

CWORKS SYSTEMS BERHAD

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

Quarterly report on consolidated results for the 1st quarter ended 31.03.2015

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
	31/03/2015 RM('000)	31/03/2014 RM('000)	31/03/2015 RM('000)	31/03/2014 RM('000)
Revenue	646	823	646	823
Operating expenses	(1,561)	(1,461)	(1,561)	(1,461)
Other operating income	98	5	98	5
Loss from operations	(817)	(633)	(817)	(633)
Finance cost	-	-	-	-
Investing results	-	-	-	-
Loss before taxation	(817)	(633)	(817)	(633)
Taxation	-	-	-	-
Loss for the period	(817)	(633)	(817)	(633)
Attributable to:				
Equity holders of the parent	(420)	(542)	(420)	(542)
Non-controlling interests	(397)	(91)	(397)	(91)
	(817)	(633)	(817)	(633)
Loss per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.35)	(0.49)	(0.35)	(0.49)
(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 2014)

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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
	31/03/2015 RM('000)	31/03/2014 RM('000)	31/03/2015 RM('000)	31/03/2014 RM('000)
Loss for the period	(817)	(633)	(817)	(633)
Other comprehensive income/(loss), net of tax:				
Translation of foreign subsidiary	(67)	4	(67)	4
Total comprehensive loss	<u>(884)</u>	<u>(629)</u>	<u>(884)</u>	<u>(629)</u>
Total comprehensive loss attributable to:				
Equity holders of the parent	(487)	(538)	(487)	(538)
Non-controlling interests	<u>(397)</u>	<u>(91)</u>	<u>(397)</u>	<u>(91)</u>
	<u>(884)</u>	<u>(629)</u>	<u>(884)</u>	<u>(629)</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)

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)
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Quarterly report on consolidated results for the 1st quarter ended 31.03.2015

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 31/03/2015 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2014 RM('000)
ASSETS		
Non-Current Assets		
Property, plant and equipment	205	225
Intangible assets	3,169	3,283
Total Non-Current Assets	<u>3,374</u>	<u>3,508</u>
Current Assets		
Trade receivables	3,505	3,741
Other receivables and prepaid expenses	848	693
Deposits with licensed banks	10	10
Cash and bank balances	2,557	2,879
Total Current Assets	<u>6,920</u>	<u>7,323</u>
Total Assets	<u><u>10,294</u></u>	<u><u>10,831</u></u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	12,100	12,100
Reserves		
<i>Accumulated Loss</i>	(6,345)	(5,925)
<i>Share Premium</i>	3,057	3,057
<i>Exchange Adjustment</i>	(149)	(82)
Equity Attributable to Owners of the Company	<u>8,663</u>	<u>9,150</u>
Non-controlling interests	73	470
TOTAL EQUITY	<u><u>8,736</u></u>	<u><u>9,620</u></u>
Non-Current Liability		
Deferred tax liability	365	365
Total Non-Current Liability	<u>365</u>	<u>365</u>
Current Liabilities		
Trade payables	538	229
Other payables and accrued expenses	570	532
Tax liabilities	85	85
Total Current Liabilities	<u>1,193</u>	<u>846</u>
Total Liabilities	<u>1,558</u>	<u>1,211</u>
Total Equity and Liabilities	<u><u>10,294</u></u>	<u><u>10,831</u></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u>7.16</u>	<u>7.56</u>

(The Condensed Statements of Financial Position should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2014)

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Quarterly report on consolidated results for the 1st quarter ended 31.03.2015

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)	
3 months ended 31 March 2015							
Balance as at 1 January 2015	12,100	3,057	(82)	(5,925)	9,150	470	9,620
Total comprehensive loss for the period	-	-	(67)	(420)	(487)	(397)	(884)
Balance as at 31 March 2015	<u>12,100</u>	<u>3,057</u>	<u>(149)</u>	<u>(6,345)</u>	<u>8,663</u>	<u>73</u>	<u>8,736</u>
3 months ended 31 March 2014							
Balance as at 1 January 2014	11,000	1,432	(11)	(5,316)	7,105	662	7,767
Total comprehensive income/(loss) for the period	-	-	4	(542)	(538)	(91)	(629)
Balance as at 31 March 2014	<u>11,000</u>	<u>1,432</u>	<u>(7)</u>	<u>(5,858)</u>	<u>6,567</u>	<u>571</u>	<u>7,138</u>

(The Condensed Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014)

CWORKS SYSTEMS BERHAD

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Quarterly report on consolidated results for the 1st quarter ended 31.03.2015

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	3 months ended 31.03.2015	3 months ended 31.03.2014
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(817)	(633)
Adjustments for:		
Reversal of impairment loss on trade receivables	-	(4)
Amortisation of intangible assets	221	300
Depreciation of property, plant and equipment	20	19
Operating loss before working capital changes	(576)	(318)
Changes in working capital:		
Net change in current assets	81	51
Net change in current liabilities	348	152
Cash used in operating activities	(147)	(115)
Development cost incurred	(107)	-
Net cash used in operating activities	(254)	(115)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1)	-
Net cash used in investing activities	(1)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(255)	(115)
EFFECTS OF EXCHANGE RATE CHANGES	(67)	4
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,879	999
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(Note A16) 2,557	888

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2014)

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 1st quarter ended 31.03.2015

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 2014.

