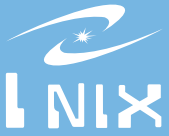


**INIX TECHNOLOGIES HOLDINGS BERHAD**  
(665797-D)



**annual report 2005**



**INIX TECHNOLOGIES HOLDINGS BERHAD**  
(665797-D)

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# CONTENTS

Corporate Information	2
Chairman's Statement	3
Corporate Milestones	6
Financial Highlights	8
Directors' Profile	9
Corporate Governance Statement	11
Audit Committee Report	16
Financial Statements	17
Analysis of Shareholdings	41
Notice of Annual General Meeting	43
Statement Accompanying Notice of Annual General Meeting	46
Proxy Form	

# Corporate Information

## Board of Directors

**Dato' Megat Fairouz Junaidi bin Megat Junid**  
*Independent Non-Executive Chairman*

**Jimmy Tok Soon Guan**  
*Chief Executive Officer*

**Cheong Kok Yai**  
*Executive Director*

**Chong Chen Fah**  
*Executive Director*

**Mok Chin Fan**  
*Non-Independent Non-Executive Director*

**Mohd Yusoff bin Mohd Noor**  
*Non-Independent Non-Executive Director*

**Madzlan bin Mohamed Nazri**  
*Independent Non-Executive Director*

## Audit Committee

**Dato' Megat Fairouz Junaidi bin Megat Junid**  
*Chairman*

**Madzlan bin Mohamed Nazri**  
*Member*

**Chong Chen Fah**  
*Member*

## Company Secretaries

Chok Kwee Wah (MACS 00550)  
Leong Mee Lee (LS 0001836)

## Registered Office

Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel: (603) 7784 3922  
Fax: (603) 7784 1988  
Email: binawin@tm.net.my

## Group Head Office

59-A&B Jalan SS15/4C  
47500 Subang Jaya  
Selangor Darul Ehsan  
Tel: (603) 5632 2222  
Fax: (603) 5632 1075  
Email: enquiry@inix.com.my  
Web: www.inix.com.my

## Share Registrar

**Bina Management (M) Sdn Bhd**  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel: (603) 7784 3922  
Fax: (603) 7784 1988  
Email: binawin@tm.net.my

## Auditors

**Azman, Wong, Salleh & Co.** (AF: 0012)  
14, Jalan Tun Sambanthan 3  
P.O.Box 12019  
50764 Kuala Lumpur  
Tel: (603) 2274 8900  
Fax: (603) 2272 1108

## Sponsor

**K&N Kenanga Berhad**  
801, 8th Floor,  
Kenanga International  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: (603) 2164 6689  
Fax: (603) 2164 6690

## Principal Bankers

Public Bank Berhad  
Southern Bank Berhad

## Stock Exchange Listing

The Mesdaq Market of  
Bursa Malaysia Securities Berhad  
Stock Name: INIX  
Stock Code: 0094

# Chairman's Statement



*I*t has barely been two months since 1 September 2005 when the entire issued and paid-up share capital of INIX Technologies Holdings Berhad (INIX) was listed on the Mesdaq Market of Bursa Securities Malaysia Berhad.

*At this time, I am honoured and pleased to present, on behalf of your Board of Directors, the inaugural Annual Report of INIX together with the audited financial statements of the Group for the financial period from 13 September 2004 to 31 July 2005.*

## Corporate Developments

INIX was incorporated on 13 September 2004 as an investment holding company in conjunction with the then proposed listing of the INIX Group.

On 17 June 2005, following approval of our proposed listing by the Securities Commission on 30 May 2005, INIX acquired the entire equity interest of INIX Technologies Sdn Bhd (ITSB), a company principally involved in the development and sales of integrated intelligent wireless security, automation and closed-circuit television surveillance systems for home and business users.

On 29 July 2005, the Company issued a prospectus for the initial public offering (IPO) of its shares at an issue price of RM0.70 per ordinary share in conjunction with its listing on the Mesdaq Market of Bursa Securities. The public issue shares, which were open for subscription from 29 July 2005 to 18 August 2005, remained open for subscription as at the end of the financial period under review. On its closing date of 18 August 2005, the public issue shares were oversubscribed by 17.19 times.

## Group Results

For the financial period ended 31 July 2005, the INIX Group recorded an audited profit after tax of RM0.8 million on sales revenue of RM2.3 million. In compliance with the applicable approved accounting standards, these figures are based on a consolidation of the results of INIX on company basis since its incorporation on 13 September 2004,

and the post-acquisition results from 17 June 2005 of its subsidiary company ITSB.

On company basis, ITSB achieved an audited profit after tax of RM5.5 million on revenue of RM16.5 million for the financial year ended 31 July 2005. Compared to the audited results of ITSB for the preceding financial period of 15.5 months to 31 July 2004, revenue had grown by a hefty 196% while after tax earnings had expanded a massive 308% from RM1.3 million.

Indeed, the growth of ITSB had been nothing short of phenomenal since its establishment on 15 April 2003. Within a short period of eight months of operation, ITSB had already captured a 17.4% share of the Malaysian intelligent home systems market estimated to be worth RM24 million in 2003. According to an independent market research report by Synovate, ITSB, despite its later entry, ranked a respectable third behind the top two longer established market players with shares of 25.0% and 19.9% respectively.

