AIQ LIMITED

(incorporated and registered under the Companies Law (as revised) of The Cayman Islands and registered number 327983.)

Annual Report and Consolidated Financial Statements

For the year ended 31 October 2022

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STRATEGIC REPORT – CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present my first annual report and financial statements of AIQ Limited as Chairman for the year ended 31 October 2022. The Board would like to take this opportunity to thank Graham Duncan, my predecessor, for his leadership and guidance since the Company came to the market and we wish him all the best for the future.

We entered the year having decided to pivot, following a strategic review towards the end of 2021, to focus on the provision of IT consultancy services to customers who deliver blockchain technology and digital assets, such as non-fungible tokens ("NFTs"). As described in the Executive Director's report, the Group had some success during 2022 in capitalising on the lack of IT solutions providers in Asia that specialise in the delivery of blockchain platforms, and to take advantage of the increasing popularity of decentralised finance and NFTs in the region. As part of this process, we formed partnerships with key solutions providers and completed a key contract to project manage the supply of a decentralised finance exchange ("DeFi DEX") to a customer based in Australia.

While there have been initial signs of progress during 2022 and subsequently, revenue generation remains low as the environment for NFT projects comes under pressure. We continue to receive interest and are hopeful of generating growth for the full year, but we expect this to be second-half weighted based on our pipeline, with revenue for the six months to 30 April 2023 anticipated to be lower than H1 2022. Consequently, the Board continues to closely monitor the cash position and forecasts, and to contain expenditure levels. This includes, for example, taking the decision, at the beginning of the year to put all activity relating to the OctaPLUS e-commerce platform on hold. In addition, to support our working capital as we execute on the strategy outlined above, we raised £500,000 in January 2022 through the issue of unsecured convertible loan notes to our largest shareholders and our Executive Director, Li Chun Chung.

On behalf of the Board, I would like to thank all of our shareholders for their continued support and we hope to be able to provide an update on progress with our strategy in due course.

Harry Chathli
Non-Executive Chairman
28 February 2023

STRATEGIC REPORT – EXECUTIVE DIRECTOR'S STATEMENT

Below I review the Group's operational and financial performance for the year ended 31 October 2022.

Operational Review

Our largest project during the year was the delivery of a contract, which had been secured at the end of the previous year, to supply a DeFi DEX to a customer based in Australia. For this project, we performed the role of project manager and subcontracted the technical delivery (such that the net benefit to the Group is the margin earned on the contract). The majority of the project was delivered during the first half, with completion occurring in the second half of the year.

We took our first step into the NFT marketplace with the award of a contract to supply an NFT platform designed to enable art schools and education centres in Hong Kong to assist their students in publishing NFTs on a blockchain platform. We commenced delivery during the year and completed it post period. As with the DeFi DEX, we performed the role of project manager herein as well. The platform is fully operational and the customer is expected to engage the Group to administer and maintain the portal for 12 months. We are also in discussions with the customer regarding expanding the coverage of the platform from its current focus on Hong Kong to other regions.

We also continued to secure and deliver ICT projects (not blockchain related) in our regular IT consultancy business in Hong Kong. However, this business only accounts for a small proportion of our revenue and is not a focus of our strategy.

An important focus for us during the year was seeking to establish partnerships to enable us to expand our network and our offer. This resulted in a number of collaborations that supported the delivery of the projects mentioned above as well as some exciting prospects for 2023. In particular, we are having positive discussions with potential partnerships that would expand our offer to customers wishing to build infrastructure for the Blockchain-based Service Network (BSN) Spartan Network. The BSN Spartan Network, which was beta launched in September 2022, is a public infrastructure network that provides non-cryptocurrency blockchain services and is based on data centre software, which is open source, free and anonymous for anyone to install. By removing cryptocurrencies, the BSN Spartan Network aims to make this infrastructure available to any IT system globally. While it is early days, we have received interest from several potential customers in this area.

Financial Review

Revenue for the twelve months to 31 October 2022 was £498,388, compared with £61,863 for the previous year, a period in which sales were severely impacted by the pandemic. The revenue was primarily based on the delivery of the DeFi DEX contract, which accounted for £438,824, with £35,141 from the NFT contract and a £22,331 contribution from IT projects in Hong Kong.

The Group recognised a gross profit of £113,926 compared with a gross loss of £188,807 for the previous year. This reflects the significantly higher revenues and lower staff costs directly engaged on projects.

Administrative expenses were reduced to £682,722 (2021: £864,601) as the Group implemented cost control measures. The Group recognised a net gain on foreign exchange of £74,031 (2021: £126,698 loss) due to the strengthening of the Malaysian Ringgit, HK Dollar and US Dollar against the Pound during the year. However, this was counteracted by an impairment charge of £133,682 related to expenditure on improvements in furniture and fixtures in the Group's Malaysian office where the lease is due to expire in July 2023 and a decision has not yet been taken as to whether it will be renewed. While the lease may be renewed, the Group has taken the prudent approach of brining the value of those assets down to £nil.

Even with the impairment charge, the lower expenses and gain on foreign exchange together with higher revenues combined to reduce operating loss for the year to £616,245 (2021: £1,180,106 loss).

Net finance costs were £24,934 compared with £14,806 for the previous year. The increase was due to interest on loan notes in the current year.

Loss before tax for the year was reduced to £640,906 (2021: £1,192,820 loss) and the loss per share to 1.0 pence (2021: 1.8 pence loss per share).

The Group had cash and cash equivalents of £636,459 at 31 October 2022 (31 October 2021: £581,618). This follows the Group raising £500,000 in January 2022 from the issue of convertible loan notes (“Loan Notes”). The Loan Notes are classified as non-current liabilities as the noteholders have confirmed to the Company that they do not intend to convert the Loan Notes in the next 12 months.

Key Performance Indicators

The following key performance indicators (“KPIs”) have been selected as the most appropriate measures of strategy execution for the Group. The Directors review the KPIs on an ongoing basis to ensure they remain relevant:

- Revenue
  Reflects the element of billings generated and recognised during the period from all operations and measures the Group’s overall performance at a sales level. Revenues for the year to 31 October 2022 totalled £498,388 (2021: £61,863). This reflects the increase in revenue from a neglible base as the Group began to implement its new strategy following the strategic review undertaken in the prior year.

- Pipeline sales
  The Company tracks the number of qualified sales opportunities (that is, the prospective buyer has a credible intent to purchase) and projected sales value. As the Group is at an early stage in the pursuit of its new strategy, the number of new opportunities is an important indicator of the potential success of that strategy. The projected sales value represents the health of that pipeline. As as at the date of the signing of these financial statements, the Group’s pipeline is larger than at the same point in the prior year.

- Administrative expenses
  Indirect expenditure on running the business, which reflects cost effectiveness and cost management and which is of key importance while the Group is developing its revenue streams. Administrative expenses for the year were reduced to £682,722 (2021: £864,601).

- Cash
  The Company’s cash balance provides a measure of the Group’s financial strength and self-sufficiency to support operations while revenue streams are still in development. As as at year end, cash and cash equivalents were £636,459 (31 October 2021: £581,618), which reflects the Group’s losses being offset by the raising of £500,000 from the issue of convertible loans.

The Company’s accounting systems track performance on a monthly basis, focusing in particular on revenue generation, development and marketing expenditure and working capital needs.

Going Concern

The Group incurred losses of £641k during the year and experienced operating cash outflows of £326k. As at 31 October 2022, the Group had net current assets of £469k and cash of £636k. The Group’s cash position was approximately £486k at 31 January 2023.

During the year, the Company raised £500k through the issue of unsecured convertible loan notes to three existing shareholders as more fully described in Note 23 to the financial statements.

The financial statements have been prepared on a going concern basis.

In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the 12 months from the date of approval of the financial statements, and perform scenario planning thereon. This information includes management prepared cash flows forecasts for the Group. The Directors have assessed that to meet its forecasted cash requirements, the Group is dependent on cash generated from the successful winning of revenue contracts and/or further funding. Whilst there is no indication at the date of signing of these financial statements that these new revenue contracts will not be forthcoming, there can be no certainty that it will be successful.

Based on the new contract win and successful cost management in the current year and significant prospective customer pipeline, the Directors are confident that the Group will be able to generate sufficient resources to meet liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis and do not include any adjustments that would result if the Group was unable to continue as a going concern.

The auditors make reference to going concern by way of material uncertainty within their audit report.

Principal Risks and Uncertainties

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

Financial

The key financial risk is that of funding the continued development of the business with the current cash reserves whilst protecting shareholder value. The Board manages this risk by maintaining close oversight of the cash position to enable it to take action as necessary. Taking its cash position into account and the forecasts and projections, as well as possible mitigating actions available to the Group, the Directors are satisfied that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future and for a period of not less than 12 months from the date of signing the financial statements. Further discussion of the Group's financial risk management can be found in Note 24 to the financial statements.

Strategy

The success of the Group's business strategy is dependent on growing the Group's initiative to be an IT solutions provider to creators of NFTs and decentralised finance companies. If the decentralised finance and NFT market does not grow as expected, this would have a detrimental impact on the Company's ability to deliver its strategy. To mitigate this risk, the Group continues to seek opportunities through partnerships and association outside of the NFT sector.

Legal and regulatory

While decentralised finance and NFT issuance is growing rapidly globally, the legal and regulatory treatment of these continues to evolve and could evolve to render them a commercially unviable business proposition should governments deem the risk to the capital of their citizens too high a price to pay and increase regulations. To mitigate this risk, the Group intends to operate its business in territories where there are already robust laws in place that could be applied to this nascent market.

Competition

The success of the Group is dependent on its ability to secure and deliver IT consultancy projects. The key risk to these activities is competition from other IT service providers, which may prevent the Group from winning business and/or result in pricing pressure.

The Group manages this risk through its business development and product functions tracking the activities of its competitors and this insight is used by management to quickly adapt the go-to-market strategy. The Group always seeks to differentiate itself from the competition and has increased its focus on product marketing, pricing and packaging to support this. In addition, the Group intends to continue to enhance its service provision and product portfolio through a mix of internal development, forming partnerships and making acquisitions.

Suppliers

Another key operational risk is non-supply by a major supplier. Some of the Group's technical infrastructure and software is sourced from third-party suppliers and partners. The removal from the market of one or more of these third-party suppliers or interruption in supply could quickly and adversely affect the Group's operations and result in the loss of revenue or additional expenditure. To mitigate this risk, the Group's business development and management teams work strategically to prevent over reliance on any one key supplier. Suppliers are carefully selected to minimise risk of supplier failure or insolvency and the Group ensures that team members are aware of supplier requirements or restrictions to minimise the risk of loss of a supplier due to a breach of contractual obligations. In addition, the Group is seeking to form business partnerships to enhance its offerings but also help to ensure its 'production capability'.

