



INIX Technologies Holdings Berhad

(665797-D)

(Incorporated in Malaysia)

Unaudited interim financial report

for the quarter ended 31 October 2017



INIX Technologies Holdings Berhad (665797-D)
(Incorporated in Malaysia)

Condensed consolidated income statement for the three-month period ended 31 October 2017

	Note	Three months ended	
		31 Oct 2017 unaudited RM'000	31 Oct 2016 unaudited RM'000
Revenue	A9	863	103
Cost of sales		(218)	-
Gross profit		645	103
Other income		21	336
Selling and marketing expenses		-	(1)
Administrative expenses		(1,116)	(1,023)
Research and development expenses		-	-
Other expenses		(187)	(2,454)
Share of associates loss		(103)	351
(Loss)/profit before tax		(740)	(2,688)
Taxation	B5	-	-
(Loss)/profit for the period		(740)	(2,688)
Owners of the company		(543)	(2,330)
Non-controlling interest		(197)	(358)
(Loss)/profit for the period		(740)	(2,688)
(Loss)/profit per share attributable to ordinary equity holders of the Company (sen)			
Basic	B13	(0.02)	(0.06)
Diluted	B13	N/A	N/A

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial statements.



INIX Technologies Holdings Berhad (665797-D)
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Condensed consolidated balance sheet as at 31 October 2017

	<i>Note</i>	<i>As at 31 Oct 2017 unaudited RM'000</i>	<i>As at 31 July 2017 audited RM'000</i>
ASSETS			
Non-Current Assets			
Intangible assets		89	276
Property, plant and equipment		5,203	5,996
Investment in associates		10,262	10,364
Other investment		7,700	7,700
		23,254	24,336
Current Assets			
Amount due from associates		53	53
Trade receivables		3,955	2,950
Other receivables, deposits and prepayments		2,299	2,326
Cash and bank balances		124	324
		6,431	5,653
TOTAL ASSETS		29,685	29,989
EQUITY AND LIABILITIES			
Attributable to Equity Holders of the Company			
Share capital		37,903	37,903
Share premium		-	-
Share option reserve	A7	458	458
Accumulated losses		(1,281)	(738)
		37,080	37,623
Non-controlling interest		(9,401)	(9,204)
Current liabilities			
Trade payables		239	25
Other payables and accruals		1,767	1,545
		2,006	1,570
TOTAL EQUITY AND LIABILITIES		29,685	29,989
Net assets per share attributable to ordinary equity holders of the Company (RM)			
		0.0978	0.0993

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial statements.



Condensed consolidated statement of changes in equity for the three-month period ended 31 October 2017

	<i>Attributable to equity holders of the Company</i>					Non-Controlling interest	Total Equity
	<i>Share capital</i>	<i>Share premium</i>	<i>SIS Option reserve</i>	<i>Accumulated losses</i>	<i>Total</i>		
	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 August 2016 (audited)	41,727	8,911	-	(20,114)	30,524	(2,130)	28,394
SIS Option granted	(3,824)	(8,911)	458	27,938	15,661	-	15,661
Loss for the period	-	-	-	(8,562)	(8,562)	(7,074)	(15,636)
At 31 July 2017 (audited)	37,903	-	458	(738)	37,623	(9,204)	28,419
At 1 August 2017 (audited)	37,903	-	458	(738)	37,623	(9,204)	28,419
Loss for the period	-	-	-	(543)	(543)	(197)	(740)
At 31 Oct 2017 (unaudited)	37,903	-	458	(1,281)	37,080	(9,401)	27,679

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial statements.



INIX Technologies Holdings Berhad (665797-D)
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Condensed consolidated cashflow statement for the three-month period ended 31 October 2017