We are heartened too by the tremendous response to our mainstay *SecureSmith™* intelligent home system beyond Malaysia's borders, including in Australia, China, Indonesia, Singapore, Sri Lanka, Tanzania and the United Kingdom. For the 12 months ended 31 July 2005, export sales through our international distributors reached RM10.7 million, representing 64.9% of total sales. This compares to export sales of RM2.5 million or 45.4% of ITSB's total sales revenue of RM5.6 million for the 15.5 months ended 31 July 2004.

Chairman's Statement

Research and Development

Commendable financial results to-date notwithstanding, the INIX Group continues to invest heavily on research and development (R&D) activities. This to ensure that we continually remain in the forefront of technological advancement for sustained success in the industry, in line with our vision to be a global leader in providing leading edge integrated intelligent home and building systems and solutions.

During the period under review, the Group's R&D efforts focussed mainly on further enhancing the *SecureSmith™* to incorporate new features and applications. These include adapting, modifying and improving the *SecureSmith™* for the international markets in conformity with their respective local specifications and requirements.

ITSB spent a total of RM1.1 million in R&D expenditure for its financial year ended 31 July 2004, RM0.2 million of which, being incurred post-acquisition by INIX, had been included in the Group's income statement for the period ended 31 July 2005.

Group R&D expenditure is expected to increase in the forthcoming financial year, particularly on research facilities, equipment and personnel. Of the gross proceeds amounting to RM10.1 million from INIX's September 2005 public issue, a sum of RM2.5 million or 24.6% has been allocated for our R&D programme over the next two years. The rest of the listing proceeds, less estimated listing expenses of RM1.8 million, have been earmarked for purchase of plant and equipment RM0.5 million, advertising and promotions RM1.0 million and working capital RM4.3 million.



## Prospects

Indications remain positive that our *SecureSmith™* range of intelligent systems products will continue to gain new ground in appeal and acceptance within and outside Malaysia. A testament of sorts, perhaps, to the relevance of INIX's proprietary technology in meeting the needs, and wants, of our ever discerning customers in the global marketplace. To be sure, this has only but re-fired our burning passion to continually stay ahead of the modern tech-savvy lifestyle demands and expectations of our customers in the fast-track internet, ICT and multimedia world in which we all live.

In this, international prospects had been particularly exciting. In September 2005, ITSB entered into an exclusive distributorship agreement, worth some RM10 million in sales over the next two years, for exports to the Middle East countries of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates. Negotiations are on going with various distributors for export sales into India, New Zealand, Pakistan, Sudan and the United States.

On the local front, INIX's recent IPO has significantly elevated our corporate image and visibility. This besides availing the Group to funds necessary for our planned assault on the huge, hitherto largely untapped, existing homes market via our distribution network of retailers, resellers and dealers. In September 2005, a dealer-owned exclusive *SecureSmith™* sales and service outlet opened in Klang, Selangor. Four similar outlets are expected to follow by December 2005 - in Puchong and Damansara in Selangor, Cheras in Kuala Lumpur and Johor Jaya in Johor.

In all, the Group's business prospects remain excellent. The forthcoming financial year promises heightened revenue levels, and perhaps more importantly, greater earnings.

An already sizeable outstanding order book notwithstanding, sales and marketing efforts will no doubt be re-doubled. So too active measures intensified to enhance productive capacity and to further streamline our total delivery capability. This for an even stronger, and longer, run towards sustained earnings growth into the future.

## Appreciation

As we stand on the threshold of an exciting future as a public listed company, it is opportune to bring you back to April 1995 when two budding technopreneurs pooled their limited resources together to form PC Sentry Sdn Bhd - selling computers by day and developing PC-based security systems by night. From this humble beginning evolved the *SecureSmith™* as we know it today. And for which I must, on behalf of the rest of us in INIX, both thank as well as congratulate our co-founders Jimmy Tok Soon Guan and Cheong Kok Yai.

On behalf of the Board, I would like to take this opportunity to express our appreciation to all the people who have made the last ten years possible. A special tribute is due to our staff members for their loyal dedication and contribution through the years, and to our valued customers for their continued patronage. We wish also to thank our distributors, dealers, resellers and retailers, and not least, government agencies and regulatory authorities, for their guidance, counsel and support.

Dato' Megat Fairouz Junaidi bin Megat Junid  
Chairman  
18 October 2005

# Corporate Milestones

## 2003

- April INIX Technologies Sdn Bhd (ITSB) established to take-over the integrated intelligent security solutions business of PC Sentry Sdn Bhd founded in 1995.
- September Soft launch of the *SecureSmith™* by YAB Tun Dr Mahathir Mohamad, then Prime Minister of Malaysia.
- November ITSB awarded the status of a Multimedia Super Corridor (MSC) company by the Multimedia Development Corporation.
- December ITSB paid-up share capital increased to RM1.167 million following acquisition of assets from PC Sentry Sdn Bhd.

## 2004

- April Official launch of the *SecureSmith™* range of integrated intelligent solutions by YAB Dato' Seri Abdullah Ahmad Badawi, Prime Minister of Malaysia.  
  