People

The key risk to the Group's ability to deliver IT consultancy projects is ineffective succession planning and failure to retain skills. The Group operates in very competitive markets and the skills that its employees possess are attractive to other employers. Not having the right people and skills could negatively impact the Group's ability to service its customers and grow the business. It is important that the Group maintains high levels of employee engagement to ensure that it is able to retain and attract the best talent. Employee engagement is monitored along with attrition rates in order to identify issues and, where necessary, take restorative action.

Li Chun Chung
Executive Director
28 February 2023

DIRECTORS' REPORT

The Directors present their report on the Group, together with the audited consolidated financial statements of the Group, for the year ended 31 October 2022.

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. The Group's current operating entity is Alcodes International.

The Group is an information technology (IT) solutions provider, currently focused on the delivery of blockchain platforms in Asia through the provision of IT consultancy.

Results and dividends

The results of the Group are set out in detail in the financial statements.

The Directors do not propose to recommend a dividend for the year ended 31 October 2022. Given the losses incurred to date, it is unlikely that the Board will recommend a dividend in the near-term.

Business review and future developments

Details of the business activities and developments made during the period can be found in the Strategic Report.

Financial instruments and risk management

Disclosures regarding financial instruments are provided within the Strategic Report and Note 24 to the financial statements.

Capital structure and issue of shares

Details of the Company's share capital are set out in Note 20 to the financial statements. The Company has one class of ordinary shares, which carry no right to fixed income.

Post balance sheet events

There are no significant or disclosable post balance sheet events.

Directors

The Directors of the Company who have served during the year and to the date of this report (unless otherwise stated) are:

Director	Role	Date of appointment	Board Committee
Harry Chathli*	Independent Non-Executive Chairman	09/01/2018	N/A/R
Dwight Mighty	Independent Non-Executive Director	06/10/2022	N/A/R
Charles Yong Kai Yee	Executive Director	26/03/2020	
Li Chun Chung	Executive Director	30/12/2020	
Graham Duncan**	Independent Non-Executive Chairman	09/01/2018	N/A/R

** Assumed the role of Chairman of the Company on 6 October 2022, having previously been a Non-Executive Director*
*** Resigned 6 October 2022*

Board Committee abbreviations: N = Nomination Committee; A = Audit Committee; R = Remuneration Committee

The Board comprises two executive and two non-executive directors. Details of the current Directors are:

Harry Chathli, Independent Non-Executive Chairman

Mr Chathli is a capital markets specialist with significant experience in advising global companies, organisations and government agencies. Currently, he is a director of Gracechurch Group, an independent communications consultancy, and a number of early-stage businesses. He is also a Non-executive Director of AIM-listed BiON plc.

For over 20 years he has been advising public companies listed on the London Stock Exchange's Main Market and on AIM as well as on NASDAQ and other international bourses. This includes working on international M&A deals, IPOs, MBOs, crisis communications as well as financial PR starting in 1998 at Brunswick Group, a global partnership advising on business critical issues to companies worldwide. In 2004, he established a financial PR company, Corfin, which was acquired by Luther Pendragon in 2011. After eight years at Luther, he conducted an MBO to set up the company now trading as Gracechurch Group. Prior to his career in financial PR, Harry worked for Adam Smith International, a global advisory and consulting business, advising governments in emerging nations with their economic reform policies.

Li Chun Chung, Executive Director

Mr Li has over 20 years' experience in assisting companies with their strategic growth. As an experienced investment consultant and Certified Financial Planner, he began his career working for several financial planning and wealth management consultancies based in Hong Kong. Since 2016, Mr Li has provided business advisory and mentorship services to companies across a range of industries related to e-commerce and digital business primarily in Australia and China. This includes helping companies prepare for the public market; overseeing development such as through business model construction and optimisation, company reorganisation and recruitment; fundraising; and assisting with establishing a digital business presence.

Charles Yong Kai Yee, Executive Director

Charles Yong Kai Yee is Chief Executive Officer and Founder of Alchemist Codes. He founded Alchemist Codes in 2018 and his initial efforts were focused around the development of an enterprise messaging applications for corporate users. Prior to founding Alchemist Codes, Charles was the lead developer of MM Intelligence Technology Sdn Bhd where he headed a CMS system project and was responsible for managing and leading a team of mobile and backend developers and performing Research & Development on related new technologies. In 2012, Charles was the Senior Design Engineer at Itrimech Technology (M) Sdn Bhd where he was actively involved in leading and delivering large scale Internet of Things applications for multiple institutions and corporations in Malaysia, including Taylor University and Sunway Group. Charles obtained a Bachelor's degree in Engineering with First Class Honours in Electrical Engineering from the University of Bradford, UK.

Dwight Mighty, Independent Non-Executive Director

Mr Mighty holds an MBA in Finance from Henley Management College and is an Associate of the Chartered Institute of Bankers in England. He is currently a Non-Executive Director of Hawkwing plc, a cash shell listed on London Stock Exchange's Main Market. Dwight specialises in private company and private equity advisory, with a focus of the leisure/sport and media sectors. He has spent over 15 years in the private equity sector, latterly as a senior director with Gresham Private Equity and prior to this with HSBC Private Equity. He was one of the founders of AIM-listed company, TLA Worldwide plc, a sports marketing and management business, where he was Chief Operating Officer until 2019.

Directors' interests in shares

Directors' interests in the shares of the Company as at 31 October 2022 and as at the date of this report are disclosed below. There are no requirements for Directors to hold shares in the Company.

Director	Ordinary Shares held	% held
Harry Chathli	-	-
Charles Yong Kai Yee	1,679,755	2.59
Li Chun Chung	1,425,500	2.20
Dwight Mighty	-	-

In addition, Li Chun Chung holds convertible loan notes worth £250,000. If converted, based on the Company's share price prevailing as at the date of this report, Li Chun Chung would be issued with 2,272,727 ordinary shares, which would result in his shareholding increasing to 3,698,227 ordinary shares, representing 5.34% of the Company's enlarged issued share capital. Further details on the loan notes can be found in Note 23 to the financial statements.

Substantial interests

Name	Number of ordinary shares	Percentage of issued share capital
GBS Infinity Holding Ltd[1]	11,766,650	18.17
ML Infinity Holding Ltd[2]	11,766,650	18.17
Soctech Capital Fund[3]	8,398,876	12.97
JIM Nominees	6,421,029	9.92
Securities Services Nominees Ltd	6,300,817	9.73

[1] GBS Infinity Holding Ltd is wholly and beneficially owned by Soon Beng Gee. In addition, Soon Beng Gee holds convertible loan notes worth £125,000, which if converted as at the date of this report, would result in him being issued with 1,136,364 ordinary shares, bringing his total holding to 12,903,014 ordinary shares representing 18.62% of the Company's enlarged issued share capital.

[2] ML Infinity Holding Ltd is wholly and beneficially owned by Lee Chong Liang. In addition, Lee Chong Liang holds convertible loan notes worth £125,000, which if converted as at the date of this report, would result in him being issued with 1,136,364 ordinary shares, bringing his total holding to 12,903,014 ordinary shares representing 18.62% of the Company's enlarged issued share capital.

[3] Soctech Capital Fund is wholly and beneficially owned by Teon Tiek Wah, who, combined with holdings in his own name, has a total interest in the Company of 8,786,516 ordinary shares representing 13.57% of the Company's issued share capital.

Except as referred to above, the Directors are not aware of any person who, as at the date of this report, was interested in 3% or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control.

Donations

No political or charitable donations have been made in the period.

Provision of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no information relevant to the audit of which the Company's auditors are unaware; and
- each Director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Independent auditors

A resolution for the appointment of PKF Littlejohn LLP as auditor of the Company is to be proposed at the next Annual General Meeting.

Duty to promote the success of the Company

The likely consequences of any decisions in the long-term

In making its decisions, the Board considers its priority of making the Group profitable alongside the interests of our staff and the need to keep pace with market initiatives and technological changes so the business is appropriately positioned to take best advantage of market conditions and remain viable for the long-term.

Engagement with employees

The Group's policy is to consult and engage with employees, by way of meetings and through personal contact by Executive Directors and other senior executives, on matters likely to affect employees' interests. Information on matters of concern to employees is given in meetings, handouts, letters and reports, which seek to achieve a common awareness on the part of all employees on the financial and economic factors affecting the Group's performance. We maintain oversight of their performance through a development review process. We value our employees' thoughts and ideas and two-way communication is actively sought and encouraged.

Business relationships with customers, suppliers and others

Our customers, suppliers and business partners are key to the long-term success of our business. We seek to maintain and grow our relationships with all parties through regular dialogue as a means of enhancing our reputation and to help us achieve our growth ambitions. We set out our relationship with our business partners in terms of business or service level agreements. We maintain oversight of these arrangements as well as making sure our customers receive appropriate levels of feedback.

The impact of the Company's operations on the community and environment

AIQ seeks to be a responsible member of its community and take its environmental impact into account.

The desirability of the Company maintaining a reputation for high standards of business conduct

We communicate with shareholders through financial results on a yearly and half-yearly basis. We also provide the required press releases to ensure compliance with the Listing Rules.

Annual General Meeting

The Company will issue notice of its Annual General Meeting for 2023 in due course.

Signed by order of the Board

Li Chun Chung
Executive Director
28 February 2023

CORPORATE GOVERNANCE REPORT

The Board of AIQ Limited considers sound governance to be a critical component of the Company's success and understands that it is the Board's job to ensure that, through good decision-making, the Company is managed for the long-term benefit of all its stakeholders.

The Board has endeavoured to establish financial controls and reporting procedures that are appropriate given the size, early stage and structure of the Group. The Board reviews these controls regularly and adjusts as required.

The Board meets regularly throughout the year (either in person or by video conference call). Additionally, special meetings will take place or other arrangements will be made when Board decisions are required in advance of regular meetings.

During the year ended 31 October 2022, a total of 13 Board meetings were held. All Directors were in attendance at these meetings, either in person or by video conference call, except for one meeting where Li Chun Chung was absent.

Corporate Governance Code

The Company is not required to adopt the UK Corporate Governance Code (the "Code"), as a company with a standard listing. The Company has not adopted the Code, but has chosen to follow certain guidelines of the Code that the Directors consider are appropriate for the size of the Company at present.

The corporate governance structures and practices will be kept under review and communicated to shareholders as changes are required and made.

The Directors consider each of Harry Chathli and Dwight Mighty to be independent. Whilst the business has been at early stage, it has not been considered appropriate to appoint a full-time FD/CFO. Accordingly, Graham Duncan Limited, a company controlled by Graham Duncan, who was Independent Non-Executive Chairman of the Company during the year until his resignation on 6 October 2022, provided support during the year under review to the Group's finance team in this area as a means of controlling costs. This appointment was approved by the Board independently of Graham Duncan, and the Board continued to consider Graham Duncan as independent in character and judgement.

