

ORION IXL BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 1st quarter ended 31.03.2017

CONDENSED CONSOLIDATED INCOME STATEMENTS

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	726	891	726	891
Operating expenses	(1,045)	(1,806)	(1,045)	(1,806)
Other operating income	46	316	46	316
Loss from operations	(273)	(599)	(273)	(599)
Finance cost	-	-	-	-
Investing results	-	-	-	-
Loss before taxation	(273)	(599)	(273)	(599)
Taxation	-	-	-	-
Loss for the period	<u>(273)</u>	<u>(599)</u>	<u>(273)</u>	<u>(599)</u>
Attributable to:				
Equity holders of the parent	(261)	(520)	(261)	(520)
Non-controlling interests	(12)	(79)	(12)	(79)
	<u>(273)</u>	<u>(599)</u>	<u>(273)</u>	<u>(599)</u>
Loss per share attributable to equity holders of the parent (Sen)				
(a) Basic	(0.20)	(0.43)	(0.20)	(0.43)
(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 2016)

ORION IXL BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 1st quarter ended 31.03.2017

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM('000)	RM('000)	RM('000)	RM('000)
Loss for the period	(273)	(599)	(273)	(599)
Other comprehensive income, net of tax:				
Translation of foreign subsidiary	11	144	11	144
Total comprehensive loss	<u>(262)</u>	<u>(455)</u>	<u>(262)</u>	<u>(455)</u>
Total comprehensive loss attributable to:				
Equity holders of the parent	(250)	(376)	(250)	(376)
Non-controlling interests	<u>(12)</u>	<u>(79)</u>	<u>(12)</u>	<u>(79)</u>
	<u>(262)</u>	<u>(455)</u>	<u>(262)</u>	<u>(455)</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

ORION IXL BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 1st quarter ended 31.03.2017

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 31/03/2017 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2016 RM('000)
ASSETS		
Non-Current Assets		
Property, plant and equipment	73	89
Intangible assets	1,146	1,209
Other receivable	2,949	2,949
Other investment	26	26
Total Non-Current Assets	4,194	4,273
Current Assets		
Trade receivables	784	469
Other receivables and prepaid expenses	2,897	3,406
Cash and bank balances	2,351	2,405
Total Current Assets	6,032	6,280
Total Assets	10,226	10,553
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	18,168	13,310
Reserves		
<i>Accumulated Loss</i>	(8,465)	(8,204)
<i>Share Premium</i>	-	4,858
<i>Exchange Adjustment</i>	(399)	(410)
Equity Attributable to Owners of the Company	9,304	9,554
Non-controlling interests	(520)	(508)
TOTAL EQUITY	8,784	9,046
Current Liabilities		
Trade payables	8	7
Other payables and accrued expenses	1,434	1,500
Tax liabilities	-	-
Total Current Liabilities	1,442	1,507
Total Liabilities	1,442	1,507
Total Equity and Liabilities	10,226	10,553
Net assets per share attributable to ordinary equity holders of the parent (sen)	6.99	7.18

(The Condensed Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

ORION IXL BERHAD

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

Quarterly report on consolidated results for the 1st quarter ended 31.03.2017

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)
3 months ended 31 March 2017						
Balance as at 1 January 2017	13,310	4,858	(410)	(8,204)	9,554	9,046
Adjustments for effects of Companies Act 2016 [Note (a)]	4,858	(4,858)	-	-	-	-
Total comprehensive loss for the period	-	-	11	(261)	(250)	(262)
Balance as at 31 March 2017	18,168	-	(399)	(8,465)	9,304	8,784
3 months ended 31 March 2016						
Balance as at 1 January 2016	12,100	3,057	(339)	(7,089)	7,729	7,904
Total comprehensive loss for the period	-	-	144	(520)	(376)	(455)
Balance as at 31 March 2016	12,100	3,057	(195)	(7,609)	7,353	7,449

Note (a)

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account of RM4,858,284 has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amount being transferred from share premium account within 24 months after the commencement of the New Act.

(The Condensed Statements of Changes in Equity should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2016)

ORION IXL BERHAD

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

Quarterly report on consolidated results for the 1st quarter ended 31.03.2017

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(These figures have not been audited)

	3 months ended 31.03.2017	3 months ended 31.03.2016
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(273)	(599)
Adjustments for:		
Amortisation of intangible assets	62	221
Depreciation of property, plant and equipment	17	21
Impairment loss on trade receivables	-	59
Operating loss before working capital changes	(194)	(298)
Changes in working capital:		
Net change in current assets	192	107
Net change in current liabilities	(52)	386
Net cash from/(used in) operating activities	(54)	195
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(3)
Net cash used in investing activities	-	(3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in deposits pledged	-	11
Net cash from financing activities	-	11
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(54)	203
EFFECTS OF EXCHANGE RATE CHANGES	-	144
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,405	956
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(Note A16) 2,351	1,303

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016)

ORION IXL BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 1st quarter ended 31.03.2017

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 2016.

