



**INIX Technologies Holdings Berhad**

**(665797-D)**

(Incorporated in Malaysia)

# **Unaudited interim financial report**

**for the quarter ended 31 July 2017**



## Condensed consolidated income statement for the three-month and twelve-month periods ended 31 July 2017

	Note	Three months ended		Twelve months ended	
		31 July 2017 unaudited RM'000	31 July 2016 unaudited RM'000	31 July 2017 unaudited RM'000	31 July 2016 unaudited RM'000
Revenue	A9	1,049	2,528	5,232	3,738
Cost of sales		(60)	-	(2,126)	-
<b>Gross profit</b>		989	2,528	3,106	3,738
Other income		501	-	1,194	2
Selling and marketing expenses		(2)	(29)	(5)	(157)
Administrative expenses		(2,898)	(1,468)	(6,445)	(4,959)
Research and development expenses		(593)	-	(964)	(1,539)
Other expenses		(2,620)	(531)	(3,734)	(1,823)
Share of associates loss		(1,125)	-	(2,021)	-
<b>Loss before tax</b>		(5,748)	500	(8,869)	(4,738)
Taxation	B5	-	-	-	(7)
<b>Loss for the period</b>		(5,748)	500	(8,869)	(4,745)
Owners of the Company		(5,594)	500	(8,158)	(4,745)
Non-controlling interest		(154)	-	(711)	-
		(5,748)	500	(8,869)	(4,745)
<b>Loss per share attributable to ordinary equity holders of the Company (sen)</b>					
Basic	B13	(0.24)	0.01	(0.37)	(0.11)
Diluted	B13	-	-	-	-

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements. The share of loss from Galactic Maritime (M) Sdn Bhd was prepared based on the Private Entity Reporting Standard.



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## Condensed consolidated balance sheet as at 31 July 2017

	Note	As at 31 July 2017 unaudited RM'000	As at 31 Jul 2016 audited RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Intangible assets		299	995
Property, plant and equipment	A10	5,622	60
Investment in associates		9,304	7,849
Other investment		7,700	7,700
		<b>22,925</b>	<b>16,604</b>
<b>Current Assets</b>			
Amount due from associates		53	53
Trade receivables		2,950	5,785
Other receivables, deposits and prepayments		5,571	8,026
Cash and bank balances		324	1,488
		<b>8,898</b>	<b>15,352</b>
<b>TOTAL ASSETS</b>		<b>31,823</b>	<b>31,956</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Attributable to Equity Holders of the Company</b>			
Share capital		24,166	41,727
Share premium		12,588	8,911
Share option reserve	A7	459	-
Accumulated losses		(6,258)	(20,114)
		<b>30,955</b>	<b>30,524</b>
<b>Non-Controlling interest</b>		<b>(711)</b>	<b>-</b>
<b>Current liabilities</b>			
Trade payables		24	25
Other payables and accruals		1,555	1,407
Amount due to director		-	-
		<b>868</b>	<b>1,432</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,823</b>	<b>31,956</b>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>			
		<b>0.1281</b>	<b>0.0732</b>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements.



**Condensed consolidated statement of changes in equity**  
for the twelve-month period ended 31 July 2017

	<i>Attributable to equity holders of the Company</i>				<i>Total</i>	<i>Non-controlling interest</i>	<i>Total Equity</i>
	<i>Share capital</i>	<i>Share premium</i>	<i>Share Option reserve</i>	<i>Accumulated losses</i>			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 August 2015</b> (audited)	13,909	8,911	-	(15,153)	7,667	-	7,667
<b>Issued during the year - share capital</b>	27,818	-	-	-	27,818	-	27,818
Loss for the period	-	-	-	(5,245)	(5,245)	-	(5,245)
<b>At 31 July 2016</b> (unaudited)	41,727	8,911	-	(20,398)	30,240	-	30,240
<b>At 1 August 2016</b> (audited)	41,727	8,911	-	(20,114)	30,524	-	30,524
Issued during the year - share capital	4,452	-	-	-	4,452	-	4,452
Par value reduction	(22,013)	-	-	22,013	-	-	-
SIS option granted	-	3,677	459	-	4,136	-	4,136
Loss for the period	-	-	-	(8,158)	(8,158)	(711)	(8,869)
<b>At 31 July 2017</b> (unaudited)	24,166	12,588	459	(6,259)	30,954	(711)	30,243

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements.