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 2014, except as follows:

Effective for financial periods beginning on or after 1 July 2014:

Amendments to MFRS 119 : Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle
Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of the above standards, amendments and annual improvement do not have any significant financial impact on the Group's financial statements.

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
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	RM('000)	RM('000)	RM('000)	RM('000)
REVENUE				
Malaysia	463	621	463	621
United States of America	183	202	183	202
	<u>646</u>	<u>823</u>	<u>646</u>	<u>823</u>
PROFIT/(LOSS) BEFORE TAXATION				
Malaysia	(819)	(675)	(819)	(675)
United States of America	2	42	2	42
	<u>(817)</u>	<u>(633)</u>	<u>(817)</u>	<u>(633)</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 March 2015 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

	31.03.2015	31.03.2014
	RM('000)	RM('000)
Cash and bank balances	2,557	888
Deposits with licensed banks	10	27
	<u>2,567</u>	<u>915</u>
Less: Deposits pledged as security	(10)	(27)
	<u>2,557</u>	<u>888</u>

A17 Notes to the Statements of Comprehensive Income

	INDIVIDUAL QUARTER 31 March 2015 RM('000)	CUMULATIVE QUARTER 31 March 2015 RM('000)
Loss before taxation is arrived at after charging/(crediting):		
Amortisation of development costs	221	221
Audit fee	18	18
Depreciation of property, plant and equipment	20	20
Directors' remuneration - Fee	101	101
-Other emoluments	121	121
Gain on foreign exchange	(98)	(98)
Rental of office premises	50	50

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 RM0.65 million for the current financial quarter, this represents a reduction of approximately 22% as compared to the same corresponding financial quarter in 2014 ("Q1 2014). The reduction was mainly due to lower sales generated from its operations in both Malaysia and United States of America for the current financial quarter as compared to Q1 2014.

In line with the lower revenue in the current financial quarter as compared to Q1 2014, the Group registered a higher loss before taxation of RM0.82 million as compared to a loss before taxation of RM0.63 million registered in Q1 2014.

B2 Variation of results against preceding quarter

	Current quarter 31 March 2015 RM'000	Preceding quarter 31 December 2014 RM'000
Revenue	646	3,040
Profit/(Loss) before tax	(817)	1,200

The Group recorded a turnover of approximately RM0.65 million for the current financial quarter, this represents a reduction of approximately 79% as compared to the preceding financial quarter ("Q4 2014) due to lower sales from its operations in Malaysia for the current financial quarter. In line with the lower revenue in the current quarter as compared to Q4 2014, the Group registered a loss before taxation of RM0.82 million as compared to a profit before taxation of RM1.2 million registered in Q4 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

No provision for income tax has been made for the Company and its local subsidiary as the Company and its local subsidiary have been incurred losses while its foreign subsidiary has sufficient tax losses brought forward to offset against current quarter's profit.

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 fully utilised during the financial quarter as follows:

Descriptions	Amount Approved RM('000)	Utilisation as at 31.03.2015 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	1,615	-
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	1,110	1,110	-
	<u>2,725</u>	<u>2,725</u>	<u>-</u>
II EXPENSES RELATING TO THE PRIVATE PLACEMENT			
	135	135	-
	<u>2,860</u>	<u>2,860</u>	<u>-</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 Acquisition and 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 Loss per share

a. Basic loss per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 31/03/2015 RM('000)	PRECEDING YEAR 31/03/2014 RM('000)	CURRENT YEAR 31/03/2015 RM('000)	PRECEDING YEAR 31/03/2014 RM('000)
Loss attributable to ordinary equity holders of the parent	(420)	(542)	(420)	(542)
Weighted average number of ordinary shares in issue ('000)	121,001	110,001	121,001	110,001
Basic loss per share (sen)	(0.35)	(0.49)	(0.35)	(0.49)

b. Diluted loss per share

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

B14 REALISED AND UNREALISED PROFITS/(LOSSES) DISCLOSURE

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

	AS AT END OF CURRENT YEAR QUARTER 31/03/2015 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2014 RM('000)
Total cumulated loss of the Company and its subsidiaries:		
Unrealised	(188)	(260)
Realised	(6,222)	(5,333)
	(6,410)	(5,593)
Add: Consolidated adjustments	65	(332)
Total cumulated loss	(6,345)	(5,925)

By Order of the Board

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

Kuala Lumpur

Date: 29 May 2015