ITSB granted Pioneer Status with tax exemption period of five years from December 2003, pursuant to the Promotion of Investments Act, 1986.
- May *SecureSmith™* awarded ITEX Silver Medal for invention at the 15th International Invention, Innovation, Industrial Design and Technology Exhibition (ITEX) 2004.
- August ITSB named Most Promising Start-up at Venture Accelerate 2003 organised by the Mesdaq Market of Bursa Securities, Malaysian Venture Capital Association, McKinsey & Company and Malaysian Institute of Management.
- September INIX Technologies Holdings Berhad (INIX) incorporated in conjunction with its proposed listing and quotation on the Mesdaq Market of Bursa Securities.  
  
ITSB paid-up capital raised to RM1.667 million from issue of new shares.
- October ITSB honoured with the Industry Excellence for IT Award at the 3rd Malaysia Canada Business Excellence Awards 2004 organised by the Malaysia Canada Business Council.





## 2005

- May *SecureSmith™* conferred ITEX Gold Medal and the KIPA (Korea Invention Promotion Association) Special Award, at the 16th International Invention, Innovation, Industrial Design and Technology Exhibition (ITEX) 2005.
- Jun INIX paid-up share capital enlarged to RM8.051 million, comprising 80.51 million shares of RM0.10 each, upon completion of its acquisition of the entire equity of ITSB.
- July INIX issued its Prospectus in conjunction with its initial public offering of 14.49 million new shares at RM0.70 per share. At the close of subscription in August 2005, the public issue was oversubscribed by 17.19 times.
- September INIX's entire issued and paid-up share capital of 95 million shares listed and quoted on the Mesdaq Market of Bursa Securities.



# Financial Highlights

Income Statement	Proforma Group <sup>1</sup> 12 month period ended 31 July 2005 RM '000	Proforma Group <sup>1</sup> 15.5 month period ended 31 July 2004 RM '000
Revenue	16,455	5,550
Cost of sales	7,436	2,163
Operating expenses	3,273	1,806
EBITDA <sup>2</sup>	5,746	1,581
Interest expense	1	34
Depreciation and amortisation	287	198
Profit before taxation	5,458	1,349
Profit after taxation	5,458	1,349

Balance Sheet	31 July 2005 RM '000	31 July 2004 RM '000
Intangible assets	775	875
Property, plant and equipment	1,360	329
Current assets	12,258	5,471
Total assets	14,393	6,675
Current liabilities	884	3,689
Non-current liabilities	0	0
Total liabilities	884	3,689
Shareholders' funds	13,509	2,986
Number of shares in issue <sup>3</sup> ('000)	80,510	80,510

Ratio Analysis	2005	2004
Net profit margin (%)	33.17	24.31
Return on shareholders' funds (%)	40.40	45.18
Earnings per share (sen)	6.78	1.68
Current assets turnover (times)	0.75	0.99
Net tangible assets per share (sen)	15.81	7.20
Current ratio (times)	13.87	1.48
Total liabilities to total assets ratio (times)	0.07	0.55

Notes: <sup>1</sup> Assuming that the INIX Group had been in existence throughout the periods under review.

<sup>2</sup> Earnings before interest, tax, depreciation and amortisation.

<sup>3</sup> Number of shares assumed in issue after the acquisition of ITSB but before public issue.

## Directors' Profile



*Dato' Megat Fairouz at INIX's listing ceremony on 1 September 2005. With him are (from left): Madzlan, Chong, Cheong, Jimmy and Mok*

**Jimmy Tok Soon Guan**  
*Executive Director / Chief Executive Officer*  
Malaysian, aged 35

Jimmy Tok Soon Guan was appointed as Chief Executive Officer on 17 June 2005. He is also a director and CEO of INIX Technologies Sdn Bhd. Jimmy has more than 15 years of experience in the ICT industry. His keen interest in computers, electronics and electro-mechanics started during his primary education years. Upon completing secondary school in 1987, he worked as a technical support staff with companies dealing in computers. After gaining wide exposure and hands-on experience in ICT, he ventured out to form Compustor, a sole-proprietorship business involved in repair and service of computer systems and in trading of computer parts and peripherals. In 1995, he co-founded PC Sentry Sdn Bhd and built it into a one-stop ICT solutions provider, including in system integration, networking, software development as well as in the design and development of intelligent security, automation and surveillance systems.

**Dato' Megat Fairouz Junaidi bin Megat Junid**  
*Independent Non-Executive Chairman*  
Malaysian, aged 40

Dato' Megat Fairouz Junaidi bin Megat Junid was appointed as Independent Non-Executive Chairman on 17 June 2005. He is also Chairman of the Audit Committee. He graduated from the Arkansas State University with a Bachelor of Science in Finance in 1987 and a Master in Business Administration in 1988. He has had many years of experience in the corporate sector and is currently a director of Ye Chiu Metal Smelting Berhad and Kumpulan Europlus Berhad.

**Cheong Kok Yai**  
*Executive Director / Chief Technical Officer*  
Malaysian, aged 46

Cheong Kok Yai was appointed as Chief Technical Officer on 17 June 2005. He is also a director and CTO of INIX Technologies Sdn Bhd. Cheong obtained a Full Technological Certificate in Electrical Engineering Practice, Advanced Electrical Technology, Control Systems Engineering, Electronic Systems and Telecommunication Technicians Course from the City and Guilds of London Institute in 1981. After a short employment stint as a technician for a semiconductor manufacturer, he started Micro Technology, his self-owned business enterprise which provided services in repair and maintenance of computers and electronic products. In 1995, he co-founded PC Sentry Sdn Bhd where he led the company's technical support and research and development operations, including the design and development of a number of advanced computerised applications.

