

30 July 2021

For Immediate Release

AIQ Limited

(“AIQ” or the “Company” or, together with Alchemist Codes and Alcodes International, the “Group”)

Interim Results

The Board of AIQ (LSE: AIQ) announces the Company’s unaudited consolidated interim results for the six months ended 30 April 2021.

Summary

- As previously announced, the COVID-19 pandemic had a profound impact on Alchemist Codes Sdn Bhd (“Alchemist Codes”) and the business model of its OctaPLUS e-commerce platform:
 - Retailers transitioned to focus on direct-to-consumer online sales & marketing, which had a severe impact on OctaPLUS’ affiliate marketing commission model
 - Economic uncertainty resulted in customers delaying purchasing decisions for IT consultancy projects and government lockdown measures in Malaysia and Hong Kong prevented management meeting with potential customers and business contacts resulting in negligible sales activity
- The Board implemented a number of cost-cutting measures and initiated a strategic review to assess the viability of Alchemist Codes, which concluded post period:
 - Divestment of certain e-commerce software and technology developed in-house by Alchemist Codes
 - Focus on building the IT consultancy business of Alcodes International in Hong Kong
 - Efficiency measures expected to generate savings of approximately £400,000 on an annualised basis
- Revenue for the six months to 30 April 2021 was £12,079 (H1 2020*: £25,409)
- Net loss for the period was £915,425 (H1 2020*: £612,993)
- Cash and cash equivalents at 30 April 2020 of £1.0 million (31 October 2020: £1.8 million)

* The six-month period to 30 April 2020 included approximately one month’s operations of Alchemist Codes following the acquisition in March 2020.

Graham Duncan, Chairman of AIQ, said:

“As previously stated, the COVID-19 pandemic had a profound impact on Alchemist Codes, particularly given that the business was at a relatively early stage of development. Both the roll-out of its OctaPLUS e-commerce platform and its IT consultancy business were met with severe headwinds such that little progress could be made and sales activity during the period was negligible. As a result, and combined with the continued uncertainty over the post-pandemic economic recovery and market outlook, the Board undertook significant cost-cutting measures and a fundamental strategic review, which completed post period. We have taken steps to preserve cash while seeking to reposition the business by widening its focus beyond e-commerce. While it is early days, we have received some initial interest in the support we can provide for digital assets. The Board is closely monitoring the progress of the Group and will take further action if required.”

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Operational Review

As noted in the Group's final results announcement, the prolonged and multifaceted impact of the COVID-19 pandemic, which was compounded by Alchemist Codes being at a relatively early stage of development, resulted in negligible sales activity during the first half of the year to 30 April 2021. In particular, the forecast growth in registered users and customer spend on the OctaPLUS e-commerce platform did not materialise and the rate of commission from retailers was significantly below expectations. This reflected the impact of the pandemic on the OctaPLUS business model. The IT business in Malaysia continued to be subject to a series of strict government lockdowns - known as "movement control orders" (MCO) - as a result of the pandemic, including being prohibited from entering office premises, which restricted opportunities for management to meet physically with its customers, prospective customers and business partners. In addition, the economic downturn and uncertainty caused customers to delay purchasing decisions or reallocate resources.

Following the establishment of Alcodes International Limited ("Alcodes International"), a wholly-owned subsidiary of Alchemist Codes, in Hong Kong in July 2020, initial progress was made during the period in securing IT projects by leveraging the government grant schemes for IT solutions providers. This accounted for 69% of the Group's revenues for the six months to 30 April 2021, albeit an insignificant amount.

Consequently, and combined with the continued significant uncertainty over the post-pandemic market recovery, in the results for the year to 31 October 2020, as announced on 30 April 2021, the Board recognised an impairment of goodwill and intangibles of £2.4 million from the investment in acquiring Alchemist Codes. The Board also undertook a series of cost-cutting measures and commenced a strategic review to determine the future of the business. This strategic review completed post period as described below.

Strategic review

The focus of the Board in its review was on preserving cash within the business whilst income levels remain depressed. This has resulted in decisions to cut costs, dispose of non-core activities and prioritise new sources of revenue.

