

# CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2015

## 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
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	853	1,344	2,570	3,089
Operating expenses	(1,465)	(1,765)	(4,487)	(4,906)
Other operating income	286	250	410	263
Loss from operations	(326)	(171)	(1,507)	(1,554)
Finance cost	-	-	-	-
Investing results	-	-	-	-
Loss before taxation	(326)	(171)	(1,507)	(1,554)
Taxation	-	-	-	-
Loss for the period	<u>(326)</u>	<u>(171)</u>	<u>(1,507)</u>	<u>(1,554)</u>
Attributable to:				
Equity holders of the parent	(300)	-	(1,037)	(1,294)
Non-controlling interests	(26)	(171)	(470)	(260)
	<u>(326)</u>	<u>(171)</u>	<u>(1,507)</u>	<u>(1,554)</u>
Loss per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.25)	-	(0.86)	(1.16)
(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 2014)

# CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2015

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM('000)	RM('000)	RM('000)	RM('000)
Loss for the period	(326)	(171)	(1,507)	(1,554)
Other comprehensive loss, net of tax:				
Translation of foreign subsidiary	(202)	(22)	(291)	(1)
Total comprehensive loss	<u>(528)</u>	<u>(193)</u>	<u>(1,798)</u>	<u>(1,555)</u>
Total comprehensive loss attributable to:				
Equity holders of the parent	(502)	(22)	(1,328)	(1,295)
Non-controlling interests	<u>(26)</u>	<u>(171)</u>	<u>(470)</u>	<u>(260)</u>
	<u>(528)</u>	<u>(193)</u>	<u>(1,798)</u>	<u>(1,555)</u>

(The Condensed Consolidated Statements of Comprehensive Income 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 3rd quarter ended 30.09.2015

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 30/09/2015 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2014 RM('000)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	168	225
Intangible assets	2,815	3,283
Total Non-Current Assets	<u>2,983</u>	<u>3,508</u>
<b>Current Assets</b>		
Trade receivables	3,908	3,741
Other receivables and prepaid expenses	1,487	693
Deposits with licensed banks	10	10
Cash and bank balances	1,079	2,879
Total Current Assets	<u>6,484</u>	<u>7,323</u>
<b>Total Assets</b>	<u><u>9,467</u></u>	<u><u>10,831</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	12,100	12,100
Reserves		
<i>Accumulated Loss</i>	(6,962)	(5,925)
<i>Share Premium</i>	3,057	3,057
<i>Exchange Adjustment</i>	(373)	(82)
Equity Attributable to Owners of the Company	7,822	9,150
Non-controlling interests	-	470
<b>TOTAL EQUITY</b>	<u><u>7,822</u></u>	<u><u>9,620</u></u>
<b>Non-Current Liability</b>		
Deferred tax liability	365	365
Total Non-Current Liability	<u>365</u>	<u>365</u>
<b>Current Liabilities</b>		
Trade payables	649	229
Other payables and accrued expenses	631	532
Tax liabilities	-	85
Total Current Liabilities	<u>1,280</u>	<u>846</u>
Total Liabilities	<u>1,645</u>	<u>1,211</u>
<b>Total Equity and Liabilities</b>	<u><u>9,467</u></u>	<u><u>10,831</u></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u>6.46</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)

# CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2015

## 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)	RM('000)
<b>9 months ended 30 September 2015</b>							
Balance as at 1 January 2015	12,100	3,057	(82)	(5,925)	9,150	470	9,620
Total comprehensive loss for the period	-	-	(291)	(1,037)	(1,328)	(470)	(1,798)
<b>Balance as at 30 September 2015</b>	<u>12,100</u>	<u>3,057</u>	<u>(373)</u>	<u>(6,962)</u>	<u>7,822</u>	<u>-</u>	<u>7,822</u>
<b>9 months ended 30 September 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 loss for the period	-	-	(1)	(1,294)	(1,295)	(260)	(1,555)
<b>Balance as at 30 September 2014</b>	<u>12,100</u>	<u>3,057</u>	<u>(12)</u>	<u>(6,610)</u>	<u>8,535</u>	<u>402</u>	<u>8,937</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

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

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2015

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	9 months ended 30.09.2015	9 months ended 30.09.2014
	RM('000)	RM('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,507)	(1,554)
Adjustments for:		
Reversal of impairment loss on trade receivables	-	(263)
Amortisation of intangible assets	662	902
Depreciation of property, plant and equipment	61	59
Operating loss before working capital changes	(784)	(856)
Changes in working capital:		
Net change in current assets	(961)	844
Net change in current liabilities	520	121
<b>Cash generated from/(used in) operating activities</b>	(1,225)	109
Tax paid	(85)	-
Development cost incurred	(194)	(560)
<b>Net cash used in operating activities</b>	(1,504)	(451)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of other investment	-	19
Purchase of property, plant and equipment	(5)	(8)
<b>Net cash from/(used in) investing activities</b>	(5)	11
<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
<b>Net cash from financing activities</b>	-	2,742
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,509)	2,302
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	(291)	(1)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	2,879	999
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	(Note A16) <u>1,079</u>	<u>3,300</u>

