

ORION IXL BERHAD

(Formerly known as Cworks Systems Berhad)

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

Quarterly report on consolidated results for the 2nd quarter ended 30.06.2016

CONDENSED CONSOLIDATED INCOME STATEMENTS

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2016 RM('000)	30/06/2015 RM('000)	30/06/2016 RM('000)	30/06/2015 RM('000)
Revenue	814	1,071	1,705	1,717
Operating expenses	(1,121)	(1,461)	(2,927)	(3,022)
Other operating income	19	26	335	124
Loss from operations	(288)	(364)	(887)	(1,181)
Finance cost	-	-	-	-
Investing results	-	-	-	-
Loss before taxation	(288)	(364)	(887)	(1,181)
Taxation	-	-	-	-
Loss for the period	(288)	(364)	(887)	(1,181)
Attributable to:				
Equity holders of the parent	(288)	(317)	(808)	(737)
Non-controlling interests	-	(47)	(79)	(444)
	(288)	(364)	(887)	(1,181)
Loss per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.24)	(0.26)	(0.67)	(0.61)
(b) Fully diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015)

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM('000)	RM('000)	RM('000)	RM('000)
Loss for the period	(288)	(364)	(887)	(1,181)
Other comprehensive income/(loss), net of tax:				
Translation of foreign subsidiary	(48)	(22)	96	(89)
Total comprehensive loss	<u>(336)</u>	<u>(386)</u>	<u>(791)</u>	<u>(1,270)</u>
Total comprehensive loss attributable to:				
Equity holders of the parent	(336)	(339)	(712)	(826)
Non-controlling interests	-	(47)	(79)	(444)
	<u>(336)</u>	<u>(386)</u>	<u>(791)</u>	<u>(1,270)</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 30/06/2016 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2015 RM('000)
ASSETS		
Non-Current Assets		
Property, plant and equipment	118	152
Intangible assets	1,230	2,602
Other investment	50	-
Total Non-Current Assets	1,398	2,754
Current Assets		
Trade receivables	98	4,240
Other receivables and prepaid expenses	6,251	1,102
Cash and bank balances	241	967
Total Current Assets	6,590	6,309
Total Assets	7,988	9,063
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	12,100	12,100
Reserves		
<i>Accumulated Loss</i>	(7,897)	(7,089)
<i>Share Premium</i>	3,057	3,057
<i>Exchange Adjustment</i>	(243)	(339)
Equity Attributable to Owners of the Company	7,017	7,729
Non-controlling interests	-	175
TOTAL EQUITY	7,017	7,904
Non-Current Liability		
Deferred tax liability	-	372
Total Non-Current Liability	-	372
Current Liabilities		
Trade payables	522	83
Other payables and accrued expenses	449	632
Tax liabilities	-	72
Total Current Liabilities	971	787
Total Liabilities	971	1,159
Total Equity and Liabilities	7,988	9,063
Net assets per share attributable to ordinary equity holders of the parent (sen)	5.80	6.39

(The Condensed Statements of Financial Position should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2015)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

	<-----Attributable to Equity Holders of the Company----->					Non- controlling Interests	Total Equity
	Share Capital	Non- Distributable - Share Premium	Non- Distributable - Exchange Adjustment	Accumulated Loss	Total		
	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)
6 months ended 30 June 2016							
Balance as at 1 January 2016	12,100	3,057	(339)	(7,089)	7,729	175	7,904
Total comprehensive income/(loss) for the period	-	-	96	(808)	(712)	(79)	(791)
Deemed disposal of subsidiary	-	-	-	-	-	(96)	(96)
Balance as at 30 June 2016	<u>12,100</u>	<u>3,057</u>	<u>(243)</u>	<u>(7,897)</u>	<u>7,017</u>	<u>-</u>	<u>7,017</u>
6 months ended 30 June 2015							
Balance as at 1 January 2015	12,100	3,057	(82)	(5,925)	9,150	470	9,620
Total comprehensive loss for the period	-	-	(89)	(737)	(826)	(444)	(1,270)
Balance as at 30 June 2015	<u>12,100</u>	<u>3,057</u>	<u>(171)</u>	<u>(6,662)</u>	<u>8,324</u>	<u>26</u>	<u>8,350</u>

