INIX TECHNOLOGIES HOLDINGS BERHAD (665797-D)

(Incorporated in Malaysia)

ANNUAL REPORT **2016**

Contents

Corporate Information

Board of Directors

Dato’ Megat Fairouz Junaidi Bin Megat Junid *Independent Non-Executive Chairman*

Dr. Azman Bin Hussin *Chief Executive Officer / Executive Director*

Mohd Anuar Bin Mohd Hanadzlah *Executive Director*

Yeo Wee Kiat *Independent Non-Executive Director*

Dato’ Zaidi Bin Mat Isa @ Hashim *Executive Director*
(Re-designated on 18 February 2016)

Dato’ Sri Syed Ismail B. Dato’ Hj Syed Azizan *Independent Non-Executive Director*
(Appointed on 18 February 2016)

Dr Folk Jee Yoong *Executive Director*
(Resigned on 11 December 2015)

Chow Hung Keey *Executive Director*
(Resigned on 22 December 2015)

Audit Committee

Dato’ Megat Fairouz Junaidi bin Megat Junid *Chairman*

Yeo Wee Kiat *Member*

Dato' Sri Syed Ismail B. Dato' Hj Syed Azizan *Member*

Group Head Office

Unit B-8-7, Level 8, Block B
Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan
Tel: (603) 21813170
Fax: (603) 21664568
Web: www.inix.com.my

Company Secretary

Wong Youn Kim (MAICSA 7018778)

Corporate Information
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Registered Office

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: (603) 2241 5800
Fax: (603) 2282 5022

Share Registrar

Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Tel: (603) 7784 3922
Fax: (603) 7784 1988
Email: binawin@hotmail.com

Auditors

Messrs UHY (AF: 1411)
11.05 Level 11 The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (603) 2279 3088
Fax: (603)2279 3099

Principal Bankers

CIMB Bank Berhad
Bank Islam Malaysia Berhad
Bank Muamalat Malaysia Berhad
Malayan Banking Berhad

Stock Exchange Listing

The ACE Market of Bursa Malaysia Securities Berhad
Stock Name: INIX
Stock Code: 0094

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of INIX Technologies Holdings Berhad (INIX), together with the audited financial statements of the Group and of the Company, for the financial year ended 31 July 2016.

Group Results

Reflective of current weak global and regional economic conditions, The Group Sales still able to increase moderately to RM3.74 million for the financial year ended 31 July 2016, compared to RM5.23 million for the preceding year.

As a result, an audited after tax loss of RM4.745 million recorded in the current financial year, compared to an audited after tax loss of RM0.04 million for the financial year ended 31 July 2015.

Business Development

The Group continued to invest in research and development (R&D) activities. This is to ensure that the company remain in the forefront of technological advancement for sustained success in the industry.

Development efforts were mainly focussed on the e-commerce portal, new software integrated solution with mobile apps function and also enhancing some software developed while implementing customer-specific project into a product for higher resale value of opportunities.

Prospects

The Group expects stiff competition in the domestic and regional market in respect of the ICT segment. Nevertheless, the Group is leveraging on its strong track record and extensive customer networking in expanding and penetrating both existing and new markets. The Group also steps up its effort to invest in R&D expenses in order to enhance its competitiveness and productivity. In expansion of existing business, despite focusing on making ICT solutions, The Groups diversify initiative into dredging and land reclamation services industry through the acquisition of Galactic and will provide alternative income stream for Inix in future.

Nevertheless, the Directors remain optimistically with cautious of the Group's prospects in the immediate term and are hopeful of maintaining the profit trend for the forthcoming financial year ending 31 July 2016.

Appreciation

On behalf of the Board, I would like to express our heartfelt gratitude to our valued customers for their continued patronage and to all employees of the Group for their loyal dedication and contribution. We wish also to thank our distributors, dealers, resellers and retailers, and not least, government agencies and regulatory authorities, for their guidance, counsel and support.

Dato' Megat Fairouz Junaidi Bin Megat Junid
Chairman

Directors' Profile

Dato' Megat Fairouz Junaidi Bin Megat Junid
Independent Non-Executive Chairman
Male, aged 51, Malaysian

Dato' Megat Fairouz Junaidi Bin Megat Junid was appointed as Independent Non-Executive Chairman on 17 June 2005. He is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee. He graduated from the Arkansas State University with a Bachelor of Science in Finance in 1987 and a Master in Business Administration in 1988.

He attended all the six (6) meetings held during the financial year ended 31 July 2016.

He does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences, other than traffic offences, within the past five years.

Dr. Azman Bin Hussin
Executive Director / Chief Executive Officer
Male, aged 57, Malaysian

Dr. Azman Bin Hussin was appointed as Chief Executive Officer (CEO) on 08 October 2010. He graduated from Ohio University, USA with an MSc in Physics in 1981. He has more than 27 years of experience in the ICT industry. He now mainly follows technology trends for investment purposes while doing research and projects involving Business Intelligence, Corporate Performance Management and Knowledge Management. In 1989, he co-founded and also became a director of Accurate Information Systems Consultants Sdn Bhd, now known as Encoral Digital Solutions Sdn Bhd and built it into a one-stop ICT solutions provider, including systems integration, networking, and software development.

He attended three (3) out of six (6) Board meetings held during the financial year ended 31 July 2016.

He is the major shareholder of eNcoral Digital Solutions Sdn. Bhd., the substantial shareholders of Inix Technologies Holdings Berhad.

Same as disclosed above, he does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences, other than traffic offences, within the past five years.

Directors' Profile
cont'd

Mohd Anuar Bin Mohd Hanadzlah
Executive Director
Male, aged 58, Malaysian

Mohd Anuar Bin Mohd Hanadzlah was appointed as Executive Director on 12 September 2013. He graduated in Accounting from MARA Institute of Technology (now known as Universiti Teknologi MARA). He started his early career as an Auditor with Azman Wong Salleh & Co and has been there for three (3) years. Thereafter, he joined several other private companies namely, Mafira Holdings Sdn. Bhd., Ipoh as an Assistant Accountant for three (3) years, and as an Assistant Manager of Permodalan Perak Bhd for a short period of nine (9) years.

Subsequently, he ventured overseas and joined PT. Wapoga Mutiara Industries, Indonesia as the Branch Manager for three (3) years and was with Precision Logging Ltd in Papua New Guinea as an Accountant for six (6) months. Joining all these companies have allowed Encik Mohd Anuar to gain great exposure and vast working experiences in the various fields and industries such as in accounting, finance, sales and marketing, wholesale and retail trading, personnel and general administrations, mining, sawmilling, plywood and woodworking.

He was appointed as Advisor to Worldgate Express Services Sdn Bhd in 2007. In June 2007, he joined Avic Tech Corporation Sdn. Bhd. as its Marketing Manager and was appointed as General Manager from January, 2008 to 31 August 2008. He was previously the Executive Director of Envair Holding Berhad from July, 2011 till June, 2012. He also served as the Executive Director of Raya International Berhad from 21 July 2011 through 22 June 2012.

He is presently the Executive Chairman of SMTRACK Berhad and Non-Executive Chairman of Milux Corporation Berhad and has been its Independent Non-Executive Director since 23 June 2015. He was also the Independent Non-Executive Director of MQ Technology Bhd, Independent Non-Executive Director / Vice-Chairman of Stone Master Corporation Berhad.

He attended all the six (6) Board meetings held during the financial year ended 31 July 2016.

He does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences, other than traffic offences, within the past five years.

Directors' Profile
cont'd

Dato' Zaidi Bin Mat Isa @ Hashim
Executive Director
Male, aged 47, Malaysian

Dato' Zaidi Bin Mat Isa @ Hashim was appointed as the Independent Non-Executive Director on 2 July 2015 and re-designated as Executive Director on 18 February 2016. He completed his Diploma in Electrical Engineering in Institute Tenaga Malaysia and Diploma in Business Studies in Darulaman Multi Media College, Alor Setar. He currently pursuing Masters of Business Administration ("MBA") at University Malaysia Pahang.

Dato Zaidi started his career in year 1991 to 1992 with Lembaga Letrik Negara (TNB). After leaving TNB, in year 1993 to 1994 he set up his own business and from year 1995 to 2000 he became the Director of Kumpulan Darulaman Group, Managing Director of Darulaman Consolidated Bhd and subsidiaries of Darul Aman Group.

Dato Zaidi became the Chief Executive Officer ("CEO") of My Prima Group of Companies in year 2001 until 2011. From June 2011 till to-date, he serve as Vice President of Corporate Planning & Strategy with Radiant Growth Investment Limited Jersey London.

He has been served as Group Managing Director for six (6) years and has gain twenty (20) years experience in Corporate Finance and having good networking in the corporate world.

He attended five (5) out of six (6) Board meetings held during the financial year ended 31 July 2016.

He does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences, other than traffic offences, within the past five years.

Directors' Profile
cont'd

Yeo Wee Kiat
Independent Non-Executive Director
Male, aged 70, Malaysian

Yeo Wee Kiat was appointed as Independent Non-Executive Director on 5 February 2013. He is a Member of Association of Chartered Certified Accountants and Member of the Malaysia Institute of Accountants. Yeo Wee Kiat started his career in the sixties with the Inland Revenue Board, he left Government sector after ten years of experience to join private sector. The next twenty or so years he gained wide experience in both private and corporate fields. He then joined nationwide accounting firm a few years gaining all sorts of experience. He then left to join Sime Darby Group and later Genting Group for a taste of corporate world. After acquiring enough knowledge and experience, he set up his own accounting practice which later entered into a partnership with International Accounting Firm which ranked 14 in the world. In 2010, he met a group of very enterprising and energetic entrepreneurs dealing with 3D websites and related activities.

He attended four (4) out of six (6) Board meetings held during the financial year ended 31 July 2016.

He does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences, other than traffic offences, within the past five years.

Dato' Sri Syed Ismail B. Dato' Hj Syed Azizan
Independent Non-Executive Director
Male, aged 62, Malaysian

Dato Sri Syed was appointed as Independent Non-Executive Director on 18 February 2016. He graduated from University Kebangsaan Malaysia with a Bachelor of Arts (Honours) - Degree in Political Science and Advanced Diploma Strategic Studies.

He commenced his career with the Royal Malaysian Police Force as a Special Branch Officer in Kelantan on 1 October 1977. He served various positions within the Police Force as a Special Branch Officer in Penang, Training Officer in Bukit Aman, Kuala Lumpur ("Bukit Aman"), Compliance Officer in Bukit Aman, Narcotics Officer in Kedah, Deputy Officer in Charge of Police District of Kulim, Kedah and Criminal Investigation Officer in Perak. After completing his further studies in 1997, he served as the Assistant Director of International Criminal Police Organisation, Bukit Aman until 2002. He was later appointed as the Deputy Chief of the Criminal Investigation Department in Kuala Lumpur before being posted as the Chief of Criminal Investigation Department in Penang. Subsequently, he was appointed as the Deputy Director, Criminal Investigation Department in Bukit Aman. From 2007 to 2010, he served as the Chief Police of Kedah, and was later appointed as the Director of the Commercial Crime Investigation Department in October 2010, a position he held until his retirement in January 2014.

As he was appointed on 18 February 2016, he only attended two (2) out of three (3) Board meetings held during the financial year ended 31 July 2016.

He does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has no convictions for any offences, other than traffic offences, within the past five years.

