The House of Innovations

iNix Technologies Holdings Berhad (665797-D)

(Incorporated in Malaysia)

ANNUAL REPORT 2017

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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*

Dato' Zaidi Bin Mat Isa @ Hashim *Executive Director*
(Resigned on 30 October 2017)

Yeo Wee Kiat *Independent Non-Executive Director*

Dato' Sri Syed Ismail B. Dato' Hj Syed Azizan *Independent Non-Executive Director*
(Resigned on 8 November 2017)

Audit Committee

Dato' Megat Fairouz Junaidi bin Megat Junid *Chairman*

Yeo Wee Kiat *Member*

Dato' Sri Syed Ismail B. Dato' Hj Syed Azizan *Member*
(Resigned on 8 November 2017)

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 (cont'd)

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

Letter to Shareholders

DEAR SHAREHOLDERS

I am pleased to present, on behalf of the Board of Directors of the Company, the Annual Report and the Audited Financial Statements for the financial year ended 31 July 2017 of Inix Technologies Holdings Berhad.

On Behalf of the Board of Directors, I wish to extend my thanks to the staff and management in their dedication in carrying out their duties over the past year. I would like to thank our customers, shareholders, business partners, government authorities and business associates for their continue support and trust.

Further information of Inix's performance in the financial year is detailed in the Management Discussion and Analysis on pages 5 and 6.

Dato' Megat Fairouz Junaidi bin Megat Junid
Chairman

Management Discussion and Analysis

BUSINESS OVERVIEW

Inix Technologies Holdings Berhad is mainly in the IT industry and our Group is principally involved in software development, system integration, IT management consultancy and other related professional services.

The financial year 31 July 2017 has been another challenging year for the Group. We aim to enhance profitability and strengthen our market presence in order to support our long term sustainability and growth. Thus, we will remain committed to providing quality solutions and services.

The Company had acquired 49% equity interest in Galactic Maritime (M) Sdn Bhd. The venture into new business opportunity, the dredging and land reclamation services business would provide alternative sources of income to our Company. Notwithstanding the acquisition, our Board intends to continue with our Group's existing IT business.

One of our subsidiaries, ANSI Systems Sdn Bhd, developed a Mobile tool called BizApp to help SMEs manage their business using their smart mobile phone. The number of paid users crossed 1,500 after just one year in the market. The total monthly sales transacted on the BizApp platform crossed 10 million in September and October 2017. ANSI Systems Sdn Bhd recently signed an MoA with UiTM to help increase the number of active student entrepreneurs at UiTM using the BizApp tool.

The Group will continue to seek new business opportunities and projects in order to diversify its revenue base.

FINANCIAL OVERVIEW

The Group recorded revenue of RM5,232,964 million for the financial year ended 31 July 2017 as compared to RM3,738,137 in the preceding financial year. This represents an increase of 1,494,827 or 39%. The increase in revenue was mainly due to increase in sale of Oracal product and maintenance services.

	2017 RM Million	**2016 RM Million**	**Changes**
Total Revenue	5,232,964	3,738,137	1,494,827
Loss for the Financial Year	(10,691,923)	(4,960,755)	5,731,168

Our Group reported a loss after tax ("LAT") of (10,691,923), representing an increase of 115% over the LAT of (4,960,755) in FYE 2016. The drop in results for FYE 2017 was mainly attributed to loss contributed from associates Company and equity-settled share based payment expenses.

Management Discussion and Analysis (cont'd)

Total current assets decreased from RM15,352,144 in FYE 2016 to RM5,653,286 in FYE 2017, mainly due to decrease in trade and other receivables. The trade receivables decrease by RM2,834,707 and RM5,500,000 prepayment for vessel reclassified to PPE after the Group received the title and ownership of the vessel.

On September 2016, the Company had completed the proposed share capital reduction and proposed share consolidation. The company had reduced or eliminated it existing accumulated losses through the utilisation of the credit arising from the reduction of share capital.

FUTURE PROSPECTS

The Management will continue its efforts on operational efficiency and effective cost management to improve the Group's revenue over expenses ratio. The Group will continue to further grow its mobile business by growing its user base and add new revenue streams to the BizApp mobile platform. Apart from this, the Group shall venture into providing payment gateway and community e-commerce solutions. The Group will also look into M&A opportunities to enhance its mobile business.

Moving forward, we expect the future financial performance of the Group to improve with the gradual execution of the Group's focus on strategic business.

Directors' Profile

Dato' Megat Fairouz Junaidi Bin Megat Junid
Independent Non-Executive Chairman
Male, aged 52, 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 six (6) out of seven (7) Board meetings held during the financial year ended 31 July 2017.

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 58, 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 four (4) out of seven (7) Board meetings held during the financial year ended 31 July 2017.

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

Save for the 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 59, 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 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.

He attended all the seven (7) Board meetings held during the financial year ended 31 July 2017.

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 been publicly reprimanded for breaching Rule 9.22(1), 9.22(3) and 9.23(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

Directors' Profile (cont'd)

Yeo Wee Kiat
Independent Non-Executive Director
Male, aged 71, 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 six (6) out of seven (7) Board meetings held during the financial year ended 31 July 2017.

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 four (4) members, comprising two (2) Executive Directors and two (2) Independent Non-Executive Directors. The optimal size with mixture of high calibre individuals with extensive experiences from various professions from both private and public sectors.

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.

The Board is effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements.

All the Directors have given their undertaking to comply with the Listing Requirements and the Independent Directors have confirmed their independence.

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 responsibilities of the Board are inclusive of but not limited to:

- Reviews and adopts a strategic and business plan for the Group;
- Oversees the conduct of the Group's business and evaluates whether the business is being properly managed;
- Identifies principal risks and ensure the implementation of appropriate systems to manage these risks in order to achieve a proper balance between risk incurred and potential returns to shareholders;

Corporate Governance Statement (cont'd)

- Reviews the adequacy and the integrity of the Group's internal control systems for compliance with the applicable laws, regulations, rules, directive and guidelines. The Board ensures that there is a satisfactory reporting framework on internal financial controls and regulatory compliance;
- Examines its own size and composition to determine the impact on the Board's effectiveness. The Board ensures it has enough Directors to discharge its responsibilities and perform its functions;
- Receives and seeks relevant information for the assessment of the performance of the Group;
- Establishes the Group's authority limits which outline the materiality of any transaction entered into by the Group and determine its approving authorities; and
- Ensures that the Group's financial statements are true and fair, and comply with all applicable laws and governmental regulations applicable to the Group's business and its conduct.

Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members of the Board has unfettered powers of decision.

Board Meetings

Board meetings are held at least four times annually, with additional meetings convened as and when necessary. During the financial year 31 July 2017, seven (7) 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	5/7
Dr. Azman Bin Hussin	4/7
Mohd Anuar Bin Mohd Hanadzlah	7/7
Dato' Zaidi Bin Mat Isa @ Hashim (Resigned on 30 October 2017)	5/7
Yeo Wee Kiat	6/7
Dato Sri Syed Ismail B. Dato' Hj Syed Azizan (Resigned on 8 November 2017)	7/7

Access to Information

The Board has timely access to information pertaining to the Group. Quarterly Board meetings are prescheduled with additional meetings convened as and when urgent issues and/or important decisions are required to be addressed between the scheduled meetings. Board meetings are structured with a pre-set agenda which encompasses all aspects of matters under discussion. The Board papers are circulated to directors at least seven (7) days in advance prior to each Board meeting. Board papers consisted of Notice and Agenda of the Meetings supported by working papers and reports would be sent to the Directors. This will enable the directors to have sufficient time to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

Corporate Governance Statement (cont'd)

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.

In furtherance of their duties, the Board has unrestricted access to any information pertaining to the Group as well as to the advice and services of the Company Secretary and independent professional adviser, whenever appropriate, at the Group's expense.

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 2017, besides from attending the briefings conducted by the Company Secretary pertaining to the updates on the Listing Requirements and Companies Act, 2016. In addition, the External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standard that affect the Group's financial Statement during the year.

Corporate Governance Statement (cont'd)

Directors' Remuneration

The remuneration of the Directors derived from the Group for the financial year ended 31 July 2017 are as follows:-

Type of Remuneration	Executive Directors RM	Non - Executive Directors RM	Total RM
Fees	-	30,000	30,000
Salaries, wages, bonus and allowances	445,050	-	445,050
Defined contribution plan	12,851	-	12,851
Benefits-in-kind	7,000	6,500	13,500
Total	464,901	36,500	501,401

The number of Directors whose total remuneration fell within the following bands for the financial year ended 31 July 2017 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 2017.

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)

The Board performs an assessment of its Independent Directors, with a view to ensure the independent directors bring independent and objective judgement to the Board and this mitigates arising from conflict of interest or undue influence from interested parties. Where there is a likely conflict of interest position, the Board would take appropriate action to rectify the situation.

Arising from the assessment, the Board has taken action to ensure Recommendation 3.1 of MCCG 2012 is being adhered. The Board is of the view that the positions of Chairman and Managing Director cum Chief Executive Officer should be held by different individuals.

Also, in line with Recommendation 3.2 of MCCG 2012, the tenure of an independent director should not exceed a cumulative term of nine years.

There is clear separation of powers between the Chairman, and the Chief Executive Officer, and this further enhances the independence of the Board. Should any director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in the discussions on the matter.

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:

	Directors	**Number of Meetings Attended**	**Percentage of Attendance (%)**
Chairman:	Dato' Megat Fairouz Junaidi Bin Megat Junid (Independent Non-Executive Director)	1/1	100
Members:	Yeo Wee Kiat (Independent Non-Executive Director)	1/1	100
	Dato' Sri Syed Ismail B. Dato' Hj Syed Azizan (Independent Non-Executive Director) (Resigned on 8 November 2017)	1/1	100

Corporate Governance Statement (cont'd)

The Nomination 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 Nomination 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.