The Board has an audit committee, remuneration committee and nomination committee with formally delegated duties and responsibilities, as described below.

Board of Directors

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions.

In accordance with the early stage of the Company's development, the Board conducts an informal evaluation of its performance, which includes identifying the Board's ability to assess the operating environment, think strategically and adapt as necessary. As the Company develops and its operations expand, the Board intends to adopt a more comprehensive and formal performance evaluation process.

It is the responsibility of the Chairman and the Company Secretary to ensure that Board members receive sufficient and timely information regarding corporate and business issues to enable them to discharge their duties.

The Board considers that there is an appropriate balance between the Executive and Non-Executive Directors and that no individual or small group dominates the Board's decision making. The Board's members have a wide range of expertise.

The Company requires each Director to devote as much time to their duties and responsibilities as is necessary to conduct those duties and responsibilities on behalf of the Company. Li Chun Chung, Executive Director, is full-time and the Non-Executive Directors provide their services on a part-time basis. Charles Yong Kai Yee, Executive Director, was full-time until June 2021 and subsequently provides his services on a part-time basis as required.

Ensuring that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors also expect to receive technical updates, compliance and governance training as needed by attending courses and relevant events to stay up to date in terms of regulatory changes and technological developments.

The Board is satisfied that, between the Directors, it has an appropriate balance of up-to-date skills and experience for the Company's stage of development. Additional experience will be added as and when it is considered necessary. Biographical details of the Directors are included in the Directors' Report above.

Appointment, removal and re-election of Directors

The Board makes decisions regarding the appointment and removal of Directors, and there is a formal procedure for appointments.

In accordance with the Company's Articles of Association, there is no requirement for Directors to retire from office by rotation.

There is a minimum requirement of two Directors who have the power to fill a vacancy on the Board, or to add another Board member.

The Executive Directors were appointed for a minimum period of twenty-four months, after which the service agreement may be terminated by either party giving not less than three months' prior written notice. The Non-Executive Directors have signed service agreements that contain notice periods of three months. There are no financial provisions for termination.

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary.

Directors' responsibilities

The Board comprises two executive and two non-executive directors. All Directors bring a wide range of skills and international experience to the Board. The Non-Executive Directors may hold meetings without the Executive Directors present. The Non-Executive Chairman is primarily responsible for the working of the Board of the Company and oversight of Corporate Governance. The Executive Directors are primarily responsible for the running of the business and implementation of the Board's strategy and policy.

High-level strategic decisions are discussed and taken by the full Board. Investment decisions are taken by the full Board. Operational decisions are taken by the Executive Directors within the framework approved in the annual financial plan and within a framework of Board-approved authorisation levels.

The Board regulations define a framework of high-level authorities that map the structure of delegation below Board level, as well as specifying issues that remain the Board's preserve. The Board typically try to meet at least each month (either in person or by conference call), with the Company Secretary in attendance, to consider a formal schedule of matters including the operating performance of the business and to review the Company's financial plan and business model.

It is the responsibility of the Chairman and the Company Secretary to ensure that Board members receive sufficient and timely information regarding corporate and business issues to enable them to discharge their duties.

Strategy and business model

The Group is focused on the provision of IT consultancy for the delivery of blockchain platforms and in technology areas such as digital assets. The Group is targeting the Asian, Indian and Australasian markets where the Directors believe that blockchain platforms and digital assets are most developed and where the Group can capitalise on the lack of IT solutions providers specialising in these technology areas. The Group performs the role of project manager for its contracts, with the technical delivery being subcontracted.

Meeting shareholders' needs and expectations

The Directors seek to build on a mutual understanding of objectives between the Company and its shareholders by offering meetings to discuss long-term issues and receive feedback, and issuing updates to the market as appropriate. The Board also seeks to use the Annual General Meeting to communicate with its shareholders, who are encouraged to attend, and to meet and ask questions of Directors and to discuss the development of the business.

The Company operates a website at www.aiqhub.com. The website contains details of the Company and its activities; regulatory announcements; interim financial statements, preliminary statements and Annual Reports.

Shareholder relations are managed primarily by the Chairman with the support of Gracechurch Group. The Board is also kept informed of shareholder views and concerns through its Financial Adviser, Guild Financial Advisory Limited.

Each of the Directors is available to meet with shareholders (in person or via video conference) if required to discuss issues of importance or concern.

Our stakeholders

Our key stakeholders include shareholders, suppliers, regulators and creditors. The principal ways in which their feedback is gathered are via one-to-one meetings and conversations with stakeholders with an open dialogue. In particular, shareholders may communicate directly with the Chairman and the Directors. In all cases, the Company's ethos is to act on feedback and to respond in a timely manner.

The Board does not support discrimination of any form, positive or negative, and all appointments are based solely on merit.

Risk management – Internal controls

In applying the principle that the Board should maintain a system of internal control to safeguard shareholders' investment and the Company's assets, the Directors recognise that they have overall responsibility for ensuring that the Company maintains systems to provide them with reasonable assurance regarding effective and efficient operations, internal control and compliance with laws and regulations and for reviewing the effectiveness of those systems. However, there are inherent limitations in any system of control and accordingly even the most effective system can provide only reasonable and not absolute assurance against material misstatement or loss, and that the system is designed to manage rather than eliminate the risk of failure to achieve the business objectives.

The Company has a documented framework of financial and non-financial procedures, but it does not currently maintain a risk register. The key features of the internal control system are described below:

- *Financial controls*

The Board takes responsibility for reviewing and approving all financial budgets and business plans. These are reviewed and updated where necessary to reflect changes in the business environment or internal strategy changes.

The Company has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the exposure to loss of assets and fraud.

The Board is supported by the Audit Committee in respect of its responsibilities to prepare financial reports to shareholders. This includes an assessment of the appropriateness of key accounting policies, internal controls and regulatory compliance.

- *Non-financial controls*

Non-financial controls are considered as important as financial controls and these encompass risk management and fraud, IT and business continuity, regulatory compliance, health and safety and corporate social responsibility.

The key elements of these non-financial controls are set out below:

- Control environment: the Company is committed to high standards of business conduct and there are also policies in place for the reporting and resolution of suspected fraudulent activities.
- Risk identification: Management is responsible for the identification and evaluation of key risks applicable to their areas of business. These risks are assessed on a continual basis – however, a formal risk register is not currently maintained – and may be associated with a variety of internal and external sources, including investment risk and regulatory requirements.

The Audit Committee reviews the scope and scale of any non-audit services undertaken by the auditors in order to ensure that their independence and objectivity is safeguarded.

Market Abuse Regulations

The Board recognises the importance of complying with the Market Abuse Regulations ("MAR'') relating to the disclosure of inside information and disclosure of deals by persons discharging managerial responsibilities ("PDMR") and persons closely associated ("PCA"). The Company has adopted an appropriate share dealing policy.

Anti-Corruption and Bribery Policy

The Board recognises the importance of having and operating effective anti-corruption and bribery practices and safeguards. All Directors are bound by a code of conduct which covers anti-corruption and bribery.

The Company's internal control processes are reviewed at least annually as a means of ensuring they remain fit for purpose as the business evolves.

Relations with shareholders

The Directors seek to build on a mutual understanding of objectives between the Company and its shareholders by being available to meet to discuss long-term issues and receive feedback. The Board also seeks to use the Annual General Meeting to communicate with its shareholders.

Fair, balanced and understandable assessment of position and prospects

The Board is committed to presenting fair, balanced and comprehensible assessments of the Company's position and prospects. The Board has applied the principles of good governance relating to Directors' remuneration as described below. The Board has determined that there are no specific issues that need to be brought to the attention of shareholders.

Board Committees

The Board maintains three standing committees, being the Audit, Remuneration and Nomination Committees. The minutes of all sub-committees are circulated for review and consideration by all relevant Directors, supplemented by oral reports from the Committee Chairmen at Board meetings.

Audit Committee

The Audit Committee comprises Dwight Mighty, who chairs the Committee, and Harry Chathli. During the year under review, Graham Duncan was chair of the Committee until his resignation on 6 October 2022, when Dwight Mighty assumed the role following his appointment to the Board that day. The Committee held two meetings during the year ended 31 October 2022, which were held to approve the annual report for the period ended 31 October 2021 and interim report for the six months ended 30 April 2022. Further details on the Audit Committee are provided below in the Report of the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises Harry Chathli, who chairs the committee, and Dwight Mighty. During the year under review, Graham Duncan was a member of the Committee until his resignation on 6 October 2022, which coincided with Dwight Mighty being appointed that day. There were no meetings of the Remuneration Committee held during the financial year. Further details on the Remuneration Committee are provided below in the Report of the Remuneration Committee.

Nomination Committee

The Nomination Committee comprises Harry Chathli, who chairs the Committee, and Dwight Mighty. During the year under review, Graham Duncan was a member of the Committee until his resignation on 6 October 2022, which coincided with Dwight Mighty being appointed that day. There were no meetings of the Nomination Committee held during the financial year. Further details on the Nomination Committee are provided below in the Report of the Nomination Committee.

Report of the Audit Committee

The Audit Committee has written terms of reference and provides a mechanism through which the Board can maintain the integrity of the financial statements of the Company and any formal announcements relating to its financial performance; to review the Company's internal financial controls and its internal control and risk management systems; and to make recommendations to the Board in relation to the appointment of the external auditor, their remuneration both for audit and non-audit work, the nature, scope and results of the audit and the cost effectiveness, independence and objectivity of the auditors. Provision is made by the Audit Committee to meet the auditors at least twice a year.

The Group is still at an early stage of its development and is reliant on the Audit Committee to perform various reporting requirements particularly with regards the preparation of supporting accounting papers for audit purposes.

During the year, the Group reviewed all of its suppliers to identify potential cost savings. The Audit Committee requested proposals and indications of fees from three auditors – including the then-incumbent auditor. The Audit Committee decided to appoint PKF Littlejohn LLP (“PKF”) on the basis of capability, capacity and cost.

The Audit Committee reviewed, considered and agreed the scope and methodology of the audit work to be undertaken by the external auditors and fees and agreed the terms of engagement for the audit of the financial statements for the year ended 31 October 2022. PKF have completed the audit for the year ended 30 October 2022 and their appointment will be formally put before shareholders at the next AGM.

Significant matters considered by the Audit Committee during the year included change in auditor and the auditor’s scope and methodology for the audit of the financial statements, in particular determining the areas at greatest risk of material misstatement (whether or not due to fraud or poor internal controls). This included consideration of risks that might impact results for the period, impairment reviews, the going concern assessment, net assets at the end of the period and the disclosures in the financial statements.

