

ORION IXL BERHAD

(Company No: 554979-T)

(Incorporated in Malaysia)

Unaudited Interim Financial Report for the 4th Quarter ended 30 June 2020

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	PRECEDING YEAR CORRESPONDING PERIOD	PRECEDING YEAR CORRESPONDING PERIOD
		30/06/2020 RM('000)	30/06/2019 RM('000)	30/06/2020 RM('000)	30/06/2019 RM('000)
Revenue	A9	7,080	223	8,653	5,697
Operating expenses		(9,674)	(2,279)	(13,173)	(6,005)
Other operating income		183	51	282	2,238
Profit/(Loss) from operations		(2,411)	(2,005)	(4,238)	1,930
Finance cost		(33)	-	(69)	-
Share of results of associate		755	(208)	375	(293)
Profit/(Loss) before taxation	A9	(1,689)	(2,213)	(3,932)	1,637
Taxation	B5	-	-	-	-
Profit/(Loss) for the period		<u>(1,689)</u>	<u>(2,213)</u>	<u>(3,932)</u>	<u>1,637</u>
Attributable to:					
Equity holders of the parent		(1,689)	(2,205)	(3,932)	1,646
Non-controlling interests		-	(8)	-	(9)
		<u>(1,689)</u>	<u>(2,213)</u>	<u>(3,932)</u>	<u>1,637</u>
Earnings/(Loss) per share attributable to equity holders of the parent (Sen)					
(a) Basic	B13	(0.24)	(0.33)	(0.56)	0.27
(b) Fully diluted	B13	N/A	N/A	N/A	N/A

Note:

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the period ended 30 June 2019 and the accompanying notes to the quarterly report.

ORION IXL BERHAD

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

Unaudited Interim Financial Report for the 4th Quarter ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	PRECEDING YEAR CORRESPONDING PERIOD	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM('000)	RM('000)	RM('000)	RM('000)
Profit/(Loss) for the period	(1,689)	(2,213)	(3,932)	1,637
Other comprehensive income/(loss), net of tax:				
Fair value adjustment	3	(50)	5	(27)
Translation of foreign subsidiary	73	(7)	(24)	(15)
Total comprehensive income/(loss)	<u>(1,613)</u>	<u>(2,270)</u>	<u>(3,951)</u>	<u>1,595</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	(1,613)	(2,262)	(3,951)	1,604
Non-controlling interests	-	(8)	-	(9)
	<u>(1,613)</u>	<u>(2,270)</u>	<u>(3,951)</u>	<u>1,595</u>

Note:

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the period ended 30 June 2019 and the accompanying notes to the quarterly report.

ORION IXL BERHAD

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Unaudited Interim Financial Report for the 4th Quarter ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	(UNAUDITED)	(AUDITED)
	AS AT 30 JUNE 2020	AS AT 30 JUNE 2019
	RM('000)	RM('000)
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,744	2,165
Intangible assets	9,401	5,041
Right-of-use assets	699	-
Investment in associate	-	9,717
Other investment	10,083	78
Goodwill on consolidation	70,198	70,198
Total Non-Current Assets	92,125	87,199
Current Assets		
Trade receivables	9,714	7,623
Amount owing by contract customers	355	2,909
Other receivables and prepaid expenses	17,201	18,044
Amount owing by associate	-	1,717
Deposits with licensed bank	-	673
Cash and bank balances	382	222
Total Current Assets	27,652	31,188
Total Assets	119,777	118,387
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	113,303	112,504
Reserves		
<i>Accumulated Loss</i>	(33,738)	(29,705)
<i>Warrant reserve</i>	21,569	21,569
<i>Exchange Adjustment</i>	(374)	(350)
<i>Fair value reserve</i>	(20)	(25)
Equity Attributable to Owners of the Company	100,740	103,993
Non-controlling interests	(484)	(484)
TOTAL EQUITY	100,256	103,509
Non-Current Liabilities		
Lease liabilities	588	-
Total Non-Current Liabilities	588	-
Current Liabilities		
Trade payables	4,912	435
Other payables and accrued expenses	2,556	3,816
Provisions and contingent consideration payable	11,310	10,610
Lease liabilities	155	-
Amount owing to directors	-	17
Total Current Liabilities	18,933	14,878
Total Liabilities	19,521	14,878
Total Equity and Liabilities	119,777	118,387
Net assets per share attributable to ordinary equity holders of the parent (sen)	13.82	14.71

Note:

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the period ended 30 June 2019 and the accompanying notes to the quarterly report.

