THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014.

30 July 2020

For Immediate Release

AIQ Limited
("**AIQ**" or the "**Company**" or, together with Alchemist Codes, the "**Group**")

Interim Results

AIQ (LSE: AIQ), a company focused on acquiring and developing businesses in the e-commerce sector, announces its unaudited consolidated interim results for the six months ended 30 April 2020.

Highlights

- Acquisition of Alchemist Codes Sdn Bhd ("Alchemist Codes") completed in March 2020
- Sustained progress of the underlying Alchemist Codes business during H1 2019/20:
  - Revenue grew to RM1.26 million, primarily through the development and maintenance of messenger apps
  - OctaPLUS online shopping platform commenced generating revenue and increased number of registered users
- Post-acquisition, business plan for Alchemist Codes being developed and a number of measures have been implemented to accelerate growth
- No impact on delivery of customer projects from COVID-19 outbreak – work continued as scheduled
- Strong cash position of £3.2 million at 30 April 2020 (31 October 2019: £3.7 million)

Graham Duncan, Chairman of AIQ, said:

"This has been a milestone period for AIQ as we completed our first acquisition with the purchase of Alchemist Codes. We have begun executing on our plans to grow the business and develop its strategy for the e-commerce sector, which is already producing encouraging results. We are also pleased that the outbreak of COVID-19 hasn't impacted Alchemist Codes' ability to deliver its IT solutions for customers – with all projects continuing as scheduled. In addition, the pandemic has served to accelerate the transition to online shopping, which is an important growth driver for the OctaPLUS platform. Consequently, while it is still relatively early days, we are very pleased with the progress that has been made by Alchemist Codes to date and we look forward to providing further updates in due course."

Enquiries

AIQ Limited Graham Duncan, Chairman	+44 (0)754 900 5681
VSA Capital Limited (Financial Adviser & Broker) Andrew Raca (Corporate Finance) Andrew Monk (Corporate Broking)	+44 (0)20 3005 5000
Luther Pendragon (Media Relations) Claire Norbury	+44 (0)20 7618 9100

Operational Review

The six months to 30 April 2020 was a transformational period for AIQ as it completed the acquisition of Alchemist Codes Sdn Bhd, a Malaysian incorporated information technology solutions developer focusing on the e-commerce sector. The acquisition, which constituted a reverse takeover under the FCA's Listing Rules, was for a consideration of approximately £2.3 million satisfied through the issue of Ordinary Shares in the Company. It represents a fundamental milestone in the history of AIQ as the Company's first transaction following being established as a special purpose acquisition company to undertake the acquisition of one or more businesses in the e-commerce sector. The Company's primary focus is now the development of Alchemist Codes.

Alchemist Codes has two areas of activity: an IT business, which provides customised software, web and app development for clients, and an e-commerce solution, OctaPLUS, which is an online shopping platform that leverages proprietary data analytic tools, including artificial intelligence technology, for user targeting. The primary offering of the IT business is messaging solutions that employ Alchemist Codes' proprietary ready-made chat application. Alchemist Codes builds the messenger app for customers and receives a development fee (the majority on completion of delivery) and then a monthly maintenance fee for one year for ongoing support. Alchemist Codes also provides other IT consultancy work for customers on a project basis.

During the six months to 30 April 2020 (which primarily covers a period prior to the acquisition by the Company in late March 2020), Alchemist Codes' IT business completed the delivery of two messaging apps for customers – which, along with maintenance fees, was the primary source of revenue for the period. This includes a messaging app for a new customer that is a consultancy business based in Hong Kong. Alchemist Codes also completed the delivery of two IT consultancy projects during the first half of the year.

Alchemist Codes launched its e-commerce solution, OctaPLUS, in October 2019 and the focus during the period was on increasing the registered users on the platform. The online shopping platform, which is available as an iOS and Android app as well as on the web, enables consumers in Malaysia to earn cashback on their purchases and benefit from a personalised experience such as through targeted promotions. Alchemist Codes generates revenue from OctaPLUS by receiving from retailers a portion of the consumer spend on their products through the platform. During the period, Alchemist Codes commenced generating initial (immaterial) revenue from OctaPLUS.