Corporate Governance Statement

The Board of Directors of INIX Technologies Holdings Berhad (INIX) totally supports the prescriptions and recommendations of the principles and best practices set out in the Malaysian Code on Corporate Governance ("the Code"). The Board views this as a fundamental part of its responsibility to protect and enhance shareholders' value. Accordingly, the Board has and will continue to play an active role in improving governance practices in the Group's operations, including timeliness in corporate disclosure and financial reporting.

Directors

INIX is led and managed by an experienced Board of Directors comprising members with a wide range of business, information technology, financial and technical backgrounds. This brings depth and diversity in expertise and perspectives to the stewardship of a highly challenging information technology company. The profiles of the members of the Board, appearing on pages 5 to 8 of the Annual Report, illustrate a spectrum of experiences vital to the direction and management of INIX.

Composition

The current Board consists of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. The Board composition complies with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities which states the minimum of two (2) or one-third (1/3) of the Board should be independent directors.

The independent directors are independent Management and majority shareholders and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They provide strong support towards the effective discharge of the duties and responsibilities of the Board and fulfil their role by the exercise of independent judgment and objective participation in the proceedings and decisions of the Board.

Duties and Responsibilities

The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this, the Board maps out and reviews the Group's medium and long term strategic plans on an annual basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions.

The Board also reviews the action plans that are implemented by the Management to achieve business targets.

The Board's other main duties include regular oversight of the Group's business operations and performance, and ensuring that the internal controls and risk management processes of the Group are well in place and are implemented consistently.

Corporate Governance Statement
cont'd

Board Meetings

Board meetings are held at least four times annually, with additional meetings convened as and when necessary. During the financial year from 1 August 2015 to 31 July 2016, six (6) Board meetings were held. Details of each Director's meeting attendance are as follows:

Name of Director	Attendance
Dato' Megat Fairouz Junaidi Bin Megat Junid	6/6
Dr. Azman Bin Hussin	3/6
Mohd Anuar Bin Mohd Hanadzlah	6/6
Dato' Zaidi Bin Mat Isa @ Hashim	5/6
Yeo Wee Kiat	4/6
Dato Sri Syed Ismail B. Dato' Hj Syed Azizan *(Appointed on 18 February 2016)*	2/3

Access to Information

The Board and the Board committees are furnished with an agenda and relevant up-to-date information for review prior to each meeting to enable them to make informed decisions.

The Board members, whether as a full board or in their individual capacities, have full and timely access to all relevant information on the Group's businesses and affairs to discharge their duties effectively. Every member of the Board has ready and unrestricted access to the advice and services of the Company Secretary. The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. Procedures are also in place for the Directors and Board committees to seek independent professional advice if so required by them.

Appointment and Re-election of Directors

In accordance with the Articles of Association of the Company, all directors are subject to re-election by rotation at least once in every three years and a re-election of directors shall take place at each annual general meeting. Directors who are appointed to fill a casual vacancy are subject to election by shareholders at the next annual general meeting following their appointment.

Directors' Training

All the existing directors have already attended and successfully completed the Mandatory Accreditation Programme (MAP) within the time frame stipulated in the Listing Requirements.

The Directors continue to undergo other relevant training programmes to further enhance their skills and knowledge so as to keep abreast with developments in the market place and to assist them in the discharge of their duties as Directors. The Board will discuss and determine the training needs of the Directors and the Directors are encouraged to attend various training on their own and submit the certificate of attendance to the Company Secretary for record.

Directors are encouraged to attend continuous education programmes and seminars to keep abreast of relevant changes in laws and regulations and the development in the industry. During the financial year ended 31 July 2016, besides from attending the briefings conducted by the Company Secretary pertaining to the updates on the Listing Requirements and Companies Act, 1965 and accounting standards, the external training programmes and seminars also attended by the Directors.

The Directors will continue to undergo other relevant training programmes, conferences and seminars that may further enhance their skills and knowledge.

Directors' Remuneration

The remuneration of the Directors derived from the Group for the financial year ended 31 July 2016 are as follows:-

Type of Remuneration	Executive Directors RM	Non - Executive Directors RM	Total RM
Fees	30,000	30,000	60,000
Salaries, wages, bonus and allowances	149,000	-	149,000
Defined contribution plan	7,200	-	7,200
Benefits-in-kind	-	-	-
Total	186,200	30,000	216,200

The number of Directors whose total remuneration fell within the following bands for the financial year ended 31 July 2016 are as follows:-

Remuneration Band (RM per annum)	Number of Directors		
	Executive Directors	Non – Executive Directors	Total
Below 50,000	3	3	6
TOTAL	3	3	6

There is no remuneration paid to the Executive Directors from the subsidiaries during the financial year ended 31 July 2016.

Whilst the Code prescribes for disclosure of directors' remuneration on individual basis, the Board is of the opinion that transparency and accountability principles of the Code in relation to Directors' remuneration are appropriately and adequately addressed by disclosure on band basis.

Board Committees

The Board has delegated certain responsibilities to Board committees, namely, the Audit Committee, Nomination Committee, Remuneration Committee and Employee Share Option Scheme Committee, to support and assist the Board in discharging its fiduciary duties and responsibilities.

The functions and terms of reference of the Board committees, as well as the authority delegated by the Board to the respective committees have been clearly defined by the Board. The Chairman of the various committees report the outcome of the committee meetings to the Board and minutes of the meetings of Board Committees are tabled for the Board's perusal.

Corporate Governance Statement
cont'd

Audit Committee

A full Audit Committee Report enumerating its membership, terms of reference and activities during the financial period under review is set out on pages 15 to 17 of this Annual Report.

Nomination Committee

The Board's Nomination Committee currently comprises two (2) Independent Non-Executive Directors as follows:

Chairman:
Dato' Megat Fairouz Junaidi Bin Megat Junid *Independent Non-Executive Chairman*

Members:
Yeo Wee Kiat *Independent Non-Executive Director*

The Committee is responsible, inter-alia, to recommend candidates for directorship to the Board as well as membership to Board committees. The Committee assesses the Board collectively on an on going basis, taking into account size and required mix of skills. In making its recommendations to the Board, the Committee takes into consideration the core competencies the directors individually and collectively possess in relation to the businesses of the Group and the business environment.

Remuneration Committee

The Remuneration Committee comprises two (2) Independent Non-Executive Directors, and one (1) Executive Director. The present members are:

Chairman:
Dato' Megat Fairouz Junaidi Bin Megat Junid *Independent Non-Executive Chairman*

Members:
Dr. Azman Bin Hussin *Executive Director*
Yeo Wee Kiat *Independent Non-Executive Director*

The Committee's primary responsibility is to recommend to the Board, the remuneration of Directors (Executive and Non-Executive) in all its forms, drawing from outside advice as necessary. The determination of remuneration packages of Directors is a matter for the Board as a whole, and individuals are required to abstain from discussion of their own remuneration.

An Executive Director does not participate in any way in determining his individual remuneration.

The Remuneration Committee meets at least once a year to recommend to the Board the remuneration of Directors, including fees. The Committee only met once during the financial year under review.

Shareholders

The Group is committed to regular and proactive communication with shareholders and investors. Formal channels are used to communicate to the shareholders and investors on all major developments of the Group on a timely basis.

In addition to quarterly financial reports and various disclosure and announcements made to Bursa Securities, the other key channel of communication with shareholders and investors is the annual report of the Group, where details on the financial results and activities of the Group are provided.

The Company's annual general meeting is an important forum for dialogue and interaction with shareholders. Shareholders have the liberty to raise questions on the proposed resolutions at the meeting as well as matters relating to the Group's businesses and affairs.

The Group also maintains a website at www.ansi.com.my to enable easy and convenient access to up to-date information relating to the Group.

Accountability and Audit

Financial Reporting

The Board aims to present a balanced and comprehensive assessment of the Group's financial performance through the annual audited financial statements and quarterly financial reports to shareholders. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period, and of the results of their operations and cash flows for the period then ended.

In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied. The Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Risk Management and Internal Control Statement

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines. The Statement on Internal Control is set out on page 18 of this Annual Report.

Compliance Statement

The Company has, in all material aspects, complied with the recommendations of the Code throughout the financial year, except the following recommendations:-

a) Nomination of a Senior Independent Non-Executive Director
b) details of remuneration of each director;
c) formalize, periodically review and make public Board Charter; and
d) Board gender diversity policy.

Corporate Governance Statement
cont'd

In the opinion of the Board, the identification of a senior independent non-executive director to whom concerns may be conveyed is not necessary. The Board operates in an open environment in which information is freely exchanged and in these circumstances any concern need not be focused on a single director as all members of the Board fulfil this role collectively.

Whilst the Code prescribes for disclosure of directors' remuneration on individual basis, the Board is of the opinion that transparency and accountability principles of the Code in relation to Directors' remuneration are appropriately and adequately addressed by disclosure on band basis.

The Board acknowledges the importance of board diversity as well as gender diversity to the effective functioning of the Board. Female representation will be considered when suitable candidates are identified taking into account of competencies, commitment, contribution and performance of the candidates.

Going forward, the Board intends to strengthen its roles and responsibilities by:-

(i) Defining the Board schedule of matters of those functions reserved to the Board and delegated to management;

(ii) Implementing a whistle blowing policy and procedure to provide employees with a mechanism to monitor compliance to the code of ethics;

(iii) Setting out clearly the code of conduct that stipulates the sound principles to provide guidance to stakeholders on the ethical behaviours to be expected from the Group;

(iv) Defining its business sustainability policy and ensuring its current business decision making process incorporates the elements of Environment, Social and Governance ("ESG") within its value chain in the business processes; and

(v) Formalising the above actions into its Board Charter and creating a new page on corporate governance in the present corporate website to keep the public and shareholder informed of its progress and status of the above actions.

This Statement is made in accordance with a resolution of the Board of Directors dated 22 November 2016.

Audit Committee Report

COMPOSITION

The Audit Committee of Inix Technologies Berhad ("Inix" or "the Company"), chaired by an Independent Director, comprises three members, all of whom are Independent Non-Executive Director. The current composition meets the requirement of Rules 15.09 and 15.10 of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Audit Committee currently comprises the following Independent Non-Executive Directors, namely:-

Dato' Megat Fairouz Junaidi Bin Megat Junid – Chairman
Yeo Wee Kiat - Member
Dato Sri Syed Ismail B. Dato' Hj Syed Azizan - Member *(Appointed on 18 February 2016)*

The Audit Committee is authorised by the Board to independently investigate any activity within its Terms of Reference and shall have unrestricted access to information pertaining to the Group, from the internal and external auditors, Management and all employees.

MEETINGS

During the financial year, the Audit Committee conducted 5 meetings of which all were duly convened with sufficient notices given to all Audit Committee members together with the agenda, report and proposals for deliberation at the meetings. The Executive Directors were invited to all Audit Committee meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

Representatives from the External Auditors and Internal Auditors, as the case may be were in attendance to present the relevant reports and proposals to the Audit Committee at the meetings which included inter alia, the Auditors' audit plans and audit reports, the quarterly results of the Company and the audited financial statements for the financial year ended 31 July 2016.

In the Audit Committee meetings, the external auditors were given opportunities to raise any matters and gave unrestricted access to the external auditors to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Minutes of the Audit Committee meetings were tabled for confirmation at the following Audit Committee meeting and subsequently presented to the Board for notation.

