

CWORKS SYSTEMS BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 4th quarter ended 31.12.2015

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
	31/12/2015 RM('000)	31/12/2014 RM('000)	31/12/2015 RM('000)	31/12/2014 RM('000)
Revenue	1,721	3,040	4,291	6,129
Operating expenses	(1,593)	(1,964)	(6,065)	(6,870)
Other operating income	-	126	395	389
Profit/(Loss) from operations	128	1,202	(1,379)	(352)
Finance cost	-	-	-	-
Investing results	-	-	-	-
Profit/(Loss) before taxation	128	1,202	(1,379)	(352)
Taxation	(79)	(449)	(79)	(449)
Profit/(Loss) for the period	49	753	(1,458)	(801)
Attributable to:				
Equity holders of the parent	(122)	685	(1,159)	(609)
Non-controlling interests	171	68	(299)	(192)
	49	753	(1,458)	(801)
Loss per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.10)	0.57	(0.96)	(0.54)
(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
	31/12/2015 RM('000)	31/12/2014 RM('000)	31/12/2015 RM('000)	31/12/2014 RM('000)
Profit/(Loss) for the period	49	753	(1,458)	(801)
Other comprehensive loss, net of tax:				
Translation of foreign subsidiary	(134)	(92)	(257)	(71)
Total comprehensive income/(loss)	<u>(85)</u>	<u>661</u>	<u>(1,715)</u>	<u>(872)</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(256)	593	(1,416)	(680)
Non-controlling interests	<u>171</u>	<u>68</u>	<u>(299)</u>	<u>(192)</u>
	<u>(85)</u>	<u>661</u>	<u>(1,715)</u>	<u>(872)</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)

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Quarterly report on consolidated results for the 4th quarter ended 31.12.2015

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 31/12/2015 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2014 RM('000)
ASSETS		
Non-Current Assets		
Property, plant and equipment	151	225
Intangible assets	2,602	3,283
Total Non-Current Assets	2,753	3,508
Current Assets		
Trade receivables	4,747	3,741
Other receivables and prepaid expenses	1,107	693
Deposits with licensed banks	11	10
Cash and bank balances	949	2,879
Total Current Assets	6,814	7,323
Total Assets	9,567	10,831
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	12,100	12,100
Reserves		
<i>Accumulated Loss</i>	(7,084)	(5,925)
<i>Share Premium</i>	3,057	3,057
<i>Exchange Adjustment</i>	(339)	(82)
Equity Attributable to Owners of the Company	7,734	9,150
Non-controlling interests	171	470
TOTAL EQUITY	7,905	9,620
Non-Current Liability		
Deferred tax liability	372	365
Total Non-Current Liability	372	365
Current Liabilities		
Trade payables	614	229
Other payables and accrued expenses	604	532
Tax liabilities	72	85
Total Current Liabilities	1,290	846
Total Liabilities	1,662	1,211
Total Equity and Liabilities	9,567	10,831
Net assets per share attributable to ordinary equity holders of the parent (sen)	6.39	7.56

(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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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)
12 months ended 31 December 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	-	-	(257)	(1,159)	(1,416)	(299)	(1,715)
Balance as at 31 December 2015	<u>12,100</u>	<u>3,057</u>	<u>(339)</u>	<u>(7,084)</u>	<u>7,734</u>	<u>171</u>	<u>7,905</u>
12 months ended 31 December 2014							
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	-	-	(71)	(609)	(680)	(192)	(872)
Balance as at 31 December 2014	<u>12,100</u>	<u>3,057</u>	<u>(82)</u>	<u>(5,925)</u>	<u>9,150</u>	<u>470</u>	<u>9,620</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 4th quarter ended 31.12.2015

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	12 months ended 31.12.2015	12 months ended 31.12.2014
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,379)	(352)
Adjustments for:		
Interest income	(1)	-
Reversal of impairment loss on trade receivables	-	(285)
Amortisation of intangible assets	883	1,154
Depreciation of property, plant and equipment	83	80
Bad debts written off	-	-
Impairment loss on trade receivables	23	507
Property, plant and equipment written off	-	-
Operating profit/(loss) before working capital changes	(391)	1,104
Changes in working capital:		
Net change in current assets	(1,443)	(660)
Net change in current liabilities	457	(207)
Cash generated from/(used in) operating activities	(1,377)	237
Interest received	1	-
Tax paid	(85)	-
Development cost incurred	(201)	(1,029)
Net cash used in operating activities	(1,662)	(792)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of other investment	-	19
Purchase of property, plant and equipment	(10)	(18)
Net cash from/(used in) investing activities	(10)	1
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares by way of private placement, net of share issuance expenses	-	2,725
(Increase)/Decrease in deposits pledged	(1)	17
Net cash from/(used in) financing activities	(1)	2,742
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,673)	1,951
EFFECTS OF EXCHANGE RATE CHANGES	(257)	(71)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,879	999
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	949	2,879