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 2016, except as follows:

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 107	Disclosures Initiatives
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 12	Annual Improvements to MFRSs 2014 - 2016 Cycle

The adoption of the above does not have a material impact on the financial statements of the Group in the period of initial application

At the date of authorisation of this unaudited interim financial statements, the following MFRSs and IC interpretation have been issued by the MASB but are not yet effective and have not been adopted by the Group:

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 15	Clarification to MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 128	Annual Improvements to MFRSs 2014 - 2016 Cycle
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
---------	--------

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
------------------------------------	---

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

MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

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, establish a more principle-based approach to hedge accounting and address 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. The impact of the adoption of this Standard in relation to the new requirements for classification and measurement and impairment are still being assessed, but the requirements for hedge accounting is not relevant to the Group and the Company.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace and supersede MFRS 111 Construction contracts, MFRS 118 Revenue, IC 13 Customer Loyalty Programmes, IC 15 Agreements for the Construction of Real Estate, IC 18 Transfers of Assets from Customers and IC 31 Revenue - Barter Transactions Involving Advertising Services. The application of MFRS 15 may result in difference in timing of revenue recognition as compared with current accounting policies.

The Group and the Company is currently assessing the impact to the financial statements upon adopting MFRS 15, and will adopt MFRS 15 on the mandatory effective date.

MFRS 16 Leases

Currently under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the former but not the latter. As a result, many users have resorted to adjust the lessees' financial statements for the effects of operating leases commitments to enable comparison with entities that borrow to buy assets.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position as recording certain leases as off- balance sheet leases will no longer be allowed except for some limited practical exemptions. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its statement of financial position are expected to increase substantially.

The Group and the Company is currently assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

A3 Auditors' report of preceding annual financial statements

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

A4 Seasonal or cyclical factors

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

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

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

A6 Material changes in estimates

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

A7 Debt and equity securities

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

A8 Dividend paid

There were no dividends paid during the current financial quarter

A9 Segment information

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

GEOGRAPHICAL SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	31/03/2017	QUARTER	31/03/2017	PERIOD
	RM('000)	31/03/2016	RM('000)	31/03/2016
		RM('000)	RM('000)	RM('000)
REVENUE				
Malaysia	540	766	540	766
United States of America	186	125	186	125
	<u>726</u>	<u>891</u>	<u>726</u>	<u>891</u>
LOSS BEFORE TAXATION				
Malaysia	(249)	(555)	(249)	(555)
United States of America	(24)	(44)	(24)	(44)
	<u>(273)</u>	<u>(599)</u>	<u>(273)</u>	<u>(599)</u>

A10 Valuation of property, plant and equipment

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

A11 Material events subsequent to the end of the quarter

There were no material events subsequent to the current financial quarter ended 31 March 2017 up to the date of this report which, is likely to substantially affect the results of the operations of the Group.

A12 Changes in the composition of the Group

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

A13 Contingent liabilities

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

A14 Capital commitments

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

A15 Significant related party transactions

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

A16 Cash and cash equivalents

	31.03.2017 RM('000)	31.03.2016 RM('000)
Cash and bank balances	<u>2,351</u>	<u>1,303</u>

A17 Notes to the Statements of Comprehensive Income

	INDIVIDUAL QUARTER 31 March 2017 RM('000)	CUMULATIVE QUARTER 31 March 2017 RM('000)
Loss before taxation is arrived at after charging/(crediting):		
Amortisation of development costs	62	62
Audit fee	22	22
Depreciation of property, plant and equipment	17	17
Directors' remuneration - Fee	63	63
Rental of office premises	55	55
Rental income	<u>46</u>	<u>46</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 RM0.73 million for the current financial quarter, this represents a reduction of approximately 19% as compared to the same corresponding financial quarter in 2016 ("Q1 2016). The reduction was mainly due to lower sales generated from its operations in Malaysia for the current financial quarter as compared against Q1 2016.

Despite the lower revenue in the current quarter as compared to Q1 2016, the Group registered a lower loss before taxation of RM0.27 million as compared to a loss before taxation of RM0.60 million registered in Q1 2016, mainly due to lower operating costs such as lower staff costs, directors' remuneration, amortisation of development costs and other general operating expenses.