Details of attendance of the Audit Committee members at the Audit Committee meetings during the financial year are as follows:

Members of the Audit Committee	Attendance
Dato' Megat Fairouz Junaidi Bin Megat Junid	5/5
Yeo Wee Kiat	3/5
Dato Sri Syed Ismail B. Dato' Hj Syed Azizan *(Appointed on 18 February 2016)*	1/2

Audit Committee Report
cont'd

SUMMARY ACTIVITIES

The Audit Committees' activities during the financial year under review comprised the following:-

Quarterly Financial Statements and Audited Financial Statements

- review the audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 1965 and the applicable approved accounting standards as per Malaysian Accounting Standards Board; and

- review the unaudited financial results before recommending them for Board's approval, focusing particularly on:-

  - Any change in accounting policies
  - Significant adjustments arising from audit
  - Compliance with accounting standards and other legal requirements

External Auditors

- review of external audit plan, outlining the audit scope, audit process and areas of emphasis based on the external auditors' presentation of audit plan;

- review of external audit review memorandum and the response from the Management;

- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors;

- review of the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors; and

- review and evaluation of factors relating to the independence of the external auditors.

The audit fee for the financial year ended 31 July 2016 is RM74,000.00.

Internal Auditors

The Group outsources its Internal Audit Function to a professional services firm. The Internal Auditors were engaged to conduct regular review and appraisals of the effectiveness of the governance, risk management and internal control process within the Company and the Group.

The Internal Audit Report directly to the Audit Committee, the appointed Internal Auditors are given full access to all the documents relating to the Company and Group's governance, financial statements and operational assessments.

The Audit Committee had reviewed:-

- internal audit's resource requirements, scope, adequacy and function; and

- suggestion on improvement opportunities in the areas of internal controls, systems and efficiency improvements.

Internal Control and Risk Management

- facilitation of the ERM establishment and review on adequacy and effectiveness thereof from time to time;
- assessment on the resources and knowledge of the Management and employees involved in the risk management process;
- review and monitoring of principal risks which may affect the Group directly or indirectly, and if deemed necessary; and
- monitoring and communication of the risk assessment results to the Board.

RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

At each quarterly meeting, the Audit Committee reviewed the recurrent related party transactions ("RPT") and conflict of interest situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

The Audit Committee review the RPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction. The Audit Committee also ensure that the adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

INTERNAL AUDIT FUNCTION

The purpose of the Internal Audit function is to provide the Board, through the Audit Committee, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. To ensure that the responsibilities of internal auditors are fully discharged, the Audit Committee reviews the adequacy of the scope, functions and resources of the Internal Audit function as well as the competency of the Internal Auditors.

The Internal Auditors also highlighted to the Audit Committee the audit findings which required follow-up action by Management as well as outstanding audit issues which required corrective action to ensure an adequate and effective internal control system within the Group.

All Internal Audit activities in financial year ended 31 July 2016 were outsourced to an independent assurance provider and the total costs incurred were amounted to RM5,000.

Statement on Risk Management and Internal Control

The Code on Corporate Governance sets out the principles that listed companies need to maintain for a sound system of risk management and internal control to safeguard shareholders' investments and Group's assets. In line with this, the Board of Directors is pleased to present the Statement on Risk Management and Internal Control on compliance with the Code, pursuant to the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad.

The Board acknowledges and affirms its overall responsibilities for establishing an appropriate control environment which should encompass financial, operational and compliance controls as well as risk assessment and communication frameworks. The system of internal controls is primarily designed to manage principle risks faced by the Group within an acceptable risk profile, rather than totally eliminate the risks of failure to achieve the business objectives of the Group. Accordingly, it should be noted that such system is designed to provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management and internal control is designed to provide reasonable assurance that business objectives are met by embedding management control into daily operations to achieve efficiency, effectiveness and safeguarding of assets, and also ensuring compliance with relevant legal and regulatory requirements. All these are to ensure the integrity of the Group's financial reporting and its related disclosures. The Management is responsible for the identification of critical business risks and the development and implementation of appropriate risk management procedures to address these risks.

To enhance the overall governance process, the Internal Audit function has been established to add value and improve the Group's operations by providing independent, objective assurance and consulting activities through its audit of the Group's key operations and also to ensure consistency in the control environment and the application of policies and procedures.

The Internal Audit function, which has been outsourced to an external consultancy firm, Insight Advisory Services Sdn. Bhd., undertakes regular reviews and/or appraisal of the adequacy and effectiveness of the risk management, internal controls and governance processes within the Group. The Internal Audit function adopts a risk based approach in its audit planning and undertaking of assignments.

In an effort to provide value added services, the Internal Audit function also plays an active advisory role in the review and improvement of existing internal controls within the Group.

REPORT AND FINANCIAL STATEMENTS

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2016.

Principal Activities

The principal activities of the Company are investment holding and supply of hardware and software. The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Net loss for the financial year, attributable to owners of the parent	4,960,755	4,127,225

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year.

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

On 17 November 2015, the Company increased its authorised ordinary share capital from RM25,000,000 to RM100,000,000 through the creation of 750,000,000 ordinary shares of RM0.10 each.

Issue of Shares and Debentures (Cont'd)

On 17 November 2015, the Company issued and allotted a renounceable rights issue of 278,179,000 new ordinary shares of RM0.10 each in the Company on the basis of two rights shares for every one existing share held at an issue price of RM0.10 per rights share, together with 208,634,250 free detachable warrants on the basis of three warrants for every four rights shares subscribed.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Warrants

Detachable Warrants 2015/2020

By virtue of a Deed Poll executed on 9 October 2015 for the 208,634,250 Free Detachable Warrants 2015/2020 ("Warrants 2015/2020") issued in connection with the Rights Issue allocated and credited on 24 November 2015, each Warrants 2015/2020 entitled the registered holder the right at any time during the exercise period to subscribe in cash for one new ordinary share at an exercise price of RM0.10 each.

No warrants 2015/2020 were exercised during the financial year. As at 31 July 2016, the total numbers of Warrants 2015/2020 that remain unexercised were 208,634,250 (2015: Nil).

Directors

The Directors in office since the date of the last report are as follows:

Dato' Megat Fairouz Junaidi Bin Megat Junid	
Dato' Zaidi Bin Mat Isa @ Hashim	
Dr. Azman Bin Hussin	
Mohd Anuar Bin Mohd Hanadzlah	
Yeo Wee Kiat	
Dato' Sri Syed Ismail B. Dato' Hi Syed Azizan	(Appointed on 18 February 2016)
Dr. Folk Jee Yoong	(Resigned on 11 December 2015)
Chow Hung Keey	(Resigned on 22 December 2015)

Directors' Report
cont'd

Directors' Interests

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.8.2015	Bought	Sold	At 31.7.2016
Interests in the Company				
Direct Interests				
Yeo Wee Kiat	305,000	810,000	-	1,115,000
Mohd Anuar Bin Mohd Hanadzlah	500,000	1,000,000	-	1,500,000
Indirect Interest				
Dr. Azman Bin Hussin*	21,249,311	52,498,589	20,000,000	53,747,900

* Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in eNCoral Digital Solutions Sdn. Bhd.

By virtue of his interest in the shares of the Company, Dr. Azman Bin Hussin is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 28 to the financial statements.

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

Other Statutory Information

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

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

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

  (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

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

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

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

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

(d) In the opinion of the Directors:

  (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;

Directors' Report
cont'd

Other Statutory Information (Cont'd)

(d) In the opinion of the Directors: (Cont'd)

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

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

Subsequent Events

The subsequent events are disclosed in Note 32 to the financial statements.

Auditors

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 November 2016.

DATO' ZAIDI BIN MAT ISA @ HASHIM	MOHD ANUAR MOHD HANADZLAH

KUALA LUMPUR

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 30 to 87 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 35 to the financial statements on page 88 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 November 2016.

DATO' ZAIDI BIN MAT ISA @ HASHIM

MOHD ANUAR MOHD HANADZLAH

KUALA LUMPUR

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, MOHD ANUAR MOHD HANADZLAH, being the Director primarily responsible for the financial management of Inix Technologies Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 30 to 88 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 29 November 2016)

MOHD ANUAR MOHD HANADZLAH

Before me,

MOHAN A.S. MANIAM
NO. W710

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of INIX TECHNOLOGIES HOLDINGS BERHAD
(Company No.: 665797-D)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Inix Technologies Holdings Berhad, which comprise statements of financial position as at 31 July 2016 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 87.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Independent Auditors' Report

To the Members of INIX TECHNOLOGIES HOLDINGS BERHAD
(Company No.: 665797-D)
(Incorporated in Malaysia)
cont'd

Basis of Qualified Opinion

The audited financial statements of Galactic Maritime (M) Sdn Bhd ("Galactic Maritime"), a newly acquired associate company of the Group were not made available to us. Accordingly, the management financial information of Galactic Maritime were used for the preparation of the consolidated financial statements of the Group for the financial year ended 31 July 2016 ("FYE 2016). The Group recorded a share of profits of associate amounting to RM648,519 during FYE 2016.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 July 2016 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(b) We have considered the financial statements and the auditors' reports of the subsidiary company of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 35 on page 88 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

CHAN JEE PENG
Approved Number: 3068/08/18 (J)
Chartered Accountant

KUALA LUMPUR

29 November 2016

Statements of Financial Position

As at 31 July 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Non-Current Assets					
Property, plant and equipment	4	60,105	59,013	42,204	35,584
Intangible assets	5	995,092	1,741,412	-	-
Investment in subsidiary companies	6	-	-	4	2
Investment in an associate company	7	7,848,519	-	7,200,000	-
Other investment	8	7,700,000	-	7,700,000	-
		16,603,716	1,800,425	14,942,208	35,586
Current Assets					
Inventories	9	90	446	-	-
Trade receivables	10	5,784,751	6,501,019	-	656,750
Other receivables	11	8,025,716	1,643,956	33,600	750,100
Amount due from an associate company	12	53,000	-	53,000	-
Amount due from subsidiary companies	13	-	-	11,585,725	3,987,474
Fixed deposit with a licensed bank	14	-	11,250	-	-
Cash and bank balances		1,488,587	122,800	1,400,723	94,671
		15,352,144	8,279,471	13,073,048	5,488,995
Total Assets		31,955,860	10,079,896	28,015,256	5,524,581

Statements of Financial Position

As at 31 July 2016
cont'd

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
Equity					
Share capital	15	41,726,850	13,908,950	41,726,850	13,908,950
Share premium	16	8,910,750	8,910,750	8,910,750	8,910,750
Warrant reserve	17	24,618,842	-	24,618,842	-
Other reserve	17	(24,618,842)	-	(24,618,842)	-
Accumulated losses		(20,113,763)	(15,153,008)	(24,001,059)	(19,873,834)
Total Equity		30,523,837	7,666,692	26,636,541	2,945,866
Non-Current Liability					
Deferred tax liability	18	-	2,857	-	-
Current Liabilities					
Trade payables	19	24,905	24,905	-	-
Other payables	20	1,407,118	1,185,442	277,815	277,815
Amount due to a Director	21	-	1,200,000	-	1,200,000
Amount due to subsidiary companies	13	-	-	1,100,900	1,100,900
		1,432,023	2,410,347	1,378,715	2,578,715
Total Liabilities		1,432,023	2,413,204	1,378,715	2,578,715
Total Equity and Liabilities		31,955,860	10,079,896	28,015,256	5,524,581