Following the Audit Committee’s recommendation, the Board considers the internal control system to be adequate for the Company. The Audit Committee reviews the scope and scale of the non-audit services undertaken by the auditors in order to ensure that their independence and objectivity is safeguarded. The Directors recognise the business will increase in complexity as it grows and they will review the internal control system to ensure it responds to any change.

Report of the Remuneration Committee

The Remuneration Committee monitors the remuneration policies of the Company to ensure that they are consistent with its business objectives. Its terms of reference include the recommendation and execution of policy on Director and executive management remuneration and for reporting decisions made to the Board. The Committee determines the individual remuneration package of the executive management of the Board. During the year, Li Chun Chung, Executive Director, and Ng Chun Fai, Senior Manager, took a voluntary reduction in fees of 50% effective 1 February 2022. This followed a voluntary reduction of 20% in the previous financial year, which was backdated from 1 May 2021.

The duties of the Committee are to:

- determine and agree with the Board the framework or broad policy for the remuneration of the Chairman, Executive Directors, Non-Executive Directors and any employees that the Board delegates to it;
- within the terms of the agreed policy, determine individual remuneration packages including bonuses, incentive payments, share options, pension arrangements and any other benefits;
- determine the contractual terms on termination and individual termination payments, ensuring that the duty of the individual to mitigate loss is fully recognised;
- in determining individual packages and arrangements, give due regard to the comments and recommendations of the Listing Rules;
- be told of and be given the chance to advise on any major changes in employee benefit structures in the Company; and
- recommend and monitor the level and structure of remuneration for senior managers below Board level as determined.

The Committee is authorised by the Board to:

- seek any information it requires from any employee of the Company in order to perform its duties;
- be responsible for establishing the selection criteria and then for selecting, appointing and setting the terms of reference for any remuneration consultants providing advice to the Committee, at the Company’s expense; and
- obtain, at the Company’s expense, outside legal or other professional advice where necessary in the course of its activities.

The Company’s Remuneration Policy is designed to provide remuneration packages to motivate and retain high-calibre executives and to attract new talent as required. The Committee takes into account the principles of sound risk management when setting pay and takes action to ensure that the remuneration structure at AIQ Limited does not encourage undue risk. The Remuneration Policy is unaudited.

Executive Directors' fees

Purpose – a core element of remuneration, used to attract and retain executive directors of the calibre required to develop and deliver our business strategy.

Operation and opportunity – fees for executive directors are reviewed annually, although an out-of-cycle review may be conducted if the Remuneration Committee determines it appropriate. A review may not necessarily lead to an increase in fees.

Performance measures or basis of payment – whilst there are no formal performance measures to determine fee levels, general individual and business performance are taken into account. For the executive directors, changes to fees may be made under certain circumstances such as increase in the scope or responsibility of an individual's role.

Non-Executive Directors' fees

Purpose – core element of remuneration paid for fulfilling the relevant role.

Operation – non-executive directors receive a basic fee, paid quarterly in arrears, in respect of their board duties. Further fees may be paid for chairmanship or membership of board committees. Additional fees may be paid for travelling regularly from overseas to board and committee meetings. Non-executive directors are not eligible for annual bonus or other benefits. Expenses incurred directly in performance of non-executive duties for the Company may be reimbursed or paid directly on their behalf.

Opportunity – current fee levels can be found below in the remuneration report. Fees are set at a level which is considered appropriate to attract or retain non-executive directors of the calibre required by the Company. Fee levels are normally set by reference to amounts paid to non-executive directors serving on the boards of similar sized UK-listed companies, taking into account the size, responsibility and time commitment of the role.

Termination

The Executive Directors were appointed for a minimum period of twenty-four months, after which the service agreement may be terminated by either party giving not less than three months' prior written notice to the other party.

Each of the Non-Executive Directors were appointed for a minimum period of twelve months, after which the service agreement may be terminated by either party giving not less than three months' prior written notice to the other party.

There are no additional financial provisions for termination.

Annual remuneration

The remuneration of the Directors for the year ended 31 October 2022 was as follows:

	Year ended 31 October 2022 £	Year ended 31 October 2021 £
Executive Directors		
Li Chun Chung	25,760	35,420
Charles Yong Kai Yee	31,200	32,400
Lee Chong Liang[1]	-	8,050
Non-executive Directors		
Graham Duncan[2]	25,670	31,050
Harry Chathli	23,000	25,875
Dwight Mighty[3]	1,827	-
Soon Beng Gee[1]	-	8,050
	95,457	140,845

[1] Resigned on 30 December 2020
[2] Resigned on 6 October 2022
[3] Appointed on 6 October 2022

All of the above amounts comprised fees paid in accordance with each Director's service agreement. No pension contributions or other allowances were paid. None of the above remuneration was performance related. There are no additional financial provisions for termination.

None of the Directors were entitled to any other cash or non-cash benefits or pension entitlements. There were outstanding monies owed at the year end to directors of £6,420 (2021: £7,666)

Details of Directors' shareholdings are disclosed in the Directors' Report.

In addition to the remuneration above, other costs incurred in relation to services provided by related parties of Directors (as detailed in Note 26 on related party transactions) were as follows:

- A total of £38,631 (2021: £41,000) was paid during the year to Gracechurch Group (formerly trading as Luther Pendragon) for financial PR services, a company in which Harry Chathli is a director and shareholder.
- A total of £Nil (2021: £11,000) was paid during the year to Graham Duncan Limited for accounting services in preparation of the interim financial statements, a company in which Graham Duncan is a director and shareholder.
- A total of £16,500 (2021: £9,500) was paid to Ever Billions International Limited for general management services, a company in which Li Chun Chung is a director.
- Proceeds from sale of fixed assets of £512 was received from Wepin Digital Sdn Bhd in which Charles Yong Kai Yee is a Chief Technology Officer.

There were no outstanding monies owed at the year end (2021: £Nil).

Report of the Nomination Committee

The function of the Nomination Committee is to provide a formal, rigorous and transparent procedure for the appointment of new directors to the Board. In carrying out its duties, the Nomination Committee is primarily responsible for:

- identifying and nominating candidates to fill Board vacancies;
- evaluating the structure and composition of the Board with regard to the balance of skills, knowledge and experience and making recommendations accordingly;
- reviewing the time requirements of Non-Executive Directors;
- giving full consideration to succession planning; and
- reviewing the leadership of the Company.

Signed by order of the Board

Li Chun Chung
Executive Director
28 February 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the consolidated financial statements in accordance with applicable law and regulations.

The Directors of the Group are responsible for preparing the financial information in accordance with UK adopted internal accounting standards (IFRSs).

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Cayman Island governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement Pursuant to Disclosure and Transparency Rules

The Directors confirm to the best of their knowledge:

- the financial statements have been prepared in accordance with IFRSs and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the management report includes a fair review of the development and performance of the business and the financial position of the Group, together with a description of the principal risks and uncertainties that they face.

Signed by order of the Board

Li Chun Chung
Executive Director

28 February 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIQ LIMITED

Opinion

We have audited the group financial statements of AIQ Limited (the 'group') for the year ended 31 October 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the group financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 October 2022 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the group financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3(c) in the financial statements, which indicates that the Group is not currently generating substantial revenues and therefore an operating loss and operating cash outflows have been reported. New contract wins and / or further funding is required to meet liabilities as they fall due and whilst management are confident that these will occur and are in active discussions to secure new contracts, there is no guarantee that they will happen within the required timelines. As stated in note 3(c) , these events or conditions, along with the other matters as set forth in note 3(c), indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the group financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the group financial statements is appropriate.

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- consideration of the group's objectives, policies and processes in managing its working capital as well as exposure to financial, credit and liquidity risks;
- reviewing management's going concern memorandum and assessment and discussing with management regarding the future plans and availability of funding;
- reviewing the cash flow forecasts for the ensuing twelve months from the date of approval of these group financial statements and assessment thereof;
- obtaining corroborative supporting for the key assumptions and estimates used in the cashflow forecast;
- performing sensitivity analysis on the cash flow forecast prepared by management, and challenging the reasonableness of the key assumptions included thereto; and
- reviewing the adequacy and completeness of disclosures in the group financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF AIQ LIMITED (CONTINUED)

Our application of materiality

For the purposes of determining whether the group financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the group financial statements, would be changed or influenced.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the group financial statements as a whole.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. Materiality is used to determine the group financial statements areas that are included within the scope of our audit and the extent of sample sizes during the audit. No significant changes have come to light during the course of the audit which required a revision to our materiality for the group financial statements as a whole.

Materiality for the group financial statements was set at £14,300. This was calculated as a percentage of loss before tax. Using our professional judgement, we have determined this to be the principal benchmark within the group financial statements as the principal focus of the stakeholders is profitability as the group is currently undertaking activities to successfully implement its new business strategy by closely monitoring loss.

Materiality for the significant components of the group ranged from £8,000 to £10,000 calculated as a percentage of loss before tax and revenue.

Performance materiality for the group financial statements was set at £10,000 being 70% of materiality for the group financial statements as a whole. The performance materiality for the significant components is calculated on the same basis as group materiality.

In determining performance materiality, we considered the following factors:

- our cumulative knowledge of the group and its environment, including industry specific trends;
- the change in the level of judgement required in respect of the key accounting estimates;
- significant transactions during the year;
- the stability in key management personnel; and
- the level of misstatements identified in prior periods.

The materiality and performance materiality for the significant components is calculated considering the same factors as for group materiality.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £715 for the group. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

Our audit was risk based and was designed to focus our efforts on the areas at greatest risk of material misstatement, together with areas subject to significant management judgement.

The group includes the listed parent company, AIQ Limited, and its subsidiaries, Alchemist Codes Sdn. Bhd (“Alchemist Codes”) and Alcodes International Limited (“Alcodes”).

The scope of our audit was based on significance of operations and materiality. Each component was assessed as to whether they were significant or not to the group by either their size or risk. The parent company and the two subsidiaries were considered to be significant due to identified risk and size.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIQ LIMITED (CONTINUED)

Due to AIQ Limited, Alchemist Codes and Alcodes being significant components of the group, we performed full scope audits on all the components. The work on all significant components of the group has been performed by us as group auditor.