B2 Variation of results against preceding quarter

	Current quarter 31 March 2017 RM'000	Preceding quarter 31 December 2016 RM'000
Revenue	726	971
Loss before tax	(273)	(728)

The Group recorded a turnover of approximately RM0.73 million for the current financial quarter, this represents a reduction of approximately 25% as compared to the preceding financial quarter ("Q4 2016) mainly due to lower sales generated from its operations in United States of America for the current financial quarter. Despite lower revenue, the Group registered lower loss before taxation of RM0.27 million as compared to a loss before taxation of RM0.73 million registered in Q4 2016, mainly due to better gross profit margin and lower staff costs registered during the financial quarter.

B3 Prospects

The Group has embarked on a corporate exercise to acquire ASAP Berhad, a company also involved in the computerised maintenance management system ("CMMS"), to complement the Group's business and to enhance the Group's market share in the CMMS market. The acquisition is expected to improve the Group's profitability which will in turn improve shareholders' value.

The CMMS market in Malaysia is still growing. There is increased awareness among the users on the importance of business applications such as CMMS. CMMS is an effective means for increasing productivity via an effective maintenance management. Moving forward, the advancement in technology, sustained economic growth, rapidly growing digital population and increasing importance of technology in business operations and replacement of physical functions with virtual possibilities are the main driver of the industry.

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, 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 Private Placement was approved by Bursa Securities on 11 March 2016 and was completed on 26 July 2016.

Further on 22 November 2016, the Company announced to revise the utilisation of proceeds from the Private Placement.

The status of the utilisation of proceeds from the Private Placement as at 31 March 2017 is as follows:

Descriptions	Revised Utilisation RM('000)	Actual Utilisation as at 31.03.2017 RM('000)	Balance Unutilised as at 31.03.2017 RM('000)
Product development	307	307	-
Working capital	2,703	1,606	1,097
Expenses for the private placement	196	196	-
	<u>3,206</u>	<u>2,109</u>	<u>1,097</u>

2) Multiple Proposals

On 17 October 2016 and 31 March 2017, on behalf of the Company, M&A Securities announced that the Company entered into a share sale agreement with Dato" Paduka Mohamad Sharaff bin Haji Mohamad Shariff, Prabuddha Kumar Pronob Chakraverty and Lilbeth Gamboa Belinario for the acquisition of the entire equity interest in ASAP Berhad ("ASAP") for a total purchase consideration of RM73,000,000 ("Acquisition").

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

Rights issue of 465,854,970 new ordinary shares of RM0.10 each in the Company ("Orion Shares") ("Rights Shares") together with up to 232,927,485 free detachable warrants ("Warrants") at an indicative issue price of RM0.17 per Rights Share on the basis of seven (7) Rights Shares for every two (2) existing Orion Shares held at an entitlement date to be determined later together with one (1) free Warrant for every two (2) Rights Share subscribed.

(Collectively, the "Proposals")

ASAP is company involved in the CMMS business with a proven track record. The Board views the Acquisition as an opportunity for the Group to improve its profitability and market share in the CMMS business. As both the Group and ASAP provide solutions of similar nature, the Acquisition will allow the Group and ASAP to explore the potential of harnessing each other's technology, expertise and client base. The Acquisition is expected to contribute positively to the future earnings of the Group and address the financial condition of the Group.

The above Proposals were approved by Bursa Securities as announced on 4 May 2017 and is currently pending shareholders' approval at Extraordinary General Meeting to be held on 30 May 2017.

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 31/03/2017 RM('000)	PRECEDING YEAR 31/03/2016 RM('000)	CURRENT YEAR 31/03/2017 RM('000)	PRECEDING YEAR 31/03/2016 RM('000)
Loss attributable to ordinary equity holders of the parent	<u>(261)</u>	<u>(520)</u>	<u>(261)</u>	<u>(520)</u>
Weighted average number of ordinary shares in issue ('000)	<u>133,101</u>	<u>121,001</u>	<u>133,101</u>	<u>121,001</u>
Basic loss per share (sen)	<u>(0.20)</u>	<u>(0.43)</u>	<u>(0.20)</u>	<u>(0.43)</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 Securities Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities are as follow:

	AS AT END OF CURRENT YEAR QUARTER 31/03/2017 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2016 RM('000)
Total cumulated loss of the Company and its subsidiaries:		
Unrealised	-	-
Realised	(8,465)	(8,204)
Total cumulated loss	<u>(8,465)</u>	<u>(8,204)</u>

By Order of the Board

Wong Yuet Chyn (MAICSA 7047163)
Secretary

Kuala Lumpur

Date: 24 May 2017