

# CWORKS SYSTEMS BERHAD

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

Quarterly report on consolidated results for the 4th quarter ended 31.12.2014

## 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
	31/12/2014 RM('000)	31/12/2013 RM('000)	31/12/2014 RM('000)	31/12/2013 RM('000)
Revenue	3,040	916	6,129	5,405
Operating expenses	(1,966)	(1,502)	(6,872)	(6,680)
Other operating income	126	58	389	80
Profit/(Loss) from operations	1,200	(528)	(354)	(1,195)
Finance cost	-	-	-	-
Investing results	-	-	-	-
Profit/(Loss) before taxation	1,200	(528)	(354)	(1,195)
Taxation	(449)	-	(449)	-
Profit/(Loss) for the period	751	(528)	(803)	(1,195)
Attributable to:				
Equity holders of the parent	684	(357)	(610)	(1,415)
Non-controlling interests	67	(171)	(193)	220
	751	(528)	(803)	(1,195)
Earnings/(Loss) per share attributable to equity holders of the parent (Sen)				
(a) Basic	0.57	(0.32)	(0.54)	(1.29)
(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 2013)

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Quarterly report on consolidated results for the 4th quarter ended 31.12.2014

## 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
	31/12/2014 RM('000)	31/12/2013 RM('000)	31/12/2014 RM('000)	31/12/2013 RM('000)
Profit/(Loss) for the period	751	(528)	(803)	(1,195)
Other comprehensive loss, net of tax:				
Translation of foreign subsidiary	(92)	(30)	(71)	(56)
Total comprehensive loss	<u>659</u>	<u>(558)</u>	<u>(874)</u>	<u>(1,251)</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	592	(387)	(681)	(1,471)
Non-controlling interests	67	(171)	(193)	220
	<u>659</u>	<u>(558)</u>	<u>(874)</u>	<u>(1,251)</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013)

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Quarterly report on consolidated results for the 4th quarter ended 31.12.2014

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 31/12/2014 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2013 RM('000)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	219	288
Intangible assets	3,283	3,408
Other investments	-	19
<b>Total Non-Current Assets</b>	<b>3,502</b>	<b>3,715</b>
<b>Current Assets</b>		
Trade receivables	3,876	3,080
Other receivables and prepaid expenses	687	914
Deposits with licensed banks	10	27
Cash and bank balances	2,883	999
<b>Total Current Assets</b>	<b>7,456</b>	<b>5,020</b>
<b>Total Assets</b>	<b>10,958</b>	<b>8,735</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	12,100	11,000
Reserves		
<i>Accumulated Loss</i>	(5,926)	(5,316)
<i>Share Premium</i>	3,057	1,432
<i>Exchange Adjustment</i>	(82)	(11)
Equity Attributable to Owners of the Company	9,149	7,105
Non-controlling interests	469	662
<b>TOTAL EQUITY</b>	<b>9,618</b>	<b>7,767</b>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	364	-
<b>Total Non-Current Liabilities</b>	<b>364</b>	<b>-</b>
<b>Current Liabilities</b>		
Trade payables	369	294
Other payables and accrued expenses	449	601
Amount owing to directors	73	73
Tax liabilities	85	-
<b>Total Current Liabilities</b>	<b>976</b>	<b>968</b>
<b>Total Liabilities</b>	<b>1,340</b>	<b>968</b>
<b>Total Equity and Liabilities</b>	<b>10,958</b>	<b>8,735</b>
Net assets per share attributable to ordinary equity holders of the parent (sen)	7.56	6.46

(The Condensed Statements of Financial Position should be read in conjunction with  
the Annual Financial Report for the year ended 31 December 2013)

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Quarterly report on consolidated results for the 4th quarter ended 31.12.2014

## 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)		
<b>12 months ended 31 December 2014</b>							
Balance as at 1 January 2014	11,000	1,432	(11)	(5,316)	7,105	662	7,767
Issuance of shares by way of private placement, net of share issuance expenses	1,100	1,625	-	-	2,725	-	2,725
Total comprehensive income/(loss) for the period	-	-	(71)	(610)	(681)	(193)	(874)
<b>Balance as at 31 December 2014</b>	<u>12,100</u>	<u>3,057</u>	<u>(82)</u>	<u>(5,926)</u>	<u>9,149</u>	<u>469</u>	<u>9,618</u>
<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	-	-	(56)	(1,415)	(1,471)	220	(1,251)
<b>Balance as at 31 December 2013</b>	<u>11,000</u>	<u>1,432</u>	<u>(11)</u>	<u>(5,316)</u>	<u>7,105</u>	<u>662</u>	<u>7,767</u>