## Directors' Profile

**Chong Chen Fah***Executive Director / Chief Financial Officer*

Malaysian, aged 47

Chong Chen Fah was appointed a Director on 13 September 2004 and was designated as Chief Financial Officer on 17 June 2005. He is a member of the Audit Committee. Chong is a chartered accountant with more than 20 years experience in both government and corporate sectors. He served in the Accountant General's Department of the Ministry of Finance for 11 years, including two years secondment to the Ministry of Home Affairs and the Royal Malaysian Police. He was later group chief financial officer of a diversified public company with interests in merchandising of motorcars, trucks and buses, and industrial and commercial plant and equipment. Besides being a member of the Malaysian Institute of Accountants, he holds a B.Acc.(Hons.) from the University of Malaya and is a member of the Malaysian Institute of Management, the Institute of Internal Auditors Malaysia and the Malaysian Institute of Taxation.

**Mok Chin Fan***Non-Independent Non-Executive Director*

Malaysian, aged 47

Mok Chin Fan was appointed a Non-Independent Non-Executive Director on 17 June 2005. Mok is a self-made entrepreneur with business interests in automotive services, and more recently, in ICT. His longtime passion for cars and early attraction to automotive mechanics saw him commence his career as a motor apprentice in 1970. He was later a freelance automotive mechanic and sub-contractor for franchised workshops for more than 12 years. In 1988, he incorporated an automotive maintenance and service company specialising in high-end performance and luxury automobiles. Mok joined PC Sentry Sdn Bhd as a director in 2003, bringing with him a rich blend of entrepreneurial savvy, technical expertise, hands-on operational and management experience, and sound customer-focussed business sense.

**Madzlan bin Mohamed Nazri***Independent Non-Executive Director*

Malaysian, aged 40

Madzlan bin Mohamed Nazri was appointed as Independent Non-Executive Director on 17 June 2005. He is a member of the Audit Committee. Mazlan obtained a Diploma in Public Administration from Institut Teknologi Mara (ITM) in 1988. In 1986, while still in ITM's part time course, he joined Majlis Perbandaran Petaling Jaya as a prosecuting officer. From 1996 he was liaison officer of Tenggara Capital Berhad's property and business development department. He started his own business in 1999, establishing Urban Flame Sdn Bhd to provide private parking management services. He became a director of Behn Mas Sdn Bhd in 2000, and of Array Technology Sdn Bhd in 2003. Behn Mas is involved in construction procurement while Array Technology provides systems solutions to Suruhanjaya Syarikat Malaysia and to local authorities such as Majlis Perbandaran Petaling Jaya, Majlis Perbandaran Subang Jaya, Majlis Bandaraya Shah Alam, Majlis Perbandaran Klang and Majlis Perbandaran Ampang Jaya.

**Mohd Yusoff bin Mohd Noor***Non-Independent Non-Executive Director*

Malaysian, aged 47

Mohd Yusoff bin Mohd Noor was appointed as Non-Independent Non-Executive Director on 17 June 2005. He was attached to Bahagian Protokol, Dewan Undangan Negeri Pulau Pinang from 1978 to 1994. Since 1994, he had been involved in various businesses where he played an active role in corporate management.

# Corporate Governance Statement

The Board of Directors of INIX Technologies Holdings Berhad (INIX) totally supports the prescriptions and recommendations of the principles and best practices set out in the Malaysian Code on Corporate Governance (Code). The Board views this as a fundamental part of its responsibility to protect and enhance shareholders' value. Accordingly, the Board has and will continue to play an active role in improving governance practices in the Group's operations, including timeliness in corporate disclosure and financial reporting.

## Directors

INIX is led and managed by an experienced Board of Directors comprising members with a wide range of business, information technology, financial and technical backgrounds. This brings depth and diversity in expertise and perspectives to the stewardship of a highly challenging information technology company. The profiles of the members of the Board, appearing on pages 9 to 10 of the Annual Report, illustrate a spectrum of experiences vital to the direction and management of INIX.

## Composition

The current Board consists of seven members, comprising three executive directors and four non-executive directors, of whom two are independent as defined by the Bursa Malaysia Securities Berhad (Bursa Securities) Listing Requirements for the Mesdaq Market.

The independent directors provide strong support towards the effective discharge of the duties and responsibilities of the Board and fulfill their role by the exercise of independent judgment and objective participation in the proceedings and decisions of the Board.

## Duties and Responsibilities

The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this, the Board maps out and reviews the Group's medium and long term strategic plans on an annual basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions.

The Board also reviews the action plans that are implemented by the Management to achieve business targets.

The Board's other main duties include regular oversight of the Group's business operations and performance, and ensuring that the internal controls and risk management processes of the Group are well in place and are implemented consistently.