Post-acquisition and COVID-19 impact

Following the completion of the acquisition of Alchemist Codes by AIQ in March 2020, the Executive Directors have worked with the Alchemist Codes management on the business plan and strategy, and a number of steps have been taken to grow the business. This includes increasing the number of full-time employees, primarily with the expansion of the development team; investing in marketing and promotional activities for OctaPLUS; and relocating to a new office space that can accommodate the expanded business and is strategically located in a popular IT hub in Kuala Lumpur. Alchemist Codes has also benefitted from a raised profile as a result of the acquisition and it becoming part of a UK-listed company, which has led to increased interest in its IT consultancy business.

An important area of investment has been in marketing and promotional activities to support user acquisition and increased consumer spend on OctaPLUS. This has included initiatives such as influencer marketing as well as introducing a new price comparison tool to enable users to find the best deal available online for a particular product. These initiatives have supported an increase each month in registered users as well as growth in monthly consumer spend of approximately 30% from April to June. In particular, the new price comparison tool, which was launched at the beginning of July, has proven very popular and has driven a substantial increase in registered users over the month.

Due to the nature of Alchemist Codes' business, its operations were not negatively affected by the outbreak of COVID-19 as its software development work does not need to be undertaken from a particular physical location. Consequently, in its IT business, Alchemist Codes could continue to deliver all existing customer projects as scheduled, with employees working from home as required. However, while the Group is receiving increased interest in its IT business offering as described above, management is mindful of the impact that the pandemic and associated economic uncertainty could have in delaying customers' purchasing decisions.

The COVID-19 pandemic has accelerated the transition to increased online shopping, which is one of the trends that the Group had identified as a key driver for the growth of OctaPLUS. In addition to its marketing and promotional activities, Alchemist Codes is undertaking R&D to develop further tools to enable the Group to leverage this supportive trend. While OctaPLUS is still in a relatively early stage of its development and so the Group does not anticipate a direct material impact, the overall effect of the COVID-19 outbreak on OctaPLUS is expected to be positive thanks to the increased demand for online shopping.

Financial Review

During the first half of 2019/20, the Group commenced generating revenue as a result of the sales contribution of Alchemist Codes (following the completion of the acquisition at the end of March 2020) of £25,409. Gross profit was £10,099, representing a gross margin of 40%. If the acquisition of Alchemist Codes had been completed on the first day of the financial year, providing a full six-month contribution, the Group's revenues for the period would have been approximately £235,000.

The Group's net loss for the six months ended 30 April 2020 was £612,993 (H1 2018/19: £250,802 loss), with the increase primarily due to transaction costs of £406,070 (H1 2018/19: £nil) associated with the acquisition of Alchemist Codes. In addition, administrative expenses for the period were £288,798 (H1 2018/19: £203,926) and the net loss of Alchemist Codes for the period from acquisition to 30 April 2020 was £16,917. These losses were partially offset by the Group recognising foreign exchange gains of £61,843 for H1 2019/20 compared with foreign exchange loss of £56,519 for H1 2018/19. If the acquisition of Alchemist Codes had been completed on the first day of the financial year, net loss would have been approximately £38,000 lower. The loss per share was 1.1p (H1 2018/19: 0.5p loss), reflecting the increased net loss.

The Group had a strong cash position of £3.2 million at 30 April 2020 compared with £3.7 million at 31 October 2019.

Alchemist Codes

As the acquisition of Alchemist Codes completed in March, only one month's activities have been included in these consolidated results.

As noted in the Operational Review above, the underlying performance of Alchemist Codes remained robust. In the six months ended 30 April 2020 (which covers a period largely prior to the acquisition by the Company), Alchemist Codes generated revenue of 1.26 million Malaysian Ringgit ("RM") (approximately £238,000) compared with RM1.21 million in the six months to 31 October 2019, an increase of approximately 5%, and RM1.1 million for the period from 17 April 2018 to 30 April 2019. The majority of revenue was based on software development and maintenance for Alchemist Codes' messenger apps customers, but the business also generated revenue from IT consultancy projects. In addition, during the six month period, Alchemist Codes commenced generating initial revenue from OctaPLUS (currently an immaterial contribution).

Alchemist Codes' profit before tax for the six month period was RM0.11 million (approximately £20,000) compared with RM0.44 million for the six months ended 31 October 2019, with the reduction due to greater investment in sales and marketing, particularly in relation to the launch of OctaPLUS.