Summary of actions

- Divestment of certain e-commerce software and technology developed in-house by Alchemist Codes to Wepin Sdn Bhd ("Wepin") for RM200,000 (approximately £35,000), which completed on 28 May 2021.
- Eight in-house developers from Alchemist Codes, along with six members of the sales team and administrative staff, are now employed by Wepin.
- Charles Yong, CEO of Alchemist Codes, is now also employed by Wepin. Mr Yong remains an Executive Director of AIQ.
- The OctaPLUS platform and a small team have been retained to develop the product and seek methods to monetise the registered user base.
- Alcodes International, headquartered in Hong Kong, has seen initial sales (albeit still very low amounts) from IT consultancy projects. Executive Director Edwin Li, who is based in Hong Kong, will focus on building the IT consultancy business and look to expand it into other technology areas such as digital assets.
- In addition to other reductions, total headcount of the Group has been cut by over 60% to 14 employees.
- The Board and senior management have taken a voluntary cut of 20% in their fees, backdated from 1 May 2021.
- As a result of these efficiency measures, the Group will recognise savings of approximately £400,000 on an annualised basis.

Financial Review

Revenue for the six months to 30 April 2021 was £12,079, with sales being severely impacted by the pandemic as described above, compared with £25,409 for the first half of the previous year, a period which included an approximately one-month contribution from Alchemist Codes following the acquisition in March 2020. The majority of revenue during the period was based on the sale of software products and services, with a small contribution from cashback generated by OctaPLUS. Alcodes International contributed £8,383 with the remainder being generated by Alchemist Codes.

The Group recognised a gross loss for the period of £196,801 compared with a gross profit of £10,099 for the first half of the previous year. This was as a result of the lower revenue and the period to 30 April 2021 reflecting

six months of operations of Alchemist Codes compared with approximately one month for the earlier period following the acquisition in March 2020.

Administrative expenses were £573,030 (H1 2020: £288,798) reflecting the inclusion of Alchemist Codes for the full six-month period against just one month in the comparative period of the prior year. The Group recognised losses on foreign exchange of £138,498 (H1 2020: gain £61,843) due to the weakness of the Malaysian Ringgit and Hong Kong Dollar against the Pound. However, the Group did not incur any transaction costs during the period compared with £406,070 in the first half of the prior year.

Operating loss was £908,329 (H1 2020: £622,926) with the increase reflecting the gross loss for the period offset by significant transaction costs in the prior period. Net finance costs were £7,096 compared with net finance income of £9,933 for the previous period. Consequently, loss before tax for the six months to 30 April 2021 was £915,425 (H1 2020: £612,993). The Group was not subject to taxation during the period or the first half of the prior year.

As a result of the greater net loss, the loss per share increased to 1.4 pence (H1 2020: 1.1 pence loss per share).

The Group had cash and cash equivalents of £1.0 million at 30 April 2021 (31 October 2020: £1.8 million; 30 April 2020: £3.2 million) and £0.7 million currently.

Current Trading and Outlook

Since period end, the Group has seen an increase in revenue run rate, albeit still very low amounts. The majority of the revenue continues to be generated by Alcodes International through the provision of IT solutions in Hong Kong. In addition, and as noted above, the Group has received approximately £35,000 in the second half of the year from the divestment of certain e-commerce software and technology.

Following the completion of the strategic review, the Group has commenced exploring opportunities for expanding its focus beyond e-commerce and to target potential customers in North Asia and Australia. The Group has received initial interest in its ability to provide digital asset support. While it is too early to determine if this strategy will be successful, any significant benefits would likely only be recognised from next year. The Board will update the market on these activities as appropriate in due course.

As a result, due to the impact of the pandemic in Malaysia in the first half and the early nature of the business in Hong Kong, the Group continues to anticipate that revenue for the year to 31 October 2021 will be lower than that for the year to 31 October 2020. The Board is closely monitoring the progress of the Group and will take further action to cut costs if required.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONDENSED INTERIM REPORT AND CONDENSED FINANCIAL STATEMENTS

The Directors confirm that the condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the Interim Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report.