In designing our audit approach, we considered those areas which were deemed to involve significant judgement and estimation by the directors, such as the key audit matter surrounding the revenue recognition and carrying value of tangible assets. Other judgemental areas were the accounting treatment of share warrants issued to AIQ Limited's corporate advisor, the recoverability of tax receivables and accrual for lease restoration. We also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the key audit matter
<u>**Revenue recognition (Accuracy and Cut-off) (Refer to notes 3(d) and 5)**</u> **The group generates revenue from IT development projects wherein revenue is recognised based on the percentage of work completed.** **There is a risk of incorrect treatment of revenue under IFRS 15 *Revenue from Contracts with Customers*. Specifically, there is a risk surrounding the accuracy and cut-off of revenue at the year-end relating to projects which were ongoing as at 31 October 2022.** **Revenue recognition is considered to be a KAM due to:** **1) The highly material nature of revenue;** **2) The level of subjectivity and complexity involving estimates and judgements used for revenue recognition; and** **3) The risk of onerous contracts arising due to delays in delivery.**	Our work in this area included: • Obtaining an understanding of the information systems and related controls relevant to the revenue stream; • Performing a walkthrough test for the revenue stream to understand the point of recognition of the revenue and to ensure that the revenue has been recognised in accordance with the agreed contract and IFRS 15; • Obtaining and reviewing signed contracts to agree performance obligations and terms; • For contracts that were in progress as at the year-end, reviewing the revenue recognised by obtaining the revenue computations and corroborating them to acceptance/certificates from customers, where applicable, to ensure that the performance objectives required to recognise revenue have been met; • Obtaining an understanding of and reviewing estimates made in regard to revenue recognition and challenging management thereon; • Reviewing and stress testing contract margins to ensure profitability and determining whether or not any onerous contracts existed; and

	• Reviewing disclosure and presentation in the group financial statements.
<u>Carrying value of tangible assets (Valuation) (Refer to note 3(f), 3(j), 12 and 13)</u> **Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.** **Due to continued operating losses over the years, adverse financial ratios and changes in business strategy, there is a risk that the assets are impaired and the carrying value of the asset within the group financial statements is not appropriate.** **This is considered to be a KAM due to the material nature of the balance and the level of management estimation and judgement required in management's impairment considerations and therefore there is a risk of management bias and override of control.**	Our work in this area included: • Obtaining an understanding of the impairment assessment process followed by management; • Obtaining and reviewing management's assessment of impairment; • Considering and challenging the assumptions made by management in their assessment; • Performing sensitivity analysis over the key estimates and judgements used in the assessment; • Reviewing Board minutes and RNS announcements; and • Reviewing disclosure and presentation in the group financial statements.
<u>Accounting for convertible loan notes (CLN)</u> **<u>(Accuracy and Presentation) (Refer to note 3(m) and 23)</u>** **During the year, the group issued convertible loan notes (CLNs) amounting to £500,000. This transaction is material in nature involving complex classification assessment of the CLN into liability or equity. There is a risk that this transaction is not correctly assessed in line with IFRS 9- *Financial Instruments*, resulting in incorrect classification and accounting.**	Our work in this area included: • Obtaining details of the agreements and supporting documentation in respect of the CLNs, including bank statements and board minutes; • Critically reviewing the supporting documents (as above) and challenging the accounting treatment against the terms of the agreement; • Confirming the accounting treatment is in accordance with IFRS 9; and • Reviewing disclosure and presentation in the group financial statements.

Other information

The other information comprises the information included in the annual report, other than the group financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the group financial statements themselves.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIQ LIMITED (CONTINUED)

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

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs (UK) 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 these group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the group financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector. We also selected a specific audit team based on experience with auditing entities within the information technology industry facing similar audit and business risks.

- We determined the principal laws and regulations relevant to the group in this regard to be those arising from:
    - London Stock Exchange Rules;
    - UK-adopted international accounting standards;
    - Disclosure Guidance and Transparency Rules of the FCA;
    - Local company, tax and employment laws and regulations applicable in Cayman Island, Malaysia and Hong Kong; and
    - General Data Protection Regulations.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to:
    - Making enquiries of management;
    - Obtaining confirmation from AIQ Limited's company secretary and financial advisor on compliance with laws and regulations, where applicable;
    - A review of Board minutes;
    - A review of the nature of legal professional fees; and
    - A review of RNS announcements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIQ LIMITED (CONTINUED)

- We also identified the risks of material misstatement of the group financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the revenue recognition, the carrying value of tangible assets and we addressed this by challenging the assumptions and judgements made by management when auditing these significant accounting estimates (refer to the key audit matter section).

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures, which included, but were not limited to: the testing of journals, reviewing accounting, key judgement and estimates for evidence of bias (refer to the key audit matter section) and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the group financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the group financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the group financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group's members, as a body, in accordance with our engagement letter dated 13 December 2022. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer

Joseph Archer (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

28 February 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2022

	Note	Year ended 31 October 2022	Year ended 31 October 2021
		£	£
Revenue	5	498,388	61,863
Cost of sales		(384,462)	(250,670)
Gross profit/(loss)		113,926	(188,807)
Other income	6	12,202	-
Administrative expenses	8	(682,722)	(864,601)
Impairment charge	13	(133,682)	-
Gain/(losses) on foreign exchange		74,031	(126,698)
Operating loss		(616,245)	(1,180,106)
Finance income		273	447
Finance costs		(24,934)	(13,151)
Loss before taxation		(640,906)	(1,192,820)
Taxation	10	-	(2,109)
Loss attributable to equity holders of the Company		**(640,906)**	**(1,194,929)**
Other comprehensive income (as may be reclassified to profit and loss in subsequent periods, net of taxes):			
Exchange difference on translating foreign operations		(2,902)	16,949
Comprehensive income attributable to equity holders of the Company		**(643,808)**	**(1,177,980)**
Earnings per share basic and diluted (£)	11	(0.010)	(0.018)

Current and prior year amounts are all derived from continuing operations.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2022

	Note	As at 31 Oct 2022 £	As at 31 Oct 2021 £
Assets			
Non-current assets			
Property, plant and equipment	12	12,270	175,207
Right of use assets	14	73,026	163,410
Rental deposits		-	29,834
		85,296	368,451
Current assets			
Trade and other receivables	15	66,408	127,414
Tax receivable		-	23,489
Cash and cash equivalents	16	636,459	581,618
Total current assets		702,867	732,521
Total assets		**788,163**	**1,100,972**
Equity and liabilities			
Capital and reserves			
Share capital	20	647,607	647,607
Share premium		6,019,207	6,019,207
Share warrant reserve	22	12,000	-
Foreign currency translation reserve	21	6,428	9,330
Accumulated losses		(6,631,306)	(5,990,400)
Total equity		53,936	685,744
Liabilities			
Current liabilities			
Trade payables	17	-	1,075
Accruals and other payables	18	137,714	244,664
Lease restoration provision	19	18,500	-
Lease liabilities	14	78,013	94,672
Total current liabilities		234,227	340,411
Non-current liabilities			
Lease liabilities	14	-	74,817
Convertible loan notes	23	500,000	-
Total non-current liabilities		500,000	74,817
Total equity and liabilities		**788,163**	**1,100,972**

The accompanying notes form an integral part of these consolidated financial statements. The financial statements were approved and authorised for issue by the Board of Directors on 28 February 2023 and signed on its behalf by:

Li Chun Chung,
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2022

	Share capital	Share premium	Share warrant reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	£	£	£	£	£	£
Balance as at 31 October 2020	647,607	6,019,207	-	(7,619)	(4,795,471)	1,863,724
Total comprehensive loss for the year	-	-	-	16,949	(1,194,929)	(1,177,980)
Balance at 31 October 2021	**647,607**	**6,019,207**	**-**	**9,330**	**(5,990,400)**	**685,744**
Total comprehensive loss for the year	-	-	-	(2,902)	(640,906)	(491,628)
Share warrant reserve	-	-	12,000	-	-	12,000
Balance at 31 October 2022	**647,607**	**6,019,207**	**12,000**	**6,428**	**(6,631,306)**	**53,936**

Share premium – Represents amounts received in excess of the nominal value on the issue of share capital less any costs associated with the issue of shares.

Accumulated losses – The accumulated losses reserve includes all current and prior periods retained profits and losses.

Share warrant reserve – Amount arising on the issue of warrants during the year.

Translation reserve – The translation reserves includes foreign exchange movements on translating the overseas subsidiaries records, denominated MYR and HK$, to the presentational currency, GBP.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2022

	Year ended 31 October 2022 £	Year ended 31 October 2021 £
Cash flows from operating activities		
Loss before taxation	(640,906)	(1,192,820)
Adjustments for:-		
Depreciation	123,272	119,328
Impairment charge	133,682	-
Loss on disposal of fixed assets	10,467	-
Share based payment charge	1,000	-
Write off tax receivable	24,493	-
Lease restoration cost	18,500	-
Interest income	(273)	(447)
Interest expense	24,934	-
Foreign exchange	(16,891)	116,106
Operating loss before working capital changes	(321,722)	(957,833)
Decrease/(increase) in receivables	103,115	(56,318)
Decrease in payables	(108,025)	(46,321)
Tax paid	-	(2,109)
Cash used in operations	(326,632)	(1,062,581)
Interest received	273	447
Net cash used in operating activities	(326,359)	(1,062,134)
Cash flows from investing activities		
Acquisition of plant and equipment	-	(6,540)
Proceeds from sale of fixed assets	512	-
Net cash used in investing activities	512	(6,540)
Cash flows from financing activities		
Proceeds from issue of convertible loan notes	500,000	-
Interest on lease liability	(7,879)	-
Repayment of lease liabilities	(91,476)	(82,512)
Net cash inflow/(outflow) in financing activities	400,645	(82,512)
Net increase/(decrease) in cash and cash equivalents	74,798	(1,151,186)
Cash and cash equivalents at beginning of the year	581,618	1,827,379
Effect of exchange rates on cash and cash equivalents	(19,957)	(94,575)
Cash and cash equivalents at end of the year	636,459	581,618

The non cash movement from financing activities is £18,055 (2021: £Nil) on account of accrual of interest on loan notes £17,055 (refer to Note 23) and share-based payment charge £1,000 (refer to Note 22).
The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

AIQ Limited ("The Company") was incorporated and registered in The Cayman Islands as a public limited company 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 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") as follows:

Name	Place of incorporation	Registered address	Principal activity	Effective interest	
				31.10.2022	31.10.2021
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	20/F One Pacific Centre, 414 Kwun Tong Road Kwun Tong, Hong Kong	Software and app development	100%	100%

* Held by Alchemist Codes Sdn Bhd.

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.

Alchemist Codes' principal activities currently comprise the delivery of information technology (IT) solutions for clients through the provision of IT consultancy.

Alcodes International's principal activities currently comprise the delivery of information technology (IT) solutions for clients through the provision of IT consultancy, primarily website development.

3. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with UK adopted international accounting standards (IFRSs).

As permitted by Companies Law (as revised) of The Cayman Islands only the consolidated financial statements are presented.