During the financial period ended 31 July 2017, the Nominating Committee undertook the following:

i) reviewed the composition of the Board and Board Committees and mix of diversity (including gender, ethnicity and age);
ii) assessed the performance of individual Directors and the Board as a whole as part of the Annual Assessment, which covered performance of the Board, Board Committee and individual Directors;
iii) assess the fitness and propriety of the Directors;
iv) assess the independence of the Independent Directors;
v) determined and assessed the performance of those Directors who would retire at the forthcoming AGM and make recommendation to the Board for their re-election; and
vi) reviewed the training needs of the Directors.

Remuneration Committee

The objectives of the Remuneration Committee is to provide a formal and transparent procedure for developing remuneration policy for Directors, Group Chief Executive Officer/Chief Financial Officer and Senior Management.

The Remuneration Committee meets at least once a year and is directly accountable to the Board.

The Remuneration Committee comprises one (1) Executive Director and two (2) Independent Non-Executive Directors as follows:

	Directors	Number of Meetings Attended	Percentage of Attendance (%)
Chairman:	Dato' Megat Fairouz Junaidi Bin Megat Junid (Independent Non-Executive Director)	1/1	100
Members:	Dr. Azman Bin Hussin (Executive Director)	1/1	100
	Yeo Wee Kiat (Independent Non-Executive Director)	1/1	100

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.

Corporate Governance Statement (cont'd)

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, 2016 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.

Corporate Governance Statement (cont'd)

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.

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.

Audit Committee Report (cont'd)

COMPOSITION

The Audit Committee of Inix Technologies Holdings Berhad ("Inix" or "the Company"), chaired by an Independent Director, comprises two members, both are Independent Non-Executive Director. 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 (Resigned on 8 November 2017)

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 2017.

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	4/5
Yeo Wee Kiat	4/5
Dato Sri Syed Ismail B. Dato' Hj Syed Azizan (Resigned on 8 November 2017)	5/5

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, 2016 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 2017 is RM75,000.00.

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.

Audit Committee Report (cont'd)

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 2017 were outsourced to an independent assurance provider and the total costs incurred were amounted to RM6,000.

Statement On Risk Management And Internal Control

In line with the Code on Corporate Governance that requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and Inix Group's assets, the Board of Directors is pleased to present the Statement on Internal Control pursuant to the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad.

The Board acknowledges its overall responsibilities for establishing an appropriate control environment which should encompass financial, operational and compliance controls as well as a risk assessment and communication frameworks; and for reviewing its adequacy and integrity. The system of internal controls is primarily designed to manage principle risks faced by the Group within an acceptable risk profile, rather than eliminate the risk 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.

Risk management forms an integral part of business management. 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 safeguard of assets, ensuring compliance with legal and regulatory requirements, and ensuring the integrity of the Group's financial reporting and its related disclosures. It makes management responsible for the identification of critical business risks and the development and implementation of appropriate risk management procedures to address these risks. The risk management and control procedures are reviewed and updated regularly to reflect changes in market conditions and the activities of the Group.

The Board is in the midst of defining the appropriate process and personnel to provide assurance to the Board on the effectiveness and adequacy of risk management and internal control system. The Board shall take into consideration that such personnel shall be at position similar and/or equivalent to Chief Executive Officer.

The Audit Committee is assisted by an outsourced independent professional firm which perform internal audit function in discharging its duties and responsibilities.

The internal audit function is 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 is under the purview of, and reports to the Audit Committee directly to maintain the objectivity and independence.

IAD scheduled internal audits are carried out at regular review and/or appraisal of the adequacy and effectiveness of the risk management, internal controls and governance processes within the Group.

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

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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 2017.

Principal Activities

The principal activities of the Company is investment holding. The principal activities of its 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
Loss for the financial year	(10,691,923)	(16,784,883)
Attributable to:		
Owners of the Parent	(8,562,158)	(16,784,883)
Non-controlling interests	(2,129,765)	-
	(10,691,923)	(16,784,883)

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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

During the financial year:

(i) the issuance of 44,520,000 ordinary shares of RM0.10 each arising from exercise of employees share options at a weighted average exercise price of RM0.10 per ordinary share.

(ii) the Company completed its capital reconstruction incorporating a reduction of the issued and paid up share capital pursuant to Section 64 of the Companies Act, 1965, involving the cancellation of RM0.05 of the par value of each existing ordinary share of RM0.10 each in the Company and thereafter, the consolidation of every two ordinary shares of RM0.05 each in the Company into one ordinary share of RM0.10 each.

These 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.

Directors' Report (cont'd)

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Share Issuance Scheme ("SIS").

At an Extraordinary General Meeting held on 29 September 2016, the Company's shareholders approved the establishment of SIS of not more than 30% of the issued and paid up share capital of the Company at the point of the time throughout the duration of the scheme to eligible Directors and employees of the Group.

The salient features and other terms of the SIS are disclosed in the Note 27 to the financial statements.

As at 31 July 2017, the options offered to take up unissued ordinary share and the exercise price are as follows:

		Number of options over ordinary shares			
Date of Offer	**Exercise price**	**At 1.8.2016**	**Granted**	**Exercised**	**At 31.7.2017**
29 September 2016	RM0.10	-	50,072,220	(44,520,000)	5,552,220

The name of option holders who have been granted options to subscript during the financial year are as follows:

Name	**Number of options**
Chow Hung Keey	25,036,110
Tan Mei Teng	25,036,110

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 2015/2000 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.

During the financial year, the Company completed its capital reconstruction incorporating a reduction of the outstanding Warrants 2015/2020 pursuant to Section 64 of the Companies Act, 1965, involving the cancellation of RM0.05 of the par value of each outstanding Warrants 2015/2020 of RM0.10 each in the Company and thereafter, the consolidation of every two outstanding Warrants 2015/2020 of RM0.05 each in the Company into one outstanding Warrants 2015/2020 of RM0.10 each.

At 31 July 2017, the outstanding Warrants 2015/2020 are 104,317,125.

No Warrants 2015/2000 were exercised during the financial year.

Directors' Report (cont'd)

Directors

The Directors in office during the financial year until the date of this report are:

Dato' Megat Fairouz Junaidi Bin Megat Junid	
Dr. Azman Bin Hussin	
Mohd Anuar Bin Mohd Hanadzlah	
Yeo Wee Kiat	
Dato' Zaidi Bin Mat Isa @ Hashim (Resigned on 29.11.2013)	(Resigned on 30 October 2017)
Dato' Sri Syed Ismail Bin Dato' Hj Syed Azizan	(Resigned on 8 November 2017)

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 year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares with no par value				
	At 1.8.2016	Bought	Share Consolidation	Sold	At 31.7.2017
Interests in the Company					
Direct Interests					
Yeo Wee Kiat	1,115,000	-	(557,500)	-	557,500
Mohd Anuar Bin Mohd Hanadzlah	1,500,000	-	(750,000)	(550,000)	200,000
Indirect Interest					
Dr. Azman Bin Hussin*	53,747,900	-	(26,873,948)	(10,000,000)	16,873,952

* *Deemed interest by virtue of his substantial shareholdings in eNCoral Digital Solutions Sdn. Bhd.*

By virtue of their 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 8 of the Companies Act, 2016.

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 Note 22 and Note 26(c) to 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.

Directors' Report (cont'd)

Other Statutory Information

(a) Before the financial statements 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;

(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.

Directors' Report (cont'd)

Subsidiary Companies

The details of subsidiary companies are disclosed in Note 6 to the financial statements

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 22 to the financial statement.

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

DR. AZMAN BIN HUSSIN	MOHD ANUAR BIN MOHD HANADZLAH

KUALA LUMPUR

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

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 35 to 101 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 33 to the financial statements on page 102 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

DR. AZMAN BIN HUSSIN

MOHD ANUAR BIN MOHD HANADZLAH

KUALA LUMPUR

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act, 2016

I, DR. AZMAN BIN HUSSIN, 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 35 to 101 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) ______________________________

DR. AZMAN BIN HUSSIN

Before me,

____

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of INIX TECHNOLOGIES HOLDINGS BERHAD

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of INIX TECHNOLOGIES HOLDINGS BERHAD, which comprise the statements of financial position of the Group and of the Company as at 30 July 2017, and the 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 35 to 101.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 July 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Requirements

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial

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

Key Audit Matters (cont'd)

Statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the Key Audit Matters
Impairment assessment of investment in associate and share of result of associate	
The Company invested in an associate, Galactic Maritime (M) Sdn. Bhd. ("Galactic") (effective interest 49%). The associate is accounted for under equity method. The determination of recoverable amounts of the Group's investment in associate relies on management's estimate of future cash flows on their judgement with respect to the associates' performance or fair value less costs to sell whichever is higher. The impairment assessment on the associates' assets, including property, plant and equipment and receivables which requires significant management judgement will have impact to the share of result of associate and its fair value.	- We have met with the component auditors and discussed their identified audit risks and audit approach. We have reviewed their working papers and discussed with them the results of their work together with their reporting to us in accordance with our instructions we have determined that the audit work performed and evidence obtained were sufficient for our purpose; - We evaluated the cash flows projection by comparing the group's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rates, forecast growth rates, and gross profit margins; - We evaluated the fair value of the major assets of the associate by comparing to certificate of valuation issued by independent external value. - We enquired the associate's management plan and future contracts together with the support from shareholders to the associates whether it has sufficient fund to operate within the next 12 months.