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 July 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	22	3,738,137	5,229,530	-	443,750
Cost of sales	23	(356)	(69,059)	-	-
Gross profit		3,737,781	5,160,471	-	443,750
Other income		5,358	87,192	1,544	70,897
Administrative expenses		(7,809,936)	(4,967,852)	(2,583,463)	(751,488)
Research and development expenses		(1,538,720)	(324,851)	(1,538,720)	(6,936)
Loss before operation		(5,605,517)	(45,040)	(4,120,639)	(243,777)
Share of results of associate		648,519	-	-	-
Loss before taxation	24	(4,956,998)	(45,040)	(4,120,639)	(243,777)
Taxation	25	(3,757)	(2,857)	(6,586)	-
Net loss for the financial year, representing total comprehensive loss for the financial year		(4,960,755)	(47,897)	(4,127,225)	(243,777)
Net loss for the financial year attributable to:					
Owners of the parent		(4,960,755)	(47,897)	(4,127,225)	(243,777)
Loss per share					
Basic loss per share (sen)	26	(1.48)	(0.03)		

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity
For the Financial Year Ended 31 July 2016

		Attributable to Owners of the Parent					
		Non-distributable			Distributable		
Group	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Accumulated Losses RM	Total Equity RM
At 1 August 2014		13,908,950	8,910,750	-	-	(15,105,111)	7,714,589
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(47,897)	(47,897)
At 31 July 2015		13,908,950	8,910,750	-	-	(15,153,008)	7,666,692

Statements of Changes in Equity
For the Financial Year Ended 31 July 2016
cont'd

		Attributable to Owners of the Parent					
		Non-distributable			Distributable		
Group	**Note**	**Share Capital RM**	**Share Premium RM**	**Warrant Reserve RM**	**Other Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1 August 2015		13,908,950	8,910,750	-	-	(15,153,008)	7,666,692
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(4,960,755)	(4,960,755)
Transactions with owners:							
Issues of ordinary shares	15	27,817,900	-	-	-	-	27,817,900
Rights issue with free warrants	17	-	-	24,618,842	(24,618,842)	-	-
Total transactions with owners		27,817,900	-	24,618,842	(24,618,842)	-	27,817,900
At 31 July 2016		41,726,850	8,910,750	24,618,842	(24,618,842)	(20,113,763)	30,523,837

Statements of Changes in Equity
For the Financial Year Ended 31 July 2016
cont'd

		Attributable to Owners of the Parent					
		Non-distributable			Distributable		
Company	**Note**	**Share Capital RM**	**Share Premium RM**	**Warrant Reserve RM**	**Other Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1 August 2014		13,908,950	8,910,750	-	-	(19,630,057)	3,189,643
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(243,777)	(243,777)
At 31 July 2015		13,908,950	8,910,750	-	-	(19,873,834)	2,945,866

Statements of Changes in Equity
For the Financial Year Ended 31 July 2016
cont'd

		Attributable to Owners of the Parent					
		Non-distributable			Distributable		
Company	**Note**	**Share Capital RM**	**Share Premium RM**	**Warrant Reserve RM**	**Other Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1 August 2015		13,908,950	8,910,750	-	-	(19,873,834)	2,945,866
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(4,127,225)	(4,127,225)
Transactions with owners:							
Issues of ordinary shares	15	27,817,900	-	-	-	-	27,817,900
Rights issue with free warrants	17	-	-	24,618,842	(24,618,842)	-	-
Total transactions with owners		27,817,900	-	24,618,842	(24,618,842)	-	27,817,900
At 31 July 2016		41,726,850	8,910,750	24,618,842	(24,618,842)	(24,001,059)	26,636,541

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows
For the Financial Year Ended 31 July 2016

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Loss before taxation	(4,956,998)	(45,040)	(4,120,639)	(243,777)
Adjustments for:				
Depreciation of property, plant and equipment	11,565	12,370	6,037	4,547
Amortisation of intangible assets	746,320	746,320	-	-
Impairment loss on other receivable	257,148	59,319	-	-
Impairment loss on trade receivable	861,270	-	656,750	-
Interest income	(1,799)	(849)	(1,544)	(797)
Share of results of associates	(648,519)	-	-	-
Operating (loss)/profit before working capital changes	(3,731,013)	772,120	(3,459,396)	(240,027)
Changes in working capital:				
Inventories	356	21,876	-	-
Trade receivables	(145,002)	(1,995,894)	-	(656,750)
Other receivables	(6,638,908)	(609,886)	716,500	(720,000)
Amount due from an associate company	(53,000)	-	(53,000)	-
Amount due from/to subsidiary companies	-	-	(7,598,251)	414,038
Amount due to a Director	(1,200,000)	1,200,000	(1,200,000)	1,200,000
Trade payables	-	19,430	-	-
Other payables	221,676	58,760	-	(2,586)
	(7,814,878)	(1,305,714)	(8,134,751)	234,702
Cash used in operations	(11,545,891)	(533,594)	(11,594,147)	(5,325)
Tax paid	(6,614)	-	(6,586)	-
Interest received	1,799	849	1,544	797
	(4,815)	849	(5,042)	797
Net cash used in operating activities	(11,550,706)	(532,745)	(11,599,189)	(4,528)

Statements of Cash Flows

For the Financial Year Ended 31 July 2016
cont'd

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Cash Flows From Investing Activities					
Acquisition of other investment		(7,700,000)	-	(7,700,000)	-
Acquisition of an associate company		(7,200,000)	-	(7,200,000)	-
Acquisition of subsidiary company		-	-	(2)	-
Acquisition of property, plant and equipment	4	(12,657)	(5,310)	(12,657)	(4,860)
Net cash used in investing activities		(14,912,657)	(5,310)	(14,912,659)	(4,860)
Cash Flows From Financing Activities					
Proceeds from issuance of shares	15	27,817,900	-	27,817,900	-
Release of fixed deposits pledged		11,250	-	-	-
Net cash from financing activities		27,829,150	-	27,817,900	-
Net increase/(decrease) in cash and cash equivalents		1,365,787	(538,055)	1,306,052	(9,388)
Cash and cash equivalents at the beginning of the financial year		122,800	660,855	94,671	104,059
Cash and cash equivalents at the end of the financial year		1,488,587	122,800	1,400,723	94,671
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		1,488,587	122,800	1,400,723	94,671
Fixed deposit with a licensed bank		-	11,250	-	-
		1,488,587	134,050	1,400,723	94,671
Less: Fixed deposit pledge with a licensed bank		-	(11,250)	-	-
		1,488,587	122,800	1,400,723	94,671

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements
31 July 2016

1. Corporate Information

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

The registered office of the Company is located at Level 2, Towel 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Unit B-8-7, Level 8, Block B, Megan Avenue 2, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The principal activities of the Company are investment holding and supply of software development and system integration. The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities of the company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

		Effective date for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016

Notes to the Financial Statements
31 July 2016
cont'd

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company: (Cont'd)

		Effective date for financial periods beginning on or after
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and measurement of share base payment transactions	1 January 2018
Amendments to MFRS 15	Classification to MFRS 15	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	To be announced

2. **Basis of Preparation (Cont'd)**

(a) **Statement of compliance (Cont'd)**

Standards issued but not yet effective (Cont'd)

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial applications of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

Notes to the Financial Statements

31 July 2016
cont'd

2. **Basis of Preparation (Cont'd)**

(a) **Statement of compliance (Cont'd)**

Standards issued but not yet effective (Cont'd)

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Group is in the process of assessing the impact of this Standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(b) **Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) **Significant accounting judgements, estimates and assumptions**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

Note 8 describes that the investment in Hyper QB Sdn Bhd is classified as other investments although the Company has invested 25% ownership in Hyper QB Sdn Bhd. The investment in Hyper QB Sdn Bhd is classified as other investment as the Company does not have significant influence in Hyper QB due to the reasons disclosed in Note 8.

2. **Basis of Preparation (Cont'd)**

(d) **Significant accounting judgements, estimates and assumptions (Cont'd)**

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

<u>Impairment of loans and receivables</u>

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 10 and 11.

<u>Income taxes</u>

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Financial Statements
31 July 2016
cont'd

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

3. **Significant Accounting Policies (Cont'd)**

(a) **Basis of consolidation (Cont'd)**

(i) Subsidiary companies (Cont'd)

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(j) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

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

(b) **Investment in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

Notes to the Financial Statements
31 July 2016
cont'd

3. Significant Accounting Policies (Cont'd)

(b) Investment in associates (Cont'd)

An associate is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single assets, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(j) to the financial statements on impairment of non-financial assets.

3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life.

Notes to the Financial Statements
31 July 2016
cont'd

3. **Significant Accounting Policies (Cont'd)**

(c) **Property, plant and equipment (Cont'd)**

(iii) Depreciation

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Furniture and fittings	10 years
Renovation	10 years
Motor vehicle	6 years
Software	3 years
Computer equipment	6 years
Office equipment	6 - 10 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(d) **Intangible assets**

The initial recognition of intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting period.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate the carrying value may be impaired either individually or at the cash - generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Included as intangible assets in the Group's financial statements are intellectual property assets and certification costs.

Intellectual property assets represent the power line carrier technology and supporting technologies applied in designing and integrating the security systems and appliance automation systems. Intellectual property assets are amortised over 5 years on a straight line basis.

Notes to the Financial Statements

31 July 2016
cont'd

3. **Significant Accounting Policies (Cont'd)**

(d) **Intangible assets (Cont'd)**

Certification costs represent costs incurred in meeting regulatory certification requirements for the Group's products in various countries. These include costs to adapt, modify, test and improve the products in compliance with applicable technical standards and specifications. Certification costs are amortised over 5 years on a straight line basis.

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) It is technically feasible to complete the intangible asset so that it will be available for use or sale;

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

(iii) There is an ability to use or sell the intangible assets;

(iv) It can be demonstrated how the intangible asset will generate probable future economic benefits;

(v) Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

(vi) The expenditure attributable to the intangible assets during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are amortised when the asset is ready for use on a straight line basis over its estimated useful lives of 5 years. These costs recognised as intangible asset are subject to review for impairment in accordance with the policy.

(e) **Financial assets**

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Financial Statements
31 July 2016
cont'd

3. **Significant Accounting Policies (Cont'd)**

(e) **Financial assets (Cont'd)**

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) Loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

3. **Significant Accounting Policies (Cont'd)**

(e) **Financial assets (Cont'd)**

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

(f) **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition into other financial liabilities measured at amortised cost.

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Notes to the Financial Statements
31 July 2016
cont'd

3. **Significant Accounting Policies (Cont'd)**

(f) **Financial liabilities (Cont'd)**

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(g) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(h) **Inventories**

Finished goods are stated at the lower of costs and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) **Impairment of assets**

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

3. **Significant Accounting Policies (Cont'd)**

(j) **Impairment of assets (Cont'd)**

(i) Non-financial assets (Cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to the Financial Statements
31 July 2016
cont'd

3. **Significant Accounting Policies (Cont'd)**

(j) **Impairment of assets (Cont'd)**

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investment in subsidiary companies and associates, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

Notes to the Financial Statements

31 July 2016
cont'd

3. **Significant Accounting Policies (Cont'd)**

(k) **Share capital**

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

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(l) **Provisions**

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

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

(m) **Employee benefits**

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

Notes to the Financial Statements
31 July 2016
cont'd

3. **Significant Accounting Policies (Cont'd)**

(m) **Employee benefits (Cont'd)**

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(n) **Revenue**

(i) Rendering of services

Revenue from services rendered is recognised in the profit or loss based on the value of services performed and invoiced to customers during the period.