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Unaudited Interim Financial Report for the 4th Quarter ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<-----Attributable to Equity Holders of the Company----->					Total	Non- controlling Interests	Total Equity
	Share Capital	Non- Distributable - Warrant Reserve	Non- Distributable - Exchange Adjustment	Non- Distributable - Fair Value Reserve	Accumulated Loss			
	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)
12 months ended 30 June 2020								
Balance as at 1 July 2019	112,504	21,569	(350)	(25)	(29,705)	103,993	(484)	103,509
Adjustment on initial application of MFRS 16	-	-	-	-	(19)	(19)	-	(19)
Reversal of share of loss in associate	-	-	-	-	(82)	(82)	-	(82)
Issuance shares by way of private placement net of share issuance expenses	799	-	-	-	-	799	-	799
Total comprehensive income/(loss) for the period	-	-	(24)	5	(3,932)	(3,951)	-	(3,951)
Balance as at 30 June 2020	113,303	21,569	(374)	(20)	(33,738)	100,740	(484)	100,256
12 months ended 30 June 2019								
Balance as at 1 July 2018	95,638	21,569	(335)	36	(31,351)	85,557	(475)	85,082
Issuance shares by way of private placement net of share issuance expenses	16,866	-	-	-	-	16,866	-	16,866
Reclassification adjustment relating to the disposal of bond investment designated at FVOCI	-	-	-	(34)	-	(34)	-	(34)
Total comprehensive income/(loss) for the period	-	-	(15)	(27)	1,646	1,604	(9)	1,595
Balance as at 30 June 2019	112,504	21,569	(350)	(25)	(29,705)	103,993	(484)	103,509

Note:

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the period ended 30 June 2019 and the accompanying notes to the quarterly report.

ORION IXL BERHAD

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Unaudited Interim Financial Report for the 4th Quarter ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	12 months ended 30.06.2020	12 months ended 30.06.2019
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(3,932)	1,637
Adjustments for:		
Amortisation of intangible assets	610	610
Depreciation of property, plant and equipment	693	194
Gain on disposal of investment in bond	-	(59)
Impairment loss on trade receivables	598	223
Impairment loss on other receivable	3,304	-
Finance cost	69	-
Interest received	(265)	(281)
Allowance for impairment losses on trade receivables no longer required	-	(1,433)
Provision for allowance of liquidated ascertained damages	700	-
Write back of provision for allowance of liquidated ascertained damages	-	(700)
Share of results of associate	(375)	293
Operating profit before working capital changes	1,402	484
Changes in working capital:		
Net change in current assets	(879)	(4,009)
Net change in current liabilities	3,159	(264)
Cash generated from/(used in) operations	3,682	(3,789)
Interest received	265	281
Interest paid	(69)	-
Development cost incurred	(4,970)	(3,347)
Net cash used in operating activities	(1,092)	(6,855)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of other investment	-	1,481
Investment in associate	-	(10,010)
Disposal of investment in associate	10	-
Purchase of property, plant and equipment	(216)	(2,212)
Receipt from finance lease receivable	-	92
Acquisition of subsidiary, net of cash acquired	-	(10)
Net cash used in investing activities	(206)	(10,659)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares by way of private placement net of share issuance expenses	799	16,866
Advance from directors	-	17
Repayment of finance lease payable	-	(92)
Repayment of lease obligations	(31)	-
Net cash from financing activities	768	16,791

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Unaudited Interim Financial Report for the 4th Quarter ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	12 months ended 30.06.2020	12 months ended 30.06.2019
	RM('000)	RM('000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(530)	(723)
EFFECTS OF EXCHANGE RATE CHANGES	17	(15)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	895	1,633
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(Note A16) <u>382</u>	<u>895</u>

Note:

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the period ended 30 June 2019 and the accompanying notes to the quarterly report.

ORION IXL BERHAD

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Unaudited Interim Financial Report for the 4th Quarter ended 30 June 2020

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 financial year ended 30 June 2019.

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 30 June 2019, except as follows:

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	<i>Leases</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatment</i>
Amendment to MFRS 3	<i>Business Combination (Annual Improvement to MFRS Standards 2015-2017 Cycle)</i>
Amendment to MFRS 11	<i>Joint Arrangements (Annual Improvement to MFRS Standards 2015-2017 Cycle)</i>
Amendment to MFRS 112	<i>Income Taxes (Annual Improvement to MFRS Standards 2015-2017 Cycle)</i>
Amendment to MFRS 119	<i>Employee Benefits - Plan Amendment, Curtainment and Settlement</i>
Amendment to MFRS 123	<i>Borrowing Costs (Annual Improvement to MFRS Standards 2015-2017 Cycle)</i>
Amendment to MFRS 128	<i>Investments in Associates and Joint Ventures - Long-term Interest in Associate and Joint Venture</i>

The adoption of the above MFRSs and Amendments of MFRSs did not have any impact to the condensed financial statements except the changes arising from MFRS 16 Leases, as disclosed below:

Under MFRS 16, the Group recognises right-of-use assets and lease liabilities for most of its operating leases - these leases are on-balance sheet at initial application. At transition, the right-of-use asset is measured at an amount equal to lease liability whilst the lease liability is measured at the present value of the remaining lease payments using the Group's incremental borrowing rate. The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to accumulated loss at 1 July 2019. accordingly, the comparative prior-year figures were not adjusted.

