CWORKS

CWorks Systems Berhad

Company No. 554979-T

annual REPORT 2012

www.cworks.com.my

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Non-Independent Non-Executive Chairman

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Independent Non-Executive Director

Abdul Rani bin Achmed Abdullah
Chief Executive Officer/Executive Director

Azhan bin Azmi
Chief Technical Officer/Executive Director

Abu Bakar Fikri bin Sulaiman
Executive Director

Mohamed Ridzuan bin Nor Md
Executive Director

Adnan bin Zainol
Independent Non-Executive Director

Dato' Hajjah Safiah binti Basrah
Independent Non-Executive Director

AUDIT COMMITTEE

Ahmad Ruslan Zahari bin Zakaria (Chairman)
Adnan bin Zainol
Dato' Hajjah Safiah binti Basrah

NOMINATION COMMITTEE

Adnan bin Zainol (Chairman)
Ahmad Ruslan Zahari bin Zakaria
Dato' Hajjah Safiah binti Basrah

REMUNERATION COMMITTEE

Adnan bin Zainol (Chairman)
Ahmad Ruslan Zahari bin Zakaria
Abu Bakar Fikri bin Sulaiman

COMPANY SECRETARIES

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

REGISTERED OFFICE

10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : (603) 6201 1120
Fax : (603) 6201 3121

HEAD/MANAGEMENT OFFICE

Block G1 & G2
UPM-MTDC Technology
Incubation Centre One
Lebuh Silikon
Universiti Putra Malaysia
43400 Serdang
Selangor Darul Ehsan
Tel : (603) 8656 9041
Fax : (603) 8656 9043
Email : info@cworks.com.my

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : (603) 6201 1120
Fax : (603) 6201 3121

AUDITORS

STYL Associates (AF 1929)
No. 107B, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel : (603) 7727 5573
Fax : (603) 7727 0771

STOCK EXCHANGE LISTING

ACE Market of
Bursa Malaysia Securities Berhad

Stock Name : CWORKS
Stock Code : 0079

CORPORATE WEBSITE

www.cworks.com.my

Dato' Elias bin Abdullah Ng
Non-Independent Non- Executive Chairman
Malaysian, aged 57

Dato' Elias bin Abdullah Ng is the Non-Independent Non-Executive Chairman of the Company. He was appointed to the Board on 25th May 2011.

He holds a Bachelor in Business Administration from Ohio University, USA and Master in Business Administration from Morehead State University, USA. He was appointed as Director of Integrated Logistics Berhad on 16th August 2002 and subsequently redesignated as Chairman on 29th April 2008. He was a Director of Amanah Saham Kedah and resigned on 20th July 2010. From 1987 to 1997, he was an Executive Director of Kimara Securities Sdn Bhd. Presently, he is a remisier with RHB Investment Bank Berhad. Other than CWorks, he does not hold any other directorship in other public companies. He is the father-in-law of Encik Mohamed Ridzuan bin Nor Md.

Ahmad Ruslan Zahari bin Zakaria
Independent Non- Executive Director
Malaysian, aged 52

Ahmad Ruslan Zahari bin Zakaria is an Independent Non-Executive Director of the Company. He was appointed to the Board on 11th August 2004 and he is the Chairman of the Audit Committee. He is also a member of the Nomination Committee and Remuneration Committee.

He graduated in 1984 with a Bachelor of Arts in Economic Studies (Accounting & Financial Analysis) from the University of Newcastle-upon-Tyne, England. He was trained as a Chartered Accountant by a firm in London after graduation, whereupon in 1986 he joined Merchants Business Growth Consulting, a pan European marketing consulting company, as its Group Financial Controller. In 1993, he left Europe and joined what is now CIMB Investment Bank Berhad in the Corporate Finance Department. In 1997, he assisted in the formation of Commerce Asset Ventures, the venture capital arm of CIMB Group. In 2000, he joined Clear Channel Communications, Inc., the leading global media organisation listed on the New York Stock Exchange as ASEAN Regional Director/ Managing Director of the Malaysia operations.

In 2005, he was appointed Chief Executive Officer of Terengganu Incorporated, a strategic investment holding company for the State. In 2008, he joined, as CEO, Armstrong Marine & Offshore Sdn. Bhd., the official representatives of Armstrong Corporation Holdings in Asia and the Pacific Rim, a company involved in offshore and shipping investments, oil trading, finance and project development. Since 2010, he is the CEO of Sungai Temau Mining (M) Sdn. Bhd., an iron ore mining company.

Currently, he is an Independent Non-Executive Director of Takaso Resources Berhad, a company listed on the Main Market of the Kuala Lumpur Stock Exchange. He is also a director of several private limited companies.

PROFILE OF DIRECTORS

ABDUL RANI BIN ACHMED ABDULLAH
Chief Executive Officer/Executive Director
Malaysian, aged 47

Abdul Rani bin Achmed Abdullah is the co-founder and Chief Executive Officer of the Company. He was appointed to the Board on 1st August 2001. He is responsible for the management of the business operations, business development and strategic planning of the Group.

He obtained his Bachelor of Electrical Engineering from Purdue University, United States of America ("US") in 1988 and a Master of Science in Engineering Business Management from Warwick University, United Kingdom ("UK") in 2001. He started his career in 1989 working as a Wireline Engineer for Schlumberger Overseas SA until 1991. He then went to work as a Survey Engineer for Racal Survey (M) Sdn. Bhd. Doing regional work from 1992 to 1995. In 1996, he worked for his family-owned business involved with currency trading and other general trading. He then joined PROPEL-Johnson Controls Sdn. Bhd. ("PJC") in 1997. Before leaving PJC in 2000, he was the Head of Special Projects and MIS responsible mainly for the design, development, implementation and operation of IT systems. He was also the Johnson Controls Inc's Computerised Maintenance Management Systems ("CMMS") resource person for its Asia operations. Other than CWorks, he does not hold any directorship in other public companies. However he is a director of several private limited companies.

AZHAN BIN AZMI
Chief Technical Officer/Executive Director
Malaysian, aged 43

Azhan bin Azmi is the co-founder and Chief Technical Officer of the Company. He was appointed to the Board on 1st August 2001. He primarily oversees the Group's activities related to Research and Development.

He graduated in 1992 from Universiti Teknologi MARA with a Diploma in Computer Science. He started his career in 1992 developing and implementing IT systems at Universiti Sains Malaysia. In 1997, he joined Sri Innovasi Sdn. Bhd., an IT training centre as its IT coordinator. Subsequently, in 1998 he joined PJC as a MIS Executive where he was responsible for managing a variety of IT implementation projects for hospital support services. He was later responsible for the administration and operation of a nationwide call centre. Subsequently, he left PJC in 2000 to work as a manager of systems and networks for VOLasia Sdn. Bhd., a company involved in providing internet content for registered subscribers and was responsible for evaluating different technologies, databases and software tools. In 2001, he left VOLasia Sdn. Bhd. to co-found CWorks. Other than CWorks, he does not hold any other directorship in other public companies.

Abu Bakar Fikri bin Sulaiman
Executive Director
Malaysian, aged 35

Abu Bakar Fikri bin Sulaiman was appointed to the Board on 25th May 2011 as an Executive Director of the Company. He is a member of Remuneration Committee.

He holds a Bachelor of Economics from University of Adelaide, Australia and Master of Science (Msc) Economics from Portsmouth University, United Kingdom. He has extensive experience in the Information Technology sector, namely Primayer (UK) Ltd and Dtex (UK) Ltd, both companies involved in software and electronics engineering. He was on the board of Konsortium ABASS, a water treatment plant operator in the State of Selangor. He is also a member of the Malaysian Water Association. Other than CWorks, he does not hold any other directorship in other public companies. However he is a director of several private limited companies.

PROFILE OF DIRECTORS

Mohamed Ridzuan bin Nor Md
Executive Director
Malaysian, aged 33

Mohamed Ridzuan bin Nor Md was appointed to the Board on 25th May 2011 as an Executive Director of the Company.

He holds a Bachelor of Arts in Business Administration (Hons) and Master of Science in Finance (Merit) from Economics from University of Portsmouth, United Kingdom. He started his career in 2005 with Malaysian International Shipping Corporation MISC as a Tax Executive. In 2006, he joined AmInvestment Bank Berhad as an Assistant Manager with Equity Capital Market and was later promoted to manager in 2007. He is the co-founder of Petrol One Resources Berhad being the first listed oil and gas storage provider in the country. Currently, he is the Executive Director of Petrol One Resources Berhad. Other than CWorks and Petrol One Resources Berhad, he does not hold any other directorship in other public companies. He is the son-in-law of Dato' Elias bin Abdullah Ng.

ADNAN BIN ZAINOL
Independent Non-Executive Director
Malaysian, aged 59

Adnan bin Zainol is an Independent Non-Executive Director of the Company. He was appointed to the Board on 11th April 2007 and a member of the Audit Committee. He is the Chairman of both Nomination Committee and Remuneration Committee.

He graduated in 1978 with a Bachelor of Economics (Honours) from the Universiti Malaya. He started his career with Malayan Banking Bhd. ("Maybank") as an operation officer and later as a credit/securities officer in the KL Main Office. After 5 years with Maybank, he left in 1983 to join CIMB as a credit/marketing officer in the Corporate Banking Department where he rose to the rank of Senior Manager in 1994. From 2000 until he left CIMB in 2004, he was heading its Credit Administration Section. Other than CWorks, he does not hold any other directorship in other public companies

DATO' HAJJAH SAFIAH BINTI BASRAH
Independent Non-Executive Director
Malaysian, aged 62

Dato' Hajjah Safiah binti Basrah is an Independent Non-Executive Director of the Company. She was appointed to the Board on 11th April 2007 and is a member of the Audit Committee and Nomination Committee.

She holds a Bachelor of Economics (Honours) degree from the Universiti Malaya. She spent 33 years in the civil service where she started her career as a Diplomatic and Administrative Officer. She also served in various positions in several government agencies and ministries, amongst which are the Economic Planning Unit, Public Services Department, Ministry of Health, Ministry of Agriculture, Ministry of Defense and the Ministry of Finance. Her last position prior to her retirement on 8th September 2006 was the Secretary, Monitoring and Control Division, Ministry of Finance. Other than CWorks, she does not hold any directorship in other public companies.

OTHER INFORMATION ON DIRECTORS

None of the Directors have any family relationship with any other Directors or major shareholders of CWorks other than Dato' Elias bin Abdullah Ng and Encik Mohamed Ridzuan bin Nor Md. None of the Directors have any conflict of interest with CWorks nor any conviction for offences (other than traffic offences, if any) for the past 10 years.

The details of the Directors' interests are set out in page 67 of the Annual Report.

The details of attendance of the Directors at the Board Meetings are disclosed on Page 14 of this Annual Report.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Financial Statements of CWorks for the financial year ended 31st December 2012.

