financial management of eBworx Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 83 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed NG LEE KUAN at
Petaling Jaya in the State of Selangor
Darul Ehsan on 2 April 2007

NG LEE KUAN

Before me,

report of the auditors

TO THE MEMBERS OF EBWORX BERHAD

We have audited the financial statements set out on pages 38 to 83. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 10 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

LOW KHUNG LEONG
No. 2697/01/09(J)
Partner

Kuala Lumpur, Malaysia
2 April 2007

income statements

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Group		Company	
		2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
Revenue	3	33,817,315	36,612,765	28,500,281	34,042,887
Direct expenses		(17,425,198)	(22,295,689)	(14,822,395)	(20,756,094)
Gross profit		16,392,117	14,317,076	13,677,886	13,286,793
General and administrative expenses		(3,350,814)	(5,733,050)	(2,661,608)	(4,771,303)
Selling and distribution expenses		(1,881,150)	(3,192,775)	(1,712,789)	(2,943,696)
Other operating expenses		(3,181,995)	(2,485,084)	(2,827,803)	(2,591,798)
Other operating income		220,365	217,127	219,418	214,860
Profit from operations	4	8,198,523	3,123,294	6,695,104	3,194,856
Finance costs		(799,197)	(233,151)	(799,197)	(233,151)
Share of result of jointly controlled entity		68,162	(64,663)	-	-
Profit before taxation		7,467,488	2,825,480	5,895,907	2,961,705
Taxation	6	(85,000)	(25,600)	(62,000)	(25,600)
Net profit for the year attributable to equity holders of the Company		7,382,488	2,799,880	5,833,907	2,936,105
Earnings per share attributable to equity holders of the Company (sen)	7				
- Basic		3.33	1.35		
- Diluted		3.26	1.33		

The accompanying notes form an integral part of the financial statements.

balance
sheets

AS AT 31 DECEMBER 2006

	Note	Group		Company	
		2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
ASSETS					
Non-current assets					
Plant and equipment	8	893,355	1,126,467	590,555	715,385
Goodwill on consolidation	9	8,709,059	8,709,059	-	-
Investment in subsidiaries	10	-	-	11,173,771	11,447,761
Investment in a jointly controlled entity	11	753,499	685,337	750,000	750,000
Intangible assets	12	5,515,623	3,449,916	5,515,623	3,449,916
		15,871,536	13,970,779	18,029,949	16,363,062
Current assets					
Trade receivables	13	40,383,817	37,924,157	28,342,650	30,444,182
Other receivables	14	1,445,124	838,752	14,601,341	8,411,524
Tax recoverable		-	9,000	-	9,000
Cash and bank balances	16	8,980,419	5,707,673	6,119,956	5,411,178
		50,809,360	44,479,582	49,063,947	44,275,884
TOTAL ASSETS		66,680,896	58,450,361	67,093,896	60,638,946
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	17	22,959,300	20,693,000	22,959,300	20,693,000
Share premium	18	13,519,818	9,849,923	13,519,818	9,849,923
Retained profits	19	22,253,748	14,871,260	22,736,313	16,902,406
Exchange reserve	20	(18,679)	5,914	(4,253)	(4,253)
Option reserve		455,775	301,606	455,775	301,606
Total equity		59,169,962	45,721,703	59,666,953	47,742,682
Non-current liability					
Borrowings	23	1,465,000	-	1,465,000	-
Current liabilities					
Trade payables	21	140,363	1,182,303	140,363	1,182,303
Other payables	22	2,500,423	3,521,049	2,439,432	3,688,655
Borrowings	23	3,356,417	8,025,306	3,356,417	8,025,306
Tax payable		48,731	-	25,731	-
Total liabilities		7,510,934	12,728,658	7,426,943	12,896,264
TOTAL EQUITY AND LIABILITIES		66,680,896	58,450,361	67,093,896	60,638,946

The accompanying notes form an integral part of the financial statements.

statements of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Non-distributable			Distributable		Total equity RM
		Share capital RM	Share premium RM	Exchange reserve RM	Option reserve RM	Retained profits RM	
Group							
At 1 January 2005		20,693,000	9,849,923	(3,330)	-	12,071,380	42,610,973
Net profit for the year		-	-	-	-	2,799,880	2,799,880
Share options granted under ESOS	4	-	-	-	301,606	-	301,606
Foreign exchange arising from translation of foreign subsidiaries and branch	20	-	-	9,244	-	-	9,244
At 31 December 2005 (restated)		20,693,000	9,849,923	5,914	301,606	14,871,260	45,721,703
At 1 January 2006							
As previously stated		20,693,000	9,849,923	5,914	-	15,172,866	45,721,703
Effects of adopting FRS 2		-	-	-	301,606	(301,606)	-
At 1 January 2006 (restated)		20,693,000	9,849,923	5,914	301,606	14,871,260	45,721,703
Issue of ordinary shares:	17 &						
Issued for cash	18	2,069,300	3,724,740	-	-	-	5,794,040
Pursuant to ESOS		197,000	101,455	-	-	-	298,455
Net profit for the year		-	-	-	-	7,382,488	7,382,488
Foreign exchange arising from translation of foreign subsidiaries and branch	20	-	-	(24,593)	-	-	(24,593)
Transaction costs not recognised in income statement	18	-	(156,300)	-	-	-	(156,300)
Share options granted under ESOS	4	-	-	-	154,169	-	154,169
At 31 December 2006		22,959,300	13,519,818	(18,679)	455,775	22,253,748	59,169,962

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Non-distributable			Distributable		Total equity RM
		Share capital RM	Share premium RM	Exchange reserve RM	Option reserve RM	Retained profits RM	
Company							
At 1 January 2005		20,693,000	9,849,923	(4,390)	-	13,966,301	44,504,834
Net profit for the year		-	-	-	-	2,936,105	2,936,105
Share options granted under ESOS	4	-	-	-	301,606	-	301,606
Foreign exchange arising from translation of foreign subsidiaries and branch	20	-	-	137	-	-	137
At 31 December 2005 (restated)		20,693,000	9,849,923	(4,253)	301,606	16,902,406	47,742,682
At 1 January 2006							
As previously stated		20,693,000	9,849,923	(4,253)	-	17,204,012	47,742,682
Effects of adopting FRS 2		-	-	-	301,606	(301,606)	-
At 1 January 2006 (restated)		20,693,000	9,849,923	(4,253)	301,606	16,902,406	47,742,682
Issue of ordinary shares:	17 &						
Issued for cash	18	2,069,300	3,724,740	-	-	-	5,794,040
Pursuant to ESOS		197,000	101,455	-	-	-	298,455
Net profit for the year		-	-	-	-	5,833,907	5,833,907
Foreign exchange arising from translation of foreign subsidiaries and branch	20	-	-	-	-	-	-
Transaction costs not recognised in income statement	18	-	(156,300)	-	-	-	(156,300)
Share options granted under ESOS	4	-	-	-	154,169	-	154,169
At 31 December 2006		22,959,300	13,519,818	(4,253)	455,775	22,736,313	59,666,953

The accompanying notes form an integral part of the financial statements.

cash flow statements

FOR THE YEAR ENDED 31 DECEMBER 2006

	Group		Company	
	2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	7,467,488	2,825,480	5,895,907	2,961,705
Adjustments for:				
Depreciation of plant and equipment	470,411	768,736	390,840	717,310
Plant and equipment written off	180	-	180	-
Loss/(Gain) on disposal of plant and equipment	120,310	(374,064)	-	(372,815)
Amortisation of deferred development costs	355,223	-	355,223	-
Unrealised loss on foreign exchange	24,312	231,408	24,312	231,408
Impairment of investment in subsidiary	-	-	273,990	450,895
Share options granted under ESOS	154,169	301,606	154,169	301,606
Share of result in jointly controlled entity	(68,162)	64,663	-	-
Interest income	(220,318)	(161,694)	(219,418)	(92,290)
Operating profit before working capital changes	8,303,613	3,656,135	6,875,203	4,197,819
Changes in working capital:				
Receivables	(3,090,344)	(14,485,538)	(4,112,597)	(13,343,543)
Payables	(2,062,566)	1,471,961	(2,291,163)	1,576,505
Net cash generated from/ (used in) operations	3,150,703	(9,357,442)	471,443	(7,569,219)
Interest income received	220,318	161,694	219,418	92,290
Taxes paid	(27,269)	(73,501)	(27,269)	(69,600)
Net cash generated from/ (used in) operating activities	3,343,752	(9,269,249)	663,592	(7,546,529)

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

	Group		Company	
	2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
CASH FLOWS FROM INVESTING ACTIVITIES				
Development costs	(2,420,930)	(3,449,916)	(2,420,930)	(3,449,916)
Acquisition of subsidiary	-	-	-	(1,327,521)
Acquisition of unquoted redeemable convertible preference shares	-	(500,000)	-	(500,000)
Acquisition of plant and equipment (Note a)	(380,296)	(483,519)	(266,190)	(81,635)
Proceeds from disposal of plant and equipment	24,307	1,072,407	-	1,071,158
Net cash used in investing activities	(2,776,919)	(3,361,028)	(2,687,120)	(4,287,914)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from borrowings	3,785,000	-	3,785,000	-
Proceeds from issuance of shares, net of transaction costs	5,936,195	-	5,936,195	-
Net cash generated from financing activities	9,721,195	-	9,721,195	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,288,028	(12,630,277)	7,697,667	(11,834,443)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(26,393)	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(2,317,633)	10,312,644	(2,614,128)	9,220,315
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 25)	7,944,002	(2,317,633)	5,083,539	(2,614,128)

Note a:

Purchases of plant and equipment during the year were fully paid for in cash.

The accompanying notes form an integral part of the financial statements.

notes to the financial statements

31 DECEMBER 2006

1. CORPORATE INFORMATION

The principal activities of the Company and its subsidiaries are the provision of computer software applications and dealing in computer software and hardware for financial services industry. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the MESDAQ Market of the Bursa Malaysia Securities Berhad. The registered office is located at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan whilst its principal place of business is located at 7th Floor, Menara Merais, No.1, Jalan 19/3, 46300 Petaling Jaya, Selangor Darul Ehsan.

The Group and the Company have 261 (2005: 255) and 195 (2005: 205) employees respectively at the end of the financial year.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 2 April 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (*cond't*)

2.2 Summary of Significant Accounting Policies (*cond't*)

(a) Subsidiaries and Basis of Consolidation (*cond't*)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(b) Jointly Controlled Entities

A jointly controlled entity is an entity in which the Group has joint control over its economic activity established under a contractual arrangement.

Investment in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the jointly controlled entities. Under the equity method of accounting, the Group's share of profits less losses of jointly controlled entities during the financial year is included in the consolidated financial statement. The Group's interest in jointly controlled entities is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities.

Unrealised losses are eliminated unless cost cannot be recovered.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cond't)

2.2 Summary of Significant Accounting Policies (cond't)

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the expected useful life as follows:

Air-conditioners	20%
Computer equipment and software	33%
Furniture and fittings	20%
Office equipment	20%
Renovations	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(e) Deferred Development Costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on development activities is also recognised as an expense in the period incurred except when the expenditure meet the following criteria where it will be capitalised as intangible assets:

- (a) the product or process is clearly defined and costs are separately identified and measured reliably;
- (b) the technical feasibility of the product is demonstrated;
- (c) the product or process will be sold or used in-house;
- (d) the assets will generate future economic benefits (e.g. a potential market exists for the product or its usefulness in case of internal use is demonstrated); and
- (e) adequate technical, financial and other resources required for completion of the project are available.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (*cond't*)2.2 Summary of Significant Accounting Policies (*cond't*)(e) Deferred Development Costs (*cond't*)

Development costs initially recognised as an expense are not recognised as an asset in subsequent periods.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation which commences upon sale or use of the products, is recognised in the income statement based on a straight-line basis over 5 years.

(f) Construction Contract

Where the outcome of a contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When costs incurred on contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

(g) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(h) Provisions for Liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (*cond't*)

2.2 Summary of Significant Accounting Policies (*cond't*)

(i) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(j) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiary make contributions to its respective country's statutory pension scheme. Such contributions are recognised as an expense in the income statement as incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cond't)

2.2 Summary of Significant Accounting Policies (cond't)

(j) Employee Benefits (cond't)

(iii) Equity compensation benefits

The Company's Executive Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

(k) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Revenue from services

Long term fixed contracts

Revenue from long term fixed price contracts is recognised based on the percentage of completion method determined on the proportion of cost incurred to date against total estimated costs. All anticipated losses on contracts are fully provided for.

Short term contracts

Revenue from short term contracts is recognised upon rendering of services.

(iii) Interest income

Interest is recognised on a time proportioned basis that reflects the effective yield on the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (*cond't*)

2.2 Summary of Significant Accounting Policies (*cond't*)

(l) Foreign Currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (*cond't*)2.2 Summary of Significant Accounting Policies (*cond't*)(l) Foreign Currencies (*cond't*)

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date used are as follows:

	2006	2005
	RM	RM
1 United States dollar	3.52	3.75
1 Singapore dollar	2.30	2.26
100 New Taiwan dollars	-	11.95
100 Thai Bahts	9.76	9.06
1 China Renminbi	0.47	0.47

(m) Impairment of Assets

The carrying amounts of the Group's assets, other than construction contract assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (*cond't*)

2.2 Summary of Significant Accounting Policies (*cond't*)

(m) Impairment of Assets (*cond't*)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(n) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other Non-current Investments

Non-current investment other than investment in subsidiaries and jointly controlled entities are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying value is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (*cond't*)2.2 Summary of Significant Accounting Policies (*cond't*)(n) Financial Instruments (*cond't*)

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest - bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cond't)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cond't)

The adoption of revised FRS 3, 108, 110, 121, 127, 131, 132, 133, 136 and 138 does not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

(a) FRS 2 : Share Based Payments

Prior to 1 January 2006, no compensation expense was recognised in profit or loss for share options granted. The Group and the Company recognised an increase in share capital and share premium when the options were exercised. Upon the adoption of FRS 2, the total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period.

The Group has applied FRS 2 in accordance with its transitional provisions which allow this change in accounting policy to be applied to share options that were granted after 31 December 2004 but had not yet vested on 1 January 2006. The application is retrospective and accordingly, certain comparatives have been restated as disclosed in Note 2.3(d). The effects on the balance sheets as at 31 December 2006 and income statements for the year ended 31 December 2006 are set out in Note 2.3(c)(i) and Note 2.3(c)(ii) respectively.

(b) FRS 101: Presentation of Financial Statements

Other presentation

Prior to 1 January 2006, the Group's share of taxation of jointly controlled entity accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of jointly controlled entity accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax. The above change in presentation upon the adoption of the revised FRS 101, however, did not result in any impact on the Group's financial statements for the current and comparative year as there were no tax expense recognised by the jointly controlled entity in the respective periods. These changes in presentation has no impact on the Company's financial statements.

(c) Summary of effects and changes arising from adoption of new and revised FRSs

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006 is higher or lower than it would have been had the previous policies been applied in the current year:

(i) Effects on balance sheets as at 31 December 2006

Description of change	Increase/(Decrease) FRS 2 Note 2.3(a) RM
Group/Company	
Option reserve	455,775
Retained profits	(455,775)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cond't)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cond't)

(c) Summary of effects and changes arising from adoption of new and revised FRSs (cond't)

(ii) Effects on income statements for the year ended 31 December 2006

Description of change	FRS 2 Note 2.3(a) RM
Group	
General and administrative expenses	154,169
Profit from operations	(154,169)
Profit before tax	(154,169)
Profit for the year	(154,169)
Earnings per share:	
Basic, for profit for the year (sen)	(0.07)
Diluted, for profit for the year (sen)	(0.07)
Company	
General and administrative expenses	154,169
Profit from operations	(154,169)
Profit before tax	(154,169)
Profit for the year	(154,169)

(d) Restatement of comparatives

The following comparative amounts have been restated arising from the effects of adopting the new and revised FRSs:

Description of change	Previously stated RM	Increase/ (Decrease) FRS 2 Note 2.3(a) RM	Restated RM
At 31 December 2005			
Group			
Option reserve	-	301,606	301,606
Retained profits	15,172,866	(301,606)	14,871,260
Company			
Option reserve	-	301,606	301,606
Retained profits	17,204,012	(301,606)	16,902,406

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cond't)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cond't)

(d) Restatement of comparatives (cond't)

Description of change	Previously stated RM	Increase/ (Decrease) FRS 2 Note 2.3(a) RM	Restated RM
For the year ended 31 December 2005			
Group			
General and administrative expenses	5,431,444	301,606	5,733,050
Profit from operations	3,424,900	(301,606)	3,123,294
Profit before tax	3,127,086	(301,606)	2,825,480
Profit for the year	3,101,486	(301,606)	2,799,880
Earnings per share:			
Basic, for profit for the year (sen)	1.50	(0.15)	1.35
Diluted, for profit for the year (sen)	1.47	(0.14)	1.33
Company			
General and administrative expenses	4,469,697	301,606	4,771,303
Profit from operations	3,496,462	(301,606)	3,194,856
Profit before tax	3,263,311	(301,606)	2,961,705
Profit for the year	3,237,711	(301,606)	2,936,105

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRS amendments to FRS and Interpretations which are relevant to the Group's operation were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 117: Leases	1 October 2006
FRS 124: Related Party Disclosures	1 October 2006
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 119 ₂₀₀₄ : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (*cond't*)

2.4 Standards and Interpretations Issued but Not Yet Effective (*cond't*)

The above FRS, amendments to FRS and Interpretations, except for FRS 117, FRS 124 and FRS 139, are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 117, FRS 124 and FRS 139.

2.5 Significant Accounting Estimates and Judgements

(a) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Doubtful debts

As discussed in Note 13, the directors, after considering all available information, are of the view that the debt due from a local licensed bank of RM2,273,065 (2005: RM2,273,065) is fully recoverable, despite the on-going litigation to recover the said debt. Realisation of the debt is subject to the Company obtaining a favourable judgement in the civil suit against the local bank. Further details are disclosed in Note 30(b).

(ii) Capitalisation and amortisation of deferred development cost

The Group and Company capitalised costs relating to the development and enhancement of its new and existing products respectively, upon meeting all the criteria for capitalisation as listed in Note 2.2(e). Amortisation, which commences upon commercialisation or sale of products, is recognised in the income statement based on a straight-line basis over the product's estimated economic lives of 5 years. Because the intangible assets have a finite life, the Group and the Company review the amortisation period and amortisation method at least once a year. However, if there are indications that the product are unable to meet expected future cash flow, immediate impairment loss would be recognised.

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2006 is RM8,709,059 (2005: RM8,709,059). Further details are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

3. REVENUE

	Group		Company	
	2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
Software development	29,012,869	30,517,115	24,695,958	28,723,878
Software and hardware sales	250,490	3,996,296	250,490	3,996,296
Maintenance and support	4,553,956	2,099,354	3,553,833	1,322,713
	<u>33,817,315</u>	<u>36,612,765</u>	<u>28,500,281</u>	<u>34,042,887</u>

4. PROFIT FROM OPERATIONS

	Group		Company	
	2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
This is arrived at after charging/(crediting):				
Auditors' remuneration				
- statutory audit	49,833	39,321	26,000	23,000
- underprovision in prior year	4,000	16,132	3,000	15,000
- others	5,000	5,000	5,000	5,000
Depreciation of plant and equipment	470,411	768,736	390,840	717,310
Amortisation of deferred development costs	355,223	-	355,223	-
Office rent	736,172	631,325	539,472	499,320
Impairment of investment in subsidiary	-	-	273,990	450,895
Directors' remunerations (Note 5)				
- fees	210,000	210,000	210,000	210,000
- salaries and other emoluments	509,692	967,521	509,692	967,521
Plant and equipment written off	180	-	180	-
Loss/(Gain) on disposal of plant and equipment	120,310	(374,064)	-	(372,815)
Loss on foreign exchange				
- realised	122,654	83,629	127,078	83,629
- unrealised	24,312	231,408	24,312	231,408
Interest income	(220,318)	(161,694)	(219,418)	(92,290)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

4. PROFIT FROM OPERATIONS (cond't)

	Group		Company	
	2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
Employee information (including directors' remuneration)				
Staff costs				
- salaries and wages	15,303,816	13,426,881	12,041,861	10,829,846
- pension costs				
- defined contribution plan	1,380,667	1,335,775	1,169,779	1,238,075
- social security contributions	90,228	73,184	84,857	73,184
- share options granted under ESOS	154,169	301,606	154,169	301,606
- other staff related expenses	691,852	679,885	525,020	384,581
	17,620,732	15,817,331	13,975,686	12,827,292
Less: Amount capitalised under deferred development costs (Note 12)	(2,420,930)	(3,449,916)	(2,420,930)	(3,449,916)
	15,199,802	12,367,415	11,554,756	9,377,376

5. DIRECTORS' REMUNERATIONS

	Group/Company	
	2006 RM	2005 RM (restated)
Directors of the Company		
Executive:		
- salaries and other emoluments	432,400	795,520
- fees	30,000	35,000
- bonus	9,600	48,000
- share options granted under ESOS	37,740	78,833
- pension costs		
- defined contribution plans	29,952	45,168
	539,692	1,002,521
Non-executive:		
- fees	180,000	175,000
	719,692	1,177,521

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

5. DIRECTORS' REMUNERATIONS (*cond't*)

The number of Directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2006	2005
Executive directors:		
RM400,001 to RM450,000	-	1
RM500,001 to RM550,000	1	1
Non-executive directors:		
Below RM50,000	5	4

6. TAXATION

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
		(restated)		(restated)
Tax expense for the year:				
- current year	85,000	26,000	62,000	26,000
Overprovision in prior years				
- Malaysian income tax	-	(400)	-	(400)
	85,000	25,600	62,000	25,600

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28% effective year of assessment 2007 and to 26% effective year of assessment 2008.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Company has been awarded pioneer status, which among others, exempts the Company from tax for a period of 5 years. The pioneer status commenced on 18 March 2002 under Section 14A of the Promotion of Investment Act, 1980 and will expire on 17 March 2007. The Company has submitted its application for an extension of its pioneer status for a further period of 5 years and is now pending final approval by the relevant authorities. The taxation for the current financial year is in respect of interest income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

6. TAXATION (cont'd)

A reconciliation between the tax expense and the product of accounting profit multiplied by the Malaysia statutory tax rate of 28% is as follows:

	Group		Company	
	2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
Profit before taxation	7,467,488	2,825,480	5,895,907	2,961,705
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	2,090,897	791,134	1,650,854	829,277
Effect of different tax rate in other countries	(38,109)	(22,625)	-	-
Income not subject to tax	(2,101,476)	(672,037)	(2,101,476)	(672,037)
Expenses not deductible for tax purposes	514,336	508,919	511,238	441,197
Effects of temporary differences originating and reversing during the pioneer period	1,384	(572,437)	1,384	(572,437)
Effect of utilisation of previously unrecognised deferred tax assets	(382,032)	(27,602)	-	-
Deferred tax assets not recognised	-	20,648	-	-
Overprovision of income tax expense in prior years	-	(400)	-	(400)
Tax expense for the year	85,000	25,600	62,000	25,600

7. EARNINGS PER SHARE

	Group	
	2006	2005 (restated)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (RM)	7,382,488	2,799,880

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

7. EARNINGS PER SHARE (cont'd)

	Group	
	2006	2005 (restated)
Number of shares		
Weighted average number of ordinary shares in issue for basic earnings per share	221,973,907	206,930,000
Effect of dilutive potential ordinary shares on conversion of options under ESOS	4,419,227	4,024,704
<hr/>		
Weighted average number of ordinary shares in issue for diluted earnings per share	226,393,134	210,954,704
<hr/>		
Earnings per share		
- Basic (sen)	3.33	1.35
- Diluted (sen)	3.26	1.33

8. PLANT AND EQUIPMENT

Group	Air- conditioners RM	Computer equipment and software RM	Furniture and fittings RM	Office equipment RM	Renovations RM	Total RM
Cost						
At 1 January 2005	77,955	3,151,538	204,495	150,508	406,117	3,990,613
Additions	12,900	139,344	73,925	66,570	190,780	483,519
Disposals	(2,750)	(1,073,494)	(2,750)	-	-	(1,078,994)
Foreign exchange differences	-	71	-	-	-	71
<hr/>						
At 31 December 2005/ 1 January 2006	88,105	2,217,459	275,670	217,078	596,897	3,395,209
Additions	16,700	195,281	31,280	15,866	121,169	380,296
Disposals/ Write-offs	-	(36,383)	(9,729)	(32,555)	(155,637)	(234,304)
Foreign exchange differences	-	2,067	-	-	-	2,067
<hr/>						
At 31 December 2006	104,805	2,378,424	297,221	200,389	562,429	3,543,268

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

8. PLANT AND EQUIPMENT (cont'd)

Group	Air- conditioners RM	Computer equipment and software RM	Furniture and fittings RM	Office equipment RM	Renovations RM	Total RM
Accumulated Depreciation						
At 1 January 2005	34,353	1,644,042	74,167	63,769	64,299	1,880,630
Charge for the year	13,465	594,043	35,626	32,910	92,692	768,736
Disposals	(1,650)	(377,626)	(1,375)	-	-	(380,651)
Foreign exchange differences	-	27	-	-	-	27
<hr/>						
At 31 December 2005/ 1 January 2006	46,168	1,860,486	108,418	96,679	156,991	2,268,742
Charge for the year	15,267	254,667	52,117	32,837	115,523	470,411
Disposals/ Write-offs	-	(60,324)	(584)	(783)	(27,816)	(89,507)
Foreign exchange differences	-	267	-	-	-	267
<hr/>						
At 31 December 2006	61,435	2,055,096	159,951	128,733	244,698	2,649,913
<hr/>						
Net Book Value						
At 31 December 2006	43,370	323,328	137,270	71,656	317,731	893,355
<hr/>						
At 31 December 2005	41,937	356,973	167,252	120,399	439,906	1,126,467
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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

8. PLANT AND EQUIPMENT (*cond't*)

Company	Air- conditioners RM	Computer equipment and software RM	Furniture and fittings RM	Office equipment RM	Renovations RM	Total RM
Cost						
At 1 January 2005	54,425	2,345,655	182,361	105,846	406,117	3,094,404
Additions	12,900	40,381	11,490	7,949	8,915	81,635
Disposals	(2,750)	(1,070,796)	(2,750)	-	-	(1,076,296)
<hr/>						
At 31 December 2005/ 1 January 2006	64,575	1,315,240	191,101	113,795	415,032	2,099,743
Additions	16,700	153,997	31,280	12,350	51,863	266,190
Write-offs	-	(7,587)	-	(360)	-	(7,947)
<hr/>						
At 31 December 2006	81,275	1,461,650	222,381	125,785	466,895	2,357,986
<hr/>						
Accumulated Depreciation						
At 1 January 2005	12,948	887,752	53,258	26,744	64,299	1,045,001
Charge for the year	11,777	574,957	32,971	21,362	76,243	717,310
Write-offs	(1,650)	(374,928)	(1,375)	-	-	(377,953)
<hr/>						
At 31 December 2005/ 1 January 2006	23,075	1,087,781	84,854	48,106	140,542	1,384,358
Charge for the year	14,863	222,160	41,975	24,135	87,707	390,840
Write-offs	-	(7,587)	-	(180)	-	(7,767)
<hr/>						
At 31 December 2006	37,938	1,302,354	126,829	72,061	228,249	1,767,431
<hr/>						
Net Book Value						
At 31 December 2006	43,337	159,296	95,552	53,724	238,646	590,555
<hr/>						
At 31 December 2005	41,500	227,459	106,247	65,689	274,490	715,385
<hr/>						

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

9. GOODWILL ON CONSOLIDATION

	Group	
	2006	2005
	RM	RM
Goodwill, at cost	8,709,059	8,709,059

Impairment tests for goodwill

The goodwill arose as a result of the acquisition of the subsidiary, Digital Nervous System Sdn. Bhd. ("DNS"), which provides computer software applications and sells computer software and hardware for financial services industry.

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. However, for purposes of the preparation of the cash flow projections, the management has used the financial budgets for the Group as opposed to the financial budgets of DNS entity level as the directors are of the view that the revenue derived by the Group is from the sale of the computer software applications, which is developed using a common platform originally developed by DNS. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are:

Gross Margin		Growth Rate		Discount Rate	
2006	2005	2006	2005	2006	2005
52.0	50.0	15.0	42.0	15.0	15.0

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Growth rate

The management believes that the weighted average growth rates used are appropriate for the business segment in which the Group operates within as the products offered by the Group supports the core business processes of the financial services industry in Malaysia.

(iii) Discount rate

The discount rate used is pre-tax and reflect specific risks relating to the relevant segment.

NOTES TO THE FINANCIAL STATEMENTS

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9. GOODWILL ON CONSOLIDATION (*cond't*)

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

10. INVESTMENT IN SUBSIDIARIES

	Company	
	2006 RM	2005 RM
At cost:		
Unquoted shares	11,898,656	11,898,656
Less: Provision for diminution	(724,885)	(450,895)
	<hr/> 11,173,771	<hr/> 11,447,761

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Percentage of Equity Held	
		2006	2005
eBworx International Pte. Ltd.*	Singapore	100%	100%
Digital Nervous System Sdn. Bhd.	Malaysia	100%	100%
eBworx Technology (Beijing) Co. Ltd. **	China	100%	100%

* Audited by member firm of Ernst & Young Global

** Audited by firms other than Ernst & Young

The principal activities of the subsidiaries are the provision of computer software applications and dealing in computer software and hardware for financial services industry.

During the financial year, the directors performed an impairment review on the Company's investment in its subsidiaries as at balance sheet date and arising from this review is an additional impairment loss of RM273,990 (2005: RM450,895) which is charged to the income statement. The impairment loss is arrived at using the discounted future cash flow expected from the said subsidiary.

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11. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost:				
Unquoted shares	250,000	250,000	250,000	250,000
Share of post acquisition reserves/(loss)	3,499	(64,663)	-	-
	253,499	185,337	250,000	250,000
Unquoted redeemable convertible preference shares	500,000	500,000	500,000	500,000
	753,499	685,337	750,000	750,000

Details of the jointly controlled entity are as follows:

Name of Jointly Controlled Entity	Principal Activities	Percentage of Equity Held	
		2006	2005
(Incorporated in Malaysia) SpringWorx Technovations Sdn. Bhd.	Provision of computer software applications and dealing in computer software and hardware for financial services industry	50%	50%

On 2 November 2004, the Company entered into a joint venture with SpringTrax Sdn. Bhd. ("SpringTrax") to incorporate SpringWorx Technovations Sdn. Bhd. ("SpringWorx"). The Company subscribed to 250,000 ordinary shares of RM1 each representing a 50% equity interest in SpringWorx, for a cash consideration of RM250,000. The remaining 50% equity interest in SpringWorx is held by SpringTrax.

The Group's share of the assets and liabilities of the jointly controlled entity is as follows:

	2006 RM	2005 RM
Current assets	882,215	485,593
Non-current assets	4,653	7,936
Current liabilities	(383,369)	(58,192)
Non-current liabilities	(250,000)	(250,000)
Net assets	253,499	185,337

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

11. INVESTMENT IN A JOINTLY CONTROLLED ENTITY (*cond't*)

During the financial year, the directors performed a review of the recoverable amount of the Company's investment in the jointly controlled entity as at balance sheet. The recoverable amount was determined based on value-in-use calculations using discounted cash flow projections based on financial budgets approved by the management covering a five-year period. Based on the discounted cash flow projections, the directors are of the view that no impairment adjustment is deemed necessary as at balance sheet date.

In the previous financial year, the Company subscribed to 5,000,000 Redeemable Convertible Preference Shares ("RCPS") of RM0.10 each in SpringWorx, a jointly controlled entity for a cash consideration of RM500,000.

Every 10 RCPS shall be convertible into 1 new ordinary share at any time at the sole discretion of the Company after the successful commercialisation of a project known as the Trade Finance Solutions. The RCPS may be redeemed by the Company at par value at any time at the sole discretion of the Company after the expiry of 1 year from the date of the Joint Venture Agreement on 2 November 2004. Upon conversion, both parties shall take such steps as are necessary to cause the total issued share capital of SpringWorx to be held by the joint venture parties in the following proportions:

	Percentage of shareholding
The Company	51%
SpringTrax	49%
<hr/>	
Total	100%
<hr/>	

Although the conversion causes the Company to become the majority shareholder of the jointly controlled entity, however, all financial and operating policies will have to be decided jointly by the joint venture partners having equal voting rights.

Upon the conversion of the RCPS, the Company shall grant SpringTrax a put option and SpringTrax shall grant the Company a call option, for the purchase by the Company of all 490,000 ordinary shares in SpringWorx held by SpringTrax Sdn. Bhd. at the option price (at a price earnings multiple of 7 times).

The put option and call option are exercisable if SpringWorx achieves an audited net profit after tax in one financial year of not less than RM1,000,000.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

12. INTANGIBLE ASSETS

	Group/Company	
	2006	2005
	RM	RM
		(restated)
Deferred development costs		
At 1 January	3,449,916	-
Additions for the year (Note 4)	2,420,930	3,449,916
At 31 December	5,870,846	3,449,916
Less: Amortisation	(355,223)	-
	5,515,623	3,449,916

The Group and the Company capitalise costs on development work on enhancement of existing as well as development of new softwares. These products are assessed to have a finite life of 5 years upon commercialisation. The amortisation period and amortisation method are reviewed at least annually for appropriateness.

13. TRADE RECEIVABLES

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
		(restated)		(restated)
Trade receivables	18,198,537	19,203,125	14,318,823	17,776,860
Due from customers on contracts (Note 15)	20,899,437	18,171,482	12,737,984	12,117,772
Retention sums on contracts (Note 15)	1,285,843	549,550	1,285,843	549,550
	40,383,817	37,924,157	28,342,650	30,444,182

Trade receivables are non-interest bearing and are generally on 30 to 120 days terms. Other terms are assessed and approved on a case-by-case basis.

As at the balance sheet date, the Group and the Company are susceptible to significant concentration of credit risk in the form of trade debts due from 9 customers which represent approximately 83% and 78% of the Group's and of the Company's trade debts respectively.

The Company is currently involved in a litigation to recover a debt of RM2,273,065 (2005: RM2,273,065) due from a local licensed bank. Having considered all available information, including counsels from the Company's solicitors, the Directors believe that the debt is fully recoverable and requires no provision for doubtful debts. Further details of the litigation are disclosed in Note 30(b).

NOTES TO THE FINANCIAL STATEMENTS

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14. OTHER RECEIVABLES

	Group		Company	
	2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
Sundry receivables	310,116	287,821	294,505	264,702
Deposits	298,217	365,914	262,243	285,348
Prepayments	91,940	90,635	55,218	23,086
Due from:				
- subsidiaries	-	-	13,244,524	7,744,006
- joint venture partner	3,271	3,271	3,271	3,271
- jointly controlled entity	741,580	91,111	741,580	91,111
- a related party	-	274,609	-	-
	1,445,124	1,113,361	14,601,341	8,411,524
Less: Provision for doubtful debts	-	(274,609)	-	-
	1,445,124	838,752	14,601,341	8,411,524

The Group and the Company have no significant concentration of credit risk that may arise from the exposures to a single debtor or to group of debtors except for the debts due from subsidiaries and related parties. The amounts due from subsidiaries and related parties are unsecured, non-interest bearing and have no fixed terms of repayments.

15. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group		Company	
	2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
Project expenditure incurred	21,853,004	20,955,833	13,464,020	13,919,162
Add: Attributable profits	30,864,000	23,283,863	25,958,014	21,142,073
	52,717,004	44,239,696	39,422,034	35,061,235
Less: Provision for foreseeable losses	-	(149,389)	-	-
Less: Progress billings receivable	(31,817,567)	(25,918,825)	(26,684,050)	(22,943,463)
	20,899,437	18,171,482	12,737,984	12,117,772
Represented by:				
Due from customers on contracts (Note 13)	20,899,437	18,171,482	12,737,984	12,117,772
Retention sums on contracts included within trade receivables (Note 13)	1,285,843	549,550	1,285,843	549,550

NOTES TO THE FINANCIAL STATEMENTS

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16. CASH AND BANK BALANCES

	Group		Company	
	2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
Cash on hand and at banks	4,147,753	701,115	1,287,290	404,620
Deposits with licensed banks	4,832,666	5,006,558	4,832,666	5,006,558
	8,980,419	5,707,673	6,119,956	5,411,178

Deposits with licensed banks of the Group and of the Company amounting to RM4,832,666 (2005: RM5,006,558) are pledged as securities for bank overdrafts and guarantee facilities obtained as disclosed in Note 23.

The weighted average effective interest rates of deposits at the balance sheet date are as follows:

	Group/Company	
	2006 %	2005 %
Licensed banks	2.93	2.50

The average maturities of deposits as at the end of the financial year are as follows:

	Group/Company	
	2006 Days	2005 Days
Licensed banks	30	30

17. SHARE CAPITAL

	Number of Ordinary Shares of RM0.10 each		Amount	
	2006 '000	2005 '000	2006 RM	2005 RM (restated)
Authorised				
At 1 January/31 December	1,000,000	1,000,000	100,000,000	100,000,000
Issued and fully paid				
At 1 January	206,930	206,930	20,693,000	20,693,000
Issued for cash	22,663	-	2,266,300	-
At 31 December	229,593	206,930	22,959,300	20,693,000

NOTES TO THE FINANCIAL STATEMENTS

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17. SHARE CAPITAL (cont'd)

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM20,693,000 to RM22,959,300 by way of:

- (a) the issuance of 20,693,000 ordinary shares of RM0.10 each through a private placement at an issue price of RM0.28 per ordinary share for cash, for additional working capital purposes; and
- (b) the issuance of 1,970,000 ordinary shares of RM0.10 each for cash pursuant to the Company's Executive Share Options Scheme at an exercise price of RM0.1515 per ordinary share.

18. SHARE PREMIUM

Group/Company	Share premium RM
At 31 December 2005/ 1 January 2006	9,849,923
Issue of ordinary shares:	
Issued for cash	3,724,740
Pursuant to ESOS	101,455
Transaction costs not recognised in income statement	(156,300)
<hr/>	
At 31 December 2006	<hr/> 13,519,818

19. RETAINED PROFITS

As at 31 December 2006, the Company has tax exempt profits available for distribution of approximately RM34,000,000 (2005: RM27,000,000), subject to the agreement of the Inland Revenue Board. The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained earnings as at 31 December 2006.

20. EXCHANGE RESERVE

	Group		Company	
	2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
The movement in the foreign exchange reserves are as follows:				
Balance at 1 January	5,914	(3,330)	(4,253)	(4,390)
Arising in the year	(24,593)	9,244	-	137
<hr/>				
Balance at 31 December	<hr/> (18,679)	5,914	(4,253)	(4,253)

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and branches.

NOTES TO THE FINANCIAL STATEMENTS

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21. TRADE PAYABLES

	Group/Company	
	2006	2005
	RM	RM
		(restated)
Trade payables	140,363	1,182,303

Trade payables are generally non-interest bearing and are normally settled on 30 to 60 days (2005: 30 to 60 days) terms.

22. OTHER PAYABLES

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
		(restated)		(restated)
Sundry payables	454,823	538,772	289,078	480,548
Accruals	1,760,600	2,762,277	1,378,534	2,319,960
Due to:				
- directors	285,000	220,000	285,000	220,000
- subsidiaries	-	-	486,820	668,147
	2,500,423	3,521,049	2,439,432	3,688,655

Other creditors are generally non-interest bearing and are normally settled in 60 days (2005: 60 days) terms. Balances due to directors and subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

23. BORROWINGS

	Weighted average effective interest rate	Repayable	Group/Company	
			2006	2005
			RM	RM
				(restated)
Short term borrowings				
Bank overdrafts	7.25%	On demand	1,036,417	8,025,306
Revolving project loan	6.40%	Next 12 months	2,320,000	-
			3,356,417	8,025,306
Long term borrowing				
Revolving project loan	6.40%	1-2 years	1,465,000	-
Total borrowings			4,821,417	8,025,306

NOTES TO THE FINANCIAL STATEMENTS

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23. BORROWINGS (*cond't*)

The bank overdrafts are secured by liens over the fixed deposits of the Group and of the Company as disclosed in Note 16.

The revolving project loan is secured by assignment of proceeds receivable from contracted projects of the Group and of the Company.

24. EXECUTIVE SHARE OPTIONS SCHEME

The Executive Share Option Scheme ("ESOS") of the Company is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 2 October 2003.

The salient features of the ESOS are as follows:

- (a) The ESOS shall be in force for a period of five years commencing 2 October 2003 and expiring on 2 October 2008;
- (b) The total number of new ordinary shares to be offered under the ESOS shall not exceed ten (10) per centum of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS;
- (c) Eligible persons are confirmed executives of the Group (including Executive Directors) and have attained the age of eighteen (18) years;
- (d) The criterion of allotment of new shares is by reference to the category of the eligible executives in consideration with due regard to the performance and contribution to the Group, seniority and length of service of the eligible executives;
- (e) The price at which the grantee is entitled to subscribe for each ordinary share under the ESOS shall be:
 - (i) in respect of any offer which is made in conjunction with the listing of the Company on the MESDAQ Market, the issue price; and
 - (ii) in respect of any offer which is made subsequent to the listing of the Company on the MESDAQ Market, set at a discount of not more than ten per centum (10%) of the weighted average market price of the ordinary shares of the Company for the five (5) market days immediately preceding the date of the offer, or the par value of such share of the Company, whichever is higher;
- (f) The options granted may be exercised on any working day during the option period as follow:
 - (i) in respect of the initial grant, save for the options granted to the Chief Operating Officer of the Company, whose options can only be exercised after the period of two (2) years from the date of the initial grant, an option can only be exercised after the period of one (1) year from the date of the initial grant; and
 - (ii) in respect of all other grants of the options, the option can only be exercised after the period of six (6) months from the date of the respective grant;
- (g) The ESOS Committee is appointed by the Board of Directors of the Company to administer the scheme.

NOTES TO THE FINANCIAL STATEMENTS

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24. EXECUTIVE SHARE OPTIONS SCHEME (cond't)

The terms of share options outstanding as at the end of the financial year are as follows:

Grant Date	Exercise Price RM	At 1 January	Granted	During the year Exercised	Lapsed	At 31 December
2006						
20.10.2003	0.3300	3,155,000	-	-	(2,290,000)	865,000
26.12.2003	0.4563	2,410,000	-	-	(700,000)	1,710,000
06.06.2005	0.1515	10,370,000	-	(1,970,000)	(230,000)	8,170,000
		15,935,000	-	(1,970,000)	(3,220,000)	10,745,000
2005						
20.10.2003	0.3300	3,840,000	-	-	(685,000)	3,155,000
26.12.2003	0.4563	3,940,000	-	-	(1,530,000)	2,410,000
06.06.2005	0.1515	-	10,830,000	-	(460,000)	10,370,000
		7,780,000	10,830,000	-	(2,675,000)	15,935,000

Group/Company
2006 2005

Number of options vested:

At 1 January	5,565,000	7,780,000
At 31 December	8,245,000	5,565,000

Details of share options exercised during financial year and the fair value, at the exercise date, of ordinary shares issued are as follows:

	Group/Company 2006	2005
Exercise Price	0.1515	-
Fair Value of Ordinary Shares	0.3500	-
Number of Share Options	1,970,000	-
Considerations Received	298,455	-
Less: Par value of ordinary shares	(197,000)	-
Share premium	101,455	-

NOTES TO THE FINANCIAL STATEMENTS

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24. EXECUTIVE SHARE OPTIONS SCHEME (cont'd)

Fair value of share options granted during the year

The fair value of share options granted during the year was estimated by the management using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2006	2005
Fair value of share options at the following grant dates (RM):		
6 June 2005	-	0.06
Weighted average share price (RM)	0.33	0.32
Weighted average exercise price (RM)	0.15	0.15
Expected volatility (%)	58.20	73.40
Expected life (years)	1.00	1.00
Risk free rate (%)	3.45	3.45
Expected dividend yield (%)	-	-

The expected life of the share option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM	2005 RM (restated)	2006 RM	2005 RM (restated)
Cash and bank balances (Note 16)	8,980,419	5,707,673	6,119,956	5,411,178
Bank overdrafts (Note 23)	(1,036,417)	(8,025,306)	(1,036,417)	(8,025,306)
	7,944,002	(2,317,633)	5,083,539	(2,614,128)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

26. DEFERRED TAXATION

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group

	Accelerated Capital Allowances RM
At 1 January 2005	13,841
Recognised in income statement	(13,841)
<hr/>	
At 31 December 2005/ 31 December 2006	-

	Tax Losses and Unabsorbed Capital Allowances RM
At 1 January 2005	(13,841)
Recognised in income statement	13,841
<hr/>	
At 31 December 2005/ 31 December 2006	-

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2006 RM	2005 RM
Unused tax losses	1,126,721	2,210,404
Unabsorbed capital allowances	-	280,598
Others	13,344	13,462
<hr/>		
	1,140,065	2,504,464

The deferred tax assets have not been recognised as the Group could not anticipate their realisation due to the subsidiaries having a recent history of losses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

27. COMMITMENTS

	Group/Company	
	2006	2005
	RM	RM
(a) Rental Commitments		
Future minimum rentals payable:		
Not later than 1 year	443,271	434,592
Later than 1 year not later than 5 years	316,593	560,352
	<hr/>	<hr/>
	759,864	994,944
	<hr/>	<hr/>
(b) Operating Lease Commitments		
Future minimum rentals payable:		
Not later than 1 year	174,118	591,130
Later than 1 year not later than 5 years	7,101	167,100
	<hr/>	<hr/>
	181,219	758,230
	<hr/>	<hr/>

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	2006	2005
	RM	RM
Sales to subsidiary companies	8,685,795	6,706,141
Purchases from subsidiary company	(1,243,378)	(1,255,898)
License fees payable to jointly controlled entity	(596,100)	(294,000)
	<hr/>	<hr/>

The Directors are of the opinion that the above transactions had been entered into in the normal course of business and established on terms and conditions that were not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

29. SEGMENT INFORMATION

The Group operates predominantly in one business segment only and they operate in two principal geographical areas of the world as follows:

	Malaysia RM	Singapore RM	Other countries RM	Elimination RM	Consolidated RM
31 December 2006					
Revenue					
External sales	23,942,486	9,769,999	104,830	-	33,817,315
Inter-country sales	8,685,795	-	1,243,378	(9,929,173)	-
Total revenue	32,628,281	9,769,999	1,348,208	(9,929,173)	<u>33,817,315</u>
Results					
Profit from operations	7,349,190	1,316,417	(467,084)	-	8,198,523
Finance costs	(799,197)	-	-	-	(799,197)
Share of result of jointly controlled entity	68,162	-	-	-	68,162
Taxation	(62,000)	(23,000)	-	-	(85,000)
Net profit for the year					<u>7,382,488</u>
Assets					
Segment assets	68,547,102	12,603,013	942,926	(24,374,703)	57,718,338
Investment in a jointly controlled entity	253,499	-	-	-	253,499
Unallocated corporate assets					<u>8,709,059</u>
Consolidated total assets					<u>66,680,896</u>
Liabilities					
Segment liabilities	8,628,136	12,216,114	398,027	(13,731,343)	<u>7,510,934</u>
Other Information					
Capital expenditure	266,190	186	113,920	-	380,296
Depreciation and amortisation	747,646	2,372	75,616	-	825,634

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

29. SEGMENT INFORMATION (cont'd)

	Malaysia RM	Singapore RM	Other countries RM	Elimination RM	Consolidated RM
31 December 2005 (restated)					
Revenue					
External sales	27,336,746	9,173,810	102,209	-	36,612,765
Inter-country sales	6,706,141	-	1,255,898	(7,962,039)	-
Total revenue	34,042,887	9,173,810	1,358,107	(7,962,039)	36,612,765
Results					
Profit from operations	3,568,442	(56,774)	(388,374)	-	3,123,294
Finance costs	(233,151)	-	-	-	(233,151)
Share of result of jointly controlled entity	(64,663)	-	-	-	(64,663)
Taxation	(25,600)	-	-	-	(25,600)
Net profit for the year					2,799,880
Assets					
Segment assets	61,059,323	7,574,272	1,284,321	(20,361,951)	49,555,965
Investment in a jointly controlled entity	185,337	-	-	-	185,337
Unallocated corporate assets					8,709,059
Consolidated total assets					58,450,361
Liabilities					
Segment liabilities	12,914,312	8,441,077	287,459	(8,914,190)	12,728,658
Other Information					
Capital expenditure	81,635	1,483	400,401	-	483,519
Depreciation	730,540	2,924	35,272	-	768,736

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

30. CONTINGENT LIABILITIES

(a) Performance guarantee

	Group/Company	
	2006	2005
	RM	RM
Performance guarantee extended to third party for subcontractor performance	-	6,008,041

(b) Litigation

On 21 September 2004, the Company commenced a civil suit in the Kuala Lumpur High Court against a local licensed bank ("the Bank") for sums due and payable for work done and services rendered in connection with the provision of financial solutions services under several project agreements entered into with the Bank, for an amount in aggregate to a principal sum of RM2,273,065 together with interest.

On 2 November 2004, the Bank filed a Defence and Counterclaim against the Company claiming for return of the amount which had been paid by the Bank to the Company amounting to RM18,354,324.

On 12 November 2004, the Company filed a Reply and Defence to Counterclaim.

The Company had attended court for Final Case Management on 4 September 2006 and handed over the list of witnesses to be called for trial. The trial has been fixed to be heard on 25th, 26th and 27th June 2007 and 2nd, 3rd and 4th July 2007.

Based on the oral and documentary evidence being available to be adduced at trial, the Company has been advised by its solicitors that it has a good chance of recovering its claims and legally sustainable defence to the counterclaim on the grounds that, inter alia, the Company has at all times fulfilled all the agreed terms and conditions of the various projects and the work has been accepted by the Bank.

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group had no material interest rate risk and substantial long term interest-bearing assets and liabilities as at 31 December 2006.

The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits. The deposits placements at balance sheet date are short term and therefore its exposure to the effects of future changes in the prevailing level of interests is limited.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

31. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Singapore Dollar, Thailand Baht and New Taiwan Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are monitored.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional currency of Group companies	United States Dollar RM	Thailand Baht RM	Total RM
At 31 December 2006:			
Trade receivables	6,162,394	1,190,574	7,352,968
Cash and bank balances	94,828	-	94,828
Trade payables	(17,318)	-	(17,318)
Other payables	(145,263)	-	(145,263)
At 31 December 2005:			
Trade receivables	12,169,778	1,349,640	13,519,418
Cash and bank balances	226,533	-	226,533
Trade payables	(739,280)	-	(739,280)
Other payables	(145,263)	-	(145,263)

(d) Liquidity Risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis via Group management reporting policies.

As at the balance sheet date, the Group and the Company have no significant concentration of credit risk except for trade debts due from 9 customers which represent approximately 83% and 78% of the Group's and of the Company's trade debts respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

31. FINANCIAL INSTRUMENTS (*cond't*)

(f) Fair Values

The carrying amounts of trade and other receivables, tax recoverable, amount due from/to contract customers, trade and other payables, short term borrowings and cash and bank balances approximate their fair values due to their short-term nature.

It is not practical to estimate the fair values of amounts due to/from subsidiaries and related parties due principally to a lack of fixed repayment terms entered by the parties involved without incurring excessive costs.

It is also not practicable to estimate the fair value of unquoted redeemable convertible preference shares because of the lack of quoted market price and the inability to estimate fair value without incurring excessive costs.

analysis of shareholdings

as at 8 March 2007

A. SHARE CAPITAL

Authorised Share Capital	: RM100,000,000 (1,000,000,000 ordinary shares of RM0.10 each)
Issued and Paid-Up Share Capital	: RM22,982,300 (229,823,000 ordinary shares of RM0.10 each)
Voting Right	: One vote for each ordinary share held

B. DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Holders	No. of Shares	% of Shareholdings
1 - 199	13	1,250	0.00
200 - 999	16	9,300	0.00
1,000 - 4,999	511	1,069,450	0.47
5,000 - 10,000	472	3,570,600	1.55
10,001 - 100,000	432	15,605,300	6.79
100,001 - 1,000,000	82	21,156,900	9.21
Above 1,000,000	14	188,410,200	81.98
	1,540	229,823,000	100.00

C. SUBSTANTIAL SHAREHOLDERS

(Pursuant to Section 69E of the Companies Act, 1965)

Name of Shareholders	No. of Shares	% of Shareholdings
CSE-Infotech Limited	59,789,000	26.02
OSK Capital Partners Sdn Bhd	46,838,600	20.38
Tan Suan Fong	26,741,020	11.63
Yee Kok Ang	14,374,690	6.25
Chin Chee Kin	13,610,440	5.92

D. DIRECTORS' SHAREHOLDING

Name of Director	No. of Shares	% of Shareholdings
Tan Suan Fong	26,741,020	11.63
Ho Sin Kheong	1,000,000	0.44
Tan Mok Koon	50,000	0.02
Lim Boon Kheng	50,000	0.02

ANALYSIS OF SHAREHOLDINGS

as at 8 March 2007

E. TWENTY (20) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% of Shareholdings
1	CSE-Infotech Limited	59,789,000	26.02
2	OSK Capital Partners Sdn Bhd	46,838,600	20.38
3	Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Tan Suan Fong	20,482,100	8.91
4	Yee Kok Ang	14,374,690	6.25
5	Chin Chee Kin	13,610,440	5.92
6	OSK Nominees (Tempatan) Sdn Berhad OSK Capital Sdn Bhd for Dinah Doong Weng Lee	7,693,000	3.35
7	Tan Suan Fong	6,258,920	2.72
8	HSBC Nominees (Asing) Sdn Bhd Exempt An for HSBC Private Bank (Suisse) S.A. (S'pore TST AC CL)	6,000,000	2.61
9	Tan Teck Koon	4,439,750	1.93
10	Tang Ay Mooi	3,242,800	1.41
11	Lau Wai Fong	1,730,000	0.75
12	Chia Hong Chang	1,640,100	0.71
13	Lee Eng Sia	1,180,800	0.51
14	Lum Chee Onn	1,130,000	0.49
15	Ho Sin Kheong	1,000,000	0.44
16	Liew G Hoe @ Liew Chee Hoe	1,000,000	0.44
17	Lum Chee Onn	800,000	0.35
18	Goh Tai Thai	601,400	0.26
19	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soh Kwee Chin	555,600	0.24
20	Kam Wei Lin	547,000	0.24
	Total	192,914,200	83.93

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I/We _____ NRIC No. _____
(PLEASE USE BLOCK CAPITAL)

of _____
(FULL ADDRESS)

a member/members of EBWORX BERHAD hereby appoint* the Chairman of the Meeting or _____ of

or failing him _____ of _____

as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Sixth Annual General Meeting of the Company to be held at Zamrud 1, Suajana Resort, Jalan Lapangan Terbang SAAS, 47200 Subang, Selangor Darul Ehsan on Thursday, 10 May 2007 at 10.00 a.m. and at any adjournment thereof, to vote as indicated below :-

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	Receive the Audited Financial Statements, Report of the Directors and Report of the Auditors thereon.		
Ordinary Resolution 2	Re-election of En. Razman Hafidz Bin Abu Zarim as Director pursuant to Article 127 of the Company's Articles of Association		
Ordinary Resolution 3	Re-election of Ms. Tan Ming-li as Director pursuant to Article 127 of the Company's Articles of Association		
Ordinary Resolution 4	Approval of Directors' Fees.		
Ordinary Resolution 5	Re-appointment of Messrs Ernst & Young as Auditors.		
Special Business			
Ordinary Resolution 6	Authority to allot and issue shares.		
Special Resolution	Amendments to the Articles of Association of the Company.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.)

Dated this _____ day of _____ 2007 _____
Signature of Shareholder(s) or Common Seal

NOTES:-

- (i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may, but need not be a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing, signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (iii) Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (iv) The instrument appointing a proxy shall be deposited at the registered office at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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Affix
Stamp

COMPANY SECRETARY
EBWORX BERHAD (521609-T)
Level 14, Uptown 1
No, 1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

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