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 2020

Amendment to MFRS 3	<i>Business Combinations- Definition of a Business</i>
Amendment to MFRS 101	<i>Presentation of Financial Statements</i>
Amendment to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material</i>

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	<i>Insurance Contracts</i>
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MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

Amendment to MFRS 101
MFRS 128

*Consolidated Financial Statements
Investments in Associates and Joint Ventures - 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 material effect to the financial statements of the Group upon their initial application.

A3 Auditors' report of preceding annual financial statements

The auditors' report on the preceding period'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	PRECEDING YEAR	PRECEDING YEAR	PRECEDING YEAR
	YEAR	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	PERIOD	PERIOD
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM('000)	RM('000)	RM('000)	RM('000)
REVENUE				
Malaysia	7,080	223	8,653	5,697
United States of America	-	-	-	-
	<u>7,080</u>	<u>223</u>	<u>8,653</u>	<u>5,697</u>
PROFIT/(LOSS) BEFORE TAXATION				
Malaysia	(2,444)	(1,969)	(4,307)	1,968
United States of America	-	-	-	(2)
	<u>(2,444)</u>	<u>(2,005)</u>	<u>(4,307)</u>	<u>1,930</u>
Share of results of associate	755	(208)	375	(293)
	<u>(1,689)</u>	<u>(2,213)</u>	<u>(3,932)</u>	<u>1,637</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 2020 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

Saved for the disposal of 20 ordinary shares in Sukaniaga Sdn Bhd by its wholly-owned subsidiary, Ganda Integrasi Sdn Bhd during the financial quarter, 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

	30.06.2020 RM('000)	30.06.2019 RM('000)
Cash and bank balances	382	222
Deposits with licensed bank	-	673
	<u>382</u>	<u>895</u>

A17 Notes to the Statements of Comprehensive Income

	INDIVIDUAL QUARTER 30 June 2020 RM('000)	CUMULATIVE QUARTER 30 June 2020 RM('000)
Loss before taxation is arrived at after charging/(crediting):		
Amortisation of intangible assets	152	610
Audit fee	148	188
Depreciation of property, plant and equipment	160	693
Directors' remuneration -Other emoluments	200	807
Impairment loss on trade receivables	598	598
Impairment loss on other receivable	3,304	3,304
Finance cost	33	69
Provision for allowance of liquidated ascertained damages	700	700
Interest income	<u>(166)</u>	<u>(265)</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 total turnover of approximately RM7.08 million for the current financial quarter, this represents an improvement of approximately 3,075% as compared to the same corresponding financial quarter in 2019 ("Q4 2019"). The improvement was mainly due to higher sales generated by its wholly-owned subsidiary Asap Sdn Bhd, arising from higher billings on certain projects in current financial quarter as compared to Q4 2019.

For the current financial quarter, the Group recorded a loss before taxation of RM1.69 million against a loss before taxation of RM2.21 million recorded in Q4 2019. The favourable result was mainly due to higher revenue registered in current financial quarter, negated by the one-off impairment of trade and other receivables and provision for allowance of liquidated ascertained damages of RM3.90 million and RM0.70 million respectively.

B2 Variation of results against preceding quarter

	Current quarter 30 June 2020 RM'000	Preceding quarter 31 March 2020 RM'000
Revenue	7,080	77
Loss before tax	(1,689)	(1,417)

The Group recorded a turnover of approximately RM7.08 million for the current financial quarter ended 30 June 2020 as compared to a turnover of RM77,000 recorded in preceding quarter. This represents an improvement of approximately 9,095% as compared to the preceding quarter, mainly due to higher sales generated by its wholly-owned subsidiary Asap Sdn Bhd during the current financial quarter as mentioned in Note B1.

The Group recorded a loss before tax of approximately RM1.69 million for the current financial quarter ended 30 June 2020 as compared to a loss before tax of RM1.42 million recorded in preceding quarter. Despite the Group registered higher revenue, the Group posted higher loss before taxation mainly due to the one-off impairment of trade and other receivables and provision for allowance of liquidated ascertained damages of RM3.90 million and RM0.70 million respectively recorded in current financial quarter.