FINANCIAL PERFORMANCE

For the financial year ended 31st December 2012, the Group posted a revenue of approximately RM5.1 million, contributed mainly from its Malaysian operations of RM4.3 million (84%) and overseas operations of RM0.8 million (16%). This represents an improvement of approximately 4.2% as compared to the preceding year. The Group revenues depend highly on outsourcing of facility management activities of both governmental and corporate building owners. Although contracts are being secured continually, some contracts are dependent on the completion of new buildings before deployment of system. Thus in the financial year, new buildings contracts under construction in the year could not be deployed yet.

The Group registered profit before taxation of RM0.42 million for the current financial year against loss before taxation of RM0.57 million registered in the preceding financial year mainly due to a gain of approximately RM2.5 million, arising from the reversal of impairment loss on receivables of RM1.75 million and interest income of RM0.75 million as a result of judgement obtained from Federal Court against one of its trade receivables.

BUSINESS DEVELOPMENT

CWorks aims to be a global provider of choice for our flagship Computerised Maintenance Management Software ("CMMS") product and scheduling solutions by focusing on several key areas, namely product development, research and development ("R&D") activities, marketing and human resource development.

(i) Marketing

In 2012, CWorks continued its efforts in creating awareness of its products through various initiatives with more focus on the local Malaysian markets. Apart from public relations activities, and advertising, CWorks and its partners also participated at various industry conferences and trade expositions.

(ii) Human Resource Development

CWorks continues to send its employees to relevant industry courses and practices job assignments that expose its employees to developmental experiences.

(iii) Product Development

As a product company, the effectiveness and usability of its product to customers is extremely important to CWorks. In 2012, development continue to be concentrated on:

1. Enhancement and improvement on all products based on industry trends and customer feedback.with more concentration on mobility and CAD/BIM technologies.

2 Further strengthening of user pre and post sales support systems.

DIVIDEND

No dividend was declared for the financial year ended 31st December 2012.

CORPORATE DEVELOPMENT

During the financial year ended 31st December 2012, the Company executed the Mandate given by the shareholders at the last Annual General Meeting held on 29th June 2012 by issuing 10,000,120 new ordinary shares of RM0.10 each in the Company pursuant to a private placement. The proceeds amounting to RM1,530,018 arising from the issuance of 10,000,120 new ordinary shares is mainly for working capital and capital expenditure requirements of the Group.

PROSPECTS

CWorks main product line remains as Computerized Maintenance Management Systems for use by maintenance operations in asset intensive organizations. Its features for managing physical assets and maintenance resources have continued to be proven operational time and cost savers locally and internationally.

CWorks continues to market its CMMS locally and internationally to communicate greater awareness of its brand. CWorks market footprint covers almost the entire globe through effective use of the Internet as a media, communications and training programs. As such, CWorks hopes to reach more prospects by increasing product credibility and market reach through on-going product enhancements development, user testimonials, and customer relationship building.

APPRECIATION

On behalf of the Board of Directors, I would like to thank our management team and our employees for their dedication, loyalty and hard work. Further on behalf of our Board of Directors and management, I would also like to express my sincere gratitude to all our shareholders, customers, business associates, vendors, bankers and regulatory authorities for their continuous support and trust in CWorks Board. Finally, on a personal note, I would like to thank my fellow directors for their invaluable advise and contribution to the success of CWorks Group.

Yours truly,
DATO' ELIAS BIN ABDULLAH NG
Non-Independent Non-Executive Chairman

AUDIT COMMITTEE REPORT

MEMBERS OF AUDIT COMMITTEE

The present members of the Audit Committee comprise of:-

Chairman	
Ahmad Ruslan Zahari bin Zakaria	*Independent Non-Executive Director*
Members	
Adnan bin Zainol	*Independent Non-Executive Director*
Dato' Hajjah Safiah binti Basrah	*Independent Non-Executive Director*

The Audit Committee of CWorks is pleased to present the Audit Committee Report for the year ended 31st December 2012.

ATTENDANCE AT MEETINGS

The Audit Committee members' attendance at meetings for the financial year ended 31st December 2012:-

Name	No. of Audit Committee meetings held during member's tenure in office	No. of Audit Committee meetings attended by member
Ahmad Ruslan Zahari bin Zakaria	5	5
Adnan bin Zainol	5	5
Dato' Hajjah Safiah binti Basrah	5	5

TERMS OF REFERENCE

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee is comprised of three (3) members who are Directors of the Company. In compliance with the Ace Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Malasyian Code on Corporate Governance 2012 ("MCCG 2012"), the Audit Committee is comprised of not less than three members, all of whom are Non-Executive Directors.

Encik Ahmad Ruslan Zahari bin Zakaria meets the requirement of Rule 15.09 (1)(c)(iii) that he has at least 7 years' experience being a chief financial officer of company or having the function of being primarily responsible for the management of the financial affairs of a company and approved by the Exchange.

MEETING AND ATTENDANCE

Meetings

The Audit Committee will meet at least four (4) times a year although such additional meetings may be called at any time at the discretion of the Chairman of the Audit Committee. Upon the request of the external auditors or internal auditors, the Chairman of the Audit Committee shall also convene a meeting of the Audit Committee to consider any matters that the auditors believe should be brought to the attention of the Directors or shareholders.

The quorum for the Audit Committee meeting is at least two (2) members present.

Attendance

The Head of Finance, Head of Internal Audit Department and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board may attend the meetings upon invitation of the Audit Committee. At least twice a year, the Audit Committee shall meet the external auditors without any Executive Directors present.

The Secretary of the Audit Committee shall provide the necessary administrative and secretarial services for the effective functioning of the Audit Committee. The minutes of meetings are circulated to the Audit Committee and to all other members of the Board.

OBJECTIVES AND AUTHORITY

Objectives

The primary objectives of the Audit Committee are to:-

i. relieve the full Board from detailed involvement in the review of the results of internal and external audit activities and to ensure that audit findings are brought up to the highest level for consideration;
ii. comply with the Listing Requirements of Bursa Malaysia Securities Berhad for ACE Market and other specified financial standards, required disclosure policies, regulations, rules, directives or guidelines developed and administered by Bursa Securities; and
iii. provide forum for dialogue or meetings as a direct line of communication between the Board and the external auditors, internal auditors and Management.

Authority

The Audit Committee shall have the following authority as empowered by the Board:-

i. to have explicit authority to investigate any matters within its terms of reference;
ii. to have the resources which are required to perform its duties;
iii. to have full, free and unrestricted access to the chief executive officer and chief financial officer and to any information, records, properties from both internal and external auditors and any employee(s) of the Group;
iv. to have direct communication channels with the external and internal auditors;
v. to have the rights to obtain external legal or other independent professional advice whenever necessary in furtherance of its duties; and
vi. to be able to obtain independent professional or other advice and to invite outsiders with relevant experience to attend its meetings.

DUTIES OF THE AUDIT COMMITEE

The duties of the Audit Committee are as follows:-

i. to recommend the nomination of person or persons as external auditors;
ii. to consider the external auditors for appointment, audit fees and review any letter of resignation or dismissal and proposal for re-appointment of external auditors or whether there is reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment;
iii. to review the nature and scope of the audit with the internal and external auditors before the audit commences and ensure co-ordination where more than one audit firm is involved;
iv. to review the evaluation of the system of internal controls with the auditors;
v. to review the assistance given by the Group's officers to the external auditors;
vi. to review any appraisal or assessment of the performance of the internal auditors;
vii. to review the quarterly results and annual financial statements, prior to the approval by the Board, focusing particularly on:-
    - any changes in accounting policies and practices
    - significant adjustments arising from the audit
    - any other significant and unusual events
    - the going concern assumption
    - compliance with accounting standards and other legal requirements;
viii. to review the external auditor's management letter (if any) and management's response;
ix. to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
x. to review the internal audit programme and the results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal auditor;
xi. to review and recommend to the Board, the Corporate Governance Statement and Statement on Risk Management Internal Control in relation to internal control and the management of risk included in the annual report;
xii. to consider the report, major findings and management's response on any internal investigations carried out by the internal auditors;

xiii. to review the adequacy and effectiveness of risk management, internal control and governance systems;
xiv. to review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
xv. to carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit Committee and the Board from time to time; and
xvi. to review the audit plan and audit report with the external auditors.

No member of the Audit Committee shall have a relationship which in the opinion of the Board will interfere with the exercise of independent judgment in carrying out the functions of the Audit Committee.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

The main activities carried out by the Audit Committee during the year were as follows:-

1. Reviewed the quarterly unaudited financial results of the Group before recommending to the Board for consideration and approval;
2. Reviewed the audited financial statements of the Group prior to submission to the Board for consideration and approval. The review was to ensure that these financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia;
3. Reviewed the external auditors' scope of work and audit plan for the year;
4. Reviewed with the external auditors, the results of the annual audit, audit report and the management letter, including the management's response.
5. Reviewed with the Internal Auditors, their internal audit plan for the financial year ended 31st December 2012;
6. Reviewed with the Internal Auditors, the internal audit report;
7. Reviewed related party transactions within the Group; and
8. Reviewed the Audit Committee report, Corporate Governance Statement and Statement on Risk Management and Internal Control and submitted the said documents to the Board for consideration and approval so as to be included in the Annual Report for financial year ended 31st December 2012.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit division to Deluxe Castle Sdn. Bhd. to assist the Audit Committee to discharge their responsibilities and duties. The role of internal audit is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

The internal audits cover the review of adequacy of risk management, operational controls and compliance with established procedures, guidelines and statutory requirements.

The Board does not identified a head of internal audit who reports directly to the Audit Committee and responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company during the financial year.

The fee (inclusive of service tax) paid to the professional firm in respect of the internal audit function for the financial year ended 31st December 2012 was RM20,415.

STATEMENT ON CORPORATE GOVERNANCE

The Board recognises the importance of corporate governance in discharging its responsibilities, protecting and enhancing shareholders' value through promoting and practising high standards of corporate governance throughout the Group. The Board adopts and applies the principles and best practices as governed by the Ace Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

The following statements set out the Group's compliance with the principles of the MCCG 2012:-

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

(i) The Board

The Group recognises the important role played by the Board in the stewardship of the Group's direction and operations, and ultimately, the enhancement of long-term shareholders' value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

(ii) Board Balance

The current Board has eight (8) members comprising one (1) Non-Independent Non-Executive Chairman, four (4) Executive Directors and three (3) Independent Non-Executive Directors, which is in compliance with Rule 15.02 of the AMLR.

The Board comprises professionals drawn from various backgrounds, bringing in-depth and diversity in experience, expertise and perspectives to the Group's business operations. The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders in the Company. The profiles of the members of the Board are set out in this Annual Report on pages 3 to 5.

Together with the Chief Executive Officer who has intimate knowledge of the Group's business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities. The Board supports the highest standards of corporate governance and the development of best practices for the Group.

(iii) Duties and Responsibilities of the Board

The responsibilities of the Board of Directors of the Company are as follows:

- Reviewing and adopting a strategic plan for the Company which will enhance the future growth of the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks of the business and ensure the implementation of appropriate systems to mange these risk; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

(iv) Formalised Ethical Standards Through Code of Ethics

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

(v) Strategies Promoting Sustainability

The Board promotes good Corporate Governance in the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance.