Outlook

Following the acquisition of Alchemist Codes in the first half of 2019/20, the focus of the Group is on advancing the business plan and execution on its growth strategy. Specifically, in the IT business, in the second half of the year, Alchemist Codes is scheduled to complete delivery of a number of consultancy projects for customers in Malaysia. The Group is in the final stages of contract negotiation on other consultancy projects, which it expects to be awarded in the second half and commence work (but revenue being recognised primarily in the following financial year).

The Group has a number of marketing and promotional activities scheduled for the second half of the year to drive user acquisition for OctaPLUS, including a series of influencer-hosted live online events. It is expected that these initiatives will continue to increase the number of registered users and the consumer spend through the platform, although the Group does not expect OctaPLUS to make a material contribution to revenue this year. The Group is also continuing its R&D efforts with a view to leveraging the acceleration of the increased demand for online shopping as a result of the COVID-19 pandemic.

As a result, while the Board remains mindful of the potential impact of global economic uncertainty, it is confident of achieving underlying revenue growth for Alchemist Codes for the full year. Looking further ahead, the Board continues to believe that the Group is well-positioned to execute on its targets and remains confident of delivering shareholder value.

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

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

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

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

By order of the Board

Graham Duncan
Non-Executive Chairman

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 April 2020

	Note	Six months ended 30 Apr 2020 Unaudited £	Six months ended 30 Apr 2019 Unaudited £	Year ended 31 Oct 2019 Audited £
Revenue	11	25,409	-	-
Cost of sales		(15,310)	-	-
Gross profit		10,099	-	-
Administrative expenses		(288,798)	(203,926)	(487,791)
Transaction costs	9	(406,070)	-	-
Gain/(loss) on foreign exchange		61,843	(56,519)	(35,630)
Operating loss		(622,926)	(260,445)	(523,421)
Finance income		9,933	9,643	19,813
Loss before taxation		(612,993)	(250,802)	(503,608)
Taxation	13	-	-	-
Loss attributable to equity holders of the Company for the period		**(612,993)**	**(250,802)**	**(503,608)**
Other comprehensive income (as may be reclassified to profit and loss in subsequent periods, net of taxes)				
Exchange difference on translating foreign operations		(6,682)	-	-
Comprehensive income attributable to equity holders of the Company for the period		**(619,675)**	**(250,802)**	**(503,608)**
Loss per share – basic and diluted (£ per share)	14	(0.011)	(0.005)	(0.010)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2020

	Note	30 Apr 2020 Unaudited £	31 Oct 2019 Audited £
Assets			
Non-current assets			
Property, plant and equipment		16,040	-
Intangible assets	10	2,110,900	-
Total non-current assets		2,126,940	-
Current assets			
Trade receivables		64,684	-
Prepayments and other receivables		61,878	12,300
Cash and cash equivalents		3,218,395	3,703,592
Total current assets		3,344,957	3,715,892
Total assets		**5,471,897**	**3,715,892**
Equity and liabilities			
Capital and reserves			
Ordinary shares	16	647,607	518,394
Share premium		6,019,207	3,848,420
Foreign currency translation reserve	17	(6,682)	-
Accumulated losses		(1,770,877)	(1,157,884)
Total equity		4,889,255	3,208,930
Liabilities			
Current liabilities			
Trade payables		4,027	-
Accruals and other payables		275,322	218,151
Amounts due to directors	14	303,293	288,811
Total current liabilities		582,642	506,962
Total equity and liabilities		**5,471,897**	**3,715,892**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 April 2020

	Share capital £	Share premium £	Foreign currency translation reserve £	Accumulated losses £	Total equity £
Balance as at 31 October 2018	518,394	3,848,420	-	(654,276)	3,712,538
Total comprehensive loss for the year	-	-	-	(503,608)	(250,082)
Balance at 31 October 2019 (Audited)	518,394	3,848,420	-	(1,157,884)	3,208,930
Total comprehensive loss for the financial period	-	-	(6,682)	(612,993)	(619,675)
Issue of shares (Note 16)	129,213	2,170,787	-	-	2,300,000
Balance at 30 April 2020 (Unaudited)	**647,607**	**6,019,207**	**(6,682)**	**(1,770,877)**	**4,889,255**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 April 2020

	Six-month period ended 30 Apr 2020 Unaudited £	Six-month period ended 30 Apr 2019 Unaudited £	Year ended 31 Oct 2019 Audited £
Cash flows from operating activities			
Loss before taxation	(612,993)	(250,802)	(503,608)
Adjustment for:-			
Depreciation charges	319	-	-
Amortisation charges	35,258	-	-
Interest income	(9,933)	(9,643)	(19,813)
Loss/(gain) on foreign exchange	(61,843)	56,519	35,630
Operating loss before working capital changes	(649,192)	(203,926)	(487,791)
Decrease/(increase) in receivables	(34,251)	3,408	(3,408)
Increase in payables	6,887	16,116	99,684
Increase in amount owing to directors	12,976	-	-
Cash used in operations	(663,580)	(184,402)	(384,519)
Interest received	9,933	9,643	19,813
Net cash used in operating activities	(653,647)	(174,759)	(364,706)
Cash flows from investing activities			
Cash acquired on purchase of subsidiary (Note 9)	111,073	-	-
Net cash from investing activities	111,073	-	-
Net decrease in cash and cash equivalents	(542,574)	(174,759)	(364,706)
Cash and cash equivalents at beginning of the period	3,703,592	4,103,928	4,103,928
Effect of exchange rates on cash and cash equivalents	57,377	(56,519)	(35,603)
Cash and cash equivalents at end of the period	**3,218,395**	**3,872,650**	**3,703,592**

Material non-cash transactions:
The Company's acquisition of Alchemist Codes was a non-cash transaction satisfied wholly by the issue of shares in the Company, as described in Note 9 below.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

On 20 March 2020, the Company completed the acquisition of the entire issued share capital of Alchemist Codes Sdn Bhd ("Alchemist Codes"), (together, the "Group"), a Malaysian incorporated information technology solutions developer focusing on the e-commerce sector.

Comparative amounts presented for the six months ended 30 April 2019 and the year ended 31 October 2019 relate to the Company only.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is to seek acquisition opportunities, initially focusing on the e-commerce sector. The Company completed its first acquisition, as noted above and more fully described in Note 9 below.

3. ACCOUNTING POLICIES

a) Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Other than as noted below, the accounting policies applied by the Group in these condensed interim financial statements are the same as those set out in the Company's audited financial statements for the year ended 31 October 2019. These financial statements have been prepared under the historical cost convention.

These condensed financial statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the audited financial statements for the period ended 31 October 2019.

The condensed interim financial statements are unaudited and have not been reviewed by the auditors and were approved by the Board of Directors on 29 July 2020.

The financial information is presented in Pounds Sterling (£), which is the Company's functional currency and the presentational currency of the Group.

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

b) Basis of consolidation

The consolidated financial information incorporates the financial statements of the Company and its subsidiary, Alchemist Codes. 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. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

The acquisition of Alchemist Codes constituted a reverse takeover of Alchemist Codes Sdn Bhd and is classified as a reverse takeover under the Listing Rules. However, the Directors considered that under IFRS 3 Business Combinations, the accounting acquirer would be considered to be AIQ Limited, due to:

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

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

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

Acquisition-related costs are expensed as incurred.

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Where necessary, adjustments are made to the financial statements of Alchemist Codes to ensure consistency of accounting policies with those of the Group.

c) Going concern

The Company meets its day-to-day working capital requirements through cash generated from the capital it raised on admission to the London Stock Exchange and, subsequent to the acquisition of Alchemist Codes, from the operations of its subsidiary. The Group has £3.2m in cash which is considered sufficient for its present needs.

The Company has prepared forecasts and projections which reflect the expected trading performance of the Company and the Group on the basis of best estimates of management using current knowledge and expectations of trading performance. The Company's assessment of the COVID-19 pandemic is detailed above in the operational review of the business.

Taking its cash position into account and the forecasts and projections, 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. Thus, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

d) Revenues

All revenues recognised during the reporting period relates to the sale of tailored messaging app products with no alternative use by Alchemist Codes. Under the contractual terms with customers, a sale occurs on a point in time basis on delivery of a completed messaging app, to which the customer confirms their acceptance by signing a job acceptance form. At this point, Alchemist Codes is considered to have fulfilled its performance obligations under the contract. Partly completed apps are not provided to customers and the Group has no enforceable right to payment for performance completed to date. Alchemist Codes allocates all of the transaction price to the acceptance of the completed app to the customer.

e) Foreign currency translation

The financial statements of the Group are presented in the currency of the primary environment in which the Company operates (its functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

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. Goodwill is not amortised but reviewed for impairment at least annually.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Useful lives are regularly reviewed.

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

- Octaplus Platform 5 years
- Messenger App 5 years
- Software 5 years

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) IFRS 16 - Leases

The Group has adopted IFRS 16 which became effective on 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance 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).

Impact of adoption
The adoption of the standard did not have any impact on the Group.

j) Financial instruments

Financial assets and financial liabilities are recognised in the 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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

k) Impairment of financial assets

A forward-looking expected credit loss (ECL) review is required for debt instruments measured at amortised cost or held at fair value through other comprehensive income, financial guarantees not measured at fair value through profit or loss and other receivables that give rise to an unconditional right to consideration.

As permitted by IFRS 9, the Group applies the ‘‘simplified approach’’ to trade receivables, contract assets and lease receivables and the ‘‘general approach’’ to all other financial assets. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates.

l) Financial liabilities

The Group's financial liabilities include amounts due to a Director and other payables and accruals. Financial liabilities are recognised when the Group 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 Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

m) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short term (having maturity within 3 months) highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

n) 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.

4. RECENT ACCOUNTING PRONOUNCEMENTS

a) New interpretations and revised standards effective for the period ended 30 April 2020

The Group has adopted the following new standards and interpretations which became effective on 1 January 2019 with no significant impact on these financial statements:

- IFRS 16 'Leases'.
- IFRIC 23 'Uncertainty over income tax treatments'.

b) 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 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, which are all effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material);
- IFRS 3 Business Combinations (Amendment – Definition of Business); and
- Revised Conceptual Framework for Financial Reporting

The Group is currently assessing the impact of these new accounting standards and amendments.

5. 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.

Acquisition of Alchemist Codes

The acquisition of Alchemist Codes Sdn Bhd constituted a reverse takeover under the FCA's Listing Rules whereby the Directors judged that under IFRS 3 Business Combinations, the accounting acquirer would be AIQ Limited. The acquisition was therefore accounted for under the acquisition method.

Valuation of Intangible Assets

The determination of the fair value of assets and liabilities including goodwill arising on the acquisition of Alchemist Codes in March 2020, and development expenditure which is expected to generate future economic benefits, are based to a considerable extent on management's judgement.

The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. The assets are bespoke and cannot be benchmarked against a market transaction price. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

Allocation of the purchase price affects the results of the Group as finite life intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset.

The estimated useful life principally reflects management's view of the average economic life of each asset and is assessed by reference to historical data and future expectations. Any reduction in the estimated useful life would lead to an increase in the amortisation charge.

The fair value of intangibles acquired in the acquisition of Alchemist Codes has been based on a discounted cash flow income approach. The fair value of the Octaplus Platform / Messenger App acquired with Alchemist Codes during the period ended 30 April 2020 was determined using a discount factor of 22.4%.

The fair values of intangible assets acquired through the business combination has been based on the Multi-Period Excess Earnings Method ("MEEM") which is within the income approach. The multi-period excess earnings method estimated value is based on expected future earnings attributable to the assets which have been discounted to a net present value using a discount rate of 22.4%, based on the Group's weighted average cost of capital.

6. SUBSIDIARY

Company	Country of Registration or Incorporation	Registered Office	Principal Activity	Percentage of ordinary shares held by Company
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 per cent.

7. 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:

	As at 30 Apr 2020 £	As at 31 Oct 2019 £
Financial assets		
Financial assets carried at amortised cost	3,344,957	3,715,892
Financial liabilities		
Financial liabilities at amortised cost	582,642	506,962

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 Group 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

All cash holdings and cash equivalents are held in accounts with variable rates.

ii) Currency risks

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

At 30 April 2020, the Group had £2,272,000 of cash and cash equivalents in United States Dollar accounts and an equivalent of £752,000 held in Malaysian Ringgit. At 30 April 2020, 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 £227,200 / loss of £227,200 respectively. Similarly, had the exchange rate between the Pound Sterling and Malaysian Ringgit increased/decreased by 10%, the effect on the result in the period would be a gain of £75,200 / loss of £75,200 respectively.

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. The Group's financial assets comprise cash and cash equivalents. As described in Note 3(g), the Group has adopted the expected credit loss approach under IFRS 9. No allowance was considered necessary at the period-end.