A list of current directors is maintained on the Company's website at: <http://www.aiqhub.com/web/keypeople.php>

By order of the Board

Graham Duncan
Non-Executive Chairman

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider the principal risks and uncertainties facing the Company and a summary of the key measures taken to mitigate those risks are as follows:

Financial risks

The key financial risk is that of funding the continued development of the business with the current cash reserves whilst protecting shareholder value. Redundancies have been made and further cuts to operating costs have been actioned along with reductions to Directors' fees. As described above, the Board implemented a number of actions following the completion of its strategic review post period, which are expected to result in savings of approximately £400,000 on an annualised basis. The Board is closely monitoring the progress of the Group and will take further action to cut costs if required.

COVID-19

The COVID-19 pandemic has had a profound impact on Alchemist Codes and the Group as a whole. As detailed further in the Operational Review, this resulted in a low level of revenue generation and, consequently, the incurring of substantial losses.

The continued market uncertainty and the prolonged nature of the COVID-19 pandemic across the region poses a significant risk to Alchemist Codes' business, which is at an early stage of its development. To address this risk, the Board undertook a strategic review and implemented a number of actions following its conclusion post period as described above.

Since the outbreak of the pandemic in March 2020, the Group has followed WHO and government guidance to protect the safety of its workers, customers and partners. The Group implemented a work-from-home policy with effect for all staff, putting in place a number of measures to enable remote working.

Operational risks

The success of the Company's business strategy has been dependent on growing the Alchemist Codes business in Malaysia, Hong Kong and further afield as well as the Company's ability to complete further acquisition opportunities.

Alchemist Codes' success, which is the current operating entity of the Group, is dependent on its ability to secure and deliver projects in its IT consultancy business and to increase income from transactions conducted on its OctaPLUS platform. The key risk to these activities is competition from IT service providers and, for OctaPLUS, other e-commerce platforms, including retailers conducting direct marketing, with greater resources and market presence.

The operations of Alchemist Codes and, since its establishment, Alcodes International have been monitored and regularly reported to the Board. Whilst the hope and expectation of the Board has been that actions taken in response to the impact of the pandemic would result in tangible improvement, this has not been the case. The length and severity of lockdown restrictions, as well as the uncertainty over the post-pandemic market recovery, has meant significant changes to the business model. The Board undertook a strategic review of all of the Group's operations and implemented a number of measures following its completion post period as described above. The Board is closely monitoring the progress of the Group and will take further action as required.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 April 2021

	Note	Six months ended 30 Apr 2021 Unaudited £	Six months ended 30 Apr 2020 Unaudited £	Year ended 31 Oct 2020 Audited £
Revenue	7	12,079	25,409	154,649
Cost of sales		(208,880)	(15,310)	(143,268)
Gross (loss)/profit		(196,801)	10,099	11,381
Administrative expenses		(573,030)	(288,798)	(1,367,162)
Transaction costs	5	-	(406,070)	(380,495)
Impairment of intangible assets		-	-	(2,400,931)
Gain/(loss) on foreign exchange		(138,498)	61,843	(2,926)
Operating loss		(908,329)	(622,926)	(4,140,133)
Finance income		263	9,933	13,852
Finance costs		(7,359)	-	(4,306)
Loss before taxation		(915,425)	(612,993)	(4,130,587)
Taxation		-	-	493,000
Loss attributable to equity holders of the Company for the period		(915,425)	(612,993)	(3,637,587)
Other comprehensive income (as may be reclassified to profit and loss in subsequent periods, net of taxes):				
Exchange difference on translating foreign operations		30,223	(6,682)	(7,619)
Comprehensive income attributable to equity holders of the Company for the period		(885,202)	(619,675)	(3,645,206)
Loss per share – basic and diluted (£ per share)	8	(0.014)	(0.011)	(0.061)

The accompanying notes form an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2021