(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 3rd quarter ended 30.09.2015

### 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 QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/2015 RM('000)	30/09/2014 RM('000)	30/09/2015 RM('000)	30/09/2014 RM('000)
<b>REVENUE</b>				
Malaysia	630	1,107	1,973	2,463
United States of America	223	237	597	626
	<u>853</u>	<u>1,344</u>	<u>2,570</u>	<u>3,089</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>				
Malaysia	(254)	(210)	(1,394)	(1,630)
United States of America	(72)	39	(113)	76
	<u>(326)</u>	<u>(171)</u>	<u>(1,507)</u>	<u>(1,554)</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 30 September 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**

	30.09.2015 RM('000)	30.09.2014 RM('000)
Cash and bank balances	1,079	3,300
Deposits with licensed banks	10	10
	<u>1,089</u>	<u>3,310</u>
Less: Deposits pledged as security	(10)	(10)
	<u>1,079</u>	<u>3,300</u>

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

	INDIVIDUAL QUARTER 30 September 2015 RM('000)	CUMULATIVE QUARTER 30 September 2015 RM('000)
Loss before taxation is arrived at after charging/(crediting):		
Amortisation of development costs	221	662
Audit fee	24	61
Depreciation of property, plant and equipment	20	61
Directors' remuneration - Fee	89	259
-Other emoluments	118	363
Gain on foreign exchange	(286)	(410)
Rental of office premises	49	159
	49	159

**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 RM0.85 million for the current financial quarter, this represents a reduction of approximately 37% as compared to the same corresponding financial quarter in 2014 ("Q3 2014"). The reduction was mainly due to lower sales generated from its operations in Malaysia for the current financial quarter as compared to Q3 2014.

In line with the lower revenue in the current financial quarter as compared to Q3 2014, the Group registered a higher loss before taxation of RM0.33 million as compared to a loss before taxation of RM0.17 million registered in Q3 2014.

**B2 Variation of results against preceding quarter**

	Current quarter 30 September 2015 RM'000	Preceding quarter 30 June 2015 RM'000
Revenue	853	1,071
Profit/(Loss) before tax	-326	-364

The Group recorded a turnover of approximately RM0.85 million for the current financial quarter, this represents a reduction of approximately 20% as compared to the preceding financial quarter ("Q2 2015") due to lower sales from its operations in Malaysia for the current financial quarter. Despite the Group registered lower revenue in current financial quarter as compared to Q2 2015, the Group registered lower loss before taxation of RM0.33 million as compared to a loss before taxation of RM0.36 million registered in preceding financial quarter, mainly due to higher gain on foreign exchange of RM0.29 million registered in current financial quarter as compared to preceding financial quarter of RM26,000.

**B3 Prospects**

Facility management as an industry has been growing with demand for maintenance of current buildings and backlog maintenance is steadying 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 subsidiaries as the Company and its subsidiaries have been incurred losses.

**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****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 Company is not proceeding with the Proposed Acquisition due to non-agreement on the terms and conditions between the Company and vendors. However, the Proposed Diversification is still 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 30/09/2015 RM('000)	PRECEDING YEAR 30/09/2014 RM('000)	CURRENT YEAR 30/09/2015 RM('000)	PRECEDING YEAR 30/09/2014 RM('000)
Loss attributable to ordinary equity holders of the parent	<u>(300)</u>	<u>-</u>	<u>(1,037)</u>	<u>(1,294)</u>
Weighted average number of ordinary shares in issue ('000)	<u>121,001</u>	<u>113,947</u>	<u>121,001</u>	<u>111,331</u>
Basic loss per share (sen)	<u>(0.25)</u>	<u>-</u>	<u>(0.86)</u>	<u>(1.16)</u>

## b. Diluted loss per share

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

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

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

	AS AT END OF CURRENT YEAR QUARTER 30/09/2015 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2014 RM('000)
Total cumulated loss of the Company and its subsidiaries:		
Unrealised	(205)	(260)
Realised	<u>(6,895)</u>	<u>(5,333)</u>
	(7,100)	(5,593)
Add: Consolidated adjustments	<u>138</u>	<u>(332)</u>
Total cumulated loss	<u><u>(6,962)</u></u>	<u><u>(5,925)</u></u>

By Order of the Board

Wong Keo Rou (MAICSA 7021435)  
Secretary

Kuala Lumpur

Date: 30 November 2015