(vi) Access to Information and Advice

The Directors whether as full Board or in their individual capacity, have full and unrestricted access to all information within the Group and direct access to the advice and services of the Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. At each meeting of the Board, the Secretary appraises the Board on the Group's compliance obligations and highlights non-compliances with legal, regulatory and statutory rules and guidelines, if any.

The notices of meetings and board papers are distributed to the Directors prior to Board meetings to provide Directors with sufficient time to deliberate on issues to be raised at the Board meetings. All proceedings and resolution pass at each meetings are properly minuted and filed by Secretary.

The Directors are also regularly updated and advised on new regulations, guidelines or directive issued by Bursa Malaysia, Securities Commission and other relevant regulatory authorities.

The Board also avails itself of independent professional advice as and when necessary in furtherance of their duties, at the Company's expense. Additionally, the Board invites the senior management to brief the Board from time to time on matters being deliberated as they are able to help bring insight into these matters.

(vii) Qualified and Competent Company Secretaries

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board in managing the Group Governance Model, ensuring it is effective and relevant. The Company Secretaries also ensure that deliberations at the Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant management for necessary action. The Board is updated by the Company Secretaries on the follow-up or implementation of its decisions/recommendations by the Management till their closure.

The Company Secretaries keep abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training.

(viii) Board Charter

The Company is currently in the midst of drafting the Board Charter, outlining the roles and responsibilities of the Board and Board Committees and the processes and procedures for convening their meetings. It serves as a reference and primary induction literature providing prospective and existing Board members and Management insight into the fiduciary and leadership functions of the Directors of the Company.

B. STRENGTHEN COMPOSITION

(i) Nomination Committee

The Nomination Committee consists of the following:-

Chairman:	Adnan bin Zainol *(Independent Non-Executive Director)*
Members:	Ahmad Ruslan Zahari bin Zakaria *(Independent Non-Executive Director)* Dato' Hajjah Safiah binti Basrah *(Independent Non-Executive Director)*

The duties and responsibilities of the Nomination Committee are as follows:-

- To recommend to the Board of Directors, candidates for directorships to be filled by the Shareholders or the Board of Directors;
- To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or Shareholder;
- To recommend to the Board, Directors to fill the seats on the Board Committees;
- To assist the Board to annually review its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board;
- To assess the effectiveness of the Board of Directors as a whole and each individual Director/ Committee of the Board; and
- To consider and examine such other matters as the Nomination Committee considers as appropriate.

(ii) Appointments to the Board

The Board believes that the current composition of the Board comprises the required mix of skills and core competencies required for the Board to discharge its duties effectively.

The Board delegated to the Nomination Committee the responsibility of recommending the appointment of any new Directors. New appointees will be considered and evaluated by the Board and the Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

The Nomination Committee also annually reviews the effectiveness of the Board as a whole, its committees and the contribution of each individual Director, as well as the Chief Executive Officer. The Nomination Committee will ensure that all assessments and evaluations carried out are properly documented and filed.

In terms of gender make-up of the Board, Dato' Hajjah Safiah binti Basrah has been appointed to the Board since 11^{th} April 2007 and her value as a woman member of the Board with her insights has not been lost on the Board.

(iii) Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors, shall retire from office, at least once in three (3) years. The retiring Directors can offer themselves for re-election. The Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointments. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with section 129(6) of the Companies Act, 1965.

For the forthcoming Annual General Meeting, Dato' Elias bin Abdullah Ng, Azhan bin Azmi and Ahmad Ruslan Zahari bin Zakaria will retire by rotation pursuant to Article 83 and being eligible, offer themselves for re-election.

(iv) Remuneration Committee

The Remuneration Committee consists of the following:-

Chairman:	Adnan bin Zainol *(Independent Non-Executive Director)*
Members:	Ahmad Ruslan Zahari bin Zakaria *(Independent Non-Executive Director)* Abu Bakar Fikri bin Sulaiman *(Executive Director)*

The duties and responsibilities of the Remuneration Committee are as follows:-

- To review and assess the remuneration packages of the Executive Directors in all forms, with or without other independent professional advise or other outside advice;
- To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors needed to run the Company successfully;
- To structure the component parts of remuneration so as to link rewards to corporate and individual performance and to assess the needs of the Company for talent at Board level at a particular time; and
- To consider and examine such other matters as the Remuneration Committee considers appropriate

The details of the remuneration of the Directors of the Company for the financial year under review are as follows:

(i) Aggregate remuneration of the Directors categorised into appropriate components:

	Fees (RM)	**Salaries and other emoluments (RM)**	**Total (RM)**
Executive Directors	216,000	432,338	648,338
Non-Executive Directors	82,500	–	82,500

(ii) The numbers of Directors whose total remuneration fall within the following bands:

Range	**Executive**	**Non-Executive**
Below RM50,000	–	3
RM50,001 – RM100,000	1	–
RM100,001 – RM150,000	2	–
RM250,001 – RM300,000	1	–

The disclosure of directors' remuneration is made in accordance with Appendix 9C, item 12 of the Bursa Malaysia Securities Berhad's AMLR. This method of disclosure represents a deviation from the best practices set out in the MCCG 2012, which suggests separate disclosure of each director's remuneration. The Board of Directors is of the opinion that separate disclosure will impinge upon the directors' right of privacy.

C. FOSTER COMMITMENT

(i) Meetings

The Board meets regularly on a quarterly basis and as and when required. There were five (5) meetings held during the financial year and the attendance record is as follows:

	Meetings attended
Dato' Elias bin Abdullah Ng	5/5
Abdul Rani bin Achmed Abdullah	5/5
Azhan bin Azmi	5/5
Ahmad Ruslan Zahari bin Zakaria	5/5
Abu Bakar Fikri bin Sulaiman	4/5
Mohamed Ridzuan bin Nor Md	5/5
Adnan bin Zainol	5/5
Dato' Hajjah Safiah binti Basrah	5/5

To ensure that the Directors have the time to fulfil their roles and responsibility and to facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before beginning of every year. The Directors are also required to submit an update on their other directorships and shareholdings when there is a change.

(ii) Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme as prescribed by the AMLR. The Directors are also encouraged to attend any relevant training programme to further enhance their knowledge to enable them to discharge their responsibilities more effectively.

In addition, the following Directors have undergone the following training programmes for financial year ended 31st December 2012:-

Name	No. of hours/days	Mode of Training	Title
Dato' Elias bin Abdullah Ng	Half-day	Seminar	Malaysian Code on Corporate Governance 2012
Abdul Rani bin Achmed Abdullah	Half-day	Seminar	Malaysian Code on Corporate Governance 2012
Ahmad Ruslan Zahari bin Zakaria	One day	Seminar	Board's Role in Governance & Audit Committee Oversight Responsibilities - Passion Beyond Numbers
Azhan bin Azmi	Half-day	Seminar	Malaysian Code on Corporate Governance 2012
Abu Bakar Fikri Sulaiman	Half-day	Seminar	Malaysian Code on Corporate Governance 2012
Mohamed Ridzuan bin Nor Md	Half-day	Seminar	Malaysian Code on Corporate Governance 2012
Adnan bin Zainol	One day	Seminar	Board's Role in Governance & Audit Committee Oversight Responsibilities - Passion Beyond Numbers
Dato' Hajjah Safiah binti Basrah	Half-day	Seminar	Malaysian Code on Corporate Governance 2012

D. REINFORCE INDEPENDENCE

The Independent Non-Executive Directors provide an unbiased and independent view in ensuring that the strategies proposed by Management are fully deliberated and examined in the interest of the Company, minority shareholders, employees and the business communities in which the Company conducts its business.

(i) Annual Assessment of Independent Directors

In ensuring that independent judgements are not compromised, the Board has adopted a policy on assessment of independent on its independent directors as well as the new appointments. The Board assesses the independence of the independent directors on an annual basis taking into account the individual Director's ability to exercise independent judgment at all time and contribution to the effective functioning of the Board which bring an external perspective, challenge and help to develop proposals on strategy.

Based on the assessment conducted recently, the Board is generally satisfied with the level of independent demonstrated by the independent directors and their ability to act in the best interest of the Company.

(ii) Tenure of Independent Director

One of the recommendations under the MCCG 2012 is to limit the tenure of independent directors to not more than nine (9) years, cumulatively. The recommendation is based on the view that the independence of an independent director may be affected if his tenure exceeds a cumulative term of nine years either in a consecutive service of nine years or cumulative service of nine years interval. The Board may, upon the completion of the nine years, re-designate the independent directors to a non-independent director if it is so determined that the expertise and experience of the independent director is still relevant to the Company.

(iii) Shareholders' Approval for the Retention of Independent Non-Executive Director

Ahmad Ruslan Zahari bin Zakaria was appointed on 11th August 2004 and the Board is satisfied with the skills, contribution and independent judgement that Ahmad Ruslan Zahari bin Zakaria brings to the Board. In view thereof, the Board recommends and supports his retention as Independent Non-Executive Director of the Company which is tabled for shareholders' approval at the forthcoming Eleventh AGM of the Company.

(iv) Position of Chairman and Chief Executive Officer

There is a division of responsibility between the Chairman and the Chief Executive Officer to ensure a balance of power and authority. The roles of the Chairman and the Chief Executive Officer are separated and clearly defined. As part of good corporate governance, the Chairman is responsible for ensuring board effectiveness and conduct. He ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda. In doing so, the Chairman will liaise with the Chief Executive Officer and the Company Secretary on agenda for board meeting. The Chairman encourages healthy debates on issues raised at meetings and gives opportunity to directors who wish to speak on the motions, either for or against them. Every Board resolution is then put to a vote which would reflect the collective decision of the Board and not the views of an individual or an interested group. The Chairman also chairs the meeting of shareholders of the Company. At the general meetings of the Company, the Chairman will ensure that the shareholders are given the opportunity to enquire on the Company's affairs. The Chief Executive Officer focuses on the business and the day-to-day management of the Company. He is the conduit between the Board and Management in ensuring the success of the Company's governance and management functions. The Chief Executive Officer implements the policies, strategies and decisions adopted by the Board.

The Board is chaired by a Non-Independent Non-Executive Chairman. Whilst the Company supports the recommendations made under MCCG 2012, the Company maintains that the Chairmanship of the Board shall continue to be held by a Non-Executive Non-Independent Director for the time being. The Board is of the view that the Chairman will remain objective in expressing his views and will allow all Board members the opportunity to participate and express their views in deliberations and decision making in the Board without fear or favour. In addition, any decision arrived at the Board is made on consensus. The Board will endeavour that the composition of the independent directors comprise of more than one third (1/3) of the Board to ensure balance of power and authority on the Board.

E. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

(i) Dialogue between Companies and Investors

The Group recognises the importance of keeping shareholders informed of the Group's business and corporate developments. Such information is disseminated via the Group's annual reports, circulars to shareholders, quarterly financial results and various announcements made from time to time. Alternatively, they may obtain the Company's latest announcements via Bursa Malaysia's website at **www.bursamalaysia.com**. The Group also maintains a website at **www.cworks.com.my** to enable easy and convenient access to up-to date information relating to the Group.