## Corporate Governance Statement

### Board Meetings

Board meetings are held at least four times annually, with additional meetings convened as and when necessary. During the financial period from the date of incorporation on 13 September 2004 to 31 July 2005, four Board meetings were held. Details of each Director's meeting attendance during the period are as follows:

Director	Attendance
Dato' Megat Fairouz Junaidi bin Megat Junid * (Chairman, Independent Non-Executive Director)	2 of 2
Jimmy Tok Soon Guan * (Executive Director)	2 of 2
Cheong Kok Yai * (Executive Director)	2 of 2
Chong Chen Fah (Executive Director)	4 of 4
Mok Chin Fan * (Non-Independent Non-Executive Director)	2 of 2
Mohd Yusoff bin Mohd Noor * (Non-Independent Non-Executive Director)	2 of 2
Madzlan bin Mohamed Nazri * (Independent Non-Executive Director)	2 of 2
Hew Yoong Shiang (Director, resigned on 23 June 2005)	2 of 2

\* Appointed on 17 June 2005

### Access to Information

The Board and the Board committees are furnished with an agenda and relevant up-to-date information for review prior to each meeting to enable them to make informed decisions.

The Board members, whether as a full board or in their individual capacities, have full and timely access to all relevant information on the Group's businesses and affairs to discharge their duties effectively. Every member of the Board has ready and unrestricted access to the advice and services of the Company Secretaries. The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. Procedures are also in place for the Directors and Board committees to seek independent professional advice if so required by them.

### Appointment and Re-election of Directors

In accordance with the Articles of Association of the Company, all directors are subject to re-election by rotation at least once in every three years and a re-election of directors shall take place at each annual general meeting. Directors who are appointed to fill a casual vacancy are subject to election by shareholders at the next annual general meeting following their appointment.

### Directors' Training

Save for the Independent Non-Executive Chairman Dato' Megat Fairouz Junaidi bin Megat Junid, the Directors have yet to attend the Mandatory Accreditation Programme (MAP) but will be required do so within four months from the date of INIX's listing on the Mesdaq Market of Bursa Securities on 1 September 2005.

The Board will keep track and monitor the progress of Directors' training on a regular basis and a report on the status of Directors' training activities would be compiled and tabled at the Board meetings.

### Directors' Remuneration

The Remuneration Committee recommends to the Board the framework for the remuneration of the executive and non-executive directors. Directors' fees are subject to shareholders' approval.

The number of Directors whose total remuneration for the financial period ended 31 July 2005, inclusive of remuneration received from subsidiary company INIX Technologies Sdn Bhd (ITSB) prior to the Company's acquisition of ITSB on 17 June 2005, fall within the respective bands as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,000 & below	1	2
RM50,001 to RM100,000	1	2
RM100,001 to RM200,000	1	0
Above RM200,000	0	0

### Board Committees

The Board has delegated certain responsibilities to Board committees, namely, the Audit Committee, Nomination Committee, Remuneration Committee and Employee Share Option Scheme Committee, to support and assist the Board in discharging its fiduciary duties and responsibilities.

The functions and terms of reference of the Board committees, as well as the authority delegated by the Board to the respective committees have been clearly defined by the Board. The Chairman of the various committees report the outcome of the committee meetings to the Board and minutes of the meetings of Board Committees are tabled for the Board's perusal.

#### Audit Committee

A full Audit Committee Report enumerating its membership, terms of reference and activities during the financial period under review is set out on page 16 of this Annual Report.

#### Nomination Committee

The Board's Nomination Committee comprises three non-executive directors, two of whom are independent, as follows:

Chairman: Dato' Megat Fairouz Junaidi bin Megat Junid  
(Independent Non-Executive Chairman)

Members: Madzlan bin Mohamed Nazri  
(Independent Non-Executive Director)

Mok Chin Fan  
(Non-Independent Non-Executive Director)

The Committee is responsible, inter-alia, to recommend candidates for directorship to the Board as well as membership to Board committees. The Committee assesses the Board collectively on an on-going basis, taking into account size and required mix of skills. In making its recommendations to the Board, the Committee takes into consideration the core competencies the directors individually and collectively possess in relation to the businesses of the Group and the business environment.

The Committee has yet to meet since it was established on 22 September 2005.

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## Corporate Governance Statement

### Remuneration Committee

The Remuneration Committee comprises two non-executive directors, both of whom are independent, and one executive director. The present members are:

Chairman: Dato' Megat Fairouz Junaidi bin Megat Junid  
(Independent Non-Executive Chairman)

Members: Madzlan bin Mohamed Nazri  
(Independent Non-Executive Director)

Jimmy Tok Soon Guan  
(Executive Director)

The Committee's primary responsibility is to recommend to the Board, the remuneration of directors (executive and non-executive) in all its forms, drawing from outside advice as necessary. The determination of remuneration packages of Directors is a matter for the Board as a whole, and individuals are required to abstain from discussion of their own remuneration.

The Remuneration Committee meets at least once a year to recommend to the Board the remuneration of Directors, including fees. The Committee was established on 22 September 2005 and did not meet during the financial period under review.

### Employee Share Option Scheme Committee

The members of the INIX Employee Share Option Scheme (ESOS) Committee are as follows:

Chairman : Jimmy Tok Soon Guan  
(Executive Director)

Members : Cheong Kok Yai  
(Executive Director)

Mok Chin Fan  
(Non-Independent Non-Executive Director)

The principal duties and responsibilities of the Committee is to administer the INIX Employee Share Option Scheme (ESOS) in accordance with the ESOS By-Laws approved by the shareholders of the Company on 17 June 2005. The ESOS Committee only meets as and when required, and did not meet during the financial period under review.