(The Condensed Statements of Changes in Equity should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2015)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	6 months ended 30.06.2016	6 months ended 30.06.2015
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(887)	(1,181)
Adjustments for:		
Amortisation of intangible assets	221	441
Depreciation of property, plant and equipment	41	41
Loss on deemed disposal of subsidiary	50	-
Impairment loss on trade receivables	59	-
Operating loss before working capital changes	(516)	(699)
Changes in working capital:		
Net change in current assets	(5,910)	(526)
Net change in current liabilities	6,704	302
Cash generated from/(used in) operating activities	278	(923)
Development cost incurred	(20)	(107)
Net cash from/(used in) operating activities	258	(1,030)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7)	(1)
Deemed disposal of subsidiary, net of cash disposed off	(1,073)	-
Net cash used in investing activities	(1,080)	(1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in deposits pledged	11	-
Net cash from financing activities	11	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(811)	(1,031)
EFFECTS OF EXCHANGE RATE CHANGES	96	(89)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	956	2,879
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A16)	241	1,759

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2015)

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Quarterly report on consolidated results for the 2nd quarter ended 30.06.2016

NOTES

A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial report has been prepared in compliance with MFRS 134, Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

A2 Significant accounting policies

The accounting policies and methods of computation adopted by the Group in the preparation of this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2015, except as follows:

Effective for financial period beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisition of Interests in Joint Operations
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Annual improvements to MFRSs 2012 - 2014 Cycle	

Effective for financial period beginning on or after 1 January 2018

MFRS 15	Revenue from Contracts with Customers
MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)

* The effective date of these Standards have been deferred, and yet to be announced by MASB.

The Group and the Company will adopt the above pronouncements where applicable when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group and of the Company upon their initial application other than the two standards described below, for which the effects of adoption are still being assessed.

(a) MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and established a five-step model that will apply to revenue recognition arising from contracts with customers as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

(b) MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard makes changes to the requirements for classification and measurement, impairment and hedge accounting. MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory.

A3 Auditors' report of preceding annual financial statements

The auditors' report on the preceding year's annual audited financial statements was not subject to any qualification.

A4 Seasonal or cyclical factors

The Group's operations were not subject to any seasonal or cyclical changes.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

A6 Material changes in estimates

There were no changes in estimates of amounts reported in prior financial years, which may have a material effect in the current financial quarter.

A7 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

A8 Dividend paid

There were no dividends paid during the current financial quarter

A9 Segment information

Segmental information is presented only in respect of the Group's geographical segments. There is no information on business segments as the Group is principally involved in software development.

GEOGRAPHICAL SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2016 RM('000)	30/06/2015 RM('000)	30/06/2016 RM('000)	30/06/2015 RM('000)
REVENUE				
Malaysia	648	880	1,414	1,343
United States of America	166	191	291	374
	<u>814</u>	<u>1,071</u>	<u>1,705</u>	<u>1,717</u>
PROFIT/(LOSS) BEFORE TAXATION				
Malaysia	(290)	(321)	(845)	(1,140)
United States of America	2	(43)	(42)	(41)
	<u>(288)</u>	<u>(364)</u>	<u>(887)</u>	<u>(1,181)</u>

A10 Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment.

A11 Material events subsequent to the end of the quarter

There were no material events subsequent to the current financial quarter ended 30 June 2016 up to the date of this report which, is likely to substantially affect the results of the operations of the Group.

A12 Changes in the composition of the Group

Following the increase in issued and paid-up capital of CWorks Sdn Bhd ("CSB") on 20 April 2016, by way of subscription of 100,000 ordinary shares at RM1.00 per share ("**Shares Subscription**") by Encik Rohizan @ Rohaizan bin Abdullah, Operation Manager and existing shareholder of CSB as Management Buy in, the Company's equity shareholding has reduced from 51% to 17%.

A13 Contingent liabilities

There were no contingent liabilities as at the date of this announcement.

A14 Capital commitments

There were no capital commitments as at the date of this announcement.

A15 Significant related party transactions

There were no significant related party transactions as at the date of this announcement.

A16 Cash and cash equivalents

	30.06.2016 RM('000)	30.06.2015 RM('000)
Cash and bank balances	241	1,759
Deposits with licensed banks	-	10
	<u>241</u>	<u>1,769</u>
Less: Deposits pledged as security	-	(10)
	<u>241</u>	<u>1,759</u>

A17 Notes to the Statements of Comprehensive Income

	INDIVIDUAL QUARTER 30 June 2016 RM('000)	CUMULATIVE QUARTER 30 June 2016 RM('000)
Loss before taxation is arrived at after charging/(crediting):		
Amortisation of development costs	-	221
Audit fee	22	44
Depreciation of property, plant and equipment	20	41
Directors' remuneration - Fee	15	84
-Other emoluments	124	245
Impairment loss on trade receivables	-	59
Loss on deemed disposal of subsidiary	50	50
(Gain)/Loss on foreign exchange	(33)	65
Rental of office premises	53	112
Bad debts recovery	-	(314)
	<u> </u>	<u> </u>

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET**B1 Analysis of performance**

The Group recorded a turnover of approximately RM0.81 million for the current financial quarter, this represents a reduction of approximately 24% as compared to the same corresponding financial quarter in 2015 ("Q2 2015). The reduction was mainly due to disposal of subsidiary for the current financial quarter as compared to Q2 2015.