Independent Auditors' Report (cont'd)

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

Information Other Than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current finance year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that subsidiary company of which we have not acted as auditors, is disclosed in Note 6 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 33 on page 86 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 Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 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

NG LEONG TECK
Approved Number: 3168/12/17 (J)
Chartered Accountant

KUALA LUMPUR
23 November 2017

Statement of Financial Position
As at 31 JULY 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Non-Current Assets					
Property, plant and equipment	4	5,996,181	60,105	26,667	42,204
Intangible assets	5	275,858	995,092	-	-
Investment in subsidiary companies	6	-	-	5	4
Investment in an associate company	7	10,364,368	7,848,519	10,620,000	7,200,000
Other investment	8	7,700,000	7,700,000	7,700,000	7,700,000
		24,336,407	16,603,716	18,346,672	14,942,208
Current Assets					
Inventories	9	-	90	-	-
Trade receivables	10	2,950,044	5,784,751	-	-
Other receivables	11	2,326,327	8,025,716	1,174,649	33,600
Amount due from an associate company	12	53,000	53,000	53,000	53,000
Amount due from subsidiary companies	13	-	-	-	11,585,725
Cash and bank balances		323,915	1,488,587	216,167	1,400,723
		5,653,286	15,352,144	1,443,816	13,073,048
Total Assets		29,989,693	31,955,860	19,790,488	28,015,256

Statement of Financial Position (cont'd)
As at 31 JULY 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Equity					
Share capital	14	37,903,527	41,726,850	37,903,527	41,726,850
Share premium	15	-	8,910,750	-	8,910,750
Warrant reserve	16	12,309,421	24,618,842	12,309,421	24,618,842
Other reserve	16	(12,309,421)	(24,618,842)	(12,309,421)	(24,618,842)
Share issuance scheme option reserve	17	458,613	-	458,613	-
Accumulated losses		(737,748)	(20,113,763)	(19,922,517)	(24,001,059)
Equity attributable to owners of the parent		37,624,392	30,523,837	18,439,623	26,636,541
Non-controlling interests		(9,204,464)	-	-	-
Total Equity		28,419,928	30,523,837	18,439,623	26,636,541
Current Liabilities					
Trade payables	18	24,905	24,905	-	-
Other payables	19	1,544,860	1,407,118	249,965	277,815
Amount due to subsidiary companies	13	-	-	1,100,900	1,100,900
Total Liabilities		1,569,765	1,432,023	1,350,865	1,378,715
Total Equity and Liabilities		29,989,693	31,955,860	19,790,488	28,015,256

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

Statements of Profit or Loss and Other Comprehensive Income
For the Financial Year 31 July 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue	20	5,232,964	3,738,137	-	-
Cost of sales	21	(2,126,446)	(356)	-	-
Gross profit		3,106,518	3,737,781	-	-
Other income		1,255,806	5,358	1,248,718	1,544
Administrative expenses		(13,249,096)	(7,809,936)	(17,132,601)	(2,583,463)
Research and development expenses		(901,000)	(1,538,720)	(901,000)	(1,538,720)
Loss from operation		(9,787,772)	(5,605,517)	(16,784,883)	(4,120,639)
Share of results of associate company		(904,151)	648,519	-	-
Loss before tax	22	(10,691,923)	(4,956,998)	(16,784,883)	(4,120,639)
Taxation	23	-	(3,757)	-	(6,586)
Loss for the financial year, representing total comprehensive income for the financial year		(10,691,923)	(4,960,755)	(16,784,883)	(4,127,225)
Net loss for the financial year attributable to:					
Owners of the parent		(8,562,158)	(4,960,755)	(16,784,883)	(4,127,225)
Non-controlling interests		(2,129,765)	-	-	-
		(10,691,923)	(4,960,755)	(16,784,883)	(4,127,225)
Loss per share					
Basic loss per share (sen)	24	(3.95)	(1.48)		

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

Statements of Changes in Equity
For the Financial Year Ended 31 July 2017

	Attributable to Owners of the Parent					
	Non-distributable					
Group	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Accumulated Losses RM	Total 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 income for the financial year	-	-	-	-	(4,960,755)	(4,960,755)
Transactions with owners:						
Issues of ordinary shares	27,817,900	-	-	-	-	27,817,900
Rights issue with free warrants	-	-	24,618,842	(24,618,842)	-	-
	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 (cont'd)
For the Financial Year Ended 31 July 2017

		Attributable to Owners of the Parent								
		Non-distributable								
Group	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Share Issuance Scheme Option Reserve RM	Accumulated Losses RM	Total Equity RM	Non-controlling interests RM	Total Equity RM
At 1 August 2016		41,726,850	8,910,750	24,618,842	(24,618,842)	-	(20,113,763)	30,523,837	-	30,523,837
Net loss for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	(8,562,158)	(8,562,158)	(2,129,765)	(10,691,923)
Transactions with owners:										
Issuance of ordinary share										
- Share options exercised		4,452,000	3,677,352	-	-	-	-	8,129,352	-	8,129,352
Capital reduction		(20,863,425)	-	(12,309,421)	12,309,421	-	20,863,425	-	-	-
Share-based payment transactions		-	-	-	-	458,613	-	458,613	-	458,613
Acquisition of subsidiary company	6 (b)	-	-	-	-	-	-	-	49	49
Changes in ownership interest in subsidiary company	6 (c)	-	-	-	-	-	7,074,748	7,074,748	(7,074,748)	-
Adjustments for effect of Companies Act 2016		12,588,102	(12,588,102)	-	-	-	-	-	-	-
		(3,823,323)	(8,910,750)	(12,309,421)	12,309,421	458,613	27,938,173	15,662,713	(7,074,699)	8,588,014
At 31 July 2017		37,903,527	-	12,309,421	(12,309,421)	458,613	(737,748)	37,624,392	(9,204,464)	28,419,928

Statements of Changes in Equity (cont'd)
For the Financial Year Ended 31 July 2017

	Attributable to Owners of the Parent					
	Non-distributable					
Company	Share Capital RM	Share Premium RM	Warrant Reserve RM	Other Reserve RM	Accumulated Losses RM	Total 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 income for the financial year	-	-	-	-	(4,127,225)	(4,127,225)
Transactions with owners:						
Issues of ordinary shares	27,817,900	-	-	-	-	27,817,900
Rights issue with free warrants	-	-	24,618,842	(24,618,842)	-	-
	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

Statements of Changes in Equity (cont'd)
For the Financial Year Ended 31 July 2017

	Attributable to Owners of the Parent						
	Non-distributable						
Company	**Share Capital RM**	**Share Premium RM**	**Warrant Reserve RM**	**Other Reserve RM**	**Share Issuance Scheme Option Reserve RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1 August 2016	41,726,850	8,910,750	24,618,842	-	(24,618,842)	(24,001,059)	26,636,541
Net loss for the financial year, representing total comprehensive income for the financial year	-	-	-	-	-	(16,784,883)	(16,784,883)
Transactions with owners:							
Issuance of ordinary share							
- Share options exercised	4,452,000	3,677,352	-	-	-	-	8,129,352
Capital reduction	(20,863,425)	-	(12,309,421)	12,309,421	-	20,863,425	-
Share-based payment transactions	-	-	-	-	458,613	-	458,613
Adjustments for effect of Companies Act 2016	12,588,102	(12,588,102)	-	-	-	-	-
	(3,823,323)	(8,910,750)	(12,309,421)	12,309,421	458,613	20,863,425	8,587,965
At 31 July 2017	37,903,527	-	12,309,421	(12,309,421)	458,613	(19,922,517)	18,439,623

Statement of Cash Flows

For the Financial Year Ended 31 July 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Cash Flows From Operating Activities				
Loss before taxation	(10,691,923)	(4,956,998)	(16,784,883)	(4,120,639)
Adjustments for:				
Amortisation of intangible assets	769,234	746,320	-	-
Depreciation of property, plant and equipment	325,534	11,565	7,740	6,037
Dividends income	(1,175,000)	-	(1,175,000)	-
Equity-settled share-based payment expenses	4,135,965	-	4,135,965	-
Gain on disposal of subsidiary	-	-	(1,000)	-
Impairment loss on:				
- Trade receivables	1,982,449	861,270	-	656,750
- Other receivables	450,148	257,148	-	-
- Investment in a subsidiary company	-	-	50	-
- Amounts due from subsidiary company	-	-	11,685,625	8,125,874
Interest income	(1,788)	(1,799)	(1,672)	(1,544)
Written off on:				
- Property, plant and equipment	9,896	-	9,896	-
Reversal of other payables	(61,046)	-	(61,046)	-
Share of results of associate	904,151	(648,519)	-	-
Operating loss before working capital changes	(3,352,380)	(3,731,013)	(2,184,325)	4,666,478
Changes in working capital:				
Inventories	90	356	-	-
Trade receivables	852,258	(145,002)	-	-
Other receivables	5,249,241	(6,638,908)	(1,141,049)	716,500
Amount due from an associate	-	(53,000)	-	(53,000)
Amount due from/to subsidiary companies	-	-	(99,900)	(15,724,125)
Amount due to a Director	-	(1,200,000)	-	(1,200,000)
Other payables	198,788	221,676	33,196	-
	6,300,377	(7,814,878)	(1,207,753)	(16,260,625)
Cash from/(used in) operations	2,947,997	(11,545,891)	(3,392,078)	(11,594,147)