The financial statements are presented in Pound Sterling ("GBP") which is the functional currency of the Company. The functional currencies of the subsidiaries are Malaysian Ringgit and HK Dollar and they have been converted to GBP as explained in note 3(e). All values are rounded to the nearest pound, except where otherwise indicated.

The results for 31 October 2022 are prepared for a 12-month period.

New interpretations and revised standards effective for the year ended 31 October 2022
The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended standards and interpretations during the year that are applicable to the Group.

Other Standards
New standards and interpretations that have been adopted in the annual financial statements for the year ended 31 October 2022, but have not had a significant effect on the Group are:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 16 COVID-19-Related Rent Concessions

These standards did not have a significant effect on the Group.

Standards and interpretations in issue but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board (IASB) that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows:

- Amendments to IAS 16: Property, Plant and Equipment
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets
- Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The Directors do not anticipate the adoption of any of these standards issued by IASB, but not yet effective, to have a material impact on the financial statements of the Group.

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.

c) Going concern

The Group incurred losses of £641k during the year and experienced operating cash outflows of £326k. As at 31 October 2022, the Group had net current assets of £469k and cash of £636k. The Group's cash position was approximately £486k at 31 January 2023.

During the year, the Company raised £500k through the issue of unsecured convertible loan notes to three existing shareholders as more fully described in Note 23 to the financial statements.

The financial statements have been prepared on a going concern basis.

In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the 12 months from the date of approval of the financial statements, and perform scenario planning thereon. This information includes management prepared cash flows forecasts for the Group.The Directors have assessed that to meet its forecasted cash requirements, the Group is dependent on cash generated from the successful winning of revenue contracts and/or further funding. Whilst there is no indication at the date of signing of these financial statements that these new revenue contracts will not be forthcoming, there can be no certainty that it will be successful.

Based on the new contract win and successful cost management in the current year and significant prospective customer pipeline, the Directors are confident that the Group will be able to generate sufficient resources to meet liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

Accordingly, the financial statements have been prepared on a going concern basis and do not include any adjustments that would result if the Group was unable to continue as a going concern.

The auditors make reference to going concern by way of material uncertainty within their audit report.

d) Revenue

Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer net of sales taxes and discounts. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. The board believe that the Group has one source of revenue, which is IT software services. This source of income can be broken down further into distinct revenue streams:

(i) Government grants
Monies received from government grants are recognised as other income.

(ii) Sub-letting income
Income received from sub-letting is netted off against administrative expenses.

(iii) Revenue from maintenance and support contracts
The Group enters into annual fixed price support and maintenance services and managed services contracts with its customers. Revenues are recognised on a straight-line basis over the term of the contract. This method best depicts the transfer of services to the customer as there is no reliable prediction that can be made as to if and when any individual customer will require the service.

(iv) Revenue from merchant contracts
The Group earned a nominal amount from merchant contracts during the year as the OctaPLUS e-commerce platform was effectively closed in the prior year. The Group earns commissions from merchants when transactions are completed on the OctaPLUS e-commerce platform. The commissions are generally determined as a percentage based on the value of merchandise being sold by the merchants. The variable consideration is estimated at contract inception and updated at the end of each reporting period if additional information becomes available. Revenue related to commissions is recognised based on the expected value when the performance obligation is satisfied.

(v) Project management and coordination
The Group earns project management and coordination revenues. In the current year, these primarily related to blockchain platform development and digital business platform IT solutions for clients. Revenue is recognised progressively over time based on milestones and customers' acceptance by using the output method. During the year the revenue earned was recognised on delivery of performance obligation.

The performance obligations extend over several months with milestone obligations over the term of the service agreement.

In most cases, the measurement of revenue (when recognised over time) will not be the same as amounts invoiced to a customer. In these circumstances, the Company will recognise either a contract asset (accrued income) or a contract liability (deferred income) for the difference between cumulative revenue recognised and cumulative amounts billed for that contract. For income recognised over time, management estimates the percentage of work completed by reference to each customer.

e) Foreign currency transactions and translation

Functional and presentational currencies

The presentational currency of AIQ Limited and the Group is Pound Sterling. The functional currency of the Company and Group is also Pound Sterling. This is based on the principal currency of expenditure and the Company's fundraising activities, all being in Sterling.

The functional currency of Alchemist Codes Sdn Bhd is Malaysian Ringgit, being the currency in which the majority of the company's transactions are denominated.

The functional currency of Alcodes International Limited is the Hong Kong dollar, being the currency in which the majority of the company's transactions are denominated.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction.

At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

In order to satisfy the requirements of IAS 21 with respect to presentation currency, the consolidated financial statements have been translated into Pound Sterling using the procedures outlined below:

- Assets and liabilities where the functional currency is other than Pounds were translated into Pounds at the relevant closing rates of exchange;
- non-Sterling trading results were translated into Pounds at the relevant average rates of exchange; and
- differences arising from the retranslation of the opening net assets and the results for the period are recognised in other comprehensive income and taken to the foreign currency translation reserve.

f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Computers	5 years
Furniture and fittings	10 years
Office equipment	10 years
Renovations	10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

g) Intangible assets

With the exception of goodwill, intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. All intangible assets have been fully impaired however they remain in use by the business. All intangible assets purchased during the year have been expensed.

Goodwill
Goodwill represents the amount by which the fair value of the cost of a business combination exceeds the fair value of the net assets acquired. Goodwill is not amortised and is stated at cost less any accumulated impairment losses.

The recoverable amount of goodwill is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired. Impairment charges are deducted from the carrying value and recognised immediately in the income statement. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Acquisition-related intangible assets
Net assets acquired as part of a business combination includes an assessment of the fair value of separately identifiable acquisition-related intangible assets, in addition to other assets, liabilities and contingent liabilities purchased. These are amortised on a straight-line basis over their useful lives which are individually assessed. Useful lives are regularly reviewed.

The estimated useful lives of the Group's intangible assets are as follows:

- OctaPLUS Platform 3 years
- Messenger App 3 years
- Software 3 years

Each of these intangible assets were fully impaired in the prior year.

h) Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:

(i) its ability to measure reliably the expenditure attributable to the asset under development;
(ii) the product or process is technically and commercially feasible;
(iii) its future economic benefits are probable;
(iv) its ability to use or sell the developed asset; and
(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in subsequent periods.

i) Impairment of financial assets

IFRS 9 “Financial Instruments” requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39 “Financial Instruments: Recognition and Measurement”. The expected credit loss (ECL) model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The credit event does not have to occur before credit losses are recognised. IFRS 9 “Financial Instruments” allows for a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets.

The Group has one type of financial asset subject to the expected credit loss model: trade receivables. The Group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses are estimated using a provision based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

As the Group is at an early stage and the volume of sales is very low, it does not have significant amounts of historic information on credit losses. Accordingly, only specific provisions have been made. To analyse and adjust for any expected credit loss would likely skew the reported results for the year.

The Group considers a financial asset in default when contractual payments are between 30 to 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

j) Impairment of non-financial assets

At each reporting date, the Directors assess whether indications exist that an asset may be impaired. If indications do exist, or when annual impairment testing for an asset is required, the Directors estimate the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value-in-use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the Directors consider the asset impaired and write the subject asset down to its recoverable amount. In assessing value-in-use, the Directors discount the estimated future cash flows 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. In determining fair value less costs to sell, the Directors consider recent market transactions, if available. If no such transactions can be identified, the Directors utilise an appropriate valuation model.

When applicable, the Group recognises impairment losses of continuing operations in the “Statements of Profit or Loss and Other Comprehensive Income” in those expense categories consistent with the function of the impaired asset.

k) Right of use assets

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

l) Leases

Except for short-term leases and leases of low-value assets, right of use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

Lease liabilities are recognised at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease. If this rate cannot be readily determined, the Company's incremental borrowing rate is used. The discount rate estimated by management is 6% per annum.

m) Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, security deposits, cash and cash equivalents, convertible loan notes, lease liabilities and trade and other payables.

Convertible loan notes (CLNs)

Convertible Loan Notes are recorded at their issue price and are carried at their face value. Subsequently, the CLN is accounted for at amortised cost. Any interest due on these CLNs is recorded on accrual basis. On conversion/redemption, the face value of converted CLNs is reduced from the total carried value.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

n) Financial assets

(i) Initial recognition and measurement

The Company classifies its existing financial assets as financial assets carried at amortised cost. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and this designation at every reporting date.

Financial assets carried at amortised cost

Financial assets carried at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than twelve months after the reporting date which are classified as non-current assets. They include cash and bank balances, trade and other receivables and a rental deposit.

Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest rate method, less impairment.

Impairment of financial assets is considered using a forward-looking expected credit loss (ECL) review.

(ii) De-recognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

o) Financial liabilities

The Company's financial liabilities include trade and other payables, accruals and convertible loan notes. Financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument. All financial liabilities are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

p) Share capital

Proceeds from issuance of ordinary shares are classified as equity. Amounts in excess of the nominal value of the shares issued are recognised as share premium.

Transaction costs that are directly attributable to the issue of share capital are deducted from share premium.

q) Taxation

Current tax
Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax
Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group's Financial Statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and expected to apply when the related deferred tax is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

r) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

s) Finance income and expense

Finance income comprises interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

t) Employee benefits

Short-term benefits
Short-term employee benefit obligations; wages, salaries, paid annual leave, sick leave, bonuses and non-monetary benefits, are measured on an undiscounted basis and are expensed in the profit or loss as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term benefits
Defined contribution plans
The income statement expense for the defined contribution pension plans operated represents the contributions payable for the year. As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"), which is charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further liabilities in respect of the defined contribution plans.

u) Earnings per share

Basic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of shares during the period plus the dilutive effect of dilutive potential ordinary shares outstanding during the period.

v) Share warrants

Equity-settled share-based payments against services received are measured at fair value at the date of grant (i.e. date of agreement) by reference to the fair value of the services received. The fair value determined at the grant date is expensed on a straight-line basis over the service period. A corresponding adjustment is made to equity as share warrant reserve and accounts receivable as prepaid expense.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In particular:

Key judgments

Impairment reviews

Fixed assets
An impairment charge of £133,682 has been made in respect of leasehold improvements and furniture and fixtures in the Group's Malaysian office, which have been fully impaired bringing the value of those assets down to £nil on the basis that the lease expires in July 2023 and the lease may not be renewed. While a decision to renew the lease has not been taken, it was felt prudent at this stage to fully impair the associated costs and an element may be reinstated if the lease is renewed.

MSC Pioneer
In Malaysia, Alchemist Codes applied for MSC Pioneer Status but decided not to pursue the application as they did not consider it would be successful and on that basis the tax previously considered to be recoverable of £24,493 has been written off.

Key estimates

Going concern
As more fully described above, the Directors have prepared forecasts and projections for the Group for the purposes of assessing the Company's going concern assumptions.