(ii) Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's annual report twenty one (21) days before the meeting. All shareholders are encouraged to participate in discussions with the Board on matters relating to the Group's operations and performance at the Company's AGM.

(iii) Encourage poll voting

Shareholders also have the right to demand poll vote for substantive resolutions and the detailed results showing the number of votes cast for and against each resolution will be announced through Bursa Malaysia.

At the last AGM, the Company had highlighted the right of the shareholders to demand for poll voting. However, the shareholders have opted for voting to be done by show of hands and resolutions put forth for shareholders' approval at the last AGM were voted on by show of hands.

F. UPHOLD INTEGRITY IN FINANCIAL REPORTING

(i) Financial Reporting

It is the Board's responsibility to ensure that the financial statements are prepared in accordance with the Companies Act, 1965 and Malaysian Financial Reporting Standards so as to present a balanced and fair assessment of the Group's financial position and prospects. The Directors are also responsible for keeping proper accounting records, safeguarding the assets of the Group and taking reasonable steps to prevent and enable detection of fraud and other irregularities.

In preparing the financial statements, the Directors have taken the necessary steps and actions as follows:-

(a) selecting suitable accounting policies and applying them consistently;
(b) stating whether applicable accounting standards have been followed;
(c) making judgements and estimates that are reasonable and prudent; and
(d) preparing the financial statements on a going concern basis, having made reasonable enquiries and assessments on the resources of the Group on its ability to continue further business in foreseeable future.

(ii) Audit Committee

The Audit Committee comprises three Independent Non-Executive Directors with Encik Ahmad Ruslan Zahari bin Zakaria as the Chairman of the Committee. The composition and Term of Reference of the Audit Committee are also provided in this report.

The Audit Committee has explicit authority from the Board to investigate any matter and is given full responsibility within its Terms of Reference and necessary resources which it need to do so and full access to information. The Audit Committee also meets twice a year with the External Auditors without the presence of the Executive Board members to discuss their audit plan, audit findings and the Company's financial statements. The Audit Committee also meets with the external auditors additionally wherever it deems necessary.

Relationship with Auditors

The Board has established a transparent relationship with the external auditors through the Audit Committee, which has been accorded the authority to communicate directly with the external auditors. The external auditors in turn are able to highlight matters requiring the attention of the Board effectively to the Audit Committee in terms of compliance with the accounting standards and other related regulatory requirements.

G. RECOGNISE AND MANAGE RISKS

(i) Risk Management and Internal Control

The Statement of Risk Management and Internal Control furnish on this annual report provides an overview of the system of risk management and internal control within the Group.

(ii) Internal Audit Function

The Company has outsourced its internal audit division to Deluxe Castle Sdn. Bhd. to assist the Audit Committee to discharge their responsibilities and duties. The role of internal audit is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively

The internal audits cover the review of adequacy of risk management, operational controls and compliance with established procedures, guidelines and statutory requirements.

The Board does not identified a head of internal audit who reports directly to the Audit Committee and responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company during the financial year.

H. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

(i) Corporate Disclosure Policy

The Company has long observed the continuing disclosure obligation imposed upon a listed issuer by Bursa Malaysia. The Company has put in place a Corporate Disclosure Policy and Procedures for the following purposes:

- Provide shareholders, investors, analyst, media representatives and other stakeholders with comprehensive, accurate and quality information issued by the Company on a timely and even basis;
- Raise awareness and provide guidance to the Board, management, officers and employees on the Company's disclosure requirements and practices;
- Ensure that the Company meets its disclosure obligations in accordance with the securities laws and regulations governing corporate disclosure and confidentiality in relation to securities listed on Bursa Malaysia;
- Ensure that the Company observes best practices in relation to disclosure as illustrated in the Corporate Disclosure Guide by Bursa Malaysia; and
- Promote investor confidence in the integrity of the Company.

The policy is applicable to the conduct of directors, officers, managers and employees of the Company and to all method that the Company uses to communicate with the investing public in the dissemination of material information especially price sensitive information.

(ii) Leverage on Information Technology for Effective Dissemination

The Company uses its website to disseminate information and enhance its investor relation. The Company's website, **www.cworks.com.my**, contains information about the Company, its products and business, announcements which have been made available to the public as well as other areas of interest to the public.

All timely disclosure and material information documents will be posted on the website as soon as possible after release by the news wire service.

COMPLIANCE WITH THE CODE

The Board considers that the Group has substantially complied with the Best Practices as stipulated in Principles and Recommendation of the MCCG 2012 throughout the financial year ended 31st December 2012.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flow of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31st December 2012, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose reasonable accuracy at any time of the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 1965 and Financial Reporting Standards in Malaysia.

ADDITIONAL COMPLIANCE INFORMATION

The following additional compliance information is provided in accordance with Rule 9.25 of the AMLR:-

1. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests still subsisting at the end of the financial year or entered into since the end of the previous financial year.

2. Corporate Social Responsibility ("CSR")

The Company recognises the importance of being a socially responsible corporate. The Company has continued to maintain good workplace environment and committed to staff training. This financial year saw the distribution of Construction Industry Development Board (CIDB) Asset and Facility Management Implementation Manual which was done to standardize the operations of asset and facility managers and to promote better and safer workplaces for all Malaysians. CWorks contributed expertise and ideas to the development of this manual as part of its' social corporate responsibility efforts which also includes donating maintenance management systems to non-profit organizations globally. The Company will be planning and organising more CSR activities for the next financial year.

3. Utilisation of proceeds raised from corporate proposal

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

Descriptions	Amount Approved RM('000)	Utilisation as at 31.12.2012 RM('000)	Balance Unutilised RM('000)
Working capital	1,480	93	1,387
Share issue expenses	50	46	4
	1,530	139	1,391

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

A. INTRODUCTION

The Board is committed to maintain a sound system of internal control of the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the year.

B. BOARD RESPONSIBILITIES

The Board has overall responsibility for maintaining a system of internal controls, which provides reasonable assessments of effective and efficient operations, internal controls and compliance with laws and regulations.

The Board recognises the importance of sound internal controls and risk management in safeguarding the assets of the Group. The Group has in place an on-going process to identify, monitor and manage any significant risks through internal controls set out in order to attain a reasonable assurance that its business objectives are met. These controls are regularly reviewed by the Board and subject to continuous improvements.

However, the Board also recognises that the control system in place cannot eliminate risk totally. The internal control system could only provide reasonable and not absolute assurance against material mis-statements or fraud.

C. RISK MANEGEMENT FRAMEWORK

The Board of Directors is aware that a sound system of internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedures for reporting immediately to appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being taken.

The Group has in place an on-going process for identifying, monitoring and managing significant risks that may affect the achievement of business objectives. Management is continuously reviewing potential risk areas through discussions held at monthly staff meetings. Where a particular risk is identified, it will be monitored with counter measures taken to mitigate risk if possible.

D. INTERNAL AUDIT

The Company had appointed an independent professional consulting firm to undertake its Internal Audit functions as part of its efforts to provide adequate and effective internal control systems. A risk analysis of the Group is conducted on a regular basis with the necessary measures being put up to assess and monitor the impact on its operation and business.

The other key elements of the Group's internal control systems are described below:

- Regular monitoring of operational results against budgeted for the Board's review and discussion;
- Regular and comprehensive information provided to the Board, covering financial performance and key business indicators;
- Regular updates of internal policies and procedures, to reflect changing risks or resolve operational deficiencies; and
- Regular meetings with management to address weaknesses and improve efficiency.

The Board is of the view that there has been no significant breakdown or weaknesses in the system of internal control of the Group that may have a material impact on the operations of the Group for the financial year ended 31st December 2012.

E. REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the AMLR, the External Auditors have reviewed this Statement and the Risk Management Statement for inclusion in the Annual Report for FY 2012, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

F. CONCLUSION

The Board is of the opinion that based on the current level of activities, the Group's risk management and internal control system is operating adequately and effectively, in all material aspects. The Management will continue to take measures to strengthen the control environment.

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are in the provision of computerised maintenance management systems and other information technology services such as systems integration, support services and training. The principal activities of the subsidiaries are described in Note 12 to the Financial Statements. There have been no significant changes in the nature of these principal activities during the financial year.

FINANCIAL RESULTS

The results of the operations of the Group and of the Company for the financial year are as follows:

	GROUP RM	COMPANY RM
Net profit for the financial year	232,028	173,725
Attributable to:		
Owners of the Company	170,613	173,725
Non-controlling interests	61,415	-
	232,028	173,725

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the Financial Statements.

ISSUE OF SHARES AND DEBENTURES

As approved by the shareholders at the Annual General Meeting held on 29th June 2012, the issued and paid-up share capital of the Company was increased from RM10,000,120 to RM11,000,132 during the financial year by the allotment of 10,000,120 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.153 per new ordinary share by way of private placement.

The resultant share premium, net of share issue expenses, arising from the shares issued during the financial year of RM475,507 has been credited to the share premium account. All new ordinary shares issued rank pari-passu with the existing ordinary shares of the Company.

The Company has not issued any new debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Abdul Rani Bin Achmed Abdullah
Azhan Bin Azmi
Ahmad Ruslan Zahari Bin Zakaria
Adnan Bin Zainol
Dato' Hajjah Safiah Binti Basrah
Abu Bakar Fikri Bin Sulaiman
Dato Elias Bin Abdullah Ng
Mohamed Ridzuan Bin Nor Md

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of full-time employees of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS

The shareholdings in the Company and related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.10 each			
	Balance as at 1.1.2012	Bought	Sold	Balance as at 31.12.2012
Shares in the Company				
Registered in name of directors				
Abdul Rani Bin Achmed Abdullah	16,785,072	-	11,000,000	5,785,072
Azhan Bin Azmi	1,107,590	-	-	1,107,590
Ahmad Ruslan Zahari Bin Zakaria	80,000	-	-	80,000
Abu Bakar Fikri Bin Sulaiman	4,982,000	-	-	4,982,000
Mohamed Ridzuan Bin Nor Md	8,083,900	6,000,000	-	14,083,900

By virtue of the above directors' interests in the shares of the Company, the abovementioned directors are also deemed to have an interest in the shares of all the subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company during and at the end of the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the financial statements of the Group and of the Company have been written down to an amount which they might be expected to realise.

b) At the date of this report, the directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributable to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION

a) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

b) In the opinion of the directors,

   (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

   (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. STYL Associates, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors,

ABDUL RANI BIN ACHMED ABDULLAH
Director

AZHAN BIN AZMI
Director

Kuala Lumpur
Date: 22nd April 2013

STATEMENT BY DIRECTORS

We, ABDUL RANI BIN ACHMED ABDULLAH and AZHAN BIN AZMI, being two of the directors of CWORKS SYSTEMS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2012 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

The information set out in Note 24 to the Financial Statements has been prepared in accordance with the 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.