Statement of Cash Flows (cont'd)
For the Financial Year Ended 31 July 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash from/(used in) operations		2,947,997	(11,545,891)	(3,392,078)	(11,594,147)
Tax paid		-	(6,614)	-	(6,586)
Interest received		1,788	1,799	1,672	1,544
		1,788	(4,815)	1,672	(5,042)
Net cash from/(used in) operating activities		2,949,785	(11,550,706)	(3,390,406)	(11,599,189)
Cash Flows From Investing Activities					
Acquisition of other investment		-	(7,700,000)	-	(7,700,000)
Additional investment/ Acquisition of an associate		(3,420,000)	(7,200,000)	(3,420,000)	(7,200,000)
Acquisition of subsidiary company	6(b)	49	-	(51)	(2)
Acquisition of property, plant and equipment	4	(6,271,506)	(12,657)	(2,099)	(12,657)
Acquisition of intangible asset	5	(50,000)	-	-	-
Dividends received		1,175,000	-	1,175,000	-
Proceed from disposal of subsidiary company	6(c)	-	-	1,000	-
Net cash used in investing activities		(8,566,457)	(14,912,657)	(2,246,150)	(14,912,659)
Cash Flows From Financing Activities					
Proceeds from issuance of shares	14	4,452,000	27,817,900	4,452,000	27,817,900
Release of fixed deposits pledged		-	11,250	-	-
Net cash from financing activities		4,452,000	27,829,150	4,452,000	27,817,900
Net (decrease)/increase in cash and cash equivalents		(1,164,672)	1,365,787	(1,184,556)	1,306,052
Cash and cash equivalents at the beginning 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		323,915	1,488,587	216,167	1,400,723
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		323,915	1,488,587	216,167	1,400,723

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

Notes to the Financial Statements (cont'd)
31 July 2017

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. 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, 2016 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.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standard Board ("MASB") that are mandatory for current financial year:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 - 2014 Cycle	

Adoption of above new MFRSs and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective date for financial periods beginning on or after
Amendment to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 - 2016 Cycle:		
• Amendments to MFRS 12		1 January 2017
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
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-based payment Transactions	1 January 2018
Amendments to MFRS 15	Clarification to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2018
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

Notes to the Financial Statements (cont'd)
31 July 2017

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.

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.

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective (cont'd)

<u>MFRS 16 *Leases*</u>

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognize depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(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 judgments, estimates and assumptions

The preparation of the Group’s financial statements requires management to make judgments, 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.

Notes to the Financial Statements (cont'd)
31 July 2017

2. Basis of Preparation (cont'd)

(c) Significant accounting judgments, estimates and assumptions (cont'd)

Judgments

There are no significant areas of estimation uncertainty and critical judgment in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

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>Useful lives of property, plant and equipment (Note 4</u>)

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

<u>Impairment of investment in subsidiary companies</u>

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgment is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 6.

<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.

2. Basis of Preparation (cont’d)

(c) Significant accounting judgments, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

<u>Employee share options</u>

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments as the date which they granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the based-payment scheme are disclosed in Note 27.

<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.

<u>Fair value measurement of contingent consideration</u>

Contingent consideration, resulting from business combination, is valued at fair value at the acquisition date as part of the business combination. It is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions taken into consideration include the probability of meeting each performance target and the discounted factor. The carrying amount of contingent consideration is disclosed in Note 7.

Notes to the Financial Statements (cont'd)
31 July 2017

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.

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.

3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Changes in ownership interest in subsidiaries 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.

(iii) Disposal of subsidiary company

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss.

(b) Investment in associate

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.

An associate is accounted for either at cost or equity method as described in MFRS 128 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.

Notes to the Financial Statements (cont'd)
31 July 2017

3. Significant Accounting Policies (cont'd)

(b) Investment in associate (Cont'd)

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.

(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.

3. Significant Accounting Policies (cont'd)

(c) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

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.

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

Furniture and fittings	10%
Renovation	10%
Motor vehicles	20%
Computer equipment and software	20%
Office equipment	10%
Plant and machinery	10%
Vessel	5%

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.

Notes to the Financial Statements (cont'd)
31 July 2017

3. Significant Accounting Policies (cont'd)

(d) Intangible assets

(i) Internally-generated intangible assets – research and development costs

Research costs are expensed as incurred. Development expenditure on an individual projects are recognised as in intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure in recognised in profit or loss in the period in which it is incurred.

Following initial recognition if the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a perspective basis.

(ii) Intangible assets acquired separately

Intangible assets with indefinite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets, and are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(j) to the financial statements on impairment of non-financial assets for intangible assets.

Notes to the Financial Statements (cont'd)
31 July 2017

3. Significant Accounting Policies (cont'd)

(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.

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.

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.

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.

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.

Notes to the Financial Statements (cont'd)
31 July 2017

3. Significant Accounting Policies (cont'd)

(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

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the first in, first out method. The cost of raw materials comprises cost of purchase. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(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 overdraft 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 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.

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.

Notes to the Financial Statements (cont'd)
31 July 2017

3. Significant Accounting Policies (cont’d)

(j) Impairment of assets (cont’d)

(i) Non-financial assets (cont’d)

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 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.

(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.

Notes to the Financial Statements (cont'd)
31 July 2017

3. Significant Accounting Policies (cont'd)

(j) Impairment of assets (cont'd)

(ii) Financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

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.

Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognized in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

Notes to the Financial Statements (cont'd)

31 July 2017

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) 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.

(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.

(iii) Share-based payment transactions

Equity-settled Share-based Payment Transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

3. Significant Accounting Policies (cont'd)

(l) Employee benefits (cont'd)

(iii) Share-based payment transactions (cont'd)

Equity-settled Share-based Payment Transaction (cont'd)

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(m) 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) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Notes to the Financial Statements (cont'd)
31 July 2017

3. Significant Accounting Policies (cont'd)

(n) 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.

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 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.

(o) 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 2017

4. Property, plant and equipment

	Furniture and fittings RM	Renovation RM	Motor vehicles RM	Computer equipment and software RM	Office equipment RM	Machinery RM	Vessel RM	Total RM
Group								
2017								
Cost								
At 1 August 2016	56,499	28,000	38,519	46,031	10,318	-	-	179,367
Additions	2,099	-	-	11,033	2,397	755,977	5,500,000	6,271,506
Written off	(51,029)	-	-	(8,410)	-	-	-	(59,439)
At 31 July 2017	7,569	28,000	38,519	48,654	12,715	755,977	5,500,000	6,391,434
Accumulated depreciation								
At 1 August 2016	50,284	9,333	38,518	17,792	3,335	-	-	119,262
Charge for the financial year	1,183	2,800	-	8,493	1,551	36,507	275,000	325,534
Written off	(45,787)	-	-	(3,756)	-	-	-	(49,543)
At 31 July 2017	5,680	12,133	38,518	22,529	4,886	36,507	275,000	395,253
Carrying amount								
At 31 July 2017	1,889	15,867	1	26,125	7,829	719,470	5,225,000	5,996,181

Notes to the Financial Statements
31 July 2017

4. Property, plant and equipment (cont'd)

	Furniture and fittings RM	Renovation RM	Computer equipment Motor vehicles RM	and 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

Notes to the Financial Statements (cont'd)
31 July 2017

4. Property, plant and equipment (cont'd)

	Furniture and fittings RM	Renovation RM	Computer equipment and software RM	Office equipment RM	Total RM
Company					
2017					
Cost					
At 1 August 2016	9,149	28,000	12,657	8,410	58,216
Addition	2,099	-	-	-	2,099
Written off	(9,149)	-	-	(8,410)	(17,559)
At 31 July 2017	2,099	28,000	12,657	-	42,756
Accumulated depreciation					
At 1 August 2016	2,992	9,333	1,127	2,560	16,012
Charge for the financial year	1,125	2,800	2,619	1,196	7,740
Written off	(3,907)	-	-	(3,756)	(7,663)
At 31 July 2017	210	12,133	3,746	-	16,089
Carrying amount					
At 31 July 2017	1,889	15,867	8,911	-	26,667
2016					
Cost					
At 1 August 2015	9,149	28,000	-	8,410	45,559
Addition	-	-	12,657	-	12,657
At 31 July 2016	9,149	28,000	12,657	8,410	58,216
Accumulated depreciation					
At 1 August 2015	2,077	6,533	-	1,365	9,975
Charge for the financial year	915	2,800	1,127	1,195	6,037
At 31 July 2016	2,992	9,333	1,127	2,560	16,012
Carrying amount					
At 31 July 2016	6,157	18,667	11,530	5,850	42,204

Notes to the Financial Statements (cont'd)
31 July 2017

5. Intangible Assets

	Sofware development RM	License RM	Total RM
Group			
2017			
Cost			
At 1 August 2016	3,731,599	-	3,731,599
Addition	-	50,000	50,000
At 31 July 2017	3,731,599	50,000	3,781,599
Accumulated amortisation			
At 1 August 2016	2,736,507	-	2,736,507
Amortisation for the financial year	746,317	22,917	769,234
At 31 July 2017	3,482,824	22,917	3,505,741
Carrying amount			
At 31 July 2017	248,775	27,083	275,858
2016			
Cost			
At 1 August 2015/31 July 2016	3,731,599	-	3,731,599
Accumulated amortisation			
At 1 August 2015	1,990,187	-	1,990,187
Amortisation for the financial year	746,320	-	746,320
At 31 July 2016	2,736,507	-	2,736,507
Carrying amount			
At 31 July 2016	995,092	-	995,092

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.

License relate to the mobile game soft code license where the Company have unlimited usage and modification rights to the Intellectual Property. The estimated useful lives is 2 years.

Notes to the Financial Statements (cont'd)
31 July 2017

6. Investment in Subsidiary Companies

	Company 2017 RM	Company 2016 RM
In Malaysia:		
At cost		
Unquoted shares	4,502,281	9,051,002
Options granted to employees of subsidiaries	1,232,210	1,232,210
	5,734,491	10,283,212
Less: Accumulated impairment losses	(5,734,486)	(10,283,208)
	5	4

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal activities
Direct holding:				
Ansi Systems Sdn. Bhd. *	Malaysia	51	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.	Malaysia	100	100	Dredging and land reclamation
Concrete Milestone Sdn. Bhd.	Malaysia	51	-	Dormant

** Subsidiary company not audited by UHY.*

Notes to the Financial Statements (cont'd)
31 July 2017

6. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiaries

Set out below are the Group's subsidiary companies that have material non-controlling interests:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2017	2016	2017	2016	2017	2016
	%	%	RM	RM	RM	RM
Ansi System Sdn. Bhd.	49	-	(2,094,549)	-	(711,297)	-
Concrete Milestone Sdn. Bhd.	49	-	(35,217)	-	(35,217)	-
Total non-controlling interests					(746,514)	-

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statements of financial position

	Ansi System Sdn. Bhd. 2017 RM	Concrete Milestone Sdn. Bhd. 2017 RM
Non-current assets	253,598	732,412
Current assets	4,500,907	58,046
Current liabilities	(16,735,107)	(853,229)
Net liabilities	(11,980,602)	(62,771)

Notes to the Financial Statements (cont'd)
31 July 2017

6. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiaries (Cont'd)

(ii) Summarised of statements of profit or loss and other comprehensive income

	Ansi System Sdn. Bhd. 2017 RM	Concrete Milestone Sdn. Bhd. 2017 RM
Revenue	5,230,741	-
Net loss for the financial year/period	(4,274,589)	(71,871)
Total comprehensive loss for the financial year/period	(4,274,589)	(71,871)

(iii) Summarised statements of cash flows

	Ansi System Sdn. Bhd. 2017 RM	Concrete Milestone Sdn. Bhd. 2017 RM
Net cash from operating activities	30,957	760,223
Net cash used in investing activities	(4,897)	(760,227)
Net cash from financing activities	-	100
Net increase in cash and cash equivalent	26,060	96

(b) Acquisition of subsidiaries

<u>During the financial year</u>

On 8 July 2016, the Company acquired two (2) ordinary shares of RM1.00 representing 100% of equity capital of Concrete Milestone Sdn. Bhd. ("CMSB"), for a total consideration of RM2. Upon acquisition, CMSB become a wholly-owned subsidiary of the Company.

On 22 August 2016, the Company acquired additional 49 ordinary shares of RM1.00 each in CMSB for a total consideration of RM49. At the end of financial year, the Company subsequently decrease ownership from 100% to 51% equity interest in CMSB.

Notes to the Financial Statements (cont'd)
31 July 2017

6. Investment in Subsidiary Companies (Cont'd)

(b) Acquisition of subsidiaries

<u>During the financial year</u>

	Group 2017 RM
Purchase consideration settled in cash	51
Cash and cash equivalents acquired	(2)
	49

<u>In previous financial year</u>

On 8 December 2015, the Company has acquired a wholly-owned subsidiary company Inix Maritime Sdn. Bhd. (formerly known as Vibrant Viking Sdn. Bhd.), with cash consideration of RM2.

(c) Transaction with non-controlling interest

On 29 July 2016, the Company has disposed of 49% equity interest in Ansi Systems Sdn. Bhd. for a cash consideration of RM1,000, which had resulted a gain of RM1,000 as the cost of investment has been fully written off in previous financial year.

The effect of changes in the equity interest that is attributable to owners of the parent is as follows:

	2017 RM
Carrying amount of non-controlling interest disposed	7,075,748
Consideration received from non-controlling interest	(1,000)
Decreased in parent's equity	7,074,748

Notes to the Financial Statements (cont'd)
31 July 2017

7. Investment in an Associate Company

Details of the associate company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At cost				
Unquoted shares in Malaysia	10,620,000	7,200,000	10,620,000	7,200,000
Share of post-acquisition reserve	(255,632)	648,519	-	-
	10,364,368	7,848,519	10,620,000	7,200,000

Name of company	Country of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal activities
Galactic Maritime (M) Sdn. Bhd. *	Malaysia	49	30	Contractor of sand barrier project

** Associate company not audited by UHY.*

On 3 March 2017, the Company has increase their equity interest in Galactic Maritime (M) Sdn. Bhd. ("GMSB") to 49% from 30% equity interest with equivalent to 2,565,000 ordinary shares of RM1.00 each for a total consideration of RM4,560,000. Included in the total consideration, the amount of RM1,140,000 is retained by the Company for the Profit Guarantee as disclosed in Note 11. Where GMSB shall achieve a profit after tax of at least RM3,000,000 each of the financial years ended 2017 and 2018. The amount shall be forfeited if GMSB unable to achieve a total accumulated of RM6,000,000 profit after tax at the financial year ended 2018.

The fair value of the contingent consideration asset was estimated to be RM1,140,000. There has been no change in the fair value since the acquisition date.

The summarised financial information represents the amounts in MFRS financial statements of the associate company and not the Group's share of those amounts.

Notes to the Financial Statements (cont'd)
31 July 2017

7. Investment in an Associate Company (Cont'd)

(a) Summarised statements of financial position

	2017 RM	2016 RM
Non-current assets	27,425,898	18,873,218
Current assets	6,809,223	16,893,931
Non-current liabilities	(3,212,900)	(3,616,981)
Current liabilities	(7,205,069)	(6,044,026)
Net assets	23,817,152	26,106,142

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

	2017 RM	2016 RM
Revenue	4,054,713	14,523,962
Net (loss)/profit for the financial year	(2,288,990)	5,153,116

8. Other Investment

	Group / Company	
	2017 RM	2016 RM
In Malaysia:		
At cost		
Unquoted shares	7,700,000	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 due to following:

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

Notes to the Financial Statements (cont'd)
31 July 2017

9. Inventories

	Group	
	2017	2016
	RM	RM
Finished goods	-	90
Recognised in profit or loss:		
Inventories recognised as cost of sales	-	356

10. Trade Receivables

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Trade receivables				
- Third parties	2,928,120	871,270	656,750	656,750
- Retention sum	122,715	-	-	-
- Related party	2,752,928	5,784,751	-	-
	5,803,763	6,656,021	656,750	656,750
Less: Accumulated impairment losses	(2,853,719)	(871,270)	(656,750)	(656,750)
At 31 July	2,950,044	5,784,751	-	-

Trade receivables are non-interest bearing and are generally on 60 to 120 days (2016: 60 to 120 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

Notes to the Financial Statements (cont'd)
31 July 2017

10. Trade Receivables (Cont'd)

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
At 1 August	871,270	10,000	656,750	-
Impairment losses recognised	1,982,449	861,270	-	656,750
At 31 July	2,853,719	871,270	656,750	656,750

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	287,335	2,668,656	-	-
Past due but not impaired:				
61 to 90 days	-	8,745	-	-
91 to 120 days	-	1,250,800	-	-
More than 121 days	2,662,709	1,856,550	-	-
	2,662,709	3,116,095	-	-
	2,950,044	5,784,751	-	-
Impaired	2,853,719	871,270	656,750	656,750
	5,803,763	6,656,021	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 2017, trade receivables of the Group and of the Company are RM2,662,709 and Nil (2016: RM3,116,095 and Nil) respectively were past due but not impaired. The management is confident that the amounts are recoverable as these accounts are still active.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM2,853,719 and RM656,750 (2016: RM871,270 and RM656,750) 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.

11. Other Receivables

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Other receivables				
- Related party	1,088,068	2,488,216	-	-
- Third parties	767,563	318,767	1,049	-
	1,855,631	2,806,983	1,049	-
Less: Accumulated impairment losses	(766,615)	(316,467)	-	-
	1,089,016	2,490,516	1,049	-
Deposits	28,900	28,900	27,300	27,300
Prepayment	1,208,411	5,506,300	1,146,300	6,300
	2,326,327	8,025,716	1,174,649	33,600

Included in prepayment is the amount of RM1,140,000 (2016: Nil) representing perform of purchase consideration retained by the Group as per disclosed in Note 7.

In prior year, included in the prepayment, was RM5,500,000 being prepayment for the purchase of a vessel. During the financial year, the Group had received the title and ownership of the vessel and subsequently reclassified the prepayment to property, plant and equipment.

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At 1 August	316,467	60,459	-	1,140
Impairment losses recognised	450,148	257,148	-	-
Amount written off	-	(1,140)	-	(1,140)
At 31 July	766,615	316,467	-	-

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.

Notes to the Financial Statements (cont'd)
31 July 2017

12. Amount Due from an Associate Company

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

13. Amount Due from/(to) Subsidiary Companies

(a) Amount due from subsidiary companies

	Company	
	2017	**2016**
	RM	**RM**
Non-trade related	19,811,499	19,711,599
Less: Accumulated impairment losses	(19,811,499)	(8,125,874)
	-	11,585,725

Amount due from subsidiary companies represent advances and payment made on behalf, which are unsecured, non-interest bearing and repayable on demand.

Movement in the allowances for impairment losses of amount due from subsidiary companies are as follows:

	Company	
	2017	**2016**
	RM	**RM**
At 1 August	8,125,874	-
Impairment losses recognsied	11,685,625	8,125,874
At 31 July	19,811,499	8,125,874

Subsidiary companies that are individually determined to be impaired at the end of the reporting period related to subsidiary companies that are in significant financial difficulties and have defaulted on payment.

Notes to the Financial Statements (cont'd)
31 July 2017

13. Amount Due from/(to) Subsidiary Companies (Cont'd)

(b) Amount due to subsidiary companies

	Company	
	2017	2016
	RM	RM
Non-trade related	(1,100,900)	(1,100,900)

Amount due to subsidiary companies represent non-trade transactions, advances and payment made on behalf, which are unsecured, non-interest bearing and repayable on demand.

14. Share Capital

	Group/Company Number of shares		Group/Company	
	2017	2016	2017 RM	2016 RM
Authorised:				
Ordinary shares (2016: Par value RM1.00 each)	-	1,000,000,000	-	1,000,000,000
Issued and fully paid shares				
Ordinary share (2016: Par value RM0.10 each)				
At 1 August			41,726,850	13,908,950
New share issued:				
- Pursuant to right issue of RM0.10 per share			-	27,817,900
- Share issuance scheme exercised			4,452,000	-
Capital reduction of RM0.05 per share			(20,863,425)	-
Adjustment for effect of Companies Act 2016			12,588,102	-
At 31 July			37,903,527	41,726,850

Notes to the Financial Statements (cont'd)
31 July 2017

14. Share Capital (Cont'd)

During the financial year:

(i) the issuance of 4,452,000 ordinary shares of RM0.10 each through Share Issuance Scheme at an issue price of RM0.10 per ordinary share.

(ii) the Company completed its capital reconstruction incorporating a reduction of the issued and paid up share capital pursuant to Section 64 of the Companies Act, 1965, involving the cancellation of RM0.05 of the par value of each existing ordinary share of RM0.10 each in the Company and thereafter, the consolidation of every two ordinary shares of RM0.05 each in the Company into one ordinary share of RM0.10 each.

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM12,588,102 for the purpose as set out in Section 618 (3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this situation.

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.

15. Share Premium

	Group / Company	
	2017	**2016**
	RM	**RM**
At 1 August	8,910,750	8,910,750
Add: Issued of share during the financial year	3,677,352	-
Less: Adjustment for effect of Companies Act 2016	(12,588,102)	-
At 31 July	-	8,910,750

16. Warrant/Other Reserve

	Group / Company	
	2017	2016
	RM	RM
Non-distributable		
At 1 August	24,618,842	-
Addition	-	24,618,842
Capital reduction of RM0.05 per share	(12,309,421)	-
At 31 July	12,309,421	24,618,842

Warrant reserve represent reserve allocated to free detachable warrants issued with right issue.

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 Right 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 November 2020
Risk-free interest rate	3.7666% per annum

During the financial year, the Company completed its capital reconstruction incorporating a reduction of the outstanding Warrants 2015/2020 pursuant to Section 64 of the Companies Act, 1965, involving the cancellation of RM0.05 of the par value of each outstanding warrants 2015/2020 of RM0.10 each in the Company and therefore the consolidation of every two outstanding Warrants 2015/2020 of RM0.05 each on the Company into one outstanding Warrants 2015/2020 of RM0.10 each.

Notes to the Financial Statements (cont'd)
31 July 2017

17. Share Issuance Scheme Option Reserve

Share Issuance Scheme Option Reserve represent the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and if reduced by the expiry or exercise of the share options. Share Issuance Scheme Option is disclosed in Note 27.

18. Trade Payable

Credit terms of trade payables of the Group range from 30 to 60 days (2016: 30 to 60 days) depending on the terms of the contracts.

19. Other Payables

	Group		Company	
	2017	2016	2017	2016
Other payables				
- Third parties	301,961	421,036	199,965	259,815
- Related party	481,389	481,389	-	-
	783,350	902,425	199,965	259,815
Accruals	761,510	504,693	50,000	18,000
	1,544,860	1,407,118	249,965	277,815

The related party is eNCoral Digital Solutions Sdn. Bhd ("EDSSB") by virtue of certain directors of the Company, as being the 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.

20. Revenue

	Group	
	2017 RM	2016 RM
Sales of hardware and software	2,223	4,245
Sales of books	17,309	4,042
Software development and system integration	5,213,432	3,729,850
	5,232,964	3,738,137

21. 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.

22. Loss Before Taxation

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Auditors' remuneration				
- Statutory	75,000	45,000	45,000	18,000
- Non-statutory	5,000	3,000	5,000	-
Other auditors' remuneration				
- Statutory	30,000	29,000	-	-
Amortisation of intangible assets	769,234	746,320	-	-
Dividends income	(1,175,000)	-	(1,175,000)	-
Depreciation of property, plant and equipment	325,534	11,565	7,740	6,037
Non executive Directors' remuneration:				
- Fee	30,000	30,000	30,000	30,000
- Other emoluments	6,500	-	6,500	-
Gain on disposal of subsidiary company	-	-	(1,000)	-
Impairment loss on				
- Trade receivables	1,982,449	861,270	-	656,750
- Other receivables	450,148	257,148	-	-
- Investment in subsidiary	-	-	50	-
- Amount due from subsidiary companies	-	-	11,685,625	8,125,874
Interest income	(1,788)	(1,799)	(1,672)	(1,544)
Property, plant and equipment written off	9,896	-	9,896	-
Office rental	135,600	753,500	75,600	81,500
Reversal of other payable	(61,046)	-	(61,046)	-
Rental of motor vehicle	62,887	25,120	-	-
Share of results of associate	904,151	(648,519)	-	-
Equity-settled share-based payment expenses	4,135,965	-	4,135,965	-

Notes to the Financial Statements (cont'd)
31 July 2017

23. Taxation

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Tax expense recognised in profit and loss:				
Under provision in prior year	-	6,614	-	6,586
Deferred taxation (Note 25)				
Over provision in prior year	-	(2,857)	-	-
	-	3,757	-	6,586

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year.

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 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Loss before taxation	(10,691,923)	(4,956,998)	(16,784,883)	(4,120,639)
Tax at current income tax rate of 24% (2016: 24%)	(2,566,062)	(1,189,680)	(4,028,372)	(988,953)
Tax effects of:				
- Non-deductible expenses	1,551,714	349,828	3,138,130	213,319
- Income not subject to tax	(677,511)	(371)	-	(371)
- Under provision of taxation in respect of prior year	-	6,614	-	6,586
- Over provision of deferred taxation in respect of prior year	-	(2,857)	-	-
- Deferred tax assets not recognised during the financial year	1,691,859	840,223	890,242	776,005
Tax expense for the financial year	-	3,757	-	6,586

23. Taxation (Cont'd)

The Group and the Company have the following unused tax losses and unutilised capital allowances available to offset against future taxable profits. The said amount are subject to approval by the tax authorities.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	12,203,917	5,434,366	4,728,632	1,019,921
Unabsorbed capital allowances	2,242,547	37,684	15,043	14,413
	14,446,464	5,472,050	4,743,675	1,034,334

24. Loss Per Share

(a) 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	
	2017	**2016**
	RM	**RM**
Loss attributable to owners of parent	(8,562,158)	(4,960,755)
Issued ordinary shares at 1 August (*)	208,634,250	139,089,500
Effect of ordinary share issued during the financial year	29,955,945	196,093,393
Weighted average number of ordinary shares at 31 July	238,590,195	335,182,893
Basic loss per ordianry share (in sen)	(3.59)	(1.48)

(*) The weighted average number of ordinary shares is after taking into effect of the share consolidation which was completed on 29 September 2016.

Notes to the Financial Statements (cont'd)
31 July 2017

24. Loss Per Share (Cont'd)

(b) Diluted loss per share

The diluted loss per share is not presented in the financial statements as the effect of the assumed conversion of the Warrants 2015/2020 and SIS Options during the financial year is anti-dilutive.

25. Deferred Taxation

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
At 1 August	-	2,857	-	-
Recognised in profit or loss (Note 23)	-	(2,857)	-	-
At 31 July	-	-	-	-

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Deferred tax liabilites	471,093	4,361	2,239	3,645
Deferred tax assets	(471,093)	(4,361)	(2,239)	(3,645)
	-	-	-	-

Notes to the Financial Statements (cont'd)
31 July 2017

25. Deferred Taxation (Cont'd)

The components and movements of deferred tax assets and liabilities during the financial year are as follows:

	Accelerated capital allowances RM
Group	
Deferred tax liabilities	
At 1 August 2016	4,361
Recognised in profit or loss	466,732
At 31 July 2017	471,093
At 1 August 2015	6,291
Recognised in profit or loss	(1,930)
At 31 July 2016	4,361

	Unabsorbed capital allowances RM	Unutilised tax losses RM	Total RM
Group			
Deferred tax assets			
At 1 August 2016	7,308	(2,947)	4,361
Recognised in profit or loss	466,732	-	466,732
At 31 July 2017	474,040	(2,947)	471,093
At 1 August 2015	6,381	(2,947)	3,434
Recognised in profit or loss	927	-	927
At 31 July 2016	7,308	(2,947)	4,361

Notes to the Financial Statements (cont'd)
31 July 2017

25. Deferred Taxation (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unabsorbed capital allowances	291,939	20,384	5,714	9,017
Unutilised tax losses	12,191,638	5,433,495	4,728,632	1,019,921
	12,483,577	5,453,879	4,734,346	1,028,938

26. Staff Costs

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and allowances	3,293,127	2,763,280	415,522	287,009
Defined contribution plan	334,326	286,362	36,619	14,220
Social security contributions	34,698	29,840	3,255	1,459
Other benefits	172,785	71,598	-	-
	3,834,936	3,151,080	455,396	302,688

26. Staff Costs (Cont'd)

Included in staff costs is aggregate amount if remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive Directors				
Existing Directors of the Company				
Fees	-	30,000	-	30,000
Salaries and other emoluments	227,000	119,000	227,000	119,000
	227,000	149,000	227,000	149,000
Past Director of the Company				
Fees*	-	27,000	-	27,000
Existing Directors of the subsidiary Company				
Fees	-	24,000	-	-
Salaries and other emoluments	218,050			
Defined contribution plan	12,851	-	-	-
	230,901	24,000	-	-
Total Executive Directors' remuneration	457,901	200,000	227,000	176,000

* This represents the remuneration paid to this Director until his resignation on 22 December 2015.

Notes to the Financial Statements (cont'd)
31 July 2017

27. Share Issuance Scheme ("SIS")

At an Extraordinary General Meeting held on 29 September 2016, the Company's shareholders approved the establishment of SIS for eligible Directors and employee of the Group.

The salient features of the SIS Scheme are as follows:

(a) Any employees of the Group (excluding dormant subsidiaries) shall be eligible to participate if as at the date of offer, the employees of the Group:

(i) is at least eighteen (18) years of age;
(ii) is employed full-time by and on the payroll of a company in the Group, which is not dormant;
(iii) is confirmed in writing as a full time employee by any company in the Group which is not dormant at the date of offer; and
(iv) fulfils any other criteria that the Option Committee may from time to time determine at its discretion.

(b) Any Directors of the Group shall be eligible to participate it as at the date of offer, the Directors of the Group:

(i) is at least eighteen (18) years old;
(ii) has been appointed as a Director of a company within the Group, which is not dormant; and
(iii) fulfils any other criteria that the Option Committee may from time to time determine at its discretion.

(d) The maximum number of new shares to be issued pursuant to exercise of the SIS Options which may be granted under the SIS shares shall not exceed thirty percent (30%) of the total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point of time throughout the duration of the SIS;

(e) The Scheme shall be in force for a period of five (5) years commencing from the effective date. The Scheme may be extended by the Board of Directors, upon the recommendations of the SIS Committee, without having to obtain approval from the Company's shareholders, for a further period up to five (5) years immediately from the expiry of the first five (5) years but will not in aggregate exceed ten (10) years.

(f) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be multiple of and not less than 100 shares.

(g) The new Company's shares of RM0.10 each ("new Shares") to be allotted and issued upon the exercise of the SIS Option shall, upon allotment and issue, rank pari passu in all respects with the existing Company's ordinary share of RM0.10 each save and except that the new Shares will not be entitled to any distributions made or paid to the date of allotment of new Shares. The SIS Options shall not carry any right to vote at a general meeting of the Company.

27. Share Issuance Scheme ("SIS") (Cont'd)

Movement in the number of share options and the weighted average exercise process as follows:

		Number of options over ordinary shares			
Date of Offer	Exercise price	At 1.8.2016	Granted	Exercised	At 31.7.2017
29 September 2016	RM0.10	-	50,072,220	(44,520,000)	5,552,220

Details of SIS Options outstanding at end of the financial year are as follows:

	Weighted average exercise price		Exercise period
	2017	2016	
SIS Options	RM	RM	
29 September 2016	0.10	-	29.9.2016 - 25.11.2020

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted, estimated by the management using Trinomial Option Pricing model, taking into account the terms and conditions upon which the options were granted. The weighted average fair value of share options measured at grant date and the assumptions are as follows:

	2017 RM	2016 RM
Fair value at granted date:		
29 September 2016	0.0826	-
Weighted average share price	0.0997	-
Weighted average exercise price	0.0850	-
Expected volatility (%)	136.659	-
Expected life (years)	4 years	-
Risk free rate (%)	3.136	-
Expected dividend yield (%)	Nil	-

The expected life of the share options is based on historical data, has been adjusted according to management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioural considerations. The expected volatility is based on the historical share price volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which not reflective of its long term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

Notes to the Financial Statements (cont'd)
31 July 2017

27. Share Issuance Scheme ("SIS") (Cont'd)

Director of the Company and other members of key management have been granted the following number options under SIS:

	2017 RM	2016 RM
At 1 August	-	-
Granted	50,072,220	-
Exercised	(44,520,000)	-
At 31 July	5,552,220	-

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.

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.

28. Related Party Disclosure (Cont'd)

(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, 19 and 22 to the financial statements, the significant related party transactions of the Company are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Transactions with subsidiary companies				
Advances provided for working capital purposes to:	-	-	50,000	2,010,000
Repayment of working capital from	-	-	(800,000)	-
Expenses paid on behalf of	-	-	-	5,500,000
Expenses paid on behalf by	-	-	-	(1,749)
Transaction with related party				
Fees received/receivable on software development in progress	2,094,104	3,680,000	-	-
Purchases	225,970	-	-	-
Loan to related party	-	1,268,000	-	-
Rental expenses	60,000	732,000	-	-
Expenses paid / payable	-	(1,749)	-	-

(c) Compensation of key management personnel

Key management personnel comprises executive and non-executive Directors of the Group and of which their compensation has been disclosed in Notes 22 and 26 to the financial statements.

Notes to the Financial Statements (cont'd)
31 July 2017

29. Segment Information

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

Software	Software development and system integration
Books	Sales of books and e-books
Dredging	Dredging and land reclamation
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.

	Software RM	Books RM	Dredging RM	Corporate RM	Adjustments / Eliminations RM	Total RM
2017						
Revenue						
External customers	5,215,655	17,309	-	-	-	5,232,964
Results						
Amortisation of intangible assets	769,234	-	-	-	-	769,234
Depreciation of property, plant and equipment	(5,929)	-	(275,000)	(44,605)	-	(325,534)
Interest income	(116)	-	-	(1,672)	-	(1,788)
Share of results of associates	-	-	-	(904,151)	-	(904,151)
Segment loss before taxation	(4,328,874)	-	(287,819)	(16,856,754)	10,629,488	(10,691,923)

Notes to the Financial Statements (cont'd)
31 July 2017

29. Segment Information (Cont'd)

	Software RM	Books RM	Dredging RM	Corporate RM	Adjustments / Eliminations RM	Total RM
Assets						
Capital expenditure	59,130	-	5,500,000	762,376	-	6,321,506
Segment assets	2,691,857	-	5,225,000	20,620,732	1,452,104	29,989,693
Liabilities						
Segment liabilities	15,089,708	-	5,563,603	2,204,094	(21,287,640)	1,569,765
Other non-cash items						
Impairment loss on trade receivables	1,982,449	-	-	-	-	1,982,449
Impairment loss on other receivables	450,148	-	-	-	-	450,148
Property, plant and equipment written off	-	-	-	9,896	-	9,896
Reversal of other payables	-	-	-	(61,046)	-	(61,046)

	Software RM	Books RM	Corporate RM	Adjustments / Eliminations RM	Total RM
2016					
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)
Interest income	(255)	-	(1,544)	-	(1,799)
Share of results of associates	-	-	648,519	-	648,519
Segment loss before taxation	(836,359)	-	(4,120,639)	-	(4,956,998)

Notes to the Financial Statements (cont'd)

31 July 2017

29. Segment Information (Cont'd)

	Software RM	Books RM	Corporate RM	Adjustments / Eliminations RM	Total RM
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

Adjustment and eliminations

Interest income, finance costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiary companies.

Inter-segment revenues are eliminated on consolidation.

Major customer

Revenue from two (2016: one) major customer amount to RM4,650,497 (2016: RM3,680,000), arising from sales in software development and system integration.

Notes to the Financial Statements (cont'd)
31 July 2017

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				
2017				
Financial assets				
Other investments	7,700,000	-	-	7,700,000
Trade receivables	-	2,950,044	-	2,950,044
Other receivables	-	1,117,916	-	1,117,916
Amount due from an associate company	-	53,000	-	53,000
Cash and bank balances	-	323,915	-	323,915
	7,700,000	4,444,875	-	12,144,875
Financial liabilities				
Trade payables	-	-	24,905	24,905
Other payables	-	-	1,544,860	1,544,860
	-	-	1,569,765	1,569,765

Notes to the Financial Statements (cont'd)
31 July 2017

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				
2016				
Financial assets				
Other investment	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	-	17,545,754
2016				
Financial liabilities				
Trade payables	-	-	24,905	24,905
Other payables	-	-	1,407,118	1,407,118
	-	-	1,432,023	1,432,023

Notes to the Financial Statements (cont'd)
31 July 2017

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				
2017				
Financial assets				
Other investments	7,700,000	-	-	7,700,000
Other receivables	-	28,349	-	28,349
Amount due from an associate company	-	53,000	-	53,000
Cash and bank balances	-	216,167	-	216,167
	7,700,000	297,516	-	7,997,516
Financial liabilities				
Other payables	-	-	249,965	249,965
Amount due to subsidiary companies	-	-	1,100,900	1,100,900
	-	-	1,350,865	1,350,865
2016				
Financial assets				
Other investments	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	13,066,748	-	20,766,748

Notes to the Financial Statements (cont'd)
31 July 2017

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				
2016				
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

(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, technological and market 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 2 customers (2016: 1 customer) representing 96% (2016: 99%) of the total trade receivables.

(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. 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.

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.

Notes to the Financial Statements (cont'd)
31 July 2017

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.

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

The Group is not subject to any externally imposed capital requirement.

32. 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 23 November 2017.

Notes to the Financial Statements (cont'd)

31 July 2017

33. 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	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Total accumulated lossed of the Company and its subsidiary companies				
- Realised	(737,748)	(20,113,763)	(19,922,517)	(24,001,059)

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 26 October 2017

Total number of issued shares	:	253,154,250
Classes of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

Distribution of Shareholdings

	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less Than 100	51	2,331	0.00
100 to 1,000	132	87,170	0.03
1,001 to 10,000	431	2,518,800	1.00
10,001 to 100,000	892	39,753,697	15.70
100,001 to below 5%	322	193,918,300	76.60
5% and above	1	16,873,952	6.67
	1,829	253,154,250	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	16,873,952	6.67	-	-
2.	Dr. Azman Bin Hussin	-	-	16,873,952*	6.67

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

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

Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Megat Fairouz Junaidi Bin Megat Junid	-	-	-	-
Dr. Azman Bin Hussin	-	-	16,873,952*	6.67
Mohd Anuar Bin Mohd Hanadzlah	200,000	0.01	-	-
Yeo Wee Kiat	557,500	0.22	-	-
Dato' Zaidi Bin Mat Isa @ Hashim	-	-	-	-
Dato' Sri Syed Ismail B. Dato' Hj Syed Azizan (Resigned on 8 November 2017)	-	-	-	-