	Note	30 Apr 2021 Unaudited £	31 Oct 2020 Audited £
Assets			
Non-current assets			
Property, plant and equipment		184,995	204,684
Right-of-use assets		208,167	270,727
Intangible assets	6	-	-
Rental deposits		29,560	31,453
Total non-current assets		<u>422,722</u>	<u>506,684</u>
Current assets			
Trade receivables		6,288	7,799
Prepayments and other receivables		46,241	61,660
Tax receivable		23,274	24,764
Cash and cash equivalents		1,022,585	1,827,379
Total current assets		<u>1,098,388</u>	<u>1,921,602</u>
Total assets		<u>1,521,110</u>	<u>2,428,466</u>
Equity and liabilities			
Capital and reserves			
Ordinary shares	9	647,607	647,607
Share premium		6,019,207	6,019,207
Foreign currency translation reserve		22,604	(7,619)
Accumulated losses		(5,710,896)	(4,795,471)
Total equity		<u>978,522</u>	<u>1,863,724</u>
Liabilities			
Current liabilities			
Trade payables		146,146	155,468
Accruals and other payables		183,675	136,573
Lease liabilities		91,036	94,012
Total current liabilities		<u>420,857</u>	<u>386,053</u>
Non-current liabilities			
Lease liabilities		121,731	178,689
Total non-current liabilities		<u>121,731</u>	<u>178,689</u>
Total equity and liabilities		<u>1,521,110</u>	<u>2,428,466</u>

The accompanying notes form an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 April 2021

	Share Capital £	Share premium £	Foreign currency translation reserve £	Accumulated losses £	Total equity £
Balance as at 31 October 2019 (Audited)	518,394	3,848,420	-	(1,157,884)	3,208,930
Total comprehensive loss for the period	-	-	(6,682)	(612,993)	(619,675)
Issue of shares	129,213	2,170,787	-	-	2,300,000
Balance at 30 April 2020 (Unaudited)	647,607	6,019,207	(6,682)	(1,770,877)	4,889,255
Total comprehensive loss for the period	-	-	(937)	(3,024,594)	(3,025,531)
Balance at 31 October 2020 (Audited)	647,607	6,019,207	(7,619)	(4,795,471)	1,863,724
Total comprehensive profit/(loss) for the financial period	-	-	30,223	(915,425)	(885,202)
Balance at 30 April 2021 (Unaudited)	647,607	6,019,207	22,604	(5,710,896)	978,522

The accompanying notes form an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 April 2021

	Six-month period ended 30 Apr 2021 Unaudited £	Six-month period ended 30 Apr 2020 Unaudited £	Year ended 31 Oct 2020 Audited £
Cash flows from operating activities			
Loss before taxation	(915,425)	(612,993)	(4,130,587)
<i>Adjustment for:-</i>			
Depreciation charges	60,137	319	31,031
Amortisation charges	-	35,258	239,765
Impairment of intangible assets	-	-	2,400,931
Interest income	(263)	(9,933)	(13,852)
Loss/(gain) on foreign exchange	146,100	(61,843)	16,623
Operating loss before working capital changes	(709,451)	(649,192)	(1,456,090)
Decrease/(increase) in receivables	13,916	(34,251)	(33,544)
Increase in payables	47,602	6,887	19,579
Increase/(decrease) in amount owing to directors	-	12,976	(290,317)
Tax paid	-	-	(18,184)
Cash used in operations	(647,933)	(663,580)	(1,778,556)
Interest received	263	9,933	13,852
Net cash used in operating activities	(646,670)	(653,647)	(1,764,704)
Cash flows from investing activities			
Cash acquired on purchase of subsidiary (Note 5)	-	111,073	111,073
Acquisition of plant and equipment	(4,975)	-	(194,244)
Net cash used in investing activities	(4,975)	111,073	(83,171)
Cash flows from financing activities			
Repayment of lease liabilities	(44,803)	-	(22,637)
Net cash used in financing activities	(44,803)	-	(22,637)
Net decrease in cash and cash equivalents	(697,448)	(542,574)	(1,870,512)
Cash and cash equivalents at beginning of the period	1,827,379	3,703,592	3,703,592
Effect of exchange rates on cash and cash equivalents	(107,346)	57,377	(5,701)
Cash and cash equivalents at end of the period	1,022,585	3,218,395	1,827,379

Material non-cash transactions:

The Company's acquisition of Alchemist Codes in March 2020 was a non-cash transaction satisfied wholly by the issue of shares in the Company, as described in Note 5 below.