	<i>Three months ended</i>	
	31 Oct 2017	31 Oct 2016
	<i>unaudited</i>	<i>unaudited</i>
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the period	(740)	(2,688)
<i>Adjustments:</i>		
Depreciation of property, plant and equipment	2	-
Allowance for obsolete inventories	-	-
Amortisation of intangible assets	186	-
Net provision for warranty claims (written back)	-	-
Allowance for doubtful debts made/ (written back)	-	-
SIS Option	-	2,236
Share of results of associates	103	(351)
Operating loss before working capital changes	(449)	(803)
Decrease/(Increase) in inventories	-	-
(Increase)/decrease in trade receivables	(1,054)	674
(Increase)/decrease in other receivables, deposits and prepayments	(27)	190
Increase in trade payables	214	-
Increase/(Decrease) in other payables and accruals	222	(306)
Net cash generated from/(used in) operating activities	(1,094)	(246)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in Intangible assets	-	136
Purchase of property, plant & equipment	791	(2)
Decrease In investment	103	-
Net cash generated from/(used in) investing activities	894	134
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in share capital	-	2,300
Net cash generated from/(used in) financing activities	-	2,300
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(200)	2,189
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	324	1,488
CASH AND CASH EQUIVALENTS AT END OF PERIOD	124	3,677
<i>These comprise:-</i>		
Cash in hand	2	2
Bank balances	122	3,675
	124	3,677

The condensed consolidated cashflow statement should be read in conjunction with the audited financial statements for the year ended 31 July 2017 and the accompanying explanatory notes attached to the interim financial statements.



Explanatory notes to the interim financial report

A Pursuant to FRS 134: Interim Financial Reporting

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 July 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 July 2017.

A2 Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 July 2017.

The Group has not early adopted any new or revised standards, amendments or IC Interpretations which are applicable to the Group that have been issued by the MASB but are not yet effective for the Group's current financial year ended 31 July 2017.

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the acceptance of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 July 2016. In presenting its first MFRS financial statements, the Group will be required restate the financial position as at 1 August 2016 to amounts reflecting the application of MFRS Framework.

The change of the financial framework is not expected to have any significant impact of the financial position and performance of the Group and the Company.

A3 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 July 2017 was unqualified.

A4 Seasonal or cyclical factors

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the current quarter and financial year-to-date under review.

A5 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year-to-date.

A6 Significant estimates and changes in estimates

There were no changes in estimates that have a material effect in the current quarter and financial year-to-date.

A7 Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares during the financial year-to-date under review: except for the changes in ordinary share capital as stated in note B8.

A8 Dividends paid

No dividends were paid during the financial year-to-date.



Explanatory notes to the interim financial report

A9 Segmental information

(a) Operating segments

	Land Reclamation	Supply of hardware and software	Software development and system integration	Mobile Apps	Corporate	Elimina-tions	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Three months ended 31 October 2017							
Revenue							
External customers	-	102	747	14	-	-	863
Inter-segment	-	-	-	-	-	-	-
Total revenue	-	102	747	14	-	-	863
Results							
Depreciation	-	-	-	-	(2)	-	(2)
Amortisation	-	(186)	-	-	-	-	-
Reversal of impairment loss on trade receivables	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-
Segment profit/(loss)	-	-	-	-	-	-	(740)
Assets							
Investment in subsidiaries	-	-	-	-	-	-	-
Investment in associates	-	-	-	-	-	-	-
Additions to intangible assets	-	-	-	-	-	-	-
Amount due from holding company	-	-	-	-	-	-	-
Amount due from a subsidiary company	-	-	-	-	-	-	-
Amount due from related company	-	-	-	-	-	-	-
Segment assets	-	-	-	-	-	-	18,394
Liabilities							
Amount due to holding company	-	-	-	-	-	-	-
Amount due to related company	-	-	-	-	-	-	-
Amount due to a subsidiary company	-	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-	4,765



Explanatory notes to the interim financial report

A9 Segmental information (continued)

(a) Operating segments

	Land Reclamation	Supply of hardware and software	Software development and system integration	Sales of Books	Corporate	Elimina-tions	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Three months ended 31 October 2016							
Revenue							
External customers		103	-	-	-	-	103
Inter-segment		-	-	-	-	-	-
Total revenue		103	-	-	-	-	103
Results							
Depreciation		-	(2)	-	(4)	-	(6)
Amortisation		(187)	-	-	-	-	(187)
Reversal of impairment loss on trade receivables		-	-	-	-	-	-
Share-based payments		-	-	-	-	-	-
Segment profit/(loss)		-	-	-	-	-	(13,572)
Assets							
Investment in subsidiaries		4	-	-	-	-	-
Additions to intangible assets		8,200	-	-	-	-	8,200
Amount due from holding company		-	-	-	-	-	-
Amount due from a subsidiary company		-	-	-	-	-	-
Amount due from related company		-	-	-	-	-	-
Segment assets		-	-	-	-	-	28,133
Liabilities							
Amount due to holding company		-	-	-	-	-	-
Amount due to related company		-	-	-	-	-	-
Amount due to a subsidiary company		-	-	-	-	-	-
Segment liabilities		-	-	-	-	-	1,126