Signed on behalf of the Board in accordance with a resolution of the Directors,

ABDUL RANI BIN ACHMED ABDULLAH
Director

AZHAN BIN AZMI
Director

Kuala Lumpur
Date: 22nd April 2013

STATUTORY DECLARATION

I, CHUA CHOON YANG, being the Officer primarily responsible for the financial management of CWORKS SYSTEMS BERHAD, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHUA CHOON YANG

Subscribed and solemnly declared by the
abovenamed Chua Choon Yang
at Petaling Jaya, on 22nd April 2013

Before me:

S. AROKIADAS A.M.N
NO. B 390

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CWorks Systems Berhad, which comprise the statements of financial position as at 31st December 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 29 to 65.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

to the members of Cworks Systems Berhad (Incorporated In Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the financial statements and the auditors' reports of the subsidiary of which we have not acted as auditors, as mentioned in Note 12 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations required by us for these purposes.

d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 24 to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the 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. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

STYL ASSOCIATES
Firm No. AF 1929
Chartered Accountants

TAN CHIN HUAT
Approval No: 2037/06/14(J)
Partner

Date: 22nd April 2013
Kuala Lumpur

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31st December 2012

		GROUP		COMPANY	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Revenue		5,050,171	4,846,180	3,766,953	4,096,726
Other gains and losses		2,611,107	41,576	2,609,105	41,576
Purchases and other direct costs		(981,730)	(330,699)	(981,730)	(308,506)
Directors' remuneration	6	(730,838)	(300,739)	(700,838)	(300,739)
Depreciation of property, plant and equipment	9	(141,605)	(135,599)	(137,408)	(128,317)
Amortisation of development costs	10	(1,008,259)	(689,238)	(814,684)	(637,685)
Amortisation of intangible asset	11	-	(12,500)	-	-
Staff costs		(1,857,001)	(1,582,768)	(1,494,192)	(1,335,115)
Other operating expenses		(2,520,288)	(2,407,633)	(1,883,952)	(1,836,004)
Profit/(Loss) before tax		421,557	(571,420)	363,254	(408,064)

Profit/(Loss) before tax is stated after charging:				
Amortisation of development costs	1,008,259	689,238	814,684	637,685
Amortisation of intangible asset	-	12,500	-	-
Audit fee				
- current year	56,163	51,704	12,000	12,000
- underprovision in prior year	3,000	-	3,000	-
Bad debts written off	64,959	61,891	-	-
Depreciation of property, plant and equipment	141,605	135,599	137,408	128,317
Development cost written off	8,973	-	8,973	-
Directors' remuneration				
- fee	298,500	72,000	298,500	72,000
- other emoluments	432,338	228,739	402,338	228,739
Equipment lease rental	-	5,032	-	-
Impairment loss on investment	19	-	19	-
Impairment loss on trade receivables	294,350	807,340	279,868	807,340
Loss on foreign exchange	38,979	24,473	38,979	24,473
Property, plant and equipment written off	5,171	-	-	-
Rental of office premises	231,962	234,977	192,000	192,000
And crediting:				
Bad debts recovered	-	8,795	-	-
Reversal of impairment loss on trade receivables	1,850,987	41,518	1,850,987	41,518
Interest income	758,118	58	758,118	58

Income tax expense	7	(189,529)	-	(189,529)	-
Net profit/(loss) for the financial year		232,028	(571,420)	173,725	(408,064)

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31st December 2012

	Note	GROUP 2012 RM	GROUP 2011 RM	COMPANY 2012 RM	COMPANY 2011 RM
Other comprehensive income/(loss), net of tax:					
Exchange differences on translation of foreign operations		(9,218)	12,935	-	-
Total comprehensive income/(loss) for the financial year		222,810	(558,485)	173,725	(408,064)
Net profit/(loss) for the financial year attributable to:					
Owners of the Company		170,613	(521,373)	173,725	(408,064)
Non-controlling interests		61,415	(50,047)	-	-
		232,028	(571,420)	173,725	(408,064)
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the Company		161,395	(508,438)	173,725	(408,064)
Non-controlling interests		61,415	(50,047)	-	-
		222,810	(558,485)	173,725	(408,064)
Earnings/(Loss) per share attributable to equity holders of the Company:					
Basic (sen)	8	0.17	(0.52)		
Diluted	8	Not Applicable	Not Applicable		

The accompanying Notes form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31st December 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
ASSETS				
Non-Current Assets				
Property, plant and equipment	9	118,725	161,674	292,989
Development costs	10	4,293,151	4,760,383	3,865,281
Intangible asset		-	-	12,500
Other investments	13	19,000	19	19
Total Non-Current Assets		4,430,876	4,922,076	4,170,789
Current Assets				
Trade receivables	14	1,685,214	2,202,675	3,739,430
Other receivables and prepaid expenses	14	1,647,671	1,044,392	846,503
Tax recoverable		-	17,978	22,226
Cash and cash equivalents	15	1,854,832	127,975	79,932
Total Current Assets		5,187,717	3,393,020	4,688,091
Total Assets		9,618,593	8,315,096	8,858,880
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	16	11,000,132	10,000,120	10,000,120
Reserves	17	(2,423,889)	(3,060,791)	(2,552,353)
Equity Attributable to Owners of the Company		8,576,243	6,939,329	7,447,767
Non-controlling interests		442,254	380,839	430,886
Total Equity		9,018,497	7,320,168	7,878,653
Current Liabilities				
Trade payables	18	89,331	96,928	268,156
Other payables and accrued expenses	18	437,441	779,551	663,071
Amount owing to directors	19	72,795	118,449	49,000
Tax liabilities		529	-	-
Total Current Liabilities		600,096	994,928	980,227
Total Liabilities		600,096	994,928	980,227
Total Equity and Liabilities		9,618,593	8,315,096	8,858,880

The accompanying Notes form an integral part of the Financial Statements.

COMPANY STATEMENT OF FINANCIAL POSITION
as at 31st December 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
ASSETS				
Non-Current Assets				
Property, plant and equipment	9	114,116	151,428	277,099
Development costs	10	2,250,574	3,074,231	2,884,499
Investment in subsidiaries	12	25,500	25,500	25,500
Other investments	13	19,000	19	19
Total Non-Current Assets		2,409,190	3,251,178	3,187,117
Current Assets				
Trade receivables	14	1,080,507	2,026,680	3,193,508
Other receivables and prepaid expenses	14	838,252	1,037,832	836,802
Tax recoverable		-	17,978	22,226
Amount owing by subsidiaries	12	3,434,862	1,796,002	1,100,332
Cash and cash equivalents	15	1,711,424	47,248	73,397
Total Current Assets		7,065,045	4,925,740	5,226,265
Total Assets		9,474,235	8,176,918	8,413,382
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	16	11,000,132	10,000,120	10,000,120
Reserves	17	(1,827,658)	(2,476,890)	(2,068,826)
Equity Attributable to Owners of the Company		9,172,474	7,523,230	7,931,294
Total Equity		9,172,474	7,523,230	7,931,294
Current Liabilities				
Trade payables	18	74,552	79,546	74,550
Other payables and accrued expenses	18	226,680	553,770	407,538
Amount owing to directors	19	-	20,372	-
Tax liabilities		529	-	-
Total Current Liabilities		301,761	653,688	482,088
Total Liabilities		301,761	653,688	482,088
Total Equity and Liabilities		9,474,235	8,176,918	8,413,382

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31st December 2012

	<--------------Attributable to Equity Holders of the Compny------------------>						
GROUP	Share capital RM	Share premium RM	Accumulated loss RM	Exchange reserve RM	Total RM	Non-controlling interests RM	Total Equity RM
Balance as at 1.1.2011	10,000,120	956,693	(3,550,219)	41,173	7,447,767	430,886	7,878,653
Loss for the financial year	-	-	(521,373)	-	(521,373)	-	(521,373)
Other comprehensive income/(loss) for the year	-	-	-	12,935	12,935	(50,047)	(37,112)
Total comprehensive income/(loss) for the year	-	-	(521,373)	12,935	(508,438)	(50,047)	(558,485)
Balance as at 31.12.2011	10,000,120	956,693	(4,071,592)	54,108	6,939,329	380,839	7,320,168
Profit for the financial year	-	-	170,613	-	170,613	-	170,613
Other comprehensive income/(loss) for the year	-	-	-	(9,218)	(9,218)	61,415	52,197
Total comprehensive income/(loss) for the year	-	-	170,613	(9,218)	161,395	61,415	222,810
Issuance of shares during the financial year	1,000,012	530,006	-	-	1,530,018	-	1,530,018
Share issue expenses	-	(54,499)	-	-	(54,499)	-	(54,499)
Balance as at 31.12.2012	11,000,132	1,432,200	(3,900,979)	44,890	8,576,243	442,254	9,018,497

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31st December 2012

COMPANY	Share capital RM	Share premium RM	Accumulated loss RM	Total RM
Balance as at 1.1.2011	10,000,120	956,693	(3,025,519)	7,931,294
Total comprehensive loss for the year	-	-	(408,064)	(408,064)
Balance as at 31.12.2011	10,000,120	956,693	(3,433,583)	7,523,230
Issuance of shares during the financial year	1,000,012	530,006	-	1,530,018
Share issue expenses	-	(54,499)	-	(54,499)
Total comprehensive income for the year	-	-	173,725	173,725
Balance as at 31.12.2012	11,000,132	1,432,200	(3,259,858)	9,172,474

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS
for the year ended 31st December 2012

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	421,557	(571,420)	363,254	(408,064)
Adjustments for:				
Reversal of impairment loss on trade receivables	(1,850,987)	(41,518)	(1,850,987)	(41,518)
Interest income	(758,118)	(58)	(758,118)	(58)
Amortisation of development costs	1,008,259	689,238	814,684	637,685
Amortisation of intangible assets	-	12,500	-	-
Bad debts written off	64,959	61,891	-	-
Development cost written off	8,973	-	8,973	-
Depreciation of property, plant and equipment	141,605	135,599	137,408	128,317
Impairment loss on investment	19	-	19	-
Impairment loss on trade receivables	294,350	807,340	279,868	807,340
Property, plant and equipment written off	5,171	-	-	-
Operating profit/(loss) before working capital changes	(664,212)	1,093,572	(1,004,899)	1,123,702
Changes in working capital:				
Decrease in trade receivables	2,009,139	709,042	2,517,292	401,006
(Increase)/Decrease in other receivables and prepaid expenses	(603,279)	(197,889)	199,580	(201,030)
Increase in amount owing by subsidiaries	-	-	(1,638,860)	(695,670)
Increase/(Decrease) in trade payables	(7,597)	(171,228)	(4,994)	4,996
Increase/(Decrease) in other payables and accrued expenses	(342,110)	116,480	(327,090)	146,232
Increase/(Decrease) in amount owing to director	(45,654)	69,449	(20,372)	20,372
Cash Generated From/(Used In) Operations	346,287	1,619,426	(279,343)	799,608
Interest received	758,118	58	758,118	58
Development costs incurred	(550,000)	(1,584,340)	-	(827,417)
Tax refund/(paid)	(171,022)	4,248	(171,022)	4,248
Net Cash From/(Used In) Operating Activities	383,383	39,392	307,753	(23,503)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(103,827)	(4,284)	(100,096)	(2,646)
Acquisition of other investments	(19,000)	-	(19,000)	-
Net Cash Used In Investing Activities	(122,827)	(4,284)	(119,096)	(2,646)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in deposits pledged	(36,620)	-	(36,620)	-
Proceeds from issuance of shares, net of share issue expenses	1,475,519	-	1,475,519	-
Net Cash From Financing Activities	1,438,899	-	1,438,899	-

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS
for the year ended 31st December 2012

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,699,455	35,108	1,627,556	(26,149)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(9,218)	12,935	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	127,975	79,932	47,248	73,397
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,818,212	127,975	1,674,804	47,248

Notes to the Statements of Cash Flows

i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash and bank balances	1,818,212	127,975	1,674,804	47,248
Deposits with licensed banks	36,620	-	36,620	-
	1,854,832	127,975	1,711,424	47,248
Less: Deposits pledged as security	(36,620)	-	(36,620)	-
	1,818,212	127,975	1,674,804	47,248

The accompanying Notes form an integral part of the Financial Statements.

1) GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are in the provision of computerised maintenance management systems and other information technology services such as systems integration, support services and training. The principal activities of the subsidiaries are described in Note 12 to the Financial Statements. There have been no significant changes in the nature of these principal activities during the financial year.

The registered office of the Company is located at No: 10-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

The principal place of business of the Company is located at Block G1 & G2, UPM-MTDC Technology Incubation Centre One, Lebuh Silikon, Universiti Putra Malaysia, 43400 Serdang, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia (RM).

The financial statements were authorised by the Board of Directors for issuance on 22nd April 2013.

2) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1965 in Malaysia.

Adoption of the New IFRS - compliant MFRS Framework

The Group's and the Company's financial statements for the year ended 31st December 2012 have been prepared in accordance with MFRSs for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards (FRSs). As the former FRSs are virtually identical to the MFRSs, the adoption of the applicable MFRSs has no significant effect to the Group's and the Company's financial position.

New and Revised MFRSs, IC Interpretations and Amendments issued but are not yet effective for the Group and the Company

The Group and the Company have not adopted the following new and revised MFRSs, IC Interpretations and Amendments as they are not effective for the current finanial year ended 31st December 2012.

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

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncement are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application, except as described below:

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 quantity 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-subsidiary 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.

3) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks, including market risk, foreign currency exchange risk and interest rate risk, credit risk and liquidity risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group. The Group also ensures that the above risks are managed in order to minimise the effects of the unpredictability of the financial markets on the performance of the Group.

Market risk

Market risk is the risk that changes in market prices such as foreign currency exchange risk and other prices will affect the Group's financial position and cash flows.

The Group has in place policies to manage its competitive risks from its competitors in providing better alternatives in terms of better services.

i) *Foreign currency exchange risk*

Foreign currency risk is that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group has exposure to foreign currency fluctuation arising from revenue or expense that are denominated in currency other than the functional currency of the Group.

The Group has not entered into any forward foreign exchange contracts as at 31st December 2012.

Currency risk sensitivity analysis

No sensitivity analysis is prepared as the Group and the Company do not expect any material effect on the Group's and the Company's profit net of tax and equity arising from the effect of reasonably possible changes to exchange rates on the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group has no borrowings as at 31st December 2012. The Group's investment in financial assets are mainly short term in nature and mostly placed in financial deposits.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from trade receivables, loans and advances to subsidiaries.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The ageing of trade receivables as at the end of the reporting period was:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Not past due	433,916	300,644	235,050	275,425
Past due 0 - 30 days	490,566	270,489	149,649	217,468
Past due 31 - 60 days	32,836	195,490	18,254	105,136
Past due 61 - 90 days	23,279	1,455	3,654	1,455
Past due 91 - 120 days	110,824	16,383	82,304	16,383
Past due more than 120 days	2,152,613	4,533,671	2,086,219	4,476,555
	3,244,034	5,318,132	2,575,130	5,092,422

The movements in the allowance for impairment losses of receivables during the financial year were:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
As at beginning of year	3,115,457	2,349,635	3,065,742	2,299,920
Impairment loss recognised	294,350	807,340	279,868	807,340
Impairment loss reversed	(1,850,987)	(41,518)	(1,850,987)	(41,518)
As at end of year	1,558,820	3,115,457	1,494,623	3,065,742

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company practice prudent liquidity risk management by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows. The Group's and the Company's operations are financed mainly through equity.

All financial liabilities in 2011 and 2012 are repayable on demand or due within one year from the reporting date.

Fair values

The fair value of financial instruments is the amount at which the instrument could be exchanged for or settled between knowledgeable parties at an arms length transaction, other than a forced or liquidation sale.

The carrying amounts of the financial assets and financial liabilities as reported in the statements of financial position as at 31st December 2012 approximate their fair values because of the immediate/short maturity terms of these financial instruments.

Capital Risk Management Policies and Procedures

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes during the year.

The Group is not subject to any externally imposed capital requirements.

4) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

b) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable, net of returns, allowances and trade discounts.

Revenue from goods sold and services are recognised when the goods are delivered and services are rendered. Revenue represents the invoiced value of goods sold and services rendered net of discounts and allowances. Interest income is recognised on accrual basis.

c) Foreign Currency Conversion

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Foreign Operations

For the purpose of consolidation, the financial statements of the foreign incorporated subsidiaries have been translated into Ringgit Malaysia as follows:

Assets and liabilities	-at closing rate
Revenue and expenses	-at average rate

All resulting exchange differences are recognised directly in other comprehensive income. On disposal of a subsidiary with foreign currency as its functional currency, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular subsidiary is recognised in profit or loss.

d) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contributions plans

As required by law, companies in Malaysia make contributions to the state pension scheme, Employees Provident Fund. Such contributions are recognised as an expense in profit or loss as incurred.

e) Income Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credit to the extent that it is probable that taxable profit will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The tax effects of unutilised reinvestment allowances are only recognised upon actual realisation.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

f) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Depreciation of property, plant and equipment is calculated to write off the cost of the property, plant and equipment on a straight-line basis over the expected useful lives of the property, plant and equipment concerned. The annual depreciation rates used are as follows:

	%
Computers	20
Office equipment, furniture and fittings	20
Motor vehicles	20
Renovation	20

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceed and the carrying amount of the asset, and is recognised in profit or loss.

g) Subsidiaries and Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The cost of acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition dates. On an acquisition-by-acquisition basis, the Group recognised any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed is recorded as goodwill. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after 1st January 2011.

Transactions with non-controlling interests that do not result in loss of control are accounted as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

h) Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between disposal proceeds and their carrying amounts are recognised in profit or loss.

i) Research and Development Costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) the intention to complete the intangible asset and use or sell it;

(iii) the ability to use or sell the intangible asset;

(iv) how the intangible asset will generate probable future economic benefits;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. The average expected life of the development projects is five (5) years.

j) Intangible Assets

Intangible assets which represent licenses, copyrights and other incidental costs incurred, are stated at cost less accumulated amortisation and impairment losses, are amortised over a period of five (5) years.

k) Financial Instruments

i) Initial recognition and measurement

Financial instruments are recognised in the financial statements when, and only when, the Group and the Company become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ii) Financial instrument categories and subsequent measurement

The Group categories financial instruments as follows:

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

a) *Financial assets at fair value through profit or loss*

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

Investment in quoted securities are designated as fair value through profit or loss on initial recognition.

b) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

c) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

d) *Available-for-sale (AFS) financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established.

Available-for-sale financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable bonds classified as AFS and financial lease receivables, objective evidence of impairment could include:

a) significant financial difficulty of the issuer or counterparty; or

b) default or delinquency in interest or principal payments; or

c) it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

d) the disappearance of an active market for that financal asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a) it has been acquired principally for the purpose of repurchasing it in the near term; or

b) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c) it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

l) Impairment of Non-Financial Assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of the assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

o) Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

p) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contigent assets and liabilities at the date of the financial statements, and the reported results during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the director's best knowledge of current events and actions, actual results may differ.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 4 above, management is of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

(i) Capitalisation of Development Expenditure

During the financial year, the directors reconsidered the recoverability of the Group's internally generated intangible assets arising from its sofware application solutions development, which is included in the consolidated statement of financial position.

The project continues to progress in a very satisfactory manner, and customer reaction has reconfirmed the directors' previous estimates of anticipated revenues from the project. However, increased competitor activity has caused the directors to reconsider their assumptions regarding future market share and anticipated margins on these products. Detailed sensitivity analysis has been carried out and the directors are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

(ii) Impairment on receivables

The Group makes impairment on receivables based on an assessment of the recoverability of trade receivables. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade receivables and doubtful debts expenses in the financial year in which such estimate has been changed.

6) DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Executive directors:				
Salaries and other emoluments	432,338	347,632	402,338	347,632
Fees	216,000	-	216,000	-
Less:				
Capitalised as development costs (Note 10)	-	(118,893)	-	(118,893)
	648,338	228,739	618,338	228,739
Non-executive directors:				
Fees	82,500	72,000	82,500	72,000
	730,838	300,739	700,838	300,739

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2012	2011
Executive directors:		
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	2	1
RM200,001 - RM250,000	-	1
RM250,001 - RM300,000	1	-
Non-executive directors:		
Below RM50,000	3	3

7) INCOME TAX EXPENSE

	GROUP 2012 RM	2011 RM	COMPANY 2012 RM	2011 RM
Estimated income tax payable	189,529	-	189,529	-

A numerical reconciliation of income tax expense and the product of the accounting profit/(loss) multiplied by the applicable statutory income tax rate is as follows:

	GROUP 2012 RM	2011 RM	COMPANY 2012 RM	2011 RM
Accounting profit/(loss)	421,557	(571,420)	363,254	(408,064)
Tax at the applicable statutory income tax rate of 25%	105,389	(142,855)	90,813	(102,016)
Tax effects in respect of:				
-different tax rates in other country	2,685	13,294	-	-
-expenses that are not deductible for tax purposes	69,439	39,860	68,866	36,433
-net deferred tax assets not recognised	46,349	89,701	29,850	65,583
-Utilisation of deferred tax assets not recognised previously	(34,333)	-	-	-
Income tax expense	189,529	-	189,529	-

8) EARNINGS/(LOSS) PER ORDINARY SHARE

Basic

The basic earnings/(loss) per ordinary share of the Group has been calculated based on the Group's profit/(loss) attributable to ordinary equity holders of the Company of RM170,613 [2011: (RM521,373)] and on the weighted average number of ordinary shares of RM0.10 each in issue during the financial year of 100,711,591 (2011: 100,001,200).

Diluted

There is no dilution in earnings/(loss) per share as the Company has no potential dilutive ordinary shares.