### Shareholders

The Group is committed to regular and proactive communication with shareholders and investors. Formal channels are used to communicate to the shareholders and investors on all major developments of the Group on a timely basis.

In addition to quarterly financial reports and various disclosure and announcements made to Bursa Securities, the other key channel of communication with shareholders and investors is the annual report of the Group, where details on the financial results and activities of the Group are provided.

The Company's annual general meeting is an important forum for dialogue and interaction with shareholders. Shareholders have the liberty to raise questions on the proposed resolutions at the meeting as well as matters relating to the Group's businesses and affairs.

The Group also maintains a website at [www.inix.com.my](http://www.inix.com.my) to enable easy and convenient access to up-to-date information relating to the Group.



## Accountability and Audit

### Financial Reporting

The Board aims to present a balanced and comprehensive assessment of the Group's financial performance through the annual audited financial statements and quarterly financial reports to shareholders. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

### Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period, and of the results of their operations and cash flows for the period then ended.

In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied. The Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

### Internal Control

The Board acknowledges its overall responsibility in maintaining an internal control system that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations as well as internal procedures and guidelines.

It is recognised that risks cannot be eliminated completely. Therefore, the internal controls are aimed at minimising and managing such risks. The Board considers that the system of internal controls instituted throughout the Group is sound and sufficient to safeguard shareholders' investments and the Company's assets. The Group is continuously looking into the adequacy and integrity of its system of internal controls to ensure the effectiveness of the system.

### Audit Committee

The Audit Committee conducts reviews of the Group's system of internal controls and its financial reports and statements. Minutes of its meetings are tabled to the Board for perusal and for action where appropriate. The terms of reference of the Audit Committee is in the Audit Committee Report set out on page 16 of this Annual Report.

### Auditors

It is the policy of the Audit Committee to meet the external auditors at least once a year to discuss their audit plan, audit findings and the financial statements. The Audit Committee also meets the external auditors without the presence of the Management whenever deemed necessary.

*This Statement is made in accordance with a resolution of the Board of Directors dated 30 September 2005.*

# Audit Committee Report

## Members

The Audit Committee comprises:

Chairman: **Dato' Megat Fairouz Junaidi bin Megat Junid**  
*Independent Non-Executive Chairman*

Members: **Madzlan bin Mohamed Nazri**  
*Independent Non-Executive Director*

**Chong Chen Fah**  
*Executive Director*

## Terms of Reference

### Membership

Members of the Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise not less than three members, a majority of whom shall be independent directors.

The Chairman of the Audit Committee shall be appointed by members of the Committee and must be an independent director.

### Meetings

The Committee shall meet at least four times in a year.

A quorum shall be two members, both of whom shall be independent directors.

The Chairman of the Committee shall, upon the request of the auditor, convene a meeting of the Committee to consider any matter which the auditor believes should be brought to the attention of the directors or shareholders.

The auditor has the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.

### Functions

The functions of the Audit Committee shall be

1. to review
  - (a) with the auditor, the audit plan;
  - (b) with the auditor, his evaluation of the system of internal accounting controls;
  - (c) with the auditor, his audit report;
  - (d) the assistance given by the Company's officers to the auditor;
  - (e) the scope and results of the internal audit procedures;
  - (f) the financial statements and reports of the Group submitted to it by the Company, and thereafter to submit them to the Directors of the Company;
  - (g) any related party transactions that may arise within the Company or Group;
2. to recommend to the Board a person or persons as auditors;
3. to perform any other functions, responsibilities and/or duties as may be imposed by Bursa Securities or any other relevant authorities from time to time; and
4. to perform such other functions as may be agreed to by the Committee and the Board of Directors.

## Summary of Activities

The Audit Committee was established on 17 June 2005. No meeting was held during the financial period ended 31 July 2005 prior to the listing of the Company on 1 September 2005.

## FINANCIAL STATEMENTS

Directors' Report	18
Balance Sheets	22
Income Statements	23
Statement of Changes in Equity	24
Cash Flow Statements	25
Notes to the Financial Statements	27
Statement by Directors	38
Statutory Declaration	38
Report of the Auditors	39

# Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from the date of incorporation on 13 September 2004 to 31 July 2005.

## 1. DATE OF INCORPORATION AND PRINCIPAL ACTIVITY

The Company was incorporated on 13 September 2004. The Company operates as an investment holding company. The principal activities of the subsidiary company are disclosed in Note 8 to the financial statements.

## 2. RESULTS

	Group RM	Company RM
Net profit/(loss) for the period	810,190	(40,700)

## 3. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the current financial period.

## 4. RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those stated in the financial statements or in the notes thereto.

## 5. SHARE CAPITAL

On 17 June 2005, the ordinary shares in the Company were subdivided in such manner that every existing 1 (one) ordinary share of RM1.00 each was subdivided into 10 (ten) ordinary shares of RM0.10 each and accordingly, the existing two ordinary shares of RM1.00 each of the Company were subdivided into 20 ordinary shares of RM0.10 each.

On the same day, the Company increased its authorised share capital from RM100,000 to RM25,000,000 by the creation of 249,000,000 new ordinary shares of RM0.10 each. The new ordinary shares when issued shall rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company.