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

AIQ Limited (“the Company”) was incorporated and registered in The Cayman Islands as a private company limited by shares on 11 October 2017 under the Companies Law (as revised) of The Cayman Islands, with the name AIQ Limited, and registered number 327983.

The Company’s registered office is located at 5th Floor Genesis Building, Genesis Close, PO Box 446, Cayman Islands, KY1-1106.

On 20 March 2020, the Company completed the acquisition of the entire issued share capital of Alchemist Codes Sdn Bhd (“Alchemist Codes”), (together, the “Group”), a Malaysian incorporated information technology solutions developer focusing on the e-commerce sector. The comparative information therefore included one month’s trading results compared with six months in the current period.

The Company has a standard listing on the London Stock Exchange.

The consolidated financial statements include the financial statements of the Company and its controlled subsidiaries (the “Group”).

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is to seek acquisition opportunities and to act as a holding company for a group of subsidiaries that are involved in the technology sector, with a particular focus on e-commerce.

The principal activities of the subsidiaries comprise designing and developing information technology solutions for clients and, for Alchemist Codes, also the development of its own e-commerce solution. In addition, Alcodes International is now seeking to expand into further technology areas such as digital assets.

3. ACCOUNTING POLICIES

a) Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and International Accounting Standard 34 “Interim Financial Reporting” (IAS 34). Other than as noted below, the accounting policies applied by the Group in these condensed interim financial statements are the same as those set out in the Group’s audited financial statements for the year ended 31 October 2020. These financial statements have been prepared under the historical cost convention and cover the six-month period to 30 April 2021.

These condensed financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the audited financial statements for the year ended 31 October 2020.

The condensed interim financial statements are unaudited and have not been reviewed by the auditors and were approved by the Board of Directors on 29 July 2021.

The financial information is presented in Pounds Sterling (£), which is the presentational currency of the Company.

A summary of the principal accounting policies of the Group are set out below.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Inter-company balances and transactions between Group companies are therefore eliminated in full. The financial information of subsidiaries is included in the Group's financial statements from the date that control commences until the date that control ceases.

On 20 March 2020, the Company completed a conditional share purchase agreement with Alchemist Codes for the acquisition by the Company of 100% of the issued share capital of Alchemist Codes, which is more fully described in Note 5.

The acquisition of Alchemist Codes by the Company does not meet the definition of a reverse acquisition under IFRS 3 due to:

- a greater proportion of share capital in the Group being held by shareholders of AIQ Limited, rather than pre-acquisition shareholders of Alchemist Codes;
- AIQ Limited's shareholders have the ability to appoint or remove a majority of the members of the Board;
- greater Board representation in the Group of the AIQ Limited Board of directors rather than pre-acquisition members of the Alchemist Codes' Board; and
- the composition of the senior management of the Group consists mostly of AIQ Limited management.

The acquisition of Alchemist Codes has therefore been accounted for under the acquisition method.

Under the acquisition method, the results of Alchemist Codes are included from the date of acquisition. At the date of acquisition, the fair values of the net assets of Alchemist Codes have been determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Any excess of the purchase consideration of the business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Goodwill, if any, is not amortised but reviewed for impairment at least annually. If the consideration is less than the fair value of assets and liabilities acquired, the difference is recognised directly in the statement of comprehensive income.

Acquisition-related costs are expensed as incurred.

In July 2020, the Group established a wholly-owned Hong Kong subsidiary, Alcodes International Limited.

c) Going concern

The financial statements are required to be prepared on the going concern basis unless it is inappropriate to do so.

The Group incurred losses of £0.9 million during the period and cash outflows of £0.7 million. As at 30 April 2021, the Group had net current assets of £0.7 million and cash of £1.0 million. The Group's cash position was approximately £0.7 million at the date of this report.

The Group meets its day-to-day working capital requirements through cash generated from the capital it raised on admission to the London Stock Exchange and from the operations of its subsidiaries.

COVID-19 has been identified as having a significant impact on the Group in the period due to the prolonged public lockdown in Malaysia. The Board has taken, and continues to take, a number of actions to protect operating cash flow in the short term. In particular, the Board undertook a strategic review to assess the viability of Alchemist Codes and to stem the losses of the business and reduce the cost base, whilst also seeking to evaluate its future, as further explained in Note 10.