(Note A16)

(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 4th quarter ended 31.12.2015

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
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM('000)	RM('000)	RM('000)	RM('000)
<u>REVENUE</u>				
Malaysia	1,539	2,891	3,512	5,354
United States of America	182	149	779	775
	<u>1,721</u>	<u>3,040</u>	<u>4,291</u>	<u>6,129</u>
<u>PROFIT/(LOSS) BEFORE TAXATION</u>				
Malaysia	188	1,279	(1,206)	(351)
United States of America	(60)	(77)	(173)	(1)
	<u>128</u>	<u>1,202</u>	<u>(1,379)</u>	<u>(352)</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 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

	31.12.2015	31.12.2014
	RM('000)	RM('000)
Cash and bank balances	949	2,879
Deposits with licensed banks	11	10
	<u>960</u>	<u>2,889</u>
Less: Deposits pledged as security	(11)	(10)
	<u>949</u>	<u>2,879</u>

A17 Notes to the Statements of Comprehensive Income

	INDIVIDUAL QUARTER 31 December 2015 RM('000)	CUMULATIVE QUARTER 31 December 2015 RM('000)
Profit/(Loss) before taxation is arrived at after charging/(crediting):		
Amortisation of development costs	221	883
Audit fee	19	80
Depreciation of property, plant and equipment	22	83
Directors' remuneration - Fee	69	328
-Other emoluments	121	484
Gain/(Loss) on foreign exchange	16	(394)
Interest income	(1)	(1)
Rental of office premises	52	211

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 RM1.72 million for the current financial quarter, this represents a reduction of approximately 43% as compared to the same corresponding financial quarter in 2014 ("Q4 2014). The reduction was mainly due to lower sales generated from its operations in Malaysia for the current financial quarter as compared to Q4 2014.

In line with the lower revenue in the current financial quarter as compared to Q4 2014, the Group registered a lower profit before taxation of RM0.13 million as compared to a profit before taxation of RM1.20 million registered in Q4 2014.

B2 Variation of results against preceding quarter

	Current quarter 31 December 2015 RM'000	Preceding quarter 30 September 2015 RM'000
Revenue	1,721	853
Profit/(Loss) before tax	128	-326

The Group recorded a turnover of approximately RM1.72 million for the current financial quarter, this represents an improvement of approximately 102% as compared to the preceding financial quarter ("Q3 2015) due to higher sales from its operations in Malaysia for the current financial quarter. In line with the higher revenue in current financial quarter as compared to Q3 2015, the Group registered a profit before taxation of RM0.13 million as compared to a loss before taxation of RM0.33 million registered in preceding financial quarter.

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 31/12/2015 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2014 RM('000)	CURRENT YEAR TO DATE 31/12/2015 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2014 RM('000)
Current year's tax	72	-	72	-
Deferred tax	7	-	7	-
	<u>79</u>	<u>-</u>	<u>79</u>	<u>-</u>

The above tax expense mainly arose from the taxable profit generated by its subsidiary, Cworks Sdn Bhd.

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 private placement**

On behalf of the Company, M & A Securities Sdn Bhd ("M & A") had on 26 January 2016, 28 January 2016 and 5 February 2016, announced that the Company proposes to undertake a private placement of 12,100,100 new ordinary shares of RM0.10 each in the Company ("Placement Shares"), representing approximately ten percent (10%) of the total issued and paid-up share capital of the Company to independent third party investor(s) to be identified ("Proposed Private Placement"). The listing application for the Placement Shares to be issued pursuant to the Proposed Private Placement has been submitted to Bursa Securities as announced on 5 February 2016.

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 31/12/2015 RM('000)	PRECEDING YEAR 31/12/2014 RM('000)	CURRENT YEAR 31/12/2015 RM('000)	PRECEDING YEAR 31/12/2014 RM('000)
Income/(Loss) attributable to ordinary equity holders of the parent	<u>(122)</u>	<u>685</u>	<u>(1,159)</u>	<u>(609)</u>
Weighted average number of ordinary shares in issue ('000)	<u>121,001</u>	<u>121,001</u>	<u>121,001</u>	<u>113,768</u>
Basic loss per share (sen)	<u>(0.10)</u>	<u>0.57</u>	<u>(0.96)</u>	<u>(0.54)</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 31/12/2015 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2014 RM('000)
Total cumulated loss of the Company and its subsidiaries:		
Unrealised	(231)	(260)
Realised	(6,820)	(5,333)
	<u>(7,051)</u>	<u>(5,593)</u>
Add: Consolidated adjustments	(33)	(332)
Total cumulated loss	<u><u>(7,084)</u></u>	<u><u>(5,925)</u></u>

By Order of the Board

Wong Keo Rou (MAICSA 7021435)
Secretary

Kuala Lumpur

Date: 29 February 2016