

ORION IXL BERHAD

(Formerly known as Cworks Systems Berhad)

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

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2016

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
	30/09/2016 RM('000)	30/09/2015 RM('000)	30/09/2016 RM('000)	30/09/2015 RM('000)
Revenue	686	853	2,391	2,570
Operating expenses	(1,141)	(1,465)	(4,068)	(4,487)
Other operating income	-	286	335	410
Loss from operations	(455)	(326)	(1,342)	(1,507)
Finance cost	-	-	-	-
Investing results	-	-	-	-
Loss before taxation	(455)	(326)	(1,342)	(1,507)
Taxation	-	-	-	-
Loss for the period	(455)	(326)	(1,342)	(1,507)
Attributable to:				
Equity holders of the parent	(455)	(300)	(1,263)	(1,037)
Non-controlling interests	-	(26)	(79)	(470)
	(455)	(326)	(1,342)	(1,507)
Loss per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.35)	(0.25)	(1.02)	(0.86)
(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
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM('000)	RM('000)	RM('000)	RM('000)
Loss for the period	(455)	(326)	(1,342)	(1,507)
Other comprehensive income/(loss), net of tax:				
Translation of foreign subsidiary	(39)	(202)	57	(291)
Total comprehensive loss	<u>(494)</u>	<u>(528)</u>	<u>(1,285)</u>	<u>(1,798)</u>
Total comprehensive loss attributable to:				
Equity holders of the parent	(494)	(502)	(1,206)	(1,328)
Non-controlling interests	-	(26)	(79)	(470)
	<u>(494)</u>	<u>(528)</u>	<u>(1,285)</u>	<u>(1,798)</u>

(The Condensed Consolidated Statements of Comprehensive Income 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 FINANCIAL POSITION

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 30/09/2016 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2015 RM('000)
ASSETS		
Non-Current Assets		
Property, plant and equipment	113	152
Intangible assets	1,230	2,602
Other investment	50	-
Total Non-Current Assets	1,393	2,754
Current Assets		
Trade receivables	116	4,240
Other receivables and prepaid expenses	6,296	1,102
Cash and bank balances	2,798	967
Total Current Assets	9,210	6,309
Total Assets	10,603	9,063
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	13,310	12,100
Reserves		
<i>Accumulated Loss</i>	(8,352)	(7,089)
<i>Share Premium</i>	4,858	3,057
<i>Exchange Adjustment</i>	(282)	(339)
Equity Attributable to Owners of the Company	9,534	7,729
Non-controlling interests	-	175
TOTAL EQUITY	9,534	7,904
Non-Current Liability		
Deferred tax liability	-	372
Total Non-Current Liability	-	372
Current Liabilities		
Trade payables	597	83
Other payables and accrued expenses	472	632
Tax liabilities	-	72
Total Current Liabilities	1,069	787
Total Liabilities	1,069	1,159
Total Equity and Liabilities	10,603	9,063
Net assets per share attributable to ordinary equity holders of the parent (sen)	7.16	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 RM('000)	Non- Distributable - Share Premium RM('000)	Non- Distributable - Exchange Adjustment RM('000)	Accumulated Loss RM('000)	Total RM('000)	RM('000)
9 months ended 30 September 2016						
Balance as at 1 January 2016	12,100	3,057	(339)	(7,089)	7,729	7,904
Issuance of shares by way of private placement, net of share issuance expenses	1,210	1,801	-	-	3,011	3,011
Total comprehensive income/(loss) for the period	-	-	57	(1,263)	(1,206)	(1,285)
Deemed disposal of subsidiary	-	-	-	-	-	(96)
Balance as at 30 September 2016	13,310	4,858	(282)	(8,352)	9,534	9,534
9 months ended 30 September 2015						
Balance as at 1 January 2015	12,100	3,057	(82)	(5,925)	9,150	9,620
Total comprehensive loss for the period	-	-	(291)	(1,037)	(1,328)	(1,798)
Balance as at 30 September 2015	12,100	3,057	(373)	(6,962)	7,822	7,822

(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)