Despite the Group recorded a lower turnover, the Group registered lower loss before taxation of RM0.29 million as compared to a loss before taxation of RM0.36 million registered in Q2 2015. The lower loss before taxation mainly due to disposal of loss making subsidiary during the current financial quarter.

B2 Variation of results against preceding quarter

	Current quarter 30 June 2016 RM'000	Preceding quarter 31 March 2016 RM'000
Revenue	814	891
Profit/(Loss) before tax	(288)	(599)

The Group recorded a turnover of approximately RM0.81 million for the current financial quarter, this represents a reduction of approximately 9% as compared to the preceding financial quarter ("Q1 2016) mainly due to disposal of subsidiary for the current financial quarter. Despite the Group recorded a lower turnover, the Group registered lower loss before taxation of RM0.29 million as compared to a loss before taxation of RM0.6 million registered in Q1 2016. The lower loss before taxation mainly due to disposal of loss making subsidiary during the current financial quarter.

B3 Prospects

Facility management as an industry has been growing with demand for maintenance of current buildings and backlog maintenance is steadying as focus moves to it. However, contract negotiations is still longer as the market matures further with increasing needs such as sustainability and cost effectiveness. These will add volatility in the near to mid term to the Group's revenue. The Group continues to seek to reduce this volatility through more projects but this volatility provides a challenging year ahead for the Group.

B4 Profit forecast and profit guarantee

The Group did not announce any profit forecast nor profit guarantee during the financial quarter.

B5 Taxation

No provision for income tax has been made for the Company and its subsidiary as the Company and its subsidiary have been incurred losses for the current quarter.

B6 Unquoted investments and properties

There were no acquisitions or disposals of unquoted investments and properties for the financial quarter under review.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities for the financial quarter under review.

B8 Status of corporate proposals**Proposed private placement**

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

Bursa Securities had, vide its letter dated 11 March 2016, approved the listing of and quotation for up to 12,100,100 Placement Shares to be issued pursuant to the Proposed Private Placement.

The above Proposed Private Placement was completed following the listing and quotation of the above Placement Shares on the ACE Market of Bursa Malaysia Securities Berhad on 26 July 2016.

B9 Group's borrowings and debt securities

There were no borrowings and debt securities for the financial quarter under review.

B10 Off balance sheet financial instruments

There were no financial instruments with off-balance sheet risk as at the date of this announcement applicable to the Group.

B11 Material litigations

There were no material litigations pending at the date of this announcement.

B12 Dividends

No dividend has been declared in respect of the financial period under review.

B13 Loss per share

a. Basic loss per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 30/06/2016 RM('000)	PRECEDING YEAR 30/06/2015 RM('000)	CURRENT YEAR 30/06/2016 RM('000)	PRECEDING YEAR 30/06/2015 RM('000)
Loss attributable to ordinary equity holders of the parent	<u>(288)</u>	<u>(317)</u>	<u>(808)</u>	<u>(737)</u>
Weighted average number of ordinary shares in issue ('000)	<u>121,001</u>	<u>121,001</u>	<u>121,001</u>	<u>121,001</u>
Basic loss per share (sen)	<u>(0.24)</u>	<u>(0.26)</u>	<u>(0.67)</u>	<u>(0.61)</u>

b. Diluted loss per share

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

B14 REALISED AND UNREALISED PROFITS/(LOSSES) DISCLOSURE

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

	AS AT END OF CURRENT YEAR QUARTER 30/06/2016 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2015 RM('000)
Total cumulated gain/(loss) of the Company and its subsidiaries:		
Unrealised	5	16
Realised	(7,889)	(6,538)
	<u>(7,884)</u>	<u>(6,522)</u>
Add: Consolidated adjustments	(13)	(567)
Total cumulated loss	<u>(7,897)</u>	<u>(7,089)</u>

By Order of the Board

Wong Yuet Chyn (MAICSA 7047163)
Secretary

Kuala Lumpur

Date: 30 August 2016