Pursuant to the Sale and Purchase Agreement entered into between INIX Technologies Holdings Berhad and the shareholders of INIX Technologies Sdn. Bhd. ("ITSB") dated 28 September 2004, the Company acquired the entire equity interest representing 1,667,146 ordinary shares of RM1.00 each in ITSB for a total consideration of RM8,050,998, satisfied by the issue of 80,509,980 new ordinary shares of RM0.10 each in the Company.

## 6. DIRECTORS

The directors in office since the date of incorporation are:-

Dato' Megat Fairouz Junaidi bin Megat Junid	<i>(appointed on 17.6.2005)</i> - Chairman
Jimmy Tok Soon Guan	<i>(appointed on 17.6.2005)</i> - Executive Director
Cheong Kok Yai	<i>(appointed on 17.6.2005)</i> - Executive Director
Mok Chin Fan	<i>(appointed on 17.6.2005)</i>
Mohd Yusoff bin Mohd Noor	<i>(appointed on 17.6.2005)</i>
Madzlan bin Mohamed Nazri	<i>(appointed on 17.6.2005)</i>
Chong Chen Fah	<i>(first director)</i> - Executive Director
Hew Yoong Shiang	<i>(first director; resigned on 23.6.2005)</i>

## 7. DIRECTORS' INTERESTS

The shareholdings in the Company and in its related companies of those persons who were directors at the end of the financial period, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:-

	Number of ordinary shares of RM1.00 in the Company			
	At date of incorporation	Acquired	Disposed	As at 17.6.2005
<b>Direct interests -</b>				
Chong Chen Fah	1	-	-	1
	Number of ordinary shares of RM0.10 in the Company			
	As at 17.6.2005*	Acquired	Disposed	As at 31.7.2005
<b>Direct interests -</b>				
Chong Chen Fah	10 *	2,495,811	-	2,495,821
<b>Indirect interests -</b>				
<b>(held through PC Sentry Sdn. Bhd.)</b>				
Jimmy Tok Soon Guan	-	35,424,390	-	35,424,390
Cheong Kok Yai	-	35,424,390	-	35,424,390
Mok Chin Fan	-	35,424,390	-	35,424,390

\* On 17 June 2005, each ordinary share of RM1.00 was subdivided into 10 ordinary shares of RM0.10 each.

Other than as disclosed above, none of the directors in office at the end of the financial period held shares or had beneficial interest in the shares of the Company or its related companies during the financial period.

## 8. DIRECTORS' BENEFITS

Since the date of incorporation, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Other than the Employee Share Option Scheme approved by shareholders on 17 June 2005 as disclosed in Section 9 of this Report, neither during nor at the end of the financial period was the Company a party to any other arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' Report

### 9. EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("the Scheme") was approved by the shareholders at an Extraordinary General Meeting ("EGM") held on 17 June 2005.

The salient features of the Scheme are as follows:

- (i) The aggregate number of shares to be offered under the Scheme shall not exceed 15% of the issued and paid-up share capital of the Company at any one time during the duration of the Scheme. Further, not more than 50% of the shares available under the Scheme shall be allocated in aggregate to Directors and senior management and not more than 10% of the shares available under the Scheme shall be allocated to any individual eligible person who, either singly or collectively through persons connected with the eligible person, holds 20% or more of the issued and paid-up share capital of the Company.
- (ii) The Scheme shall be in force for a duration of 5 years commencing from the Effective Date, being the date of full compliance with all relevant requirements for the Scheme.
- (iii) The option is personal to the grantee and is exercisable only by the grantee personally during his life time whilst he or she is in the employment or appointment of any company in the Group, subject to certain provisions of the By-Laws.
- (iv) The option shall not be transferred, assigned, disposed of or subject to any encumbrances by the grantee except in the event of the death of the grantee as provided in the By-Laws. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the option.
- (v) An eligible person must be at least eighteen years of age on the Date of Offer and in the case of an employee, must have been confirmed on the Date of Offer.
- (vi) The Subscription Price of each of the Company's shares comprised in any option shall be the weighted average market price of the share for the 5 market days immediately preceding the date of offer with a discount of not more than 10% and shall not be less than the par value of the shares.
- (vii) In the event of any alteration in the capital structure of the Company whether by way of a capitalisation issue, rights issue, bonus issue, consolidation, subdivision of shares, capital reduction or any other variation of capital, adjustments shall be made to the number of shares which a grantee shall be entitled to subscribe for upon the exercise of each option and/or the subscription price.

Subsequent to the balance sheet date, 6,000,000 options have been granted to eligible persons pursuant to the Scheme.

### 10. OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made up, the directors took reasonable steps:-
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business, their values as stated in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report:-
  - (i) the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

**10. OTHER STATUTORY INFORMATION (continued)**

- (b) At the date of this report:- (continued)
- (ii) the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
  - (iii) the directors are not aware of any circumstances which have arisen that would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate;
  - (iv) the directors are not aware of any circumstances that would render any amount stated in the financial statements of the Group and of the Company misleading;
  - (v) there does not exist any charge on the assets of the Group and of the Company that has arisen since 31 July 2005 which secures the liabilities of any other person; and
  - (vi) there does not exist any contingent liability of the Group and of the Company that has arisen since 31 July 2005.
- (c) No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months from 31 July 2005 which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.
- (d) In the opinion of the directors:-
- (i) the results of the Group and of the Company for the period ended 31 July 2005 were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between 31 July 2005 and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Group and of the Company for the financial period in which this report is made.