(ii) Sales of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(o) **Income taxes**

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3. Significant Accounting Policies (Cont'd)

(o) Income taxes (Cont'd)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Notes to the Financial Statements
31 July 2016
cont'd

4. Property, Plant and Equipment

	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Software RM	Computer equipment RM	Office equipment RM	Total RM
Group							
2016							
Cost							
At 1 August 2015	56,499	28,000	38,519	1,399	31,975	10,318	166,710
Additions	-	-	-	3,074	9,583	-	12,657
At 31 July 2016	56,499	28,000	38,519	4,473	41,558	10,318	179,367
Accumulated depreciation							
At 1 August 2015	49,231	6,533	38,518	1,398	10,152	1,865	107,697
Charge for the financial year	1,053	2,800	-	228	6,014	1,470	11,565
At 31 July 2016	50,284	9,333	38,518	1,626	16,166	3,335	119,262
Carrying amount							
At 31 July 2016	6,215	18,667	1	2,847	25,392	6,983	60,105

4. **Property, Plant and Equipment (Cont'd)**

	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Software RM	Computer equipment RM	Office equipment RM	Total RM
Group							
2015							
Cost							
At 1 August 2014	56,499	28,000	38,519	1,399	31,525	5,458	161,400
Additions	-	-	-	-	450	4,860	5,310
At 31 July 2015	56,499	28,000	38,519	1,399	31,975	10,318	166,710
Accumulated depreciation							
At 1 August 2014	46,032	3,733	38,518	1,243	5,043	758	95,327
Charge for the financial year	3,199	2,800	-	155	5,109	1,107	12,370
At 31 July 2015	49,231	6,533	38,518	1,398	10,152	1,865	107,697
Carrying amount							
At 31 July 2015	7,268	21,467	1	1	21,823	8,453	59,013

Notes to the Financial Statements
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4. Property, Plant and Equipment (Cont'd)

	Furniture and fittings RM	Renovation RM	Software RM	Office equipment RM	Computer equipment RM	Total RM
Company						
2016						
Cost						
At 1 August 2015	9,149	28,000	-	8,410	-	45,559
Addition	-	-	3,074	-	9,583	12,657
At 31 July 2016	9,149	28,000	3,074	8,410	9,583	58,216
Accumulated depreciation						
At 1 August 2015	2,077	6,533	-	1,365	-	9,975
Charge for the financial year	915	2,800	228	1,195	899	6,037
At 31 July 2016	2,992	9,333	228	2,560	899	16,012
Carrying amount						
At 31 July 2016	6,157	18,667	2,846	5,850	8,684	42,204

Notes to the Financial Statements

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4. Property, Plant and Equipment (Cont'd)

	Furniture and fittings RM	Renovation RM	Office equipment RM	Total RM
Company				
2015				
Cost				
At 1 August 2014	9,149	28,000	3,550	40,699
Additions	-	-	4,860	4,860
At 31 July 2015	9,149	28,000	8,410	45,559
Accumulated depreciation				
At 1 August 2014	1,162	3,733	533	5,428
Charge for the financial year	915	2,800	832	4,547
At 31 July 2015	2,077	6,533	1,365	9,975
Carrying amount				
At 31 July 2015	7,072	21,467	7,045	35,584

5. Intangible Assets

	Group 2016 RM	Group 2015 RM
Software development		
Cost		
At 1 August / 31 July	3,731,599	3,731,599
Accumulated amortisation		
At 1 August	1,990,187	1,243,867
Amortisation for the financial year	746,320	746,320
At 31 July	2,736,507	1,990,187
Carrying amount		
At 31 July	995,092	1,741,412

Software development represents costs incurred on development projects relating to the design and testing of new or improved products. Capitalised development costs are amortised when the asset is ready for use on a straight line basis over its estimated useful lives of 5 years.

Notes to the Financial Statements
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6. Investment in Subsidiary Companies

	Company 2016 RM	Company 2015 RM
In Malaysia:		
At cost		
Unquoted shares	9,051,002	9,051,000
Options granted to employees of subsidiaries	1,232,210	1,232,210
	10,283,212	10,283,210
Less: Accumulated impairment losses	(10,283,208)	(10,283,208)
	4	2

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2016 %	Effective interest 2015 %	Principal activities
Direct holding:				
Ansi Systems Sdn. Bhd. *	Malaysia	100	100	Software development, system integration and selling of books
NCSoft Sdn. Bhd.	Malaysia	100	100	Software development, system integration, information technology management consultancy and other related professional services
Inix Network Sdn. Bhd.	Malaysia	100	100	System integration, information technology management consultancy and other related professional services
Inix Maritime Sdn. Bhd. (f.k.a. Vibrant Viking Sdn. Bhd.)	Malaysia	100	-	Dormant

** Subsidiary company not audited by UHY.*

Notes to the Financial Statements
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6. **Investment in Subsidiary Companies (Cont'd)**

(a) Acquisition of a subsidiary company

On 8 December 2015, the Company has acquired a wholly-owned subsidiary company Vibrant Viking Sdn. Bhd., with a cash consideration of RM2. The wholly-owned subsidiary company has subsequently changed its name to Inix Maritime Sdn. Bhd. with effect from 31 December 2015.

7. **Investment in an Associate Company**

	Group		**Company**	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
At cost				
Unquoted shares in Malaysia	7,200,000	-	7,200,000	-
Share of results of associate	648,519	-	-	-
	7,848,519	-	7,200,000	-

Details of the associate company are as follows:

Name of company	**Country of incorporation**	**Effective interest 2016 %**	**Effective interest 2015 %**	**Principal activities**
* Galactic Maritime (M) Sdn. Bhd.	Malaysia	30	-	Contractor of sand barrier project

**Associate companies not audited by UHY.*

On 16 March 2015, the Company has entered into a sale of share agreement with Galactic Maritime (M) Sdn. Bhd. ("GMSB") for the acquisition of 30% equity interest of GMSB with a purchase consideration of RM7,200,000. The purchase of equity interest is completed on 8 December 2015.

Summarised financial information of the Group's material associates, Galactic Maritime Sdn. Bhd. is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

Notes to the Financial Statements
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7. **Investment in an Associate Company (Cont'd)**

(a) Summarised statement of financial position

	2016
	RM
Current assets	19,656,251
Non-current assets	19,466,494
Current liabilities	(8,444,500)
Non-current liabilities	(4,713,961)
Net assets	25,964,284
Interests in associate	30%

(b) Summarised statement of profit or loss and other comprehensive income

	2016
	RM

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8. **Other Investment**

	Group / Company	
	2016	**2015**
	RM	**RM**
In Malaysia:		
At cost		
Unquoted shares	7,700,000	-

On 1 April 2016, the Company has acquired 25% equity interests in Hyper QB Sdn. Bhd.("Hyper QB") with a cash consideration of RM7,700,000. This acquisition is classified as other investment as the Company does not have significant influence in Hyper QB due to the following:-

(a) The Company has limited influence in terms of voting right and have no board representative in the board of directors of Hyper QB;
(b) The Company has no authority to participate in the financial and operation activity of Hyper QB; and
(c) There are no material transactions entered into between the Company and Hyper QB.

9. Inventories

	Group 2016 RM	Group 2015 RM
Finished goods	90	446

10. Trade Receivables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
- Third parties	871,270	871,270	656,750	656,750
- Related party	5,784,751	5,639,749	-	-
	6,656,021	6,511,019	656,750	656,750
Less: Accumulated impairment losses	(871,270)	(10,000)	(656,750)	-
At 31 July	5,784,751	6,501,019	-	656,750

Trade receivables are non-interest bearing and are generally on 60 to 120 days (2015: 60 to 120 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At 1 August	10,000	10,000	-	-
Impairment losses recognised	861,270	-	656,750	-
At 31 July	871,270	10,000	656,750	-

Notes to the Financial Statements
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10. Trade Receivables (Cont'd)

Analysis of the trade receivables ageing as at end of the financial year is as follow:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	2,668,656	2,332,000	-	-
Past due but not impaired:				
61 to 90 days	8,745	-	-	-
91 to 120 days	1,250,800	-	-	-
More than 121 days	1,856,550	4,169,019	-	656,750
	3,116,095	4,169,019	-	656,750
	5,784,751	6,501,019	-	656,750
Impaired	871,270	10,000	656,750	-
	6,656,021	6,511,019	656,750	656,750

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

As at 31 July 2016, trade receivables of the Group and of the Company are RM3,116,095 and Nil (2015: RM4,169,019 and RM656,750) respectively were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM871,270 and RM656,750 (2015: RM10,000 and Nil) respectively, related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

Notes to the Financial Statements
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11. Other Receivables

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Other receivables				
- Related party	2,488,216	889,956	-	-
- Third parties	318,767	62,759	-	1,140
	2,806,983	952,715	-	1,140
Less: Accumulated impairment losses	(316,467)	(60,459)	-	(1,140)
	2,490,516	892,256	-	-
Deposits	28,900	751,700	27,300	750,100
Prepayment	5,506,300	-	6,300	-
	8,025,716	1,643,956	33,600	750,100

Movements in the allowance for impairment losses of other receivables are as follows:

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
At 1 August	60,459	1,140	1,140	1,140
Impairment losses recognised	257,148	59,319	-	-
Amount written off	(1,140)	-	(1,140)	-
At 31 July	316,467	60,459	-	1,140

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

12. Amount Due from an Associate Company

Amount due from associate company is unsecured, non-interest bearing and repayable on demand.

Notes to the Financial Statements
31 July 2016
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13. Amount Due from/(to) Subsidiary Companies

	Company	
	2016	2015
	RM	RM
Amount Due from Subsidiary Companies		
Non-trade related	19,711,599	12,113,348
Less: Accumulated impairment losses	(8,125,874)	(8,125,874)
	11,585,725	3,987,474
Amount Due to Subsidiary Companies		
Non-trade related	(1,100,900)	(1,100,900)

The amount due from/(to) subsidiary companies is unsecured, non-interest bearing and repayable on demand.

14. Fixed Deposit with a Licensed Bank

Fixed deposit with a licensed bank amounting to Nil (2015: RM11,250).

15. Share Capital

	Group/Company			
	Number of shares		Amount	
	2016	2015	2016	2015
	Unit	Unit	RM	RM
Ordinary shares of RM0.10 each				
Authorised:				
At 1 August	250,000,000	250,000,000	25,000,000	25,000,000
Created during the financial year	750,000,000	-	75,000,000	-
At 31 July	1,000,000,000	250,000,000	100,000,000	25,000,000
Issued and fully paid:				
At 1 August	139,089,500	139,089,500	13,908,950	13,908,950
Issued during the financial year	278,179,000	-	27,817,900	-
At 31 July	417,268,500	139,089,500	41,726,850	13,908,950

15. **Share Capital (Cont'd)**

On 17 November 2015, the Company increased its authorised ordinary share capital from RM25,000,000 to RM100,000,000 through the creation of 750,000,000 ordinary shares of RM0.10 each.

On 17 November 2015, the Company issued and allotted a renounceable rights issue of 278,179,000 new ordinary shares of RM0.10 each in the Company on the basis of two rights shares for every one existing share held at an issue price of RM0.10 per rights share, together with 208,634,250 free detachable warrants on the basis of three warrants for every four rights shares subscribed ("Rights Issue of Shares with Warrants").