The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the Annual Report.

Provisions
Provisions are recognised when the Group has a legal obligation and a provision has been made based on an estimate and expectation of the future restoration costs relating to the leasehold premises in Malaysia to restore the premises to its original state. The lease expires in July 2023, and based on an estimation by management of the future expected costs of £37,000, a provision of 50% amounting to £18,500 has been provided for with the remaining £18,500 to be provided for in the year to 31 October 2023 if the Company does not renew its lease. The Group has been prudent in its approach as no decision has yet been made as to whether to renew the lease.

5. REVENUE

	Year ended 31 October 2022 £	Year ended 31 October 2021 £
Sale of software products	-	37,639
Software development income	496,296	19,415
Merchant commission income	844	4,628
Other	1,248	181
Total	498,388	61,863

All revenues were generated in Asia.

During the year ended 31 October 2022, one customer accounted for £438,824 (88.05%) (2021: one customer accounted for £35,424 (57.26%)) of the Group's revenues. No other customers accounted for more than 10%.

An analysis of revenue by the timing of the delivery of goods and services to customers for 2022 is as follows:

	31 October 2022	31 October 2022	31 October 2021	31 October 2021
	Goods transferred at a point in time	Services transferred over time	Goods transferred at a point in time	Services transferred over time
	£	£	£	£
Sale of software products	-	-	35,424	2,215
Software development income	-	496,296	12,822	6,593
Merchant commission income	-	844	-	4,628
Other	19	1,229	-	181
Total	**19**	**498,369**	48,246	13,617

6. OTHER INCOME

Other income derives from the receipt of government grants.

7. SEGMENT REPORTING

IFRS 8 defines operating segments as those activities of an entity about which separate financial information is available and which are evaluated by the Board of Directors to assess performance and determine the allocation of resources. The Board of Directors is of the opinion that under IFRS 8 the Group has only one operating segment, information technology product and services. In addition, the Group is only trading in Asia and therefore there is only one geographical segment. The Board of Directors assesses the performance of the operating and geographical segments using financial information that is measured and presented in a manner consistent with that in the Financial Statements. Segmental reporting will be reviewed and considered in light of the development of the Group's business over the next reporting period.

8. OPERATING LOSS BEFORE TAXATION

Loss from operations has been arrived at after charging and (crediting):

	Year ended 31 October 2022 £	Year ended 31 October 2021 £
Auditor's remuneration:		
- Audit of the financial statements		
- - PKF – accrued fees	55,873	-
- - Haysmacintyre	43,500	96,750
- Other services – Haysmacintyre (included under professional fees)	3,500	3,500

Cost of sales:	**Year ended 31 October 2022 £**	**Year ended 31 October 2021 £**
Wages and salaries	5,421	252,576
Cashback expenses	(109)	(1,906)
Purchases	356,541	-
Other	22,391	-
	384,462	250,670

Administrative expenses:	**Year ended 31 October 2022 £**	**Year ended 31 October 2021 £**
Directors' remuneration	95,457	140,844
Wages and salaries	143,555	211,066
Consultancy fees	50,500	45,376
Loss on disposal of fixed assets	10,467	-
Depreciation of tangible fixed assets	19,487	25,542
Depreciation of right of use assets	96,877	93,786
Short term leases on property	12,875	23,018
Provision for lease restoration	18,500	-
Professional fees	38,648	34,359
Regulatory fees	37,269	30,738
Secretarial fees	35,909	44,059
Audit fees	99,373	99,079
Credit loss adjustment	-	2,354
Travel. Subsistence and Entertainment	26,675	414
Other costs	65,040	123,985
Sub-letting income	(67,910)	(10,019)
	682,722	**864,601**

9. STAFF COSTS AND KEY MANAGEMENT EMOLUMENTS

Staff costs:	Year ended 31 October 2022 £	Year ended 31 October 2021 £
Wages and salaries	242,556	592,673
Social security costs	437	576
Post-employment benefits	1,440	11,237
	244,433	604,486

Key management personnel are considered to be the directors and three senior members of staff. Their remuneration was as follows:

Key management personnel:	Year ended 31 October 2022 £	Year ended 31 October 2021 £
Wages and salaries (including directors as detailed in the Directors' Remuneration Report on page 15)	162,559	227,839
Social security costs	113	-
Post-employment benefits	913	-
	163,585	227,839

Included within accruals is £6,420 (2021: £7,666), which relates to Directors' remuneration yet to be paid.

The average monthly number of employees during the year ended 31 October 2022 was as follows:

	Year ended 31 October 2022 No.	Year ended 31 October 2021 No.
Management	6	4
Administrative	3	4
Operations	6	34
	15	42

10. TAXATION

The Company is incorporated in the Cayman Islands, and its activities are subject to taxation at a rate of 0%. Loss before taxation is £396,531.

The income tax rate in Malaysia is calculated at the Malaysian statutory tax rate of 24% of the chargeable income for the year, except for companies with paid-up capital of RM2.5million (approximately £460,000) and below at the beginning of the basis period and gross income from source of business not exceeding RM50million (approximately £9.4 million), the first RM600,000 (approximately £110,000) of chargeable income is subject to tax at a rate of 17%.

A reconciliation of income tax applicable to the loss before taxation at the statutory tax rate to the income tax at the effective tax rate of Alchemist Codes is as follows:

	Year ended 31 October 2022	Year ended 31 October 2021
	£	£
Loss before taxation	(321,269)	(1,192,820)
Tax calculated at the standard rate of tax applicable to Alchemist Codes of 24% (2021: at 24%)	(77,104)	(286,277)
Tax effects of:		
Non-deductible expenditure	20,442	119,328
Effect of different tax rates in foreign jurisdictions	-	166,949
Withholding tax charge	-	2,109
Unrelieved tax losses carried forward	56,662	-
Tax charge/(credit)	-	2,109

The income tax rate used excludes that of Alcodes International due to the scaling of Hong Kong tax rates making any estimation of tax rates used difficult to apply. The profit before taxation for Alcodes International is £76,894 and due to brought forward tax loss, no tax expense is expected in the current year. Also, the results of Alcodes International are largely immaterial compared to those of Alchemist Codes.

The Group has not recognised deferred tax assets on carried forward tax losses as the management is not certain that it will generate sufficient taxable profits in the near future to absorb such carried forward tax losses.

11. EARNINGS PER SHARE

The Company presents basic and diluted earning per share information for its ordinary shares. Basic earning 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 profit or 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 earnings per share, as the warrants and loan notes are anti dilutive in nature and therefore the diluted loss per share has not been presented.

	Year ended 31 October 2022	Year ended 31 October 2021
Loss attributable to ordinary shareholders (£)	(640,906)	(1,194,929)
Basic - Weighted average number of shares	64,760,721	64,760,721
Basic earning per share (expressed as £ per share)	**(0.010)**	**(0.018)**

12. PROPERTY PLANT AND EQUIPMENT

	Fixtures and fittings £	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost					
At 1 November 2021	71,450	13,610	33,282	93,081	211,423
Additions	-	-	-	-	-
Disposals	-	(547)	(28,815)	-	(29,362)
Currency translation differences	3,076	1,688	1,421	3,979	10,164
As at 31 October 2022	74,526	14,751	5,888	97,060	192,225
Accumulated depreciation					
At 1 November 2021	8,413	2,657	13,685	11,461	36,216
Depreciation for the year	7,432	2,400	6,906	9,657	26,395
Impairment	58,279	-	-	75,403	133,682
Disposals	-	(136)	(18,247)	-	(18,383)
Currency translation differences	402	484	620	539	2,045
As at 31 October 2022	74,526	5,405	2,964	97,060	179,955
Carrying amounts					
At 31 October 2022	**-**	**9,346**	**2,924**	**-**	**12,270**
At 31 October 2021	**63,037**	**10,953**	**19,597**	**81,620**	**175,207**

As stated in Note 13, an impairment charge of £133,682 has been made in respect of leasehold improvements and furniture and fixtures in the Group's Malaysian office bringing the value of those assets down to £nil on the basis that the lease expires in July 2023. While the lease may be renewed, it was felt prudent at this stage to fully impair the associated costs and an element may be reinstated if the lease is renewed.

13. IMPAIRMENT CHARGE

An impairment charge of £133,682 has been made in respect of leasehold improvements and furniture and fixtures in the Group's Malaysian office bringing the value of those assets down to £nil on the basis that the lease expires in July 2023. While the lease may be renewed, it was felt prudent at this stage to fully impair the associated costs and an element may be reinstated if the lease is renewed.

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

	Land and buildings	Total
	£	£
Cost		
At 1 November 2021	280,131	280,131
Currency translation differences	11,971	11,971
As at 31 October 2022	292,102	292,102
Accumulated amortisation		
At 1 November 2021	116,721	116,721
Depreciation for the year	96,877	96,877
Currency translation differences	5,478	5,478
As at 31 October 2022	219,076	219,076
Carrying amounts		
At 31 October 2022	**73,026**	**73,026**
At 31 October 2021	163,410	163,410

Future minimum lease payments associated with these leases were as follows:

	As at 31 Oct 2022	As at 31 Oct 2021
	£	£
Not later than one year	88,690	178,966
Later than one year and not later than five years	-	-
Total minimum lease payments	88,690	178,966
Less future finance charges	(10,677)	(9,477)
Present value of minimum lease payments	78,013	169,489
Current liability	78,013	94,672
Non-current liability	-	74,817
	78,013	169,489

The lease may be extended at the end of its two-year term for a further two years, at a new rental rate to be based on the prevailing market rate provided, that in the event that there is any increase in rental, such increase shall not exceed 15% of the preceding rental rate. No option to extend has been assumed in the above calculations

The interest paid on lease liability is £7,879 (2021: £13,151). The lease rental paid on short-term lease is £12,875 (2021: £23,018).

15. TRADE AND OTHER RECEIVABLES

	As at 31 October 2022 £	As at 31 October 2021 £
Trade receivables	773	6,693
Provision for expected credit losses	-	(2,354)
Total trade receivables	773	4,339
Rental deposits	31,109	-
Prepayments and other receivables	34,526	123,075
	66,408	127,414

The rental deposits have been transferred from long-term assets to current assets as the lease term expires in July 2023.

All balances are reviewed specifically due to the limited number of receivables and limited history of average rates of default losses to rely on.

16. CASH AND CASH EQUIVALENTS

	As at 31 October 2022 £	As at 31 October 2021 £
Fixed deposits held with bank	12,872	17,635
Cash at bank	623,004	558,203
Cash in hand	583	5,780
	636,459	581,618

Cash at bank earns interest at floating rates based on daily bank deposit rates.