The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Concentrations of credit risk exist to the extent that the Group's cash balances were held with RHB Bank and Hong Leong Bank.

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 amounts due to a Director. The amounts are unsecured, interest-free and repayable on demand.

8. SEGMENTAL 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 and one geographic market in the UK. The Board of Directors assesses the performance of the operating segment 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.

9. ACQUISITION OF ALCHEMIST CODES SDN BHD

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

The Company has been focused on the e-commerce sector to identify businesses, assets and/or projects that are available at attractive valuations and hold opportunities to unlock embedded value. The Board considers that the acquisition of Alchemist Codes allows the Company to acquire an e-commerce business at a strategic time when demand for e-commerce-based services has increased.

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

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

	Book value	Fair value adjustments	Fair value
Consideration	**£**	**£**	**£**
Consideration shares			2,300,000
Total consideration			**2,300,000**
Recognised amounts of identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	111,073	-	111,073
Property, plant and equipment	17,036	-	17,036
Software	38,676	-	38,676
Trade and other receivables	80,011	-	80,011
Trade and other payables	(55,816)	-	(55,816)
Octaplus platform	-	1,328,996	1,328,996
Messenger App	-	726,150	726,150
Total identifiable net assets	**190,980**	**2,055,146**	**2,246,126**
Goodwill			**53,874**
Total		**2,055,146**	**2,300,000**

As of 30 April 2019, the allocation of the purchase consideration is based on preliminary estimates of the fair value of the assets acquired and liabilities assumed and has not been finalised. The actual fair values may differ from the amount disclosed in the preliminary purchase price allocation and is subject to change. Changes may be required regarding the valuation of assets, liabilities and the resulting goodwill recognised upon completion of the valuation of the Acquisition.

The goodwill arising is attributable to the acquired workforce, anticipated future profit from expansion opportunities and synergies of the business. No fair value adjustments were deemed necessary.

Alchemist Codes contributed £25,409 of revenue for the period between the date of acquisition and the balance sheet date and £17,692 loss before tax. If the acquisition of Alchemist Codes had been completed on the first day of the financial year, Group revenues would have been approximately £210,000 higher and Group loss attributable to equity holders of the parent would have been approximately £38,000 lower.

Transaction costs of £406,070 were expensed in the period ended 30 April 2020 relating to the acquisition of Alchemist Codes and re-admission to the Official List of the London Stock Exchange.

10. INTANGIBLE ASSETS

	Goodwill	Software	Octaplus Platform	Messenger App	Total
	£	**£**	**£**	**£**	**£**
Cost					
At 1 November 2019	-		-	-	-
Additions through business combinations	-	38,678	-	-	38,678
Arising on purchase price allocation	53,874	-	1,328,996	726,150	2,109,020
Currency translation differences	-	(1,600)	-	-	(1,600)
As at 30 April 2020	53,874	37,078	1,328,996	726,150	2,146,098

Accumulated amortisation					
At 1 November 2019	-	-	-	-	-
Amortisation for the period	-	(1,006)	(22,150)	(12,102)	(35,258)
Currency translation differences	-	60	-	-	60
As at 30 April 2020	-	(946)	(22,150)	(12,102)	(35,198)
Carrying amounts					
At 30 April 2020	**53,874**	**36,132**	**1,306,846**	**714,048**	**2,110,900**
At 31 October 2019	-		-	-	-

Goodwill and acquisition related intangible assets recognised have arisen from the acquisition of Alchemist Codes in March 2020 and purchase price allocation as described in Note 8. The Octaplus Platform and Messenger App are being amortised over their estimated useful economic life of five years.

11. REVENUE

	Six months ended 30 Apr 2020 Unaudited	**Six months ended 30 Apr 2019 Unaudited**	**Year ended 31 Oct 2019 Audited**
Revenues from messenger app:	**£**	**£**	**£**
Sale of software products	11,509		
Maintenance income	13,900	-	-
Total	**25,409**	**-**	**-**

All revenues were generated in Malaysia.

12. STAFF COSTS AND KEY MANAGEMENT EMOLUMENTS

	Six months ended 30 Apr 2020 Unaudited £	**Six months ended 30 Apr 2019 Unaudited £**	**Year ended 31 Oct 2019 Audited £**
Key management emoluments			
Salaries and benefits	72,500	69,500	139,000
Total	72,500	69,500	139,000

Executive Directors			
Soon Beng Gee*	17,500	21,000	42,000
Lee Chong Liang	21,000	21,000	42,000
Charles Yong Kai Yee	3,000	-	-
Non-executive Directors			
Soon Beng Gee*	3,500	-	-
Graham Duncan	15,000	15,000	30,000
Harry Chathli	12,500	12,500	25,000
Total	72,500	69,500	139,000

* Soon Beng Gee was an Executive Director until 26 March 2020. Thereafter, he has served as a Non-executive Director.

Included within accruals is £195,500 (31 October 2019: £112,000), which relates to remuneration of Directors, who have not yet taken payment for their fees.

The Group had 20 employees as of 30 April 2020 (19 of which were in relation to Alchemist Codes).

13. TAXATION

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

In Malaysia, Alchemist Codes has applied for MSC Pioneer Status which, if granted, would result in the company becoming income tax exempt. Although the application has been submitted there is no certainty as to whether Alchemist Codes will be successful in obtaining MSC Pioneer Status and therefore an income tax charge has been recognised. Alchemist Codes continues to account for tax and makes scheduled tax payments, which are recoverable if the Pioneer status is granted

14. EARNINGS PER SHARE

The Company presents basic and diluted earnings per share information for its ordinary shares. Basic earnings per share are calculated by dividing the profit or 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 Company has no potential ordinary shares.

	Six months ended 30 Apr 2020 Unaudited £	**Six months ended 30 Apr 2019 Unaudited £**	**Year ended 31 Oct 2019 Audited £**
Loss after tax attributable to owners of the Company	(612,993)	(250,802)	(503,608)
Weighted average number of shares:			
- Basic	54,750,228	51,839,375	51,839,375
Loss per share (expressed as £ per share)			
- Basic	(0.011)	(0.005)	(0.010)

15. AMOUNTS DUE TO DIRECTORS

	As at 30 Apr 2020 Unaudited £	**As at 31 Oct 2019 Audited £**
Due to Directors	303,293	288,811
Total	303,293	288,811

The amounts due to Directors are unsecured, interest free and repayable on demand.

16. SHARE CAPITAL

	Six months ended 30 Apr 2020 Unaudited £	Year ended 31 Oct 2019 Audited £
As at beginning of period	518,394	518,394
Issued during the period	129,213	-
As at end of period	647,607	518,394

	Number	Nominal value £
Authorised		
Ordinary shares of £0.01 each	**800,000,000**	**8,000,000**
Issued and fully paid:		
As at 1 November 2019	51,839,375	518,394
Issue of shares in the period	12,921,346	129,213
At 30 April 2020	**64,760,721**	**647,607**

During the six months ended 30 April 2020, the Company allotted and issued a total of 12,921,346 Ordinary Shares of 1 pence each at 17.8 pence each for a total consideration of £2,300,000 in connection with the acquisition of Alchemist Codes (the “Consideration Shares”) as described in Note 9 above.

Readmission of the enlarged share capital of 64,760,721 Ordinary Shares to listing on the Standard Listing Segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange (together, the "Readmission") occurred on 26 March 2020.

17. 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.

18. SUBSEQUENT EVENTS

On 13 July 2020, the Group established a new wholly-owned subsidiary in Hong Kong, Alcodes International Limited, with Business Registration Certificate 725050401.

19. 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 30 April 2020 consisted of ordinary shares and equity attributable to the shareholders of the Company, totalling £4,889,255 (31 October 2019: £3,208,930) as disclosed in the Statement of Changes in Equity.

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

20. RELATED PARTY TRANSACTIONS

The remuneration of the Directors, the key management personnel of the Group, is set out in Note 12.

As at 30 April 2020, there were balances due to Directors of £303,293 (see Note 15).

A total £9,500 (six months ended 30 April 2019: £9,000) was paid during the period to Luther Pendragon for financial PR services, a company in which Harry Chathli is a director and shareholder.

A total £12,000 (six months ended 30 April 2019: £nil) was paid during the period to Graham Duncan Limited for accounting services, a company in which Graham Duncan is a director and shareholder.

21. SEASONALITY OF THE GROUP'S OPERATIONS

There are no seasonal factors that materially affect the operations of the Group.