B3 Prospects

The widespread of the Covid-19 since the beginning of 2020 is a challenging situation facing by most of the industries. The Group expects the current situation to have an adverse impact on their results for the financial year ending 30 June 2021.

However, on 22 May 2020, the Group entered into Memorandum of Understanding with Enrich Mining Sdn Bhd ("Enrich") to commence exclusive discussion with Enrich in relation to a proposed collaboration to jointly (i) explore mining targets and develop mining operation at Gossan Hill area, District of Jeli, Kelantan and (ii) manage the Senior Alluvia Gold Mining operation at District of Jeli, Kelantan.

In addition, on 25 August 2020, the Group entered into a Share Sale Agreement with Tan Tong Lang, Tee Wei Chung and Kong Sau Kian ("Vendors") in relation to the acquisition by the Group of 1,000 ordinary shares in Boardroom.com Sdn Bhd representing 100% equity interest in Boardroom.com Sdn Bhd, to provide corporate secretarial and share registration services.

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 foreign subsidiary which incurred losses for the current quarter while Asap Sdn Bhd is a Multimedia Super Corridor company and enjoys 100% tax exemption on their statutory business income.

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 of up to 30% of the issued ordinary shares in the Company

Reference is made to the Company's announcements dated 11 October 2018 wherein the Board of Directors of Orion IXL Berhad ("Board") had announced that Sukaniaga Sdn Bhd ("Sukaniaga") entered into a service level agreement with MyAngkasa Holdings Sdn Bhd ("Angkasa") for the development of the E-Angkasa Az-Zahara system ("Angkasa SLA"), which provides online digital end-to-end solutions from the stage of the loan application to the loan approval process, including its operation and maintenance.

On the same day, Ganda Integrasi Sdn Bhd ("GISB"), a wholly-owned subsidiary of the Company entered into a technical services agreement with Sukaniaga to provide all services to be rendered by Sukaniaga to Angkasa under the Angkasa SLA on a back-to-back basis ("Technical Services Agreement").

Further, on 21 December 2018, the Company announced that GISB entered into a sale and purchase agreement with THO Travel & Tours Sdn Bhd to acquire 10% equity interest in Sukaniaga for a cash consideration of RM10,000,000 ("Sukaniaga Acquisition").

On 4 January 2019, on behalf of the Board, M&A Securities Sdn Bhd ("M&A Securities") wishes to announce that the Company proposes to implement a private placement of up to 30% of its existing issued and paid-up share capital ("Proposed Private Placement") to raise funds for the Sukaniaga Acquisition and working capital for the Angkasa SLA.

On behalf of the Board of Orion, M&A Securities is pleased to announce that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 25 March 2019, approved the listing of and quotation for up to 179,686,900 Placement Shares to be issued pursuant to the Proposed Private Placement

On 22 April 2019, on behalf of the Board of Orion, M&A Securities is pleased to announce that the Company has fixed the issue price at RM0.165 per Placement Share.

As announced to Bursa Securities on 30 April 2019, the Company placed out 108,220,000 units of shares at an issued price of RM0.165, raising total proceeds of RM17,856,300. As announced to Bursa Securities on 18 September 2019, Bursa Securities had vide its letter dated 17 September 2019 resolved to approve the application for extension of time to 24 March 2020 to complete the implementation of the remaining portion of the private placement shares.

As announced to Bursa Securities on 23 March 2020, the Company placed out additional 21,900,000 units of shares at an issued price of RM0.0365, raising total proceeds of RM799,350. As announced to Bursa Securities on 30 March 2020, Bursa Securities had vide its letter dated 30 March 2020 resolved to approve the application for further extension of time to 24 September 2020 to complete the implementation of the remaining portion of the private placement shares.

As announced to Bursa Securities on 9 July 2020, the Company placed out additional 49,566,900 units of shares at an issued price of RM0.054, raising total proceeds of RM2,676,613.