## Condensed consolidated cashflow statement for the nine-month period ended 31 July 2017

	<i>Twelve months ended</i>	
	<b>31 July 2017</b>	<b>31 July 2016</b>
	<i>unaudited</i>	<i>unaudited</i>
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss for the period</b>	(8,869)	(4,738)
<i>Adjustments:</i>		
Depreciation of property, plant and equipment	277	6
Amortisation of intangible assets	746	746
SIS Option	4,137	-
Share of results of associates	2,021	-
<b>Operating loss before working capital changes</b>	<b>(1,688)</b>	<b>(3,986)</b>
Increase in stock	-	(7)
Increase in trade receivables	2,835	(145)
Decrease/(Increase) in other receivables, deposits and prepayments	2,455	(6,367)
Increase in trade payables	498	-
Decrease in other payables and accruals	(336)	166
Increase/(decrease) in amount due to director	-	(1,200)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,764</b>	<b>(11,539)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,839)	(13)
Decrease in intangible assets	(65)	-
Increase in investment	(3,476)	(14,900)
<b>Net cash generated from/(used in) investing activities</b>	<b>(9,380)</b>	<b>(14,913)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease)/Increase in share capital	4,452	27,818
<b>Net cash generated from/(used in) financing activities</b>	<b>4,452</b>	<b>27,818</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,164)	1,366
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,488	123
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>324</b>	<b>1,489</b>
<i>These comprise:-</i>		
Cash in hand	2	3
Bank balances	322	1,485
	<b>324</b>	<b>1,488</b>

The condensed consolidated cashflow statement should be read in conjunction with the audited financial statements for the year ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial statements.



**INIX Technologies Holdings Berhad** (665797-D)  
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## **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 2016. 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 2016.

#### **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 2016.

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 2016.

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 2016 was qualified.

The auditors' report was qualified due to the audited financial statements of Galactic Maritime (M) Sdn Bhd, a newly acquired associate company of the Group were not made available to auditor. Accordingly, the management financial information of Galactic Maritime were used for the preparation of the consolidated financial statements of the Group for the financial year ended 31 July 2016.

#### **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 RM'000	Sales of Books RM'000	Corporate RM'000	Elimina-tions RM'000	Total RM'000
<b>Twelve months ended 31 July 2017</b>							
<b>Revenue</b>							
External customers	-	-	5,232	-	-	-	5,232
Inter-segment	-	-	-	-	-	-	-
Total revenue	-	-	5,232	-	-	-	5,232
<b>Results</b>							
Depreciation	-	-	-	-	527	-	-
Amortisation	-	-	746	-	-	-	-
Inventories written-down	-	-	-	-	-	-	-
Provision for warranty claims	-	-	-	-	-	-	-
Segment profit/(loss)	-	-	(1,732)	(6)	(5,198)	-	(8,869)
<b>Assets</b>							
Investment in subsidiaries	-	-	-	-	-	-	-
Additions to intangible assets	-	-	(50)	-	-	-	(50)
Amount due from holding company	-	-	-	-	-	-	-
Amount due from a subsidiary company	-	-	-	-	-	-	-
Amount due from related company	-	-	-	-	-	-	-
Segment assets	-	-	-	-	-	-	8,510
<b>Liabilities</b>							
Amount due to holding company	-	-	-	-	-	-	-
Amount due to related company	-	-	-	-	-	-	-
Amount due to a subsidiary company	-	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-	1,432



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## Explanatory notes to the interim financial report

### A9 Segmental information (continued)

#### (a) Operating segments (continued)

	Land reclamation RM'000	Supply of hardware and software RM'000	Software development and system integration RM'000	Sales of Books RM'000	Corporate RM'000	Elimina-tions RM'000	Total RM'000
<b>Twelve months ended 31 July 2016</b>							
<b>Revenue</b>							
External customers	-	-	3,738	-	-	-	3,738
Inter-segment	-	-	-	-	-	-	-
Total revenue	-	-	3,738	-	-	-	3,738
<b>Results</b>							
Depreciation	-	-	(0)	-	(6)	-	(6)
Amortisation	-	-	(746)	-	-	-	(746)
Inventories written-down	-	-	-	-	-	-	-
Provision for warranty claims	-	-	-	-	-	-	-
Segment profit/(loss)	(23)	(20)	-	(640)	(1,646)	-	(4,738)
<b>Assets</b>							
Investment in subsidiaries	-	-	-	-	-	-	-
Additions to intangible assets	-	-	-	-	-	-	-
Amount due from holding company	-	-	-	-	-	-	-
Amount due from a subsidiary company	-	-	-	-	-	-	-
Amount due from related company	-	-	-	-	-	-	-
Segment assets	-	(1,108)	889	-	21,463	-	23,460
<b>Liabilities</b>							
Amount due to holding company	-	-	-	-	-	-	-
Amount due to related company	-	-	-	-	-	-	-
Amount due to a subsidiary company	-	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-	917