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

16. **Share Premium**

	Group / Company	
	2016	**2015**
	RM	**RM**
Non-distributable		
At 1 August / 31 July	8,910,750	8,910,750

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

17. **Warrant / Other Reserves**

	Group / Company	
	2016	**2015**
	RM	**RM**
Non-distributable		
At 1 August	-	-
Addition	24,618,842	-
At 31 July	24,618,842	-

Warrant / other reserve represents reserve allocated to free detachable warrants issued with rights issue.

Notes to the Financial Statements
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17. **Warrant / Other Reserves (Cont'd)**

Detachable Warrants 2015/2020

By virtue of a Deed Poll executed on 9 October 2015 for the 208,634,250 Free Detachable Warrants 2015/2020 ("Warrants 2015/2020") issued in connection with the Rights Issue allocated and credited on 24 November 2015, each Warrants 2015/2020 entitled the registered holder the right at any time during the exercise period to subscribe in cash for one new ordinary share at an exercise price of RM0.10 each.

No warrants 2015/2020 were exercised during the financial year.

The fair value of the Warrants 2015/2020 is measured using Black Scholes model with the following inputs and assumptions:

	RM
Fair value of warrants of issue date	0.118
Exercise price	0.10
Expected volatility	72.265 %
Expiry date	23-Nov-20
Risk-free interest rate	3.766 % per annum

18. **Deferred Tax Liability**

	Group		**Company**	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
At 1 August	2,857	-	-	-
Recognised in profit or loss	(2,857)	2,857	-	-
At 31 July	-	2,857	-	-

The estimated deferred tax liability/(assets) arising from temporary differences as follows:

	Group		**Company**	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Excess of capital allowances over corresponding depreciation of property, plant and equipment	4,361	6,291	3,645	508
Other deductible temporary differences	(34,146)	(3,434)	(3,645)	(508)
	(29,785)	2,857	-	-

18. Deferred Tax Liability (Cont'd)

The deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other deductible temporary difference	(15,396)	(2,378)	(15,187)	(2,031)
Unutilised tax losses	7,435,100	4,393,658	3,215,705	447,553
Unabsorbed capital allowances	37,684	32,192	14,413	7,453
	7,457,388	4,423,472	3,214,931	452,975

19. Trade Payables

Credit terms of trade payables of the Group range from 30 to 60 days (2015: 30 to 60 days) depending on the terms of the contracts.

20. Other Payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Other payables				
- Third parties	421,036	404,905	259,815	259,815
- Related party	481,389	481,389	-	-
Accruals	504,693	299,148	18,000	18,000
	1,407,118	1,185,442	277,815	277,815

eNCoral Digital Solutions Sdn. Bhd. ("EDSSB") being a related party by virtue of certain directors of the Company, as being key management personnel of EDSSB. The amount due to related party is non-trade in nature and is unsecured, non-interest bearing and repayable on demand.

21. Amount Due to a Director

The amount due to a Director is unsecured advances, non-interest bearing and repayable on demand.

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22. Revenue

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Sales of hardware and software	4,245	66,275	-	-
Sales of books	4,042	2,252	-	-
Software development and system integration	3,729,850	5,161,003	-	443,750
	3,738,137	5,229,530	-	443,750

23. Cost of Sales

Cost of sales consists of cost of inventories sold, translation and editing cost of books and purchase cost of hardware and software.

24. Loss Before Taxation

Loss before taxation is determined after charging/(crediting) amongst other, the following items:

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Auditors' remuneration	74,000	72,000	18,000	18,000
Amortisation of intangible assets	746,320	746,320	-	-
Commision income	-	(13,000)	-	-
Depreciation of property, plant and equipment	11,565	12,370	6,037	4,547
Director's allowance	146,000	-	146,000	65,000
Director's fee	84,000	13,000	60,000	13,000
Impairment loss on other receivables	257,148	59,319	-	-
Impairment loss on trade receivables	861,270	-	656,750	-
Interest income	(1,799)	(849)	(1,544)	(797)
Office rental	753,500	91,000	81,500	91,000
Rental income	-	(70,100)	-	(70,100)
Rental of motor vehicle	25,120	22,666	-	-
Share of results of associate company	(648,519)	-	-	-

Notes to the Financial Statements
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25. Taxation

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Tax expense recognised in profit and loss:				
Under provision in prior year	6,614	-	6,586	-
Deferred taxation (Note 18)				
Origination and reversal of temporary differences	-	(1,221)	-	-
(Over)/Under provision in prior year	(2,857)	4,078	-	-
	(2,857)	2,857	-	-
	3,757	2,857	6,586	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profits for the financial year.

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25. Taxation (Cont'd)

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expenses at the effective income tax of the Group and the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Loss before taxation	(4,956,998)	(45,040)	(4,120,639)	(243,777)
Tax at current income tax rate of 24% (2015: 25%)	(1,189,680)	(11,260)	(988,953)	(60,944)
Tax effects of:				
- Non-deductible expenses	349,828	208,864	213,319	5,527
- Income not subject to tax	(371)	-	(371)	-
- Utilisation of previously unrecognised deferred tax assets	-	(250,976)	-	-
- Under provision of taxation in respect of prior year	6,614	-	6,586	-
- (Over)/Under provision of deferred taxation in respect of prior year	(2,857)	4,078	-	-
- Deferred tax assets not recognised during the financial year	840,223	52,151	776,005	55,417
Tax expense for the financial year	3,757	2,857	6,586	-

The Group and the Company have the following unused tax losses and unutilised capital allowances available for set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unused tax losses	7,435,100	4,393,658	3,215,705	447,553
Unutilised capital allowances	37,684	32,192	14,413	7,453
	7,472,784	4,425,850	3,230,118	455,006

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26. Basic Loss Per Share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2016	**2015**
	RM	**RM**
Loss attributable to owners of parent	(4,960,755)	(47,897)
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 August	139,089,500	139,089,500
Effect of ordinary shares issued during the financial year	278,179,000	-
Weighted average number of ordinary shares at 31 July	335,182,893	139,089,500
Basic loss per share (in sen)	(1.48)	(0.03)

27. Employee Benefits

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Salaries and allowances	2,763,280	2,736,951	287,009	-
Defined contribution plans	286,362	291,547	14,220	-
Social security contributions	29,840	30,946	1,459	-
Other benefits	71,598	42,738	-	-
	3,151,080	3,102,182	302,688	-

28. Related Party Disclosure

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

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28. Related Party Disclosure (Cont'd)

(a) Identifying related parties (Cont'd)

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transaction

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 10, 11, 12, 13, 20 and 21 to the financial statements, the significant related party transactions of the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Transaction with related party				
Fees received / receivable on software development in progress	3,680,000	4,285,000	-	-
Expenses paid / payable	(1,749)	(875)	-	-
Office rental	672,000	-	-	-

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Fees and other emoluments	230,000	13,000	206,000	78,000

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29. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Software	Software development and system integration
Books	Sales of books
Corporate	Investment holding and others

Except as indicated above, no operating segments have been aggregated to form the above reporting operating segments.

Performance is measured based on segment profit before taxation, interest and depreciation, as included in the internal management reports that are reviewed by the Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

29. Segment Information (Cont'd)

	Software RM	Books RM	Corporate RM	Adjustments / Eliminations RM	Total RM
2016					
Operating segments					
Revenue					
External customers	3,734,095	4,042	-	-	3,738,137
Results					
Amortisation of intangible assets	(746,320)	-	-	-	(746,320)
Depreciation of property, plant and equipment	(5,528)	-	(6,037)	-	(11,565)
Share of results of associates	-	-	648,519	-	648,519
Segment loss before taxation	(836,359)	-	(4,120,639)	-	(4,956,998)
Assets					
Capital expenditure	-	-	12,657	-	12,657
Segment assets	15,978,714	-	28,015,256	(12,038,110)	31,955,860
Liabilities					
Segment liabilities	24,049,689	-	1,378,715	(23,996,381)	1,432,023
Other non-cash items					
Impairment loss on other receivables	257,148	-	-	-	257,148
Impairment loss on trade receivables	204,520	-	656,750	-	861,270

29. Segment Information (Cont'd)

	Software RM	Books RM	Corporate RM	Adjustments / Eliminations RM	Total RM
2015					
Operating segments					
Revenue					
External customers	4,783,528	2,252	443,750	-	5,229,530
Results					
Depreciation of property, plant and equipment	(7,823)	-	(4,547)	-	(12,370)
Amortisation of intangible assets	(746,320)	-	-	-	(746,320)
Segment profit/(loss) before taxation	198,737	-	(243,777)	-	(45,040)
Additional to non-current assets					
Capital expenditure	450	-	4,860	-	5,310
Segment assets	(320,059)	-	5,524,581	4,875,374	10,079,896
Liabilities					
Segment liabilities	(13,655,142)	-	2,578,715	13,489,631	2,413,204
Other non-cash items					
Impairment loss on other receivables	59,319	-	-	-	59,319

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cont'd

30. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Available-for-sale RM	Loans and receivables RM	Financial liabilities measured at amortised costs RM	Total RM
Group				
2016				
Financial assets				
Other investments	7,700,000	7,700,000	-	7,700,000
Trade receivables	-	5,784,751	-	5,784,751
Other receivables	-	2,519,416	-	2,519,416
Amount due from an associate company	-	53,000	-	53,000
Cash and bank balances	-	1,488,587	-	1,488,587
	7,700,000	9,845,754	-	9,845,754
Financial liabilities				
Trade payables	-	-	24,905	24,905
Other payables	-	-	1,407,118	1,407,118
	-	-	1,432,023	1,432,023
2015				
Financial assets				
Trade receivables	-	6,501,019	-	6,501,019
Other receivables	-	1,643,956	-	1,643,956
Fixed deposit with a licensed bank	-	11,250	-	11,250
Cash and bank balances	-	122,800	-	122,800
	-	8,279,025	-	8,279,025

Notes to the Financial Statements
31 July 2016
cont'd

30. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Available-for-sale RM	Loans and receivables RM	Financial liabilities measured at amortised costs RM	Total RM
Group				
2015				
Financial liabilities				
Trade payables	-	-	24,905	24,905
Other payables	-	-	1,185,442	1,185,442
Amount due to a Director	-	-	1,200,000	1,200,000
	-	-	2,410,347	2,410,347
Company				
2016				
Financial assets				
Other investments	7,700,000	7,700,000	-	7,700,000
Other receivables	-	27,300	-	27,300
Amount due from an associate company	-	53,000	-	53,000
Amount due from subsidiary companies	-	11,585,725	-	11,585,725
Cash and bank balances	-	1,400,723	-	1,400,723
	7,700,000	20,766,748	-	20,766,748
Financial liabilities				
Other payables	-	-	277,815	277,815
Amount due to subsidiary companies	-	-	1,100,900	1,100,900
	-	-	1,378,715	1,378,715

Notes to the Financial Statements
31 July 2016
cont'd

30. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Available-for-sale RM	Loans and receivables RM	Financial liabilities measured at amortised costs RM	Total RM
Company				
Financial assets				
Trade receivables	-	656,750	-	656,750
Other receivables	-	750,100	-	750,100
Amount due from subsidiary companies	-	3,987,474	-	3,987,474
Cash and bank balances	-	94,671	-	94,671
	-	5,488,995	-	5,488,995
Financial liabilities				
Other payables	-	-	277,815	277,815
Amount due to subsidiary companies	-	-	1,100,900	1,100,900
Amount due to a Director	-	-	1,200,000	1,200,000
	-	-	2,578,715	2,578,715

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies.

30. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk.

The Group has significant concentration of credit risk in the form of outstanding balance due from 1 customer (2015: 1 customer) representing 99% (2015: 99%) of the total trade receivables.

The credit risk concentration profile of the Group's trade receivables at the financial year end by geographical region are as follows:

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risks are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The financial liabilities of the Group and of the Company are either repayable within one year or on demand.

Notes to the Financial Statements
31 July 2016
cont'd

30. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (cont'd)

(iii) Interest rate risk

The Group's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

A change in interest rates at the end of the reporting period would not significantly affect profit or loss in view that variable rate financial liabilities are not significant as at the reporting date.

(iv) Technological and market risk

The Group is exposed to technological and market risks arising mainly from its product offerings. These risks are managed through constant investments in research and development, market evaluation and product innovation to ensure that the Group's range of products and services are market relevant and price competitive.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents approximate their fair values due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

It was impractical to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

31. **Capital Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

31. **Capital Management (Cont'd)**

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Trade payables	24,905	24,905	-	-
Other payables	1,407,118	1,185,442	277,815	277,815
Amount due to Directors	-	1,200,000	-	1,200,000
Less: Cash and cash equivalents	(1,488,587)	(122,800)	(1,400,723)	(94,671)
Net (cash)/debts	(56,564)	2,287,547	(1,122,908)	1,383,144
Equity attributable to the owners of the parent	30,523,837	7,666,692	26,636,541	2,945,866
Gearing ratio (times)	*	0.30	*	0.47

* *Not applicable ("N/A")*

There were no changes in the Group's approach to capital management during the financial year.

Notes to the Financial Statements
31 July 2016
cont'd

32. Subsequent Events

(a) On 26 September 2016, the Company has completed the following corporate exercise:-

(i) Reduction of the issued and paid-up share capital of the Company via the cancellation of RM0.05 of the par value of every existing ordinary share of RM0.10 each in the Company to RM0.05 each in the Company pursuant to Section 64 of the Companies Act, 1965 ("Par Value Reduction"); and

(ii) Share consolidation of every two (2) ordinary shares of RM0.05 each in the Company into one (1) new ordinary share of RM0.10 each in the Company after the par value reduction ("Share Consolidation").

(iii) Issued a notice to warrants holder in relation to the adjustment to the exercise price and number of outstanding warrants 2015/2020 pursuant to the above mentioned Par Value Reduction and Share Consolidation.

(b) On 29 September 2016, the Company has offered options to eligible employees under its Share Issuance Scheme ("SIS"). The Company has offered a total option of 50,072,220 with an exercise price of RM0.10 each.

(c) On 10 August 2016, the Company has disposed 49% equity interest in Ansi System Sdn Bhd for a cash consideration of RM1,000, which had resulted a gain of RM1,000.

(d) On 11 November 2016, the Company has announced that the Company intends to seek shareholders' approval at the forthcoming Annual General Meeting for the following:-

(i) Proposed renewal of shareholders mandate for recurrent related party transactions of a revenue or trading nature; and

(ii) Proposed share buy-back by the Company to purchase up to 10% of its own issued and paid-up share capital.

Notes to the Financial Statements
31 July 2016
cont'd

33. Comparative Information

The following comparative figures have been reclassified to conform with current year's presentation:

	As previously stated RM	Reclassification RM	As restated RM
Group			
Statements of Financial Position			
Amount due to related party	485,718	(485,718)	-
Other payables	699,724	485,718	1,185,442
Statements of Cash Flows			
Changes in working capital:			
Amount due to related party	7,089	(7,089)	-
Other payable	51,671	7,089	58,760

34. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 November 2016.

Notes to the Financial Statements

31 July 2016
cont'd

35. Supplementary Information on the Disclosure of Realised and Unrealised Profits or Losses

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		**Company**	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Total accumulated lossed of the Company and its subsidiary companies				
- Realised	(20,113,763)	(15,155,865)	(24,001,059)	(19,873,834)
- Unrealised	-	2,857	-	-
	(20,113,763)	(15,153,008)	(24,001,059)	(19,873,834)

The disclosure of realised and unrealised losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

Analysis of Shareholdings
As at 4 November 2016

Authorised Share capital	:	RM100,000,000
Issued and Fully Paid-up Share Capital	:	RM23,163,425
Classes of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	One vote per ordinary share

Distribution of Shareholdings

	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less Than 100	46	2,130	0.00
100 to 1,000	132	87,171	0.04
1,001 to 10,000	456	2,582,400	1.12
10,001 to 100,000	745	30,003,297	12.95
100,001 to below 5%	256	149,085,300	64.36
5% and above	2	49,873,952	21.53
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	1,637	231,634,250	100.00

SUBSTANTIAL SHAREHOLDERS (Direct & Indirect)
(as per Register of Substantial Shareholders)

No.	Name of Substantial Shareholder	Direct Interest	%	Indirect Interest	%
1.	eNcoral Digital Solutions Sdn Bhd	26,873,952	11.60	-	-
2.	Dr. Azman Bin Hussin	-	-	26,873,952*	11.60
3.	Chow Hung Keey	23,000,000	9.93	-	-

** Deem interested via his shareholdings in eNcoral Digital Solutions Sdn Bhd*

DIRECTORS' SHAREHOLDING (Direct & Indirect)
(as per Register of Directors' Shareholdings)

No. of ordinary shares of RM0.10 each beneficially held by the Directors

Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Megat Fairouz Junaidi Bin Megat Junid	-	-	-	-
Dr. Azman Bin Hussin	-	-	26,873,952*	11.60
Mohd Anuar Bin Mohd Hanadzlah	750,000	0.32	-	-
Yeo Wee Kiat	557,500	0.24	-	-
Dato' Zaidi Bin Mat Isa @ Hashim	-	-	-	-
Dato' Sri Syed Ismail B. Dato' Hj Syed Azizan	-	-	-	-

** Deem interested via his shareholdings in eNcoral Digital Solutions Sdn Bhd*

Analysis of Shareholdings
As at 4 November 2016
cont'd

Top Thirty Shareholders

	Name of Shareholder	No. of Shares	%
1.	ENCORAL DIGITAL SOLUTIONS SDN BHD	26,873,952	11.60
2.	CHOW HUNG KEEY	23,000,000	9.93
3.	LIM KEONG YEW	8,500,000	3.67
4.	KENANGA NOMINEES (ASING) SDN BHD (BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR ZHANG YANG (029))	7,835,700	3.38
5.	LIM DEAN YANN	5,865,200	2.53
6.	CHEW KOK KEONG	5,660,100	2.44
7.	GOH BOON SOO @ GOH YANG ENG	5,395,900	2.33
8.	SP JUTAJAYA SDN BHD	4,823,850	2.08
9.	AMLAK CRYSTAL SDN BHD	4,040,000	1.74
10.	KOPERASI POLIS DIRAJA MALAYSIA BERHAD	3,000,000	1.30
11.	LOW TEH BENG	2,675,000	1.15
12.	LOW TEH BENG	2,550,000	1.10
13.	CIMSEC NOMINEES (TEMPATAN) SDN BHD (BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL))	2,500,000	1.08
14.	GOH BOON SOO @ GOH YANG ENG	2,338,600	1.01
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD (BENEFICIARY: CIMB FOR BARKATH STORES (PENANG) SDN BERHAD (PB))	2,250,000	0.97
16.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR AIMRAN BIN RATIM (REM 133-MARGIN))	2,204,900	0.95
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD (BENEFICIARY: CIMB FOR TAN KOK PIN @ KOK KHONG (PB))	2,090,000	0.90
18.	LADUE NAKIAH OSMAN	2,050,000	0.89
19.	LOW KIAN SOON	2,005,000	0.87
20.	DIGITAL ZILLION SDN BHD	1,849,500	0.80
21.	LOW TEH BENG	1,700,000	0.73
22.	TAN CHEE PHIN	1,638,250	0.71
23.	ANTHONY GOH SHEE HIANG	1,552,500	0.67
24.	AMSEC NOMINEES (TEMPATAN) SDN BHD (BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR AZAM KHAN BIN AYOB MOHAMED	1,501,500	0.65
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TEDDY ROBIN LOJIKIM (8069268)	1,500,000	0.65
26.	TAN SHU TEE	1,500,000	0.65
27.	ANTHONY GOH SHEE HIANG	1,410,000	0.61
28.	TEOH CHOO KANG	1,276,650	0.55
29.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. (BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR YEOH ENG KONG (M02))	1,218,600	0.53
30.	TUNG LIANG CHU	1,200,000	0.52
		132,005,202	56.99

Analysis of Warrant Holdings

As at 4 November 2016

Number of outstanding warrants	:	104,317,125 Pursuant to the Right Issue with Warrants on the basis of three (3) Warrant for every four (4) Rights Share subscribe
Exercise price per warrant	:	RM0.10 per ordinary share
Exercise period of warrants	:	Period of five (5) years expiring on 8 October 2010
Voting Rights	:	None unless warrant holders exercise their warrants for new ordinary shares

Distribution of Warrant Holdings

	No. of Warrant Holders	No. of Warrants	% of Issued Warrant Capital
Less Than 100	30	1,003	0.00
100 to 1,000	16	7,581	0.01
1,001 to 10,000	115	637,733	0.61
10,001 to 100,000	371	15,703,451	15.06
100,001 to below 5%	166	78,952,307	75.68
5% and above	2	9,015,050	8.64
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	669	104,317,125	100.00

DIRECTORS' WARRANT HOLDINGS (Direct & Indirect)
(as per Register of Directors' Warrant Holdings)

Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Megat Fairouz Junaidi Bin Megat Junid	-	-	-	-
Dr. Azman Bin Hussin	-	-	21*	0.00
Mohd Anuar Bin Mohd Hanadzlah	-	-	-	-
Yeo Wee Kiat	303,750	0.29	-	-
Dato' Zaidi Bin Mat Isa @ Hashim	-	-	-	-
Dato' Sri Syed Ismail B. Dato' Hj Syed Azizan	-	-	-	-

** Deem interested via his shareholdings in eNcoral Digital Solutions Sdn Bhd*

Analysis of Warrant Holdings

As at 4 November 2016

cont'd

Top Thirty Warrant Holders

	Name of Warrant Holders	No. of Warrants	%
1.	LUM YIN MUI	9,015,050	8.64
2.	SEIK THYE KONG	5,000,000	4.79
3.	YONG SIW YA	3,011,250	2.89
4.	SUA TIEN FONG	2,808,800	2.69
5.	SU AN LEE	2,578,387	2.47
6.	WEE SANG HEONG	2,150,000	2.06
7.	SP JUTAJAYA SDN BHD	1,982,175	1.90
8.	ONG LOO CHOON	1,890,000	1.81
9.	TYE YIEN YIN	1,674,700	1.61
10.	KOPERASI POLIS DIRAJA MALAYSIA BERHAD	1,500,000	1.44
11.	SON KAT PEE @ SOIN KAT PEE	1,500,000	1.44
12.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR AIMRAN BIN RATIM (REM 133-MARGIN))	1,442,450	1.38
13.	HO YIT LIN @ HO YUET LING	1,250,000	1.20
14.	LIM LAY SWEE	1,250,000	1.20
15.	WONG KOK CHEE	1,250,000	1.20
16.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR PEK KIAM KEK (MARGIN))	1,175,000	1.13
17.	POH PAI SOON	1,125,000	1.08
18.	LIU, CHING-AN	932,500	0.89
19.	TAN CHEE PHIN	850,500	0.82
20.	TAN TUAN NEO @ TAN TUAN NEW	810,375	0.78
21.	AMSEC NOMINEES (TEMPATAN) SDN BHD (BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR AZAM KHAN BIN AYOB MOHAMED	750,750	0.72
22.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR TEDDY ROBIN LOJIKIM (8069268)	750,000	0.72
23.	CHAN KAM FOONG	750,000	0.72
24.	MOHAMAD RAHIMI BIN RAZALI	750,000	0.72
25.	TEOH YEN PING	750,000	0.72
26.	TANG WAY KEONG	714,000	0.68
27.	LIM CHONG HOO	687,500	0.66
28.	ONG SENG KEE	680,300	0.65
29.	TEO TOA TEE @ TEO MENG SIANG	650,000	0.62
30.	FONG WAI LIN	610,750	0.59
		50,289,487	48.22

Additional Compliance Information

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Securities Malaysia Berhad for the ACE Market.

1. Utilisation of Proceeds

There were no corporate proposals announced for the financial year ended 31 July 2016.

2. Related Party Transactions

The aggregate value of the Related Party Transactions for the financial year ended 31 July 2016 is set out in Note 28 of the Audited Financial Statements.

3. Employees Share Option Scheme

During the financial year ended 31 July 2016, a total of 32,000,000 new ordinary shares of RM0.10 each were issued and allotted pursuant to the exercise of the Share Issuance Scheme.

4. Non-Audit Fees

There were no non-audit fees payable to the External Auditors for the financial year ended 31 July 2016.

5. Revaluation Policy

The Company did not revalue any of its property, plant and equipment during the financial year ended 31 July 2016.

6. Material Contracts

During the financial year ended 31 July 2016, the Company and its subsidiaries did not enter into any material contract involving directors' and substantial shareholders' interests, nor was there any such material contract previously entered into that was still subsisting as at 31 July 2016.

7. Material Properties

The Company and the Group does not own any landed property for the financial year ended 31 July 2016.

8. Corporate Social Responsibility Activities

The Company and the Group did not undertake any corporate social responsibility activities or practices during the financial year ended 31 July 2016.

Notice of Twelfth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of INIX Technologies Holdings Berhad will be held at Kelab Shah Alam Selangor, Jalan Aerobik 13/43, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 27 December 2016 at 10.00 a.m. for the following purpose:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 July 2016 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees for the financial year ended 31 July 2016. *Resolution 1*

3. To re-elect the following Directors who retire in accordance with Article 85 of the Company's Articles of Association of the Company and being eligible, offer themselves for re-election:-

   i. Dr. Azman Bin Hussin *Resolution 2*
   ii. Yeo Wee Kiat *Resolution 3*

4. To re-elect Dato' Sri Syed Ismail B. Dato' Hj Syed Azizan who retires in accordance with Article 92 of the Articles of Association of the Company, and being eligible, offer himself for re-election. *Resolution 4*

5. To re-appoint Yeo Wee Kiat, the Director who is over the age of seventy (70) years, and is retiring pursuant to Section 129(6) of the Companies Act, 1965, and being eligible, offered himself for re-appointment. *Resolution 5*

6. To re-appoint Messrs. UHY as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *Resolution 6*

AS SPECIAL BUSINESS

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

7. Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 *Resolution 7*

   "**THAT** pursuant to Section 132D of the Companies Act 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."

Notice of Twelfth Annual General Meeting
cont'd

8. Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of Revenue or Trading Nature to be entered with eNcoral Digital Solutions Sdn. Bhd. ("eNcoral") and Persons Connected with eNcoral. *Resolution 8*

"**THAT** authority be and is hereby given pursuant to Rule 10.09 of Chapter 10 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad for the Company and its subsidiaries ("Group") or any of them to enter into and give effect to the categories of recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of the Circular to Shareholders dated 30 November 2016, provided that:-

(i) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the transacting parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
(ii) disclosure of the aggregate value of the transactions conducted during the financial year will be disclosed in the Circular.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company following the Annual General Meeting at which such mandate was passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the meeting;

(ii) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

Whichever is the earlier,

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the transactions authorised by the Proposed Shareholders' Mandate."

9. Authority for the Company to purchase its own ordinary shares of up to 10% of the issued and paid-up share capital ("Proposed Share Buy-Back Mandate") *Resolution 9*

"**THAT** subject to the Act, the provisions of the Company's Memorandum and Articles of Association, the ACE Market Listing Requirements of Bursa Securities ("AMLR") and all other prevailing laws, guidelines, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to purchase its own ordinary shares of RM0.10 each ("Shares") of up to ten per centum (10%) of the issued and paid-up share capital of the Company as may be determined by the Directors

Notice of Twelfth Annual General Meeting
cont'd

of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company and an amount not exceeding the share premium account and the retained profits of the Company, be allocated by the Company for the Proposed Share Buy-Back Mandate.

AND THAT upon completion of the purchase(s) of the Shares by the Company, authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either to cancel the Shares so purchased and/or to retain the Shares so purchased as treasury shares and if retained as treasury shares, may resell the treasury shares on Bursa Securities and/or to distribute as share dividends to shareholders and/or subsequently cancelling the treasury shares or any combination of the three.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to carry out the Proposed Share Buy-Back Mandate e immediately upon passing of this ordinary resolution until:-

(i) the conclusion of the next AGM of the Company, at which time the authority shall lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

(ii) the expiration of the period within which the next AGM is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the Shares before the aforesaid expiry date and to take all such steps as are necessary and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company to give full effect to the Proposed Share Buy-Back Mandate with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

10. Authority for Dato' Megat Fairouz Junaidi Bin Megat Junid to continue in office as Independent Non-Executive Director *Resolution 10*

"**THAT** authority be and is hereby given to Dato' Megat Fairouz Junaidi Bin Megat Junid who has served as an Independent Non-Executive Director of the Company for a cumulative terms of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysia Code Corporate Governance 2012."

Notice of Twelfth Annual General Meeting
cont'd

1965.

By order of the Board

Wong Youn Kim
(MAICSA 7018778)
Company Secretary

Kuala Lumpur
30 November 2016

NOTE:

1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or an attorney duly authorized.*
3. *A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoint two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy in a poll and the proxy who shall be entitled to vote on a show of hands.*
4. *Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy must be deposited at the registered office of the Company, situated at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time holding the meeting or adjournment meeting.*
6. *Only depositors whose names appear in the Record of depositors as at 20 December 2016 shall be registered as members and be entitled to attend the Twelfth Annual General Meeting or appoint proxy(ies) to attend and vote on his/her behalf.*

EXPLANATORY NOTES ON SPECIAL BUSINESS:

RESOLUTION 7

The Ordinary Resolution No. 7, if passed will give the Directors of the Company from the date of the above Meeting, authority to allot and issue ordinary shares for the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. This mandate is also meant for any possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment, working capital and/or acquisitions.

Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 28 December 2015.

Notice of Twelfth Annual General Meeting
cont'd

The Ordinary Resolution No. 8, if passed will give authority to the Company and its subsidiaries to enter into with specific classes of related parties and to give effect to specified recurrent related party transactions of a revenue or trading nature which are necessary for the Company and its subsidiaries' day-to-day operations. This authority will, unless revoked or varied by the Company in General Meeting will expire at the next Annual General Meeting.

The detail explanatory is set out in the Circular to Shareholders dated 30 November 2016 attached to the Annual Report.

RESOLUTION 9

The Ordinary Resolution No. 9 is a new mandate and if passed, will empower the Company to buy-back and/or hold up to maximum of 10% of the Company's issued and paid-up share capital at any point of time on Bursa Securities, by utilising the funds allocated which shall not exceed the total retained profits and/or share premium account of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

For further information on the Proposed Share Buy-Back Mandate, please refer to the Circular to Shareholders dated 30 November 2016, which is dispatched together with the Company's Annual Report 2016.

RESOLUTION 10

Dato' Megat Fairouz Junaidi Bin Megat Junid has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board has recommended that he should continue to act as an Independent Non-Executive Director of the Company.

Statement Accompanying Notice of The Twelfth Annual General Meeting

i. Dr. Azman Bin Hussin
ii. Yeo Wee Kiat
iii. Dato' Sri Syed Ismail B. Dato' Hj Syed Azizan

The profiles of the Directors who are standing for re-election is set out on page 5 and 8 of this Annual Report.

2. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 July 2016 are disclosed in the Corporate Governance Statement set out on page 10 of this Annual Report.

3. The details of the Twelfth Annual General Meeting are as follows:

Date of Meeting	Time of Meeting	Place of Meeting
Tuesday, 27 December 2016	10.00 am	Kelab Shah Alam Selangor, Jalan Aerobik 13/43, 40000 Shah Alam, Selangor Darul Ehsan

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INIX TECHNOLOGIES HOLDINGS BERHAD

(Company No. 665797-D)
(Incorporated in Malaysia)

FORM OF PROXY

Twelfth Annual General Meeting

I/We ____ of ____

____ being a member/members of **INIX TECHNOLOGIES HOLDINGS BERHAD** hereby appoint* the Chairman of the meeting or ____

of ____ or failing whom

____ of ____

____ as my/our Proxy(ies) to vote for me/us and on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Kelab Shah Alam Selangor, Jalan Aerobik 13/43, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 27 December 2016 at 10.00 a.m. and at any adjournment thereof.

*My/*Our proxy(ies) is/are to vote as indicated below:-

	Resolutions		For	Against
	ORDINARY BUSINESS			
1.	To receive the Audited Financial Statements for the financial year ended 31st July 2016 together with the Directors' and Auditors' Reports thereon.			
2.	To approve Directors' Fees for the financial year ended 31 July 2016	Resolution 1		
3.	To re-elect Dr. Azman Bin Hussin as the Director who is retiring in accordance with Article 85 of the Company's Articles of Association.	Resolution 2		
4.	To re-elect Yeo Wee Kiat as the Director who is retiring in accordance with Article 85 of the Company's Articles of Association.	Resolution 3		
5.	To re-elect Dato' Sri Syed Ismail B. Dato' Hj Syed Azizan as the Director who is retiring in accordance with Article 92 of the Company's Articles of Association.	Resolution 4		
6.	To re-appoint Yeo Wee Kiat, the Director who is over the age of seventy (70) years, and is retiring pursuant to Section 129(6) of the Companies Act, 1965.	Resolution 5		
7.	To re-appoint Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.	Resolution 6		
	SPECIAL BUSINESS			
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	Resolution 7		
9.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature to be entered with eNcoral Digital Solutions Sdn Bhd ("eNcoral") and persons connected with eNcoral.	Resolution 8		
10.	Authority for the Company to purchase its own ordinary shares of up to 10% of the issued and paid-up share capital	Resolution 9		
11.	Authority for Dato' Megat Fairouz Junaidi Bin Megat Junid to continue in office as Independent Non-Executive Director	Resolution 10		

[Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his(her) discretion]

Dated this __________ day of ______________________________ 2016

Number of ordinary shares held :

CDS Account No :

____
Signature/Common Seal of Shareholder(s)

[Delete if not applicable]*

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Company Secretaries

INIX TECHNOLOGIES HOLDINGS BERHAD (665797-D)
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

1st Fold Here

NOTES:

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www.inix.com.my

INIX TECHNOLOGIES HOLDINGS BERHAD (665797-D)

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