The status of the utilisation of proceeds from the above Private Placement as at 30 June 2020 is as follows:

Descriptions	Proposed Utilisation RM('000)	Actual Utilisation as at 30.06.2020 RM('000)	Balance Unutilised as at 30.06.2020 RM('000)
Acquisition of 10% equity interest in Sukaniaga	10,000	10,000	-
Development of the myAzZahra system (*)	7,705	7,705	-
Expenses in relation to the Private Placement	950	950	-
	<u>18,655</u>	<u>18,655</u>	<u>-</u>

(*) Based on the Circular to shareholders dated 29 March 2019, the breakdown of the total cost of development of the MyAzZahra system and the utilisation of the RM16.0 million proceeds to be raised from the proposed private placement toward each component of the development of the MyAzZahra system is as follows:

	Total development cost RM('000)	Utilisation of proceeds RM('000)
Outsourced development of:		
- Financial transaction management system modules for business-to-consumer, business-to-business, mobile application, reporting and audit trail module and a marketplace module	3,333	3,333
- Credit scoring system, comprising a scoring engine, simulation tool, micro loan management with marketplace and industry sector knowledge hub	6,240	6,240
Software licences for, data module builders, data lake, data bench, artificial intelligence framework, credit score engine framework	4,010	4,010
Annual staff costs for the training, support and maintenance of the MyAzZahra system, comprising 2 project lead and project managers, 1 delivery head, 2 domain specialist, 2 business analysts, 1 solution architect, 1 data architect, 3 designers and 11 software engineers, all to be identified progressively throughout the second to fourth quarter of 2019	4,236	2,420
	17,819	16,003

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

Case 1:

Asap Berhad had on 20 July 2017 informed the Company that they have been served with the writ of summons and statement of claims filed by Sporty Beans Sdn Bhd ("Plaintiff") against ASAP Sdn Bhd ("Summon"). Based on the legal opinion obtained by ASAP Sdn Bhd, the plaintiff's allegations are frivolous and unsubstantiated and as such Asap Sdn Bhd does not expect any potential liability arising from the Summon.

The above court case is still on-going as at the date of this announcement.

Case 2:

Kuala Lumpur High Court Summons No. WA-22NCC-544-10/2019

Writ of Summons and Statement of Claim served on the Company by Capstone Technologies Sdn Bhd ("the Plaintiff") against the Company, Asap Sdn Bhd ("ASAP") and Prabuddha Kumar Pronob Chakraverty ("Prabuddha").

The Board of Directors announced that the Company has on 2 October 2019 received a sealed Writ of Summons dated 1 October 2019 ("the Writ") dated without the Statement of Claim enclosed. The Statement of Claim dated 30 September 2019 ("the Statement of Claim") was only received by the Company's solicitors on 11 October 2019 and forwarded to the Company on 14 October 2019.

The Plaintiff is claiming against the Company, its wholly owned subsidiary ASAP and Prabuddha, a director of ASAP for breach of a sub-contract agreement dated 1 July 2018.

Pursuant to the Writ and the Statement of Claim, the Plaintiff is claiming for *inter alia* the following:-

- 1) A declaration that ASAP has breached the Sub-Contract dated 1 July 2018;
- 2) A declaration that the Sub-Contract dated 1 July 2018 had been lawfully terminated;
- 3) A declaration that the Company and ASAP whether jointly or severally have breached the agreement to pay the Plaintiff a sum of RM135,000 per month on 20th of every month for every month from 20.12.2018 to 20.07.2019;
- 4) In the alternative, in the event Prabuddha is found to be personally liable, Prabuddha to pay the Plaintiff a sum of RM135,000 per month that was to be paid on 20th of every month starting from 20.12.2018 to 20.07.2019;
- 5) General damages to be assessed;
- 6) Special damages in the sum of RM10,337,700 against the Company and ASAP whether jointly or severally; or
- 7) Alternatively, special damages in the sum of RM10,337,700 against Prabuddha in the event Prabuddha is found to be personally liable.

The above court case is still on-going as at the date of this announcement.

B12 Dividends

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

B13 Earnings/(Loss) per share

a. Basic earnings/(loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR 30/06/2020 RM('000)	PRECEDING YEAR CORRESPONDING 30/06/2019 RM('000)	PRECEDING YEAR CORRESPONDING 30/06/2020 RM('000)	PRECEDING YEAR CORRESPONDING 30/06/2019 RM('000)
Profit/(Loss) attributable to ordinary equity holders of the parent	<u>(1,689)</u>	<u>(2,205)</u>	<u>(3,932)</u>	<u>1,646</u>
Weighted average number of ordinary shares in issue ('000)	<u>710,064</u>	<u>673,878</u>	<u>708,132</u>	<u>617,635</u>
Basic earnings/(loss) per share (sen)	<u>(0.24)</u>	<u>(0.33)</u>	<u>(0.56)</u>	<u>0.27</u>

b. Diluted earnings per share

The fully diluted earnings per share have not been presented as there is anti dilutive effect for the shares of the Group.

By Order of the Board

Chen Wee Sam (LS0009709)
Hew Chee Hau (MIA 21967)
Secretaries

Kuala Lumpur

Date: 28 August 2020