17. TRADE PAYABLES

	As at 31 October 2022 £	As at 31 October 2021 £
Redeemable cash back credit	-	1,075
	-	1,075

18. ACCRUALS AND OTHER PAYABLES

	As at 31 October 2022 £	As at 31 October 2021 £
Other creditors	32,975	37,205
Accruals	96,825	102,205
Deferred revenue	6,979	105,254
Taxes and social security	935	-
	137,714	244,664

Included within accruals is £6,420 (2021: £7,666), which relates to Directors' remuneration yet to be paid and accrual of interest on loan notes of £17,055.

19. LEASE RESTORATION PROVISION

	As at 31 October 2022 £	As at 31 October 2021 £
Balance b/f	-	-
Addition	18,500	-
Balance c/f	18,500	-

The Group has made a provision for the future costs of restoring its Malaysian office to its original specification as the lease expires in July 2023. Based on an estimation by management of the future expected costs of £37,000 to restore the premises to its original state, a provision of 50% amounting to £18,500 has been provided in the period with the remaining £18,500 to be provided for in the year to 31 October 2023 if the Company does not renew its lease. The Group has been prudent in its approach as no decision has yet been made whether to renew the lease.

20. SHARE CAPITAL

	Number	Nominal value £
Authorised		
Ordinary shares of £0.01 each	**800,000,000**	**8,000,000**
As at 31 October 2022	**64,760,721**	**647,607**

	As at 31 Oct 2022 £	As at 31 Oct 2021 £
As at beginning of year	647,607	647,607
Issued during the year	-	-
As at end of year	647,607	647,607

The holders of ordinary shares are entitled to receive dividends as may be declared from time to time and are entitled to one vote per share at meetings of the Company.

21. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents cumulative foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

22. SHARE WARRANT RESERVE

On 3 October 2022 the Company granted 300,000 warrants to Guild Financial Advisory (“GFA”), the Company’s corporate adviser, exercisable at a price of £0.01 for a period of up to ten years. The warrants were granted in return in part for their corporate financial services carried out for a period of 12 months whereby it was agreed that GFA would provide services for an amount of £24,000 with £12,000 being settled in cash and the balance of £12,000 represented by the issue of the warrants. As a result of this the fair value of the warrants is deemed to be £12,000 spread evenly over the 12-month period of the contract with £1,000 expensed for October 2022 and £11,000 carried forward as a prepaid expense and £12,000 taken to a warrant reserve.

23. CONVERTIBLE LOAN NOTES

On 25 January 2022, the Company entered into an unsecured convertible loan note agreement for a total subscription of £500,000 (the “Loan Notes”). Pursuant to this instrument, the Company immediately raised £500,000 through the issue of unsecured convertible loan notes to several existing investors (together the “Noteholders”), including an Executive Director of the Company.

The Loan Notes have an expiration date of 25 January 2024 ("Expiration Date") and can be repaid, in part or in full, by the Company on 31 December in any year prior to the Expiration Date by giving not less than 14 days' written notice to the Noteholders. All outstanding Loan Notes attract interest at a rate of 5% per annum from the date of issue (25 January 2022) to the date of repayment or conversion and is payable on the anniversary of the issue of the Loan Notes.

The Loan Notes shall be convertible into new ordinary shares of the Company at the lesser of 11 pence per ordinary share or the Volume Weighted Average Price of the Company's ordinary shares on the London Stock Exchange in the seven-day period prior to the date on which the Loan Note is converted into ordinary shares. The Loan Notes shall be convertible, in part or in full, at any time from the date of issue until the Expiration Date at the option of the Noteholders by giving to the Company at least one week's written notice.

The Loan Notes have been issued to the Noteholders as follows:

a. £250,000 to Li Chun Chung, an Executive Director of the Company and who has an interest in 1,425,500 ordinary shares in the Company, representing 2.2% of the Company’s issued share capital

b. £125,000 to Soon Beng Gee who has an interest in 11,766,650 ordinary shares, representing 18.2% of the Company’s issued share capital

c. £125,000 to Lee Chong Liang who has an interest in 11,766,650 ordinary shares, representing 18.2% of the Company’s issued share capital

Accrual of interest on loan notes was £17,055 at year end.

24. FINANCIAL RISK MANAGEMENT

a) Categories of financial instruments

The carrying amounts and fair value of the Group's financial assets and liabilities as at the end of the reporting period are as follows:

Financial assets:

	As at 31 October 2022 £	As at 31 October 2021 £
Trade receivables	773	4,339
Tax recoverable	-	23,489
Rental deposits	31,109	29,834
Prepayments and other receivables	34,526	123,075
Cash and cash equivalents	636,459	581,618
	702,867	762,355

Financial liabilities at amortised cost:

	As at 31 October 2022 £	As at 31 October 2021 £
Convertible loan notes	500,000	500,000
Trade payables	-	1,075
Accruals and other payables	137,714	244,664
Provisions	18,500	-
Finance leases	78,013	171,581
	734,227	917,320

The financial assets and financial liabilities maturing within the next 12 months approximate their fair values due to the relatively short-term maturity of the financial instruments.

b) Financial risk management objectives and policies

The Group is exposed to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The risk management policies employed by the Company to manage these risks are discussed below. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

i) Interest rate risks

Certain cash holdings and cash equivalents are held in accounts with variable rates. If interest rates were to increase or decrease by 2%, the effect would not be material.

ii) Currency risks

The Group is exposed to exchange rate fluctuations as certain transactions are denominated in foreign currencies.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its financing activities (when cash balances are denominated other than in a company's functional currency).

Most of the Group's transactions are carried out in Pounds, Malaysian Ringgit ('RM') Hong Kong Dollar ('HK$') and United States Dollar ('US$'). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital and operational expenditure in the respective functional currencies. The Group's net exposure to foreign exchange risk in US$ is as follows:

As at 31 October 2022	**US$ £'000**	**Total £'000**
Financial assets denominated in £	288	288
Financial liabilities denominated in £	-	-
Net foreign currency exposure	288	288

As at 31 October 2021	**US$ £'000**	**Total £'000**
Financial assets denominated in £	522	522
Financial liabilities denominated in £	-	-
Net foreign currency exposure	522	522

Foreign currency sensitivity analysis:

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant.

The impact on the Group's loss before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

A 10 per cent. movement in US Dollar ($) would increase/(decrease) net assets by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

As at 31 October 2022	**US$ £'000**
Effect on net assets:	
Strengthened by 10%	29
Weakened by 10%	(29)

As at 31 October 2021	**US$ £'000**
Effect on net assets:	
Strengthened by 10%	43
Weakened by 10%	(43)

At 31 October 2022 the Company had £288,357 (2021: £427,511) of cash and cash equivalents in United States Dollar accounts. At 31 October 2022, had the exchange rate between the Pound Sterling and United States Dollar increased/decreased by 10%, the effect on the result in the period would be a gain of £28,836 (2021: £28,836) / loss of £26,214 (2021: £42,751).

iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit allowances are made for estimated losses that have been incurred by the reporting date. No such amounts have been made to date.

Concentrations of major credit risk exist to the extent that the equivalent of £533,548 of the Group's bank balances were held with DBS Bank Limited in Singapore and the equivalent of £74,480 was held with Standard Chartered Bank in Hong Kong. There are bank balances with other banks totalling to £27,848 were the credit risk is relatively low.

S&P Global Ratings affirmed on 31 October 2022 the issuer credit ratings of DBS Bank Limited at AA- and Standard Chartered at A+.

Accordingly, the Group considers that the credit risk in relation to its cash holding to be low.

iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's financial liabilities are primarily trade and other payables. The amounts are unsecured, interest-free and repayable on demand. Details of trade payables are found in Note 16.

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the balance between debt and equity.

The capital structure of the Group as at 31 October 2022 consisted of ordinary shares and equity attributable to the shareholders of the Company, totalling £41,936 (2021: £685,744) (disclosed in the statement of changes in equity excluding share warrants reserve).

The capital structure is reviewed on an ongoing basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital.

26. RELATED PARTY TRANSACTIONS

The remuneration of the Directors of the Company is set out in the Report of the Remuneration Committee.

Included within accruals is £6,420 (2021: £7,667), which relates to Directors' remuneration outstanding.

In addition to the remuneration, other costs incurred in relation to services provided by related parties of Directors were as follows:

A total of £38,631 (2021: £41,000) was paid during the year to Gracechurch Group (formerly trading as Luther Pendragon) for financial PR services, a company in which Harry Chathli is a director and shareholder.

A total of £Nil (2021: £11,000) was paid during the year to Graham Duncan Limited for accounting services, a company in which Graham Duncan is a director and shareholder.

A total of £16,500 (2021: £9,500) was paid to Ever Billions International Limited for general management services, a company in which Li Chun Chung is a director.

A total of £Nil (2021: £2,900) was paid to Credigroup Fiduciary Services for payment processing services, a company in which Ng Chun Fai, Senior Manager of the Group, is a director.

Revenue from AI Sport Asia for project management services, a company in which Ng Chun Fai is a director, of £4,484 was recognised during the year.

Revenue from Consortium Family Office Ltd for project management services, a company in which Ng Chun Fai is a director, of £4,931 was recognised during the year.

Proceeds from sale of fixed assets of £512 was received from Wepin Digital Sdn Bhd in which Charles Yong Kai Yee is a Chief Technology Officer.

There were no outstanding monies owed at the year end (2021: £Nil).

27. MATERIAL SUBSEQUENT EVENTS

There are no significant or disclosable post-balance sheet events.

28. ULTIMATE CONTROLLING PARTY

As at 31 October 2022, no one entity or individual owns greater than 50% of the issued share capital, or holds significant control over the Company. Therefore, the Directors have determined the Company does not have an ultimate controlling party.

COMPANY INFORMATION

Directors	Harry Chathli, Independent Non-Executive Chairman Charles Yong Kai Yee, Executive Director Li Chun Chung, Executive Director Dwight Mighty, Independent Non-Executive Director
Company Secretary	MSP Secretaries Limited 27/28 Eastcastle Street London W1W 8DH
Registered office of the Company	Genesis Building, 5th Floor Genesis Close, PO Box 446 Cayman Islands, KY1-1106
Financial Adviser	Guild Financial Advisory Limited 382 Russell Court Woburn Place London WC1H 0NH
Auditors	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
Registrars	Computershare Investor Services (Cayman) Limited The R&H Trust Co. Ltd. Winward 1, Regatta Office Park West Bay Road Grand Cayman KY1-1103 Cayman Island
Principal Bankers	DBS Bank (Hong Kong) Limited 18th Floor, The Center 99 Queen's Road Central Central Hong Kong
	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Central Hong Kong
Financial PR	Gracechurch Group 48 Gracechurch Street London EC3V 0EJ
Company Website	www.aiqhub.com