9) PROPERTY, PLANT AND EQUIPMENT

GROUP

	Computers RM	Office equipment, furniture and fittings RM	Motor vehicle RM	Renovation RM	Total RM
2012					
Cost					
Balance as at 1st January 2012	471,388	222,385	351,716	229,117	1,274,606
Additions	101,038	2,789	-	-	103,827
Written off	-	(5,171)	-	-	(5,171)
Balance as at 31st December 2012	572,426	220,003	351,716	229,117	1,373,262
Accumulated depreciation					
Balance as at 1st January 2012	420,728	172,802	351,716	167,686	1,112,932
Charge for the financial year	67,157	32,266	-	42,182	141,605
Balance as at 31st December 2012	487,885	205,068	351,716	209,868	1,254,537
Net book value as at 31st December 2012	84,541	14,935	-	19,249	118,725
2011					
Cost					
Balance as at 1st January 2011	468,103	221,386	351,716	229,117	1,270,322
Additions	3,285	999	-	-	4,284
Balance as at 31st December 2011	471,388	222,385	351,716	229,117	1,274,606
Accumulated depreciation					
Balance as at 1st January 2011	363,905	136,208	351,716	125,504	977,333
Charge for the financial year	56,823	36,594	-	42,182	135,599
Balance as at 31st December 2011	420,728	172,802	351,716	167,686	1,112,932
Net book value as at 31st December 2011	50,660	49,583	-	61,431	161,674

COMPANY

	Computers RM	Office equipment, furniture and fittings RM	Motor vehicle RM	Renovation RM	Total RM
2012					
Cost					
Balance as at 1st January 2012	444,680	167,277	351,716	229,117	1,192,790
Additions	97,307	2,789	-	-	100,096
Balance as at 31st December 2012	541,987	170,066	351,716	229,117	1,292,886
Accumulated depreciation					
Balance as at 1st January 2012	395,577	126,383	351,716	167,686	1,041,362
Charge for the financial year	66,478	28,748	-	42,182	137,408
Balance as at 31st December 2012	462,055	155,131	351,716	209,868	1,178,770
Net book value as at 31st December 2012	79,932	14,935	-	19,249	114,116
2011					
Cost					
Balance as at 1st January 2011	443,033	166,278	351,716	229,117	1,190,144
Additions	1,647	999	-	-	2,646
Balance as at 31st December 2011	444,680	167,277	351,716	229,117	1,192,790
Accumulated depreciation					
Balance as at 1st January 2011	338,835	96,990	351,716	125,504	913,045
Charge for the financial year	56,742	29,393	-	42,182	128,317
Balance as at 31st December 2011	395,577	126,383	351,716	167,686	1,041,362
Net book value as at 31st December 2011	49,103	40,894	-	61,431	151,428

Included in property, plant and equipment of the Group and of the Company as at 31st December 2012 are fully depreciated property, plant and equipment which are still in use, with a cost of RM1,081,619 (2011: RM623,578) and RM1,032,245 (2011: RM605,846) respectively.

10) DEVELOPMENT COSTS

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Balance as at beginning of the financial year	8,975,433	7,391,093	6,439,970	5,612,553
Additions during the financial year	550,000	1,584,340	-	827,417
Written off during the financial year	(1,028,776)	-	(179,466)	-
	8,496,657	8,975,433	6,260,504	6,439,970
Less:				
Cumulative amortisation:				
Balance as at beginning of the financial year	(4,215,050)	(3,525,812)	(3,365,739)	(2,728,054)
Charge for the financial year	(1,008,259)	(689,238)	(814,684)	(637,685)
Written off during the financial year	1,019,803	-	170,493	-
	(4,203,506)	(4,215,050)	(4,009,930)	(3,365,739)
Balance as at end of the financial year	4,293,151	4,760,383	2,250,574	3,074,231

Included in development costs of the Group and of the Company in 2011 is directors' remuneration of RM118,893.

11) INTANGIBLE ASSET

	GROUP	
	2012	2011
	RM	RM
At cost		
Balance as at beginning and end of the financial year	-	250,000
Less:		
Cumulative amortisation:		
As at beginning of the financial year	-	(237,500)
Charge for the financial year	-	(12,500)
As at end of the financial year	-	(250,000)
Net	-	-

12) INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2012	2011
	RM	RM
Unquoted shares - At cost	93,401	93,401
Less:		
Accumulated impairment loss	(67,901)	(67,901)
Net	25,500	25,500

The amount owing by subsidiaries arose mainly from trade transactions, advances given and payments made on behalf which are unsecured, interest-free and repayable on demand.

The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Equity Interest 2012 %	Equity Interest 2011 %	Principal Activities
Cworks Sdn. Bhd. (Formerly known as CWorks Mobile Sdn. Bhd.)	Malaysia	51	51	Dealing in telecommunication products and services
CWorks Systems Inc #	United States of America	51	51	Provision of computerised maintenance management systems and other information technology services such as systems integration, support services and training

The above subsidiary was audited by another firm of auditors other than auditors of the Company.

13) OTHER INVESTMENTS

	GROUP AND COMPANY	
	2012	2011
	RM	RM
Unquoted shares - At cost	19,019	19
Less:		
Accumulated impairment loss	(19)	-
Net	19,000	19

14) TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Trade receivables	3,244,034	5,318,132	2,575,130	5,092,422
Less: Allowance for doubtful debts	(1,558,820)	(3,115,457)	(1,494,623)	(3,065,742)
Net	1,685,214	2,202,675	1,080,507	2,026,680

Trade receivables comprise amounts receivable for sales of goods and services rendered. The Group's and the Company's normal trade credit terms ranges from 60 to 90 days. Other credit terms are assessed and approved on a case by case basis.

Other receivables and prepaid expenses consist of:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other receivables	1,491,629	200	726,631	200
Prepaid expenses	65,553	54,189	62,263	51,024
Refundable deposits	52,846	52,753	49,358	49,358
Deferred expenditure	37,643	937,250	-	937,250
	1,647,671	1,044,392	838,252	1,037,832

The currency profile of trade and other receivables is as follows:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Ringgit Malaysia	2,959,438	2,015,108	1,802,980	2,014,346
US Dollar	217,405	187,767	4,158	12,534
	3,176,843	2,202,875	1,807,138	2,026,880

15) CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cash and bank balance	1,818,212	127,975	1,674,804	47,248
Deposits with licensed bank	36,620	-	36,620	-
	1,854,832	127,975	1,711,424	47,248

The deposits with licensed bank of the Group and of the Company is pledged to the bank for bank guarantee facility granted during the financial year.

The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Ringgit Malaysia	1,818,000	57,098	1,711,424	47,248
US Dollar	36,832	70,877	-	-
	1,854,832	127,975	1,711,424	47,248

16) SHARE CAPITAL

	GROUP AND COMPANY No. of ordinary shares of RM0.10 each		GROUP AND COMPANY Amount	
	2012	2011	2012	2011
			RM	RM
Authorised				
Balance as at beginning and end of the year	25,000,000	25,000,000	25,000,000	25,000,000
Issued and fully paid				
Balance as at beginning of the year	100,001,200	100,001,200	10,000,120	10,000,120
Issued during the year	10,000,120	-	1,000,012	-
Balance as at end of the year	110,001,320	100,001,200	11,000,132	10,000,120

As approved by the shareholders at the Annual General Meeting held on 29th June 2012, the issued and paid-up share capital of the Company was increased from RM10,000,120 to RM11,000,132 during the financial year by the allotment of 10,000,120 new ordinary shares of RM0.10 each in the Company at an issue price of RM0.153 per new ordinary share by way of private placement.

The resultant share premium, net of share issue expenses, arising from the shares issued during the financial year of RM475,507 has been credited to the share premium account. All new ordinary shares issued rank pari-passu with the existing ordinary shares of the Company.

17) RESERVES

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non Distributable Reserves:				
Share premium	1,432,200	956,693	1,432,200	956,693
Exchange reserve	44,890	54,108	-	-
Accumulated loss	(3,900,979)	(4,071,592)	(3,259,858)	(3,433,583)
	(2,423,889)	(3,060,791)	(1,827,658)	(2,476,890)

Share premium

	GROUP AND COMPANY	
	2012	2011
	RM	RM
Balance as at beginning of financial year	956,693	956,693
Issuance of 10,000,120 new ordinary shares of RM0.10 each at a premium of RM0.053 per share	530,006	-
Share issue expenses	(54,499)	-
Balance as at end of financial year	1,432,200	956,693

Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiary.

18) TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amount outstanding for trade and ongoing costs. The average credit period granted to the Group and to the Company is 60 days.

Other payables and accrued expenses consist of:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other payables	193,322	248,108	193,322	246,107
Accrued expenses	100,663	381,932	31,049	305,354
Deferred income	130,817	147,202	-	-
Deposit received	12,639	2,309	2,309	2,309
	437,441	779,551	226,680	553,770

The currency profile of trade and other payables is as follows:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Ringgit Malaysia	198,734	238,130	198,734	236,130
US Dollar	83,919	106,906	69,140	89,523
	282,653	345,036	267,874	325,653

19) AMOUNT OWING TO DIRECTORS

The amount owing to directors, which arose mainly from advances given, is unsecured, interest-free and repayable on demand.

20) SIGNIFICANT RELATED PARTY DISCLOSURES

a) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions listed below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

Significant related party transactions undertaken during the financial year are as follows:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Sales to CWorks Systems Inc, a subsidiary	-	-	523,688	355,816
Purchases from CWorks Sdn. Bhd., a subsidiary	-	-	-	(40,267)
Sales to CWorks Sdn. Bhd., a subsidiary	-	-	46,235	1,215
Purchases from Avanzamento-Cworks Integrated Sdn. Bhd., a company in which the Company has interests	-	(527,250)	-	(527,250)

b) Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year are as follows:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Short-term employee benefits	1,426,773	1,126,957	700,838	945,051

Key management personnel are those persons having authority and responsibilitiy for planning, directing and controlling the activities of the Group, directly or indirectly. The key management personnel of the Group includes the Directors, Chief Executive Officer and Heads of Finance and Information Technology of the Group.

Included in the total key management personnel are:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Directors' remuneration	730,838	300,739	700,838	419,632

21) CAPITAL COMMITMENTS

As at 31st December 2012, the Group has the following commitments in respect of rental of office premises:

	Future minimum lease payments	
	GROUP	
	2012	2011
	RM	RM
2012	-	38,014
2013	19,565	19,309
	19,565	57,323

22) SEGMENTAL INFORMATION

Geographical segments

	Malaysia		United States of America		Consolidated Adjustment		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	RM	RM	RM	RM	RM	RM	RM	RM
REVENUE	4,342,036	4,234,098	754,370	653,564	(46,235)	(41,482)	5,050,171	4,846,180
RESULTS								
Loss from operations	(213,587)	(454,028)	(76,739)	(75,968)	(46,235)	(41,482)	(336,561)	(571,478)
Interest income							758,118	58
Profit/(Loss) before tax							421,557	(571,420)
Income tax expense							(189,529)	-
Net profit/(loss) for the financial year							232,028	(571,420)
OTHER INFORMATION								
Segment assets	13,067,350	10,132,230	261,207	253,967	(3,709,964)	(2,071,101)	9,618,593	8,315,096
Segment liabilities	2,992,321	1,841,487	1,042,640	949,443	(3,434,865)	(1,796,002)	600,096	994,928
Capital expenditure	653,827	1,588,624	-	-	-	-	653,827	1,588,624
Depreciation	140,926	135,518	679	81	-	-	141,605	135,599
Non-cash expenses other than depreciation								
Amortisation of development costs	1,008,259	689,238	-	-	-	-	1,008,259	689,238
Amortisation of intangible asset	-	12,500	-	-	-	-	-	12,500
Bad debts written off	762	53,096	64,197	8,795	-	-	64,959	61,891
Development cost written off	8,973	-	-	-	-	-	8,973	-
Impairment loss on investment	19	-	-	-	-	-	19	-
Impairment loss on trade receivables	294,350	807,340	-	-	-	-	294,350	807,340
Property, plant and equipment written off	5,171	-	-	-	-	-	5,171	-

23) EXPLANATION OF TRANSITION TO MFRSs

As mentioned in Note 2 to the Financial Statements, these are the first financial statements of the Group and the Company prepared and presented in accordance with MFRSs. The last financial statements under FRSs were for the year ended 31st December 2011 and the date of transition to MFRSs was therefore, 1st January 2011.