(The Condensed Statements of Changes in Equity should be read in conjunction with  
the Annual Financial Report for the year ended 31 December 2013)

# CWORKS SYSTEMS BERHAD

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Quarterly report on consolidated results for the 4th quarter ended 31.12.2014

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	12 months ended 31.12.2014	12 months ended 31.12.2013
	RM('000)	RM('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(354)	(1,195)
Adjustments for:		
Interest income	-	(1)
Reversal of impairment loss on trade receivables	(285)	(39)
Amortisation of intangible assets	1,154	885
Depreciation of property, plant and equipment	80	99
Bad debts written off	-	26
Impairment loss on trade receivables	507	344
Property, plant and equipment written off	-	10
Operating profit before working capital changes	1,102	129
Changes in working capital:		
Net change in current assets	(790)	(993)
Net change in current liabilities	(78)	369
<b>Cash generated from/(used in) operating activities</b>	234	(495)
Interest received	-	1
Tax paid	-	(1)
Development cost incurred	(1,029)	-
<b>Net cash used in operating activities</b>	(795)	(495)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of other investment	19	-
Purchase of property, plant and equipment	(11)	(278)
<b>Net cash from/(used in) investing activities</b>	8	(278)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares by way of private placement, net of share issuance expenses	2,725	-
Decrease in deposits pledged	17	10
<b>Net cash from financing activities</b>	2,742	10
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,955	(763)
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	(71)	(56)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	999	1,818
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	(Note A16) <u>2,883</u>	<u>999</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with  
the Annual Financial Report for the year ended 31 December 2013)

# CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

## Quarterly report on consolidated results for the 4th quarter ended 31.12.2014

### 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 2013.

##### 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 2013, except as follows:

Effective for financial periods beginning on or after 1 January 2013:

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

MFRS 127 : Separate Financial Statements

MFRS 128 : Investments in Associates and Joint Ventures (2011)

Amendments to MFRS 1 : First-time Adoption of MFRS (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 7 : Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 101 : Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 116 : property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 132 : Financial Instruments : Presentation (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 134 : Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)

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

The adoption of the above do not have any significant financial impact on the Group upon their initial application.

##### 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
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM('000)	RM('000)	RM('000)	RM('000)
<b>REVENUE</b>				
Malaysia	2,891	759	5,354	4,813
United States of America	149	157	775	592
	<u>3,040</u>	<u>916</u>	<u>6,129</u>	<u>5,405</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>				
Malaysia	1,277	(476)	(353)	(969)
United States of America	(77)	(52)	(1)	(226)
	<u>1,200</u>	<u>(528)</u>	<u>(354)</u>	<u>(1,195)</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 2014 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**

	31.12.2014	31.12.2013
	RM('000)	RM('000)
Cash and bank balances	2,883	999
Deposits with licensed banks	10	27
	<u>2,893</u>	<u>1,026</u>
Less: Deposits pledged as security	(10)	(27)
	<u>2,883</u>	<u>999</u>

## A17 Notes to the Statements of Comprehensive Income

	INDIVIDUAL QUARTER 31 December 2014 RM('000)	CUMULATIVE QUARTER 31 December 2014 RM('000)
Loss before taxation is arrived at after charging/(crediting):		
Amortisation of development costs	252	1,154
Audit fee	22	68
Depreciation of property, plant and equipment	21	80
Directors' remuneration - Fee	74	304
-Other emoluments	121	484
Impairment loss on trade receivables	507	507
(Gain)/Loss on foreign exchange	(121)	(103)
Rental of office premises	52	202
Reversal of impairment loss on trade receivables	(22)	(285)

## 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 RM3.04 million for the current financial quarter, this represents an improvement of approximately 232% as compared to the same corresponding financial quarter in 2013 ("Q4 2013). The improvement was mainly due to higher sales generated from its operations in Malaysia for the current financial quarter as compared against Q4 2013.

In line with the higher revenue in the current quarter as compared to Q4 2013, the Group registered a profit before taxation of RM1.2 million as compared to a loss before taxation of RM0.53 million registered in Q4 2013.