(b) Geographical information

	Non-current assets		Current asset		
	Revenue	Profit/(Loss) before taxation	Property, plant and equipment	Intangible assets	Trade receivables
	RM'000	RM'000	RM'000	RM'000	RM'000
Three months ended 31 October 2017					
Malaysia	863	(740)	5,203	89	3,955
Three months ended 31 October 2016					
Malaysia	103	(2,688)	62	859	5,111



Explanatory notes to the interim financial report

A10 Carrying value of revalued assets

There has been no revaluation of property, plant and equipment during the financial year-to-date.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the financial year-to-date.

A12 Capital commitments

As at the end of the current financial year-to-date, the Group has no material commitment in respect of property, plant and equipment.

A13 Changes in contingent liabilities and contingent assets

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 July 2017.

A14 Significant related party transactions

Significant transactions between related parties and the Group as at balance sheet date are as follows:

Revenue

	Three months ended	
	31-Oct-17	31-Oct-16
	RM'000	RM'000
Fees on software development in progress receivable from EDSSB	261	-

A15 Subsequent events

There were no material events subsequent to the end of the current quarter.



Explanatory notes to the interim financial report

B Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market

B1 Performance review

For the current quarter under review ("FY18Q1"), the Group registered pre-tax loss of RM0.740 million with turnover RM0.863 million for this current quarter.

B2 Material change in profit/(loss) before tax

	<i>Current quarter ended 31 Oct 2016</i>	<i>Preceding quarter ended 31 July 2017</i>
	RM'000	RM'000
Revenue	863	5,232
(Loss)/Profit before taxation	(740)	(10,691)

On a quarter to quarter comparison, the group recorded a revenue RM0.863 million and pre-tax loss of RM0.740 million in the quarter under review as compared to a revenue of RM5,232 million and pre-tax loss of RM10,691 million in the preceding quarter.

Other expenses for the current quarter mainly comprise of depreciation on property, plant and equipment and ammortisation of intangible assets.

B3 Prospects

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

B4 Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

B5 Taxation

For both the current quarter as well as financial year-to-date, tax is calculated on estimated assessable profits for the financial year.

B6 Quoted securities

There were no acquisitions or disposals of quoted securities during the current quarter and financial year-to-date.



Explanatory notes to the interim financial report

B7 Corporate proposals

There were no corporate proposals during the financial period under review.

B8 Borrowing and debt securities

There were no borrowings and debt securities outstanding and/or issued as at the end of the reporting period.

B9 Off Balance sheet Financial instruments

There were no off balance sheet financial instruments as at the date of this report.

B10 Changes in Material Litigation

Neither the Company nor its subsidiary is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary.

B11 Dividend payable

No interim ordinary dividend has been declared for the financial period under review.

B12 Earnings per share

The basic/diluted earnings per share are computed based on the net profit attributable to ordinary shareholders and the weighted average/adjusted weighted average number of ordinary shares outstanding during the year as follows:

	<i>Three months and year-to-date ended</i>	
	31 Oct 2017	31 Oct 2016
Basic:		
Net profit/(loss) attributable to ordinary shareholders (RM'000)	(740)	(2,688)
Weighted average number of ordinary shares in issue ('000)	44,027	44,027
<i>Basic earnings/(loss) per ordinary share (sen)</i>	(0.02)	(0.06)
Diluted:		
Net profit/(loss) attributable to ordinary shareholders (RM'000)	(740)	(2,688)
Weighted average number of ordinary shares in issue ('000)	44,027	44,027
Number of shares issuable under ESOS ('000)	-	-
Number of shares that would have been issued at fair value ('000)	-	-
Adjusted weighted average number of ordinary shares in issue ('000)	44,027	44,027
<i>Diluted earnings/(loss) per ordinary share (sen)</i>	N/A	N/A



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Explanatory notes to the interim financial report

B13 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29th December 2017.

INIX Technologies Holdings Berhad
29th December 2017