	9 months ended 30.09.2016	9 months ended 30.09.2015
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,342)	(1,507)
Adjustments for:		
Amortisation of intangible assets	221	662
Depreciation of property, plant and equipment	63	61
Loss on deemed disposal of subsidiary	50	-
Impairment loss on trade receivables	59	-
Operating loss before working capital changes	(949)	(784)
Changes in working capital:		
Net change in current assets	(5,974)	(961)
Net change in current liabilities	6,803	520
Cash used in operating activities	(120)	(1,225)
Tax paid	-	(85)
Development cost incurred	(20)	(194)
Net cash used in operating activities	(140)	(1,504)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(24)	(5)
Deemed disposal of subsidiary, net of cash disposed off	(1,073)	-
Net cash used in investing activities	(1,097)	(5)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares by way of private placement, net of share issuance expenses	3,011	-
Decrease in deposits pledged	11	-
Net cash from financing activities	3,022	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,785	(1,509)
EFFECTS OF EXCHANGE RATE CHANGES	57	(291)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	956	2,879
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	2,798	1,079

(Note A16)

(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 3rd quarter ended 30.09.2016

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
	30/09/2016 RM('000)	30/09/2015 RM('000)	30/09/2016 RM('000)	30/09/2015 RM('000)
REVENUE				
Malaysia	500	630	1,914	1,973
United States of America	186	223	477	597
	<u>686</u>	<u>853</u>	<u>2,391</u>	<u>2,570</u>
LOSS BEFORE TAXATION				
Malaysia	(430)	(254)	(1,275)	(1,394)
United States of America	(25)	(72)	(67)	(113)
	<u>(455)</u>	<u>(326)</u>	<u>(1,342)</u>	<u>(1,507)</u>

A10 Valuation of property, plant and equipment

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

A11 Material events subsequent to the end of the quarter

There were no material events subsequent to the current financial quarter ended 30 September 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

There were no changes in the composition of the Group for the current financial quarter.

A13 Contingent liabilities

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

A14 Capital commitments

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

A15 Significant related party transactions

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

A16 Cash and cash equivalents

	30.09.2016 RM('000)	30.09.2015 RM('000)
Cash and bank balances	2,798	1,079
Deposits with licensed banks	-	10
	<u>2,798</u>	<u>1,089</u>
Less: Deposits pledged as security	-	(10)
	<u>2,798</u>	<u>1,079</u>

A17 Notes to the Statements of Comprehensive Income

	INDIVIDUAL QUARTER 30 September 2016 RM('000)	CUMULATIVE QUARTER 30 September 2016 RM('000)
Loss before taxation is arrived at after charging/(crediting):		
Amortisation of development costs	-	221
Audit fee	(20)	24
Depreciation of property, plant and equipment	22	63
Directors' remuneration - Fee	18	102
-Other emoluments	44	289
Impairment loss on trade receivables	-	59
Loss on deemed disposal of subsidiary	-	50
(Gain)/Loss on foreign exchange	(27)	38
Rental of office premises	45	157
Bad debts recovery	-	(314)

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 RM0.69 million for the current financial quarter, this represents a reduction of approximately 20% as compared to the same corresponding financial quarter in 2015 ("Q3 2015). The reduction was mainly due to lower sales generated from its operations both in Malaysia and United States of America ("USA") for the current financial quarter as compared against Q3 2015.

In line with the lower revenue in the current quarter as compared to Q3 2015, the Group registered higher loss before taxation of RM0.46 million as compared to a loss before taxation of RM0.33 million registered in Q3 2015.

B2 Variation of results against preceding quarter

	Current quarter 30 September 2016 RM'000	Preceding quarter 30 June 2016 RM'000
Revenue	686	814
Loss before tax	(455)	(288)

The Group recorded a turnover of approximately RM0.69 million for the current financial quarter, this represents a reduction of approximately 16% as compared to the preceding financial quarter ("Q2 2016) mainly due to lower sales generated from its operations in Malaysia for the current financial quarter. In line with the lower revenue, the Group registered higher loss before taxation of RM0.46 million as compared to a loss before taxation of RM0.29 million registered in Q2 2016.

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**1) Private placement**

On behalf of the Company, M & A Securities Sdn Bhd ("M & A Securities") 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 ("Private Placement"). The listing application for the Placement Shares to be issued pursuant to the 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 Private Placement.

The above 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.

The utilisation of proceeds from the above Private Placement as at 30 September 2016 is as follows:

Descriptions	Proposed Utilisation RM('000)	Actual Utilisation as at 30.09.2016 RM('000)	Balance Unutilised as at 30.09.2016 RM('000)
Product development	3,056	307	2,749
Working capital	-	-	-
Expenses for the private placement	150	196	(46)
	<u>3,206</u>	<u>503</u>	<u>2,703</u>

The original utilisation of the Private Placement proceeds was for product development of a new software system for stock maintenance. As announced on 5 February 2016, the Company had secured a contract to design, supply, install and maintain a computerized stock management system ("System"). However, the Company was unable to agree on the detailed specifications of the System and the contract for the development of the System was terminated on 9 November 2016. Following the termination of the contract, the Board is of the opinion that it will defer its development activities on the System and to concentrate on growing its core business in the computerised maintenance management systems ("CMMS").