### B2 Variation of results against preceding quarter

	Current quarter 31 December 2014 RM'000	Preceding quarter 30 September 2014 RM'000
Revenue	3,040	1,344
Profit/(Loss) before tax	1,200	-171

The Group recorded a turnover of approximately RM3.04 million for the current financial quarter, this represents an improvement of approximately 126% as compared to the preceding financial quarter ("Q3 2014) due to higher sales from its operations in Malaysia for the current financial quarter. In line with the higher revenue in the current quarter as compared to Q3 2014, the Group registered a profit before taxation of RM1.2 million as compared to a loss before taxation of RM0.17 million registered in Q3 2014.

### B3 Prospects

Facility management as an industry has been growing with demand for maintenance of current buildings and backlog maintenance is steady as focus moves to it. However, contract negotiations is still 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 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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2014 RM('000)	31/12/2013 RM('000)	31/12/2014 RM('000)	31/12/2013 RM('000)
Current year's tax	85	-	85	-
Deferred tax	364	-	364	-
	<u>449</u>	<u>-</u>	<u>449</u>	<u>-</u>

The above tax expense mainly arose from the profit generated by its subsidiary, Cworks Sdn Bhd and the recognition of deferred tax liabilities due to the expiry of the pioneer status enjoyed by this subsidiary.

## 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

### Private placement

On behalf of the Company, M & A Securities Sdn Bhd ("M & A") had on 24 July 2014, 30 July 2014, 18 August 2014, 21 August 2014, 22 August 2014 and 29 August 2014, announced that the Company proposes to undertake a private placement of up to 11,000,132 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), representing ten percent (10%) of the issued and paid-up share capital of the Company. Bursa Securities had vide its letter dated 19 August 2014 approved the proposed private placement and the issue price has been fixed at RM0.26 per Placement Share.

The 11,000,000 Placement Shares were listed on Bursa Securities on 2 September 2014.

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

Descriptions	Amount Approved RM('000)	Utilisation as at 31.12.2014 RM('000)	Balance Unutilised RM('000)
I WORKING EXPENDITURE			
a) The Group's day to day operations and administrative expenses such as staff salaries and other operating expenses	1,615	1,552	63
b) Marketing and product development expenses relating to new market for the Company's maintenance and scheduling system for the private healthcare industry such as hospital, medical schools and nursing colleges	<u>1,110</u>	<u>1,110</u>	<u>-</u>
	<u>2,725</u>	<u>2,662</u>	<u>63</u>
II EXPENSES RELATING TO THE PRIVATE PLACEMENT	<u>135</u>	<u>135</u>	<u>-</u>
	<u>2,860</u>	<u>2,797</u>	<u>63</u>

Note:

The excess of RM35,000 originally allocated to expenses relating to the private placement had been re-allocated to operating expenses.

### Proposed diversification

The Company has on 6 February 2015 entered into a Heads of Agreement with Datin Anitha A/P Dato' Krishna Murthi and

Koormavalavan Laxmanan for the acquisition of 2,500,000 ordinary shares of RM1 each in TNM Mfg Sdn Bhd, representing 100% equity interest in TNM Mfg Sdn Bhd. ("Proposed Acquisition").

Subject to the successful implementation of the Proposed Acquisition, the Company proposes to diversify its business to include manufacturing activities, including but not limited to manufacturing of metal articles ("Proposed Diversification")

The negotiation of the above Proposed Diversification is currently on-going.

**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 31/12/2014 RM('000)	PRECEDING YEAR 31/12/2013 RM('000)	CURRENT YEAR 31/12/2014 RM('000)	PRECEDING YEAR 31/12/2013 RM('000)
Profit/(Loss) attributable to ordinary equity holders of the parent	684	(357)	(610)	(1,415)
Weighted average number of ordinary shares in issue ('000)	121,001	110,001	113,768	110,001
Basic earnings/(loss) per share (sen)	0.57	(0.32)	(0.54)	(1.29)

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 31/12/2014 RM('000)	AS AT PRECEDING 31/12/2013 RM('000)
Total cumulated loss of the Company and its subsidiaries:		
Unrealised	105	1
Realised	(5,700)	(4,770)
	(5,595)	(4,769)
Add: Consolidated adjustments	(331)	(547)
Total cumulated loss	(5,926)	(5,316)

By Order of the Board

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

Kuala Lumpur

Date: 27 February 2015