**11. AUDITORS**

Azman, Wong, Salleh & Co. have expressed their willingness to accept reappointment.

Signed in accordance with a resolution of the Board of Directors,

**DATO' MEGAT FAIROUZ JUNAIDI BIN MEGAT JUNID**

**JIMMY TOK SOON GUAN**

Kuala Lumpur  
30 September 2005

# Balance Sheets

as at 31 July 2005

	Note	GROUP RM	COMPANY RM
<b>INTANGIBLE ASSETS</b>	6	775,000	-
<b>PROPERTY, PLANT AND EQUIPMENT</b>	7	1,360,137	-
<b>INVESTMENT IN SUBSIDIARY COMPANY</b>	8	-	8,050,998
<b>CURRENT ASSETS</b>			
Inventories	9	379,487	-
Trade receivables	10	10,944,386	-
Other receivables		798,833	286,462
Cash and bank balances		135,255	2
		12,257,961	286,464
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables	11	352,111	-
Other payables		468,481	27,350
Provision for warranty claims	12	63,259	-
Amount due to subsidiary company		-	299,812
		883,851	327,162
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		11,374,110	(40,698)
		13,509,247	8,010,300
<b>FINANCED BY:-</b>			
<b>SHARE CAPITAL</b>	13	8,051,000	8,051,000
<b>RESERVE ON CONSOLIDATION</b>		4,648,057	-
<b>RETAINED PROFITS/(ACCUMULATED LOSSES)</b>		810,190	(40,700)
		13,509,247	8,010,300

The notes on pages 27 to 37 form part of these financial statements.



# Income Statements

for the period from the date of incorporation  
on 13 September 2004 to 31 July 2005

	Note	GROUP RM	COMPANY RM
REVENUE	14	2,349,947	-
COST OF SALES	15	(779,023)	-
GROSS PROFIT		1,570,924	-
SELLING AND MARKETING EXPENSES		(183,580)	-
ADMINISTRATIVE EXPENSES		(197,175)	(40,700)
OTHER OPERATING EXPENSES		(198,994)	-
RESEARCH AND DEVELOPMENT EXPENSES		(180,985)	-
PROFIT/(LOSS) FROM OPERATIONS		810,190	(40,700)
FINANCE COST		-	-
PROFIT/(LOSS) BEFORE TAXATION	16	810,190	(40,700)
TAXATION	17	-	-
PROFIT/(LOSS) AFTER TAXATION		810,190	(40,700)

*The notes on pages 27 to 37 form part of these financial statements.*

# Statement of Changes in Equity

for the period from the date of incorporation on  
13 September 2004 to 31 July 2005

	Share Capital RM	Reserve on Consolidation RM	Retained Profits/ (Accumulated Losses) RM	Total RM
<b>GROUP</b>				
At date of incorporation	2	-	-	2
Issue of shares during the period	8,050,998	-	-	8,050,998
Net profit for the period	-	-	810,190	810,190
Reserve on acquisition of a subsidiary company	-	4,648,057	-	4,648,057
Balance at 31 July 2005	8,051,000	4,648,057	810,190	13,509,247
<b>COMPANY</b>				
At date of incorporation	2	-	-	2
Issue of shares during the period	8,050,998	-	-	8,050,998
Net loss for the period	-	-	(40,700)	(40,700)
Balance at 31 July 2005	8,051,000	-	(40,700)	8,010,300

*The notes on pages 27 to 37 form part of these financial statements.*

# Cash Flow Statements

for the period from the date of incorporation on  
13 September 2004 to 31 July 2005

	Group RM	Company RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	810,190	(40,700)
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	75,239	-
Amortisation of intangible asset	11,957	-
Provision for warranty claims (net)	(12,854)	-
Allowance for doubtful debts	241,877	-
<b><i>Operating profit/(loss) before working capital changes</i></b>	<b>1,126,409</b>	<b>(40,700)</b>
Increase in amount due to subsidiary company	-	299,812
Decrease in inventories	599,894	-
Increase in trade receivables	(1,443,153)	-
(Decrease)/Increase in other receivables	13,350	(286,462)
Increase in trade payables	131,278	-
Increase in other payables	235,174	27,350
<b><i>Net cash generated from operating activities</i></b>	<b>662,952</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiary company	184,001	(8,050,998)
Purchase of property, plant and equipment	(711,700)	-
<b><i>Net cash used in investing activities</i></b>	<b>(527,699)</b>	<b>(8,050,998)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	2	8,051,000
<b><i>Net cash generated from financing activities</i></b>	<b>2</b>	<b>8,051,000</b>
<b><i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i></b>	<b>135,255</b>	<b>2</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>135,255</b>	<b>2</b>
<i>These comprise:-</i>		
Cash in hand	5,327	2
Bank balances	129,928	-
	<b>135,255</b>	<b>2</b>

## Cash Flow Statements

### ANALYSIS OF ACQUISITION OF SUBSIDIARY COMPANY

During the period, the Company acquired the entire equity interest in INIX Technologies Sdn. Bhd ("ITSB"). As a result, ