

# CWORKS SYSTEMS BERHAD

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

Quarterly report on consolidated results for the 4th quarter ended 31.12.2013

## CONDENSED CONSOLIDATED INCOME STATEMENTS

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2013 RM('000)	31/12/2012 RM('000)	31/12/2013 RM('000)	31/12/2012 RM('000)
Revenue	916	1,307	5,405	5,050
Operating expenses	(1,538)	(1,315)	(6,716)	(7,240)
Other operating income	-	47	22	2,611
Profit/(Loss) from operations	(622)	39	(1,289)	421
Finance cost	-	-	-	-
Investing results	-	-	-	-
Profit/(Loss) before taxation	(622)	39	(1,289)	421
Taxation	-	-	-	(189)
Profit/(Loss) for the period	<u>(622)</u>	<u>39</u>	<u>(1,289)</u>	<u>232</u>
Attributable to:				
Equity holders of the parent	(451)	16	(1,509)	171
Non-controlling interests	(171)	23	220	61
	<u>(622)</u>	<u>39</u>	<u>(1,289)</u>	<u>232</u>
Earnings/(Loss) per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.41)	0.02	(1.37)	0.16
(b) Fully diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

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(Company No: 554979-T)  
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Quarterly report on consolidated results for the 4th quarter ended 31.12.2013

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2013 RM('000)	31/12/2012 RM('000)	31/12/2013 RM('000)	31/12/2012 RM('000)
Profit/(Loss) for the period	(622)	39	(1,289)	232
Other comprehensive income/(loss), net of tax:				
Translation of foreign subsidiary	(29)	-	(55)	(9)
Total comprehensive income/(loss)	<u>(651)</u>	<u>39</u>	<u>(1,344)</u>	<u>223</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(480)	16	(1,564)	162
Non-controlling interests	(171)	23	220	61
	<u>(651)</u>	<u>39</u>	<u>(1,344)</u>	<u>223</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

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(Company No: 554979-T)  
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Quarterly report on consolidated results for the 4th quarter ended 31.12.2013

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 31/12/2013 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2012 RM('000)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	286	119
Intangible assets	3,200	4,293
Other investments	19	19
Total Non-Current Assets	<u>3,505</u>	<u>4,431</u>
<b>Current Assets</b>		
Trade receivables	3,023	1,685
Other receivables and prepaid expenses	909	1,647
Cash and bank balances	1,026	1,855
Total Current Assets	<u>4,958</u>	<u>5,187</u>
<b>Total Assets</b>	<u><b>8,463</b></u>	<u><b>9,618</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	11,000	11,000
Reserves		
<i>Accumulated Loss</i>	(5,410)	(3,901)
<i>Share Premium</i>	1,432	1,432
<i>Exchange Adjustment</i>	(10)	45
Equity Attributable to Owners of the Company	<u>7,012</u>	<u>8,576</u>
Non-controlling interests	662	442
<b>TOTAL EQUITY</b>	<u><b>7,674</b></u>	<u><b>9,018</b></u>
<b>Current Liabilities</b>		
Trade payables	234	89
Other payables and accrued expenses	555	437
Amount owing to directors	-	73
Tax liabilities	-	1
Total Current Liabilities	<u>789</u>	<u>600</u>
Total Liabilities	<u>789</u>	<u>600</u>
<b>Total Equity and Liabilities</b>	<u><b>8,463</b></u>	<u><b>9,618</b></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u>6.37</u>	<u>7.80</u>

(The Condensed Statements of Financial Position should be read in conjunction with  
the Annual Financial Report for the year ended 31 December 2012)

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Quarterly report on consolidated results for the 4th quarter ended 31.12.2013

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->					Non- controlling Interests	Total Equity
	Share Capital	Non- Distributable - Share Premium	Non- Distributable - Exchange Adjustment	Accumulated Loss	Total		
	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)
<b>12 months ended 31 December 2013</b>							
Balance as at 1 January 2013	11,000	1,432	45	(3,901)	8,576	442	9,018
Total comprehensive income/(loss) for the period	-	-	(55)	(1,509)	(1,564)	220	(1,344)
<b>Balance as at 31 December 2013</b>	<b>11,000</b>	<b>1,432</b>	<b>(10)</b>	<b>(5,410)</b>	<b>7,012</b>	<b>662</b>	<b>7,674</b>
<b>12 months ended 31 December 2012</b>							
Balance as at 1 January 2012	10,000	957	54	(4,072)	6,939	381	7,320
Issuance of shares by way of private placement	1,000	475	-	-	1,475	-	1,475
Total comprehensive income/(loss) for the period	-	-	(9)	171	162	61	223
<b>Balance as at 31 December 2012</b>	<b>11,000</b>	<b>1,432</b>	<b>45</b>	<b>(3,901)</b>	<b>8,576</b>	<b>442</b>	<b>9,018</b>

(The Condensed Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012)

# CWORKS SYSTEMS BERHAD

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Quarterly report on consolidated results for the 4th quarter ended 31.12.2013

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	12 months ended 31.12.2013	12 months ended 31.12.2012
	RM('000)	RM('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	(1,289)	421
Adjustments for:		
Reversal of impairment loss on trade receivables	-	(1,851)
Interest income	(1)	(758)
Amortisation of intangible assets	1,093	1,008
Bad debts written off	16	65
Development cost written off	-	9
Impairment loss on trade receivables	-	294
Depreciation of property, plant and equipment	98	142
Property, plant and equipment written off	-	5
Operating loss before working capital changes	(83)	(665)
Changes in working capital:		
Net change in current assets	(616)	1,406
Net change in current liabilities	190	(395)
<b>Cash generated from/(used in) operating activities</b>	(509)	346
Interest received	1	758
Tax paid	(1)	(171)
Development cost incurred	-	(550)
<b>Net cash from/(used in) operating activities</b>	(509)	383
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of other investment	-	(19)
Purchase of property, plant and equipment	(265)	(104)
<b>Net cash used in investing activities</b>	(265)	(123)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Increase)/Decrease in deposits pledged	10	(37)
Proceeds from issuance of shares, net of share issue expenses	-	1,476
<b>Net cash from financing activities</b>	10	1,439
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(764)	1,699

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Quarterly report on consolidated results for the 4th quarter ended 31.12.2013

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	12 months ended 31.12.2013	12 months ended 31.12.2012
	RM('000)	RM('000)
EFFECTS OF EXCHANGE RATE CHANGES	(55)	(9)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,818	128
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(Note A16) <u>999</u>	<u>1,818</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with  
the Annual Financial Report for the year ended 31 December 2012)

# CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

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Quarterly report on consolidated results for the 4th quarter ended 31.12.2013

## NOTES

### A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

#### A1 Basis of preparation

The interim financial report has been prepared in compliance with MFRS 134, Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

#### A2 Significant accounting policies

The accounting policies and methods of computation adopted by the Group in the preparation of this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2012. The Directors anticipate that the application of the following MFRSs issued by the Malaysian Accounting Standards Board ("MASB"), which are mandatory and will be effective for the financial periods as stated below, when adopted will have no material impact on the financial statements of the Group and of the Company, except as disclosed below:

*Effective for financial periods beginning on or after 1st July 2012*

Amendments to MFRS 101                      Presentation of Items of Other Comprehensive Income

*Effective for financial periods beginning on or after 1st January 2013*

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	

*Effective for financial periods beginning on or after 1st January 2014*

Amendments to MFRS 132                      Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

*Effective for financial periods beginning on or after 1st January 2015*

Amendments to MFRS 9                      Mandatory Effective Date of MFRS 9 and Transition Disclosures

### *MFRS 9: Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities*

This MFRS replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (FVTPL). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

The Group and the Company will quantify the effect of adopting this MFRS when the full standard is issued.

### *MFRS 10: Consolidated Financial Statements*

This MFRS introduces a single control model to identify a parent-subsiary relationship. This control model is based on the elements of power, returns and the link between power and returns. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements.

The Group and the Company will apply this standard from financial period beginning on 1st January 2013.

### *MFRS 13: Fair Value Measurement*

This MFRS aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 Financial instruments: Disclosures, but apply to all assets and liabilities measured at fair value, not just financial ones.

The directors anticipate that the application of this new Standard will result in more extensive disclosures in the financial statements

### *Amendment to MFRS 101: Presentation of Items of Other Comprehensive Income*

These amendments require that items of other comprehensive income be distinguished into those that will never be reclassified to profit or loss and those that may be reclassified to profit or loss when specified conditions in the applicable MFRSs are met.

The amendments will be applied retrospectively upon adoption and hence, the presentation of items of other comprehensive income will be modified accordingly to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 would not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

#### **A3 Auditors' report of preceding annual financial statements**

The auditors' report on the preceding year's annual audited financial statements was not subject to any qualification.

#### **A4 Seasonal or cyclical factors**

The Group's operations were not subject to any seasonal or cyclical changes.

**A5 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

**A6 Material changes in estimates**

There were no changes in estimates of amounts reported in prior financial years, which may have a material effect in the current financial quarter.

**A7 Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

**A8 Dividend paid**

There were no dividends paid during the current financial quarter

**A9 Segment information**

Segmental information is presented only in respect of the Group's geographical segments. There is no information on business segments as the Group is principally involved in software development.

GEOGRAPHICAL SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM('000)	RM('000)	RM('000)	RM('000)
<b><u>REVENUE</u></b>				
Malaysia	759	1,072	4,813	4,282
United States of America	157	235	592	768
	<u>916</u>	<u>1,307</u>	<u>5,405</u>	<u>5,050</u>
<b><u>PROFIT/(LOSS) BEFORE TAXATION</u></b>				
Malaysia	(565)	51	(1,058)	486
United States of America	(57)	(12)	(231)	(65)
	<u>(622)</u>	<u>39</u>	<u>(1,289)</u>	<u>421</u>

**A10 Valuation of property, plant and equipment**

The Group has not carried out any valuation on its property, plant and equipment.

**A11 Material events subsequent to the end of the quarter**

There were no material events subsequent to the current financial quarter ended 31 December 2013 up to the date of this report which, is likely to substantially affect the results of the operations of the Group.

**A12 Changes in the composition of the Group**

There were no changes in the composition of the Group for the current financial quarter.

**A13 Contingent liabilities**

There were no contingent liabilities as at the date of this announcement.

**A14 Capital commitments**

There were no capital commitments as at the date of this announcement.

**A15 Significant related party transactions**

There were no significant related party transactions as at the date of this announcement.

**A16 Cash and cash equivalents**

	31.12.2013 RM('000)	31.12.2012 RM('000)
Cash and bank balances	1,026	1,855
Less: Deposits pledged as security	(27)	(37)
	<u>999</u>	<u>1,818</u>

**A17 Notes to the Statements of Comprehensive Income**

	INDIVIDUAL QUARTER 31 December 2013 RM('000)	CUMULATIVE QUARTER 31 December 2013 RM('000)
Profit/(Loss) before taxation is arrived at after charging/(crediting):		
Amortisation of development costs	271	1,093
Audit fee - current year	14	55
- underprovision in prior year	-	7
Bad debts written off	16	16
Depreciation of property, plant and equipment	53	98
Directors' remuneration - Fee	(32)	206
-Other emoluments	116	464
(Gain)/Loss on foreign exchange	6	(20)
Rental of office premises	50	200
Interest income	-	(1)

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

The Group recorded a turnover of approximately RM0.92 million for the current financial quarter, this represents a reduction of approximately 30% as compared to the same corresponding financial quarter in 2012 ("Q4 2012). The reduction was mainly due to lower sales generated from both its operations in Malaysia and United States of America for the current financial quarter as compared against Q4 2012.

In line with the lower revenue in the current quarter as compared to Q4 2012, the Group registered a loss before taxation of RM0.62 million as compared to a profit before taxation of RM39,000 registered in Q4 2012.

For the twelve (12) month period ended 31 December 2013, the Group recorded a turnover and loss before taxation of approximately RM5.41 million and RM1.29 million respectively.

**B2 Variation of results against preceding quarter**

	Current quarter 31 December 2013 RM'000	Preceding quarter 30 September 2013 RM'000
Revenue	916	668
Profit/(Loss) before tax	-622	-563

The Group recorded a turnover of approximately RM0.92 million for the current financial quarter, this represents an improvement of approximately 37% as compared to the preceding financial quarter ("Q3 2013) due to higher sales from its operations in Malaysia and United States of America for the current financial quarter. Despite the higher sales, the Group registered a loss before taxation of RM0.62 million against loss before taxation of RM0.56 million recorded in Q3 2013, mainly due to reversal of impairment loss on trade receivables of RM0.33 million registered in Q3 2013.

### **B3 Prospects**

Facility management as an industry has been growing and demand is increasingly pushed by long-term public private partnership projects due to requirements to not only build but also operate. However, contract negotiations are longer as the market matures further with increasing needs such as sustainability and cost effectiveness. These will add volatility in the near to mid term to the Group's revenue. The Group continues to seek to reduce this volatility through offering cloud computing solutions by subscription and seeks more projects but this volatility provides a challenging year ahead for the Group.

### **B4 Profit forecast and profit guarantee**

The Group did not announce any profit forecast nor profit guarantee during the financial quarter.

### **B5 Taxation**

The Company and its subsidiary have been awarded Multimedia Super Corridor status. Accordingly, there is no tax charge on the business income for the financial quarter under review as the Company and its subsidiary have been granted pioneer status under the Promotion of Investments (Amendment) Act, 1997.

No provision for income tax has been made for foreign subsidiary as the foreign subsidiary has incurred losses in the current quarter.

The income tax expense in preceding year is in respect of interest income earned during the preceding year.

### **B6 Unquoted investments and properties**

There were no acquisitions or disposals of unquoted investments and properties for the financial quarter under review.

### **B7 Quoted securities**

There were no acquisitions or disposals of quoted securities for the financial quarter under review.

### **B8 Status of corporate proposals**

On behalf of the Company, Kenanga Investment Bank ("KIBB") had on 9 July 2012 and 11 July 2012 announced that the Company proposes to undertake a private placement of up to 10,000,120 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), representing not more than ten percent (10%) of the issued and paid-up share capital of the Company pursuant to Section 132D of the companies Act, 1965. Bursa Securities had vide its letter dated 8 August 2012 approved the proposed private placement.

The above Placement Shares were allotted on 4 December 2012 and completed as at 6 December 2012 upon the listing of and quotation of the Placement Shares on the ACE Market of Bursa Securities with effect from 9.00 a.m., Thursday, 6 December 2012.

The utilisation of proceeds from the above private placement is as follows:

Descriptions	Amount Approved RM('000)	Utilisation as at 31.12.2013 RM('000)	Balance Unutilised RM('000)
Working capital	1,480	1,480	-
Share issue expenses	50	50	-
	<u>1,530</u>	<u>1,530</u>	<u>-</u>

The above corporate proposal was fully completed upon the full utilisation of proceeds from the private placement during the current quarter.

### **B9 Group's borrowings and debt securities**

There were no borrowings and debt securities for the financial quarter under review.

**B10 Off balance sheet financial instruments**

There were no financial instruments with off-balance sheet risk as at the date of this announcement applicable to the Group.

**B11 Material litigations**

There were no material litigations pending at the date of this announcement.

**B12 Dividends**

No dividend has been declared in respect of the financial period under review.

**B13 Earnings/(Loss) per share**

## a. Basic earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2013 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2012 RM('000)	CURRENT YEAR TO DATE 31/12/2013 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2012 RM('000)
Profit/(Loss) attributable to ordinary equity holders of the parent	<u>(451)</u>	<u>16</u>	<u>(1,509)</u>	<u>171</u>
Weighted average number of ordinary shares in issue ('000)	<u>110,001</u>	<u>103,045</u>	<u>110,001</u>	<u>109,226</u>
Basic earnings/(loss) per share (sen)	<u>(0.41)</u>	<u>0.02</u>	<u>(1.37)</u>	<u>0.16</u>

## b. Diluted earnings/(loss) per share

The fully diluted earnings/(loss) per share have not been presented as there is no diluted effect for the shares of the Group.

**B14 REALISED AND UNREALISED PROFITS/(LOSSES) DISCLOSURE**

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

	AS AT END OF CURRENT YEAR QUARTER 31/12/2013 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2012 RM('000)
Total cumulated loss of the Company and its subsidiaries:		
Unrealised	(10)	61
Realised	<u>(4,646)</u>	<u>(3,428)</u>
	(4,656)	(3,367)
Add: Consolidated adjustments	<u>(754)</u>	<u>(534)</u>
Total cumulated loss	<u>(5,410)</u>	<u>(3,901)</u>

By Order of the Board

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

Kuala Lumpur  
Date: 28 February 2014