As announced on 17 October 2016, the Company intends to further expand their CMMS business through the acquisition of the entire equity interest of ASAP Berhad, a company that is also involved in the provision of software solutions for asset and facility management. As such, the Board of Directors of the Company had on 22 November 2016 resolved to revise the utilisation of the balance of the unutilised proceeds for its working capital purposes.

2) Multiple Proposals

On behalf of the Board, M&A Securities wishes to announce that the Company had on 17 October 2016 entered into a share sale agreement ("SSA") with Dato" Paduka Mohamad Sharaff bin Haji Mohamad Shariff, Prabuddha Kumar Pronob Chakraverty and Lilibeth Gamboa Belinario (collectively, the "Vendors") for the acquisition of the entire equity interest in ASAP Berhad ("ASAP") for a total purchase consideration of RM73,000,000 ("Purchase Consideration") ("Proposed Acquisition").

In conjunction with the Proposed Acquisition, the Company proposes to undertake the following corporate proposals:-

- (i) Proposed rights issue of 266,202,840 new ordinary shares of RM0.10 each in the Company ("Orion Shares") ("Rights Shares") together with up to 133,101,420 free detachable warrants ("Warrants") at an indicative issue price of RM0.17 per Rights Share on the basis of two (2) Rights Shares for every one (1) existing Orion Share held at an entitlement date to be determined later ("Entitlement Date") together with one (1) free Warrant for every two (2) Rights Share subscribed ("Proposed Rights Issue with Warrants")
- (ii) Proposed increase in the authorised share capital of the Company from RM25,000,000 comprising 250,000,000 Orion Shares to RM100,000,000 comprising 1,000,000,000 Orion Shares ("Proposed IASC"); and
- (iii) Proposed amendment to the Memorandum & Articles of Association of the Company in order to facilitate the Proposed IASC ("Proposed Amendment").

(Collectively, the "Proposals")

The Group have been making losses in the past 2 financial years. The Board views the Proposed Acquisition as an opportunity for the Group to bolster its earnings stream and market share in the CMMS business through the acquisition of ASAP - a company that possesses a successful business model with a proven track record and good prospects for growth.

As both the the Group and ASAP provide solutions of similar nature, the Proposed Acquisition will allow the Group and ASAP to explore the potential of harnessing each other's technology, expertise and client base. The Proposed Acquisition is expected to contribute positively to the future earnings of the Group and address the financial condition of the Group.

The above Proposals are still on-going as at the date of this announcement.

B9 Group's borrowings and debt securities

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

B10 Off balance sheet financial instruments

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

B11 Material litigations

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

B12 Dividends

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

B13 Loss per share

a. Basic loss per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 30/09/2016 RM('000)	PRECEDING YEAR 30/09/2015 RM('000)	CURRENT YEAR 30/09/2016 RM('000)	PRECEDING YEAR 30/09/2015 RM('000)
Loss attributable to ordinary equity holders of the parent	<u>(455)</u>	<u>(300)</u>	<u>(1,263)</u>	<u>(1,037)</u>
Weighted average number of ordinary shares in issue ('000)	<u>129,945</u>	<u>121,001</u>	<u>124,004</u>	<u>121,001</u>
Basic loss per share (sen)	<u>(0.35)</u>	<u>(0.25)</u>	<u>(1.02)</u>	<u>(0.86)</u>

b. Diluted loss per share

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

B14 REALISED AND UNREALISED PROFITS/(LOSSES) DISCLOSURE

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

	AS AT END OF CURRENT YEAR QUARTER 30/09/2016 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2015 RM('000)
Total cumulated gain/(loss) of the Company and its subsidiaries:		
Unrealised	6	16
Realised	<u>(8,345)</u>	<u>(6,538)</u>
Add: Consolidated adjustments	<u>(13)</u>	<u>(567)</u>
Total cumulated loss	<u>(8,352)</u>	<u>(7,089)</u>

By Order of the Board

Wong Yuet Chyn (MAICSA 7047163)
Secretary

Kuala Lumpur

Date: 25 November 2016