Notwithstanding these actions, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern with the uncertainty of future trading performance giving rise to a material uncertainty over the going concern status of the Group. The Directors consider the Group to be a going concern but have identified a material uncertainty in this regard.

4. SUBSIDIARIES

Name	Place of incorporation	Registered address	Principal activity	Effective interest	
				30.04.2021	31.10.2020
Alchemist Codes Sdn Bhd	Malaysia	2-9, Jalan Puteri 4/8, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan Malaysia	Design and development of software	100%	100%
Alcodes International Limited*	Hong Kong	Cyberport 3, 3 Cyberport Road, Telegraph Bay, Hong Kong	Software and app development	100%	100%

* Held by Alchemist Codes Sdn Bhd

5. ACQUISITION OF ALCHEMIST CODES SDN BHD

On 20 March 2020, the Company completed a conditional share purchase agreement (the “SPA”) with Alchemist Codes for the acquisition by the Company of 100% of the issued share capital of Alchemist Codes (the “Transaction”), and, on 26 March 2020 readmission of the enlarged share capital to trading on the Main Market of the London Stock Exchange. Alchemist Codes is a Malaysian incorporated information technology solutions developer focusing on the e-commerce sector.

Under the terms of the SPA, the consideration was £2.3 million, which was settled through the allotment and issue of 12,921,346 ordinary shares of 1 pence each in the capital of AIQ (the “Consideration Shares”) at 17.8 pence per share.

The following table summarises the consideration paid for Alchemist Codes, the fair value of assets acquired, and liabilities assumed at the acquisition date.

	Book value	Fair value adjustments	Fair value
	£	£	£
Consideration			
Consideration shares			2,300,000
Total consideration			2,300,000
Recognised amounts of identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	111,073	-	111,073
Property, plant and equipment	17,038	-	17,038
Software	38,676	-	38,676
Trade and other receivables	80,011	-	80,011
Trade and other payables	(55,818)	-	(55,818)
OctaPLUS platform	-	1,328,996	1,328,996
Messenger App	-	726,150	726,150
Deferred tax		(493,000)	(493,000)
Total identifiable net assets	190,980	1,562,146	1,753,126
Goodwill			546,874
Total			2,300,000

The goodwill and intangibles arising on the acquisition were fully impaired at 31 October 2020, as more fully described in the Company's annual report for the year.

Transaction costs of £380,495 were expensed in the year ended 31 October 2020 relating to the acquisition of Alchemist Codes and re-admission to the Official List of the London Stock Exchange. No amounts were directly attributable to issuing new shares which would otherwise be deducted from equity.

6. INTANGIBLE ASSETS

	Goodwill	Software	OctaPLUS Platform	Messenger App	Total
Cost	£	£	£	£	£
At 1 November 2019	-	-	-	-	-
Additions through business combinations	-	38,678	-	-	38,678
Arising on purchase price allocation	53,874	-	1,328,996	726,150	2,109,020
Currency translation differences	-	(1,600)	-	-	(1,600)
As at 30 April 2020 (Unaudited)	53,874	37,078	1,328,996	726,150	2,146,098
Deferred tax on purchase price allocation	493,000	-	-	-	493,000
Currency translation differences	-	1,602	-	-	(1,602)
As at 31 October 2020 (Audited)	546,874	38,678	1,328,996	726,150	2,640,696
Additions	-	-	-	-	-
As at 30 April 2021 (Unaudited)	546,874	38,676	1,328,996	726,150	2,640,696
Accumulated amortisation and impairment					
At 1 November 2019	-	-	-	-	-
Amortisation for the period	-	1,006	22,150	12,102	35,258
Currency translation differences	-	(60)	-	-	(60)
As at 30 April 2020 (Unaudited)	-	946	22,150	12,102	35,198
Amortisation for the period	-	(946)	132,900	72,613	204,567
Impairment provision	546,874	38,676	1,173,946	641,435	2,400,931
As at 31 October 2020 (Audited)	546,874	38,676	1,328,996	726,150	2,640,696
Amortisation for the period	-	-	-	-	-
As at 30 April 2021 (Unaudited)	546,874	38,676	1,328,996	726,150	2,640,696
Carrying amounts At 30 April 2021 (Unaudited)	-	-	-	-	-
At 31 October 2020 (Audited)	-	-	-	-	-
At 30 April 2020 (Unaudited)	53,874	36,132	1,303,846	714,048	2,110,900