## Explanatory notes to the interim financial report

### (b) Geographical information

	Non-current assets		Current asset		
	Revenue RM'000	Profit/(Loss) before taxation RM'000	Property, plant and equipment RM'000	Intangible assets RM'000	Trade receivables RM'000
<b>Three months ended 31 July 2017</b>					
Malaysia	1,049	(5,748)	(3)	(187)	(56)
<b>Three months ended 31 July 2016</b>					
Malaysia	2,528	500	65	995	6,646
<b>Twelve months ended 31 July 2017</b>					
Malaysia	5,232	(8,869)	5,622	299	2,950
<b>Twelve months ended 31 July 2016</b>					
Malaysia	3,738	(4,738)	65	995	6,646

### 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 2016.

### A14 Significant related party transactions

There were no new additional significant transactions between related parties and the Group as at balance sheet date:

#### Revenue

	Three months ended		Twelve months ended	
	31st July 2017 RM	31st July 2016 RM	31st July 2017 RM	31st July 2016 RM
Fees on software development, supply of oracle product, solution and services in progress receivable from EDSSB	236	2,500	2,108	3,708

### 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 ("FY17Q4"), the Group registered a pre-tax loss of RM5.748 million on back of turnover RM1.049 million. For the preceding quarter, the group registered a loss of 2.466 million on turnover of RM2.036. The higher losses for the period under review was due to loss contributed from associates company and share issuing cost.

#### B2 Material change in profit/(loss) before tax

	<i>Current quarter ended 31 July 2017</i>	<i>Preceding quarter ended 30 Apr 2017</i>
	RM'000	RM'000
Revenue	1,049	2,036
Profit/(Loss) before taxation	(5,748)	(2,466)

Other individual expenses for the current quarter mainly comprise of depreciation on property, plant and equipment and amortisation 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, the Group has no taxable income.

#### 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

Save for the following corporate proposal, there were no other corporate proposal announced during the financial period under review.

#### **Proposed acquisition of an additional 19% Equity Interest in Galactic Maritime (M) Sdn Bhd. ("Proposed Acquisition")**

As at 30th April 2017, Inix completed acquisition of additional 19% equity interest in Galactic comprising 2,565,000 ordinary shares of RM1.00 each ("Galactic Shares") ("Sale Shares") for a purchase consideration RM4,560,000 ("Purchase Consideration"), to be fully satisfied in cash and in accordance with the terms and condition of the SSA ("Proposed Acquisition").

On 11 December 2015, Inix completed an earlier acquisition of 30% equity interest in Galactic comprising 4,050,000 Galactic shares from Galactic Yield Enterprise Ltd for a purchase consideration of RM7,200,000 ("**Initial Acquisition of Galactic**"). Thus, Galactic is an existing 30% owned associate company of Inix.

### B8 Borrowings 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.



## Explanatory notes to the interim financial report

### 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 ended</i>		<i>Twelve months ended</i>	
	<i>31 July 2017</i>	<i>31 July 2016</i>	<i>31 July 2017</i>	<i>31 July 2016</i>
<b>Basic:</b>				
Net profit/(loss) attributable to ordinary shareholders (RM'000)	(5,748)	500	(8,869)	(4,745)
Weighted average number of ordinary shares in issue ('000)	24,166	41,727	24,166	41,727
<i>Basic earnings/(loss) per ordinary share (sen)</i>	(0.24)	0.01	(0.37)	(0.11)
<b>Diluted:</b>				
Net profit/(loss) attributable to ordinary shareholders (RM'000)	(5,748)	500	(8,869)	(4,745)
Weighted average number of ordinary shares in issue ('000)	24,166	41,727	24,166	41,727
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)	24,166	41,727	24,166	41,727
<i>Diluted earnings/(loss) per ordinary share (sen)</i>	N/A	N/A	N/A	N/A

### 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 Sept 2017.

**INIX Technologies Holdings Berhad**  
29th Sept 2017