The accounting policies set out in Note 4 to the Financial Statements have been applied in preparing the financial statements of the Group and the Company for the year ended 31st December 2012, the comparative information presented in these financial statements for the year ended 31st December 2011 and in the preparation of the opening MFRS statement of financial position as at 1st January 2011.

24) SUPPLEMENTARY INFORMATION

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:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Total accumulated loss of the Company and its subsidiaries				
- Realised	(3,427,907)	(4,125,700)	(3,259,858)	(3,433,583)
- Unrealised	61,141	-	-	-
	(3,366,766)	(4,125,700)	(3,259,858)	(3,433,583)
Add/(Less): Consolidation adjustments	(534,213)	54,108	-	-
Total accumulated loss	(3,900,979)	(4,071,592)	(3,259,858)	(3,433,583)

LIST OF PROPERTIES
as at 31st December 2012

The Group does not own any properties as at 31st December 2012

ANALYSIS OF SHAREHOLDINGS as at 30th April 2013

SHARE CAPITAL

Authorised Share Capital	:	RM25,000,000 divided into 250,000,000 ordinary shares of RM0.10 each
Issued and Fully Paid-up Capital	:	RM11,000,132 divided into 110,001,320 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
5	Less than 100	178	*
280	100 to 1,000	55,318	0.05
275	1,001 to 10,000	1,912,600	1.74
333	10,001 to 100,000	14,038,580	12.76
115	100,001 to less than 5 % of issued shares	66,733,142	60.67
3	5% and above of the issued shares	27,261,502	24.78
1,011	**TOTAL**	**110,001,320**	**100**

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Mohamed Ridzuan bin Nor Md	14,083,900	12.80
2.	Maybank Nominees (Tempatan) Sdn Bhd *Amanahraya Investment Management Sdn Bhd for Mohamed Nizam bin Abdul Razak*	7,662,802	6.97
3.	TA Nominees (Tempatan) Sdn Bhd *Pledged securities account for Abdul Rani bin Achmed Abdullah*	5,514,800	5.01
4.	Abu Bakar Fikri bin Sulaiman	4,982,000	4.53
5.	Chuah Kee Cheng @ Chuah Kee Beng	4,700,000	4.27
6.	M & A Nominee (Asing) Sdn Bhd *Sanston Financial Group Limited for Avestra Asset Management Limited*	4,174,400	3.79
7.	Zulqaisar bin Hamidin	3,915,700	3.56
8.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt an for UOB Kay Hian Pte Ltd*	2,946,700	2.68
9.	Mustafa bin Alias	2,840,000	2.58

	Name of Shareholders	No. of Shares Held	Percentage (%)
10.	Philip a/l K. O Kunjappy	1,990,000	1.81
11.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Diong Mee*	1,648,800	1.50
12.	Yeoh Cho Kheong	1,490,000	1.35
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Meng Seng*	1,410,900	1.28
14.	Affin Nominees (Tempatan) Sdn Bhd *Pledged securities account for Chung Chee Yang (CHU0328C)*	1,300,000	1.18
15.	Philip a/l K. O Kunjappy	1,240,000	1.13
16.	Azhan bin Azmi	1,107,590	1.01
17.	Sabbir Husain bin Akbarali	1,000,000	0.91
18.	Zaini bin Zainuddin	1,000,000	0.91
19.	Lukman bin Harun	1,000,000	0.91
20.	Jamal Ubaidillah bin Ali	1,000,000	0.91
21.	Beautechnic Sdn Bhd	775,000	0.70
22.	Eh Wen a/l Nen Di	755,000	0.69
23.	M & A Nominees (Tempatan) Sdn Bhd *Pledged securities account for Andrew Tan Jun Suan*	750,000	0.68
24.	Wan Rahah binti Idris	749,000	0.68
25.	Eng Yen Nee	735,000	0.67
26.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Wan Nee (E-TCS)*	700,300	0.64
27.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB for Seraj bin Akbarally (PB)*	700,000	0.64
28.	Munirah bt Abdullah Ng	600,000	0.55
29.	Fong Pooi Yoke	600,000	0.55
30.	Tan Chui Boon	600,000	0.55
	TOTAL	71,971,892	65.44

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

		NO. OF SHARES HELD			
	NAME OF SHAREHOLDERS	DIRECT	%	INDIRECT	%
1.	Mohamed Ridzuan bin Nor Md	14,083,900	12.80	-	-
2.	Mohamed Nizam bin Abdul Razak	7,662,802	6.70	-	-
3.	Abdul Rani bin Achmed Abdullah	5,785,072	5.26	-	-

DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

		NO. OF SHARES HELD			
	NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
1.	Dato' Elias bin Abdullah Ng	-	-	-	-
2.	Abdul Rani bin Achmed Abdullah	5,785,072	5.26	-	-
3.	Azhan bin Azmi	1,107,590	1.01	-	-
4.	Ahmad Ruslan Zahari bin Zakaria	80,000	0.07	-	-
5.	Adnan bin Zainol	-	-	-	-
6.	Dato' Hjh. Safiah binti Basrah	-	-	-	-
7.	Mohamed Ridzuan bin Nor Md	14,083,900	12.80	-	-
8.	Abu Bakar Fikri bin Sulaiman	4,982,000	4.53	-	-

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of **CWORKS SYSTEMS BERHAD** will be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on **Friday, 28th June 2013** at **9.00 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31st December 2012 and the Directors' and Auditors' Reports thereon. **(Ordinary Resolution 1)**

2. To approve the payment of Directors' fees of RM298,500 in respect of the financial year ended 31st December 2012. **(Ordinary Resolution 2)**

3. To re-elect the following Directors who retire by rotation pursuant to Article 83 of the Company's Articles of Association and being eligible, offer themselves for re-election:-

   a) Dato' Elias bin Abdullah Ng **(Ordinary Resolution 3)**
   b) Encik Azhan bin Azmi **(Ordinary Resolution 4)**
   c) Encik Ahmad Ruslan Zahari bin Zakaria **(Ordinary Resolution 5)**

4. To re-appoint Messrs STYL Associates as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

5. **Proposed Retention of Independent Director**

   To retain Encik Ahmad Ruslan Zahari bin Zakaria as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012. **(Ordinary Resolution 7)**

6. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

   "**THAT**, pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company and the Directors be and are also empowered to obtain approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 8)**

7. To transact any other business of the Company for which due notice shall have been received in accordance with the Companies Act, 1965.

By Order of the Board
CWORKS SYSTEMS BERHAD

WONG KEO ROU (MAICSA 7021435)
LIM HUI LEE (MAICSA 7055378)
Company Secretaries

Kuala Lumpur
6th June 2013

Notes:-

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.*
2. *To be valid, this form, duly completed must be deposited at the Office of the Company not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).*
3. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint only one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *If the appointor is a corporation, this form must be executed under its common seal or under the hand of an attorney duly authorised.*
6. *Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 21st June 2013, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

Explanatory Notes on Special Business:-

1. ***Proposed Retention as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance 2012***

   Encik Ahmad Ruslan Zahari bin Zakaria was appointed as Independent Non-Executive Director of the Company on 11th August 2004, and will serve for nine (9) years on 11th August 2013. However, Nomination Committee had conducted an assessment of independence and had satisfied that he has met the independence guidelines set out in Chapter 1 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. Therefore, the Board considers him to be independent and believes that he should be retained as Independent Non-Executive Director.

2. *Ordinary Resolution 8 - Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965*

The proposed Ordinary Resolution 8, if passed, will renew the authority to empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the best interest of the Company ("Renewed Mandate"). This Renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

During the financial year ended 31st December 2012, the Company executed the Mandate given by the shareholders at the last Annual General Meeting held on 29th June 2012 by issuing 10,000,120 new ordinary shares at RM0.10 each in the Company pursuant to a private placement. The proceeds amounting to RM1,000,012 arising from the issuance of 10,000,120 new ordinary shares is mainly for working capital and capital expenditure requirements of the Group.

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

Descriptions	*Amount Approved RM('000)*	*Utilisation as at 31.12.2012 RM('000)*	*Balance Unutilised RM('000)*
Working capital	*1,480*	*93*	*1,387*
Share issue expenses	*50*	*46*	*4*
	1,530	*139*	*1,391*

The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects and/or working capital and/or acquisitions.

CWORKS

CWORKS SYSTEMS BERHAD (554979-T)
(Incorporated in Malaysia)

No. of Shares Held

FORM OF PROXY

I/We ………........................………
(Full Name In Block Letters)

(NRIC No/Passport No/Company Registration No.:…………………......................……………………………………...…………)

of ……………………………………………………………………………………..……………..………………….....................................
(Full Address)

being a member/members of **CWORKS SYSTEMS BERHAD**, hereby appoint ………..

…………………………………………………………………...……….NRIC No:…………………………..……...............................
(Full Name In Block Letters)

of …….……………….…...............................
(Full Address)

or failing him………………………………………………………..….NRIC No:..……………………..…………..…….................………
(Full Name In Block Letters)

of …….……………….……................……
(Full Address)

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on **Friday, 28th June 2013** at **9.00 a.m.** and at any adjournment thereof.

ORDINARY RESOLUTION		**FOR**	**AGAINST**
1.	Receive the Audited Financial Statements of the Company for the financial year ended 31st December 2012 and the Directors' and Auditors' Reports thereon		
2.	Payment of Directors' Fees		
3.	Re-election of Dato' Elias bin Abdullah Ng		
4.	Re-election of Encik Azhan bin Azmi		
5.	Re-election of Encik Ahmad Ruslan Zahari bin Zakaria		
6.	Re-Appointment of Auditors		
7.	Retention of Encik Ahmad Ruslan Zahari bin Zakaria as Independent Non-Executive Director		
8.	Authority to issue shares under Section 132D of the Companies Act, 1965		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this ………… day of ……………………….. 2013.

……………………………………….
Signature(s) of member(s)

Notes:-

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.*
2. *To be valid, this form, duly completed must be deposited at the Office of the Company not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).*
3. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint only one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *If the appointor is a corporation, this form must be executed under its common seal or under the hand of an attorney duly authorised.*
6. *Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 21st June 2013, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

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Stamp

The Company Secretary
CWorks Systems Berhad (554979-T)
10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

Fold this flap for sealing

2012