All of the Group's goodwill and intangible assets related to the Alchemist Codes business and were fully impaired in the year ended 31 October 2020. No further amounts have been capitalised during the period ended 30 April 2021.

7. REVENUE

	Six months ended 30 Apr 2021 Unaudited £	Six months ended 30 Apr 2020 Unaudited £	Year ended 31 Oct 2020 Audited £
Sale of software products	10,635	11,509	99,596
Maintenance income	-	13,900	41,725
Cashback income	1,332	-	13,043
Other	112	-	285
Total	12,079	25,409	154,649

A total of £8,386 of revenues were generated in Hong Kong and £3,693 of revenues were generated in Malaysia. In the six months ended 30 April 2020 and the year ended 31 October 2020, all revenues were generated in Malaysia. The period ended 30 April 2020 included one month's revenues from Alchemist Codes.

8. LOSS PER SHARE

The Company presents basic and diluted earnings per share information for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the reporting period. Diluted earnings per share are determined by adjusting the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

There is no difference between the basic and diluted loss per share, as the Company has no potential ordinary shares.

	Six months ended 30 Apr 2021 Unaudited £	Six months ended 30 Apr 2020 Unaudited £	Year ended 31 Oct 2020 Audited £
Loss after tax attributable to owners of the Company	(915,425)	(612,993)	(3,637,587)
Weighted average number of shares:			
- Basic	64,760,721	54,750,228	59,818,130
Loss per share (expressed as £ per share)			
- Basic	(0.014)	(0.011)	(0.061)

9. SHARE CAPITAL

	Six months ended 30 Apr 2021 Unaudited £	Six months ended 30 Apr 2021 Unaudited £	Year ended 31 Oct 2020 Audited £
As at beginning of period	647,607	518,394	518,394
Issued during the period	-	129,213	129,213
As at end of period	647,607	647,607	647,607

	Number	Nominal value £
Authorised		
Ordinary shares of £0.01 each	800,000,000	8,000,000
Issued and fully paid:		
As at 1 November 2020	64,760,721	647,607
Issue of shares in the period	-	-
At 30 April 2021	<u>64,760,721</u>	<u>647,607</u>

10. SUBSEQUENT EVENTS

In April 2021, the Board initiated a strategic review to assess the viability of Alchemist Codes and to stem the losses of the business, whilst also seeking to evaluate its future.

The Board concluded this review in June 2021 and implemented the actions noted below.

The focus of the Board in its review was on preserving cash within the business whilst income levels remain depressed. This resulted in decisions to cut costs, dispose of non-core activities and prioritise new sources of revenue as follows:

- Divestment of certain e-commerce software and technology developed in-house by Alchemist Codes to Wepin Sdn Bhd ("Wepin") for RM200,000 (approximately £35,000), which completed on 28 May 2021.
- Eight in-house developers from Alchemist Codes, along with six members of the sales team and administrative staff, are now employed by Wepin.
- Charles Yong, CEO of Alchemist Codes, now also employed by Wepin. Mr Yong remains an Executive Director of AIQ, with substantially all of his costs now being paid by Wepin.
- OctaPLUS platform and small team retained to develop product and seek methods to monetise the registered user base.
- Alcodes International, headquartered in Hong Kong, has seen initial sales from IT consultancy projects. Executive Director Edwin Li, who is based in Hong Kong, will focus on building the IT consultancy business and look to expand it into other technology areas such as digital assets.
- In addition to other reductions, total headcount of the Group is being cut by over 60% to 14 employees.
- Board and senior management have taken a voluntary cut of 20% in their fees, backdated from 1 May 2021.

As a result of these efficiency measures, the Group will recognise savings of approximately £400,000 on an annualised basis.