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

Analysis of Shareholdings (cont'd)
As at 26 October 2017

Top Thirty Shareholders

	Name of Shareholder	No. of Shares	%
1.	ENCORAL DIGITAL SOLUTIONS SDN BHD	16,873,952	6.67
2.	PELABURAN MARA BERHAD	9,500,000	3.75
3.	KENANGA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZHANG YANG (029)	8,746,900	3.46
4.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR EFG BANK AG (A/C CLIENT)	8,500,000	3.36
5.	SUA TIEN FONG	6,000,000	2.37
6.	LIM KEONG YEW	5,431,700	2.15
7.	TYE SOK CIN	5,144,600	2.03
8.	SP JUTAJAYA SDN BHD	4,823,850	1.91
9.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	4,640,000	1.83
10.	AMLAK CRYSTAL SDN BHD	3,850,000	1.52
11.	GOH TEN FOOK	3,610,400	1.43
12.	AZAM KHAN BIN AYOB MOHAMED	3,475,400	1.37
13.	CHANG VAN LEONG	3,246,800	1.28
14.	KOPERASI POLIS DIRAJA MALAYSIA BERHAD	3,000,000	1.19
15.	GV ASIA FUN LIMTED	2,930,100	1.16
16.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM DEAN YANN	2,700,000	1.07
17.	LIM DEAN YANN	2,700,000	1.07
18.	WONG KOK SIN	2,700,000	1.07
19.	ZAINAL ARIFFIN BIN OSMAN	2,669,000	1.05
20.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BARKATH STORES (PENANG) SDN BHD (PB)	2,250,000	0.89
21.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TAN KOK PIN @ KOK KHONG (PB)	2,090,000	0.83
22.	ROSLAN BIN JAMAL	2,000,000	0.79
23.	SU HOW GIONG	2,000,000	0.79
24.	YONG SIW YA	2,000,000	0.79
25.	DIGITAL ZILLION SDN BHD	1,849,500	0.73
26.	THAN CHEE PHIN	1,638,250	0.65
27.	LADUE NAKIAH OSMAN	1,550,000	0.61
28.	TAN SHU TEE	1,500,000	0.59
29.	TEE CHENG CHYE	1,500,000	0.59
30.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AIMRAN BIN RATIM (REM 133-MARGIN)	1,404,900	0.55
		120,325,352	47.55

Analysis of Warrant Holdings
As at 26 October 2017

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 2020
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	46	1,964	0.00
100 to 1,000	21	10,367	0.01
1,001 to 10,000	117	651,783	0.62
10,001 to 100,000	342	14,860,327	14.25
100,001 to below 5%	173	77,220,134	74.02
5% and above	1	11,572,550	11.09
	700	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 (Resigned on 8 November 2017)	-	-	-	-

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

Analysis of Warrant Holdings (cont'd)
As at 26 October 2017

Top Thirty Warrant Holders

	Name of Warrant Holder	No. of Shares	%
1.	LUM YIN MUI	11,572,550	11.09
2.	ONG LOO CHOON	3,490,000	3.35
3.	WEE SANG HEONG	2,650,000	2.54
4.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG WAN LIH	2,000,000	1.92
5.	SP JUTAJAYA SDN BHD	1,982,175	1.90
6.	JS NOMINEES (ASING) SDN BHD QUEBEC INVESTMENT LIMITED (QU050)	1,871,700	1.79
7.	SUA TIEN FONG	1,808,800	1.73
8.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PEK KIAM KEK (MARGIN)	1,600,000	1.53
9.	ADAM @ HASLIDAL BAHRI BIN HUSAIN	1,500,000	1.44
10.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AIMRAN BIN RATIM (REM 133-MARGIN)	1,442,450	1.38
11.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGANG HOCK ING	1,319,600	1.26
12.	AZAM KHAN BIN AYOB MOHAMED	1,250,750	1.20
13.	HO YIT LIN @ HO YUET LING	1,250,000	1.20
14.	WONG KOOK CHEE	1,250,000	1.20
15.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BOON KIM YU (CCTS)	1,247,600	1.20
16.	LIU, CHING-AN	1,227,200	1.18
17.	SU HOW GIONG	1,200,000	1.15
18.	TAN TIN HWA	1,150,000	1.10
19.	CHOO KIM SUN	1,000,000	0.96
20.	GV ASIA FUND LIMITED	1,000,000	0.96
21.	HLIB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMILTON INVESTMENT CORPORATION (CCTS)	1,000,000	0.96
22.	SENG SHUN MUN	1,000,000	0.96
23.	PAK LIEW MEI	909,450	0.87
24.	OOI LENG HWA	900,000	0.86
25.	POH PAI SOON	875,000	0.84
26.	TAN CHEE PHIN	850,500	0.82
27.	TANG WAY KEONG	714,000	0.68
28.	CHIANG WAI KIN	700,000	0.67
29.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BEE YOOK	700,000	0.67
30.	TANG HA LOOI @ TANG KIM YING	620,000	0.59
		50,081,775	48.01

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 proceeds raised from corporate proposals during the financial year ended 31 July 2017.

2. **Related Party Transactions**

   The aggregate value of the Related Party Transactions for the financial year ended 31 July 2017 is set out in Note 25 of the Audited Financial Statements.

3. **Employees Share Option Scheme**

   During the financial year ended 31 July 2017, a total of 44,520,000 new ordinary shares were issued and allotted pursuant to the exercise of the Share Issuance Scheme.

4. **Non-Audit Fees**

   The non-audit fees amounted to RM6,000.00 payable to the External Auditors for the financial year ended 31 July 2017.

5. **Revaluation Policy**

   The Company did not revalue any of its property, plant and equipment during the financial year ended 31 July 2017.

6. **Material Contracts**

   During the financial year ended 31 July 2017, 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 2017.

7. **Material Properties**

   The Company and the Group does not own any landed property for the financial year ended 31 July 2017.

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 2017.

Notice of Thirteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth 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 Wednesday, 27 December 2017 at 10.30 a.m. for the following purpose:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 July 2017 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees of RM30,000.00 for the financial year ended 31 July 2017. *Resolution 1*

3. To approve the Directors' fees and benefits payable up to an amount of RM37,500.00 for the period from 1 August 2017 until the next Annual General Meeting of the Company to be held in 2018. *Resolution 2*

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

   i. Dato' Megat Fairouz Junaidi Bin Megat Junid *Resolution 3*

5. 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 4*

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions: *Resolution 5*

6. Renewal of Authority for Directors to Issue Shares

   "**THAT**, subject always to the Companies Act, 2016 (the "Act"), Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Companies Act, 2016 to issue and allot not more than ten per centum (10%) of the total number of issued shares of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof;

Notice of Thirteenth Annual General Meeting (cont'd)

7. 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 6*

   "**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 2017, 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 340(2) of the Companies Act, 2016 but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016; 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."

Notice of Thirteenth Annual General Meeting (cont'd)

8. Authority for Dato' Megat Fairouz Junaidi Bin Megat Junid to continue in office as Independent Non-Executive Director *Resolution 7*

   "**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 twelve (12) 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."

   ANY OTHER BUSINESS:

9. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 2016.

By order of the Board

Wong Youn Kim
(MAICSA 7018778)
Company Secretary

Kuala Lumpur
30 November 2017

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.*
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..*
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 2017 shall be registered as members and be entitled to attend the Thirteenth Annual General Meeting or appoint proxy(ies) to attend and vote on his/her behalf.*

Notice of Thirteenth Annual General Meeting (cont'd)

EXPLANATORY NOTES ON SPECIAL BUSINESS:

RESOLUTION 5

The Ordinary Resolution No. 5, 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 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 27 December 2016.

RESOLUTION 6

The Ordinary Resolution No. 6, 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 2017 attached to the Annual Report.

RESOLUTION 7

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 twelve (12) 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.

Practice 4.2 of the MCCG states that the tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Statement Accompanying Notice of the Thirteenth Annual General Meeting

1. The Director who is standing for re-election at the Thirteenth Annual General Meeting of Inix Technologies Holdings Berhad is as follows:

   i. Dato' Megat Fairouz Junaidi Bin Megat Junid

The profiles of the Director who is standing for re-election is set out on page 7 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 2017 are disclosed in the Corporate Governance Statement set out on page 11 of this Annual Report.

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

Date of Meeting	Time of Meeting	Place of Meeting
Wednesday, 27 December 2017	10.30 am	Kelab Shah Alam Selangor, Jalan Aerobik 13/43, 40000 Shah Alam, Selangor Darul Ehsan

INIX TECHNOLOGIES HOLDINGS BERHAD
(Company No. 665797-D)
(Incorporated in Malaysia)

Thirteenth 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 Thirteenth 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 Wednesday, 27 December 2017 at 10.30 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 31 July 2017 together with the Directors' and Auditors' Reports thereon.			
2.	To approve Directors' Fees for the financial year ended 31 July 2017	**Resolution 1**		
3.	Payment of Directors' Fees and Benefit from 1 August 2017 up to the next Annual General Meeting of the Company to be held in 2018	**Resolution 2**		
4.	To re-elect Dato' Megat Fairouz Junaidi Bin Megat Junid as the Director who is retiring in accordance with Article 85 of the Company's Articles of Association.	**Resolution 3**		
5.	To re-appoint Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.	**Resolution 4**		
	SPECIAL BUSINESS			
6.	Authority to issue shares pursuant to Section 75 of the Companies Act, 2016.	**Resolution 5**		
7.	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 6**		
8.	Authority for Dato' Megat Fairouz Junaidi Bin Megat Junid to continue in office as Independent Non-Executive Director.	**Resolution 7**		

[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 ________________ 2017

No. of ordinary shares held
CDS Account No:

____
Signature/Common Seal of Shareholder(s)
[* Delete if not applicable]

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Stamp

The Company Secretaries

INIX TECHNOLOGIES HOLDINGS BERHAD

(665797-D)

Level 2, Tower 1, Avenue 5

Bangsar South City

59200 Kuala Lumpur

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INIX TECHNOLOGIES HOLDINGS BERHAD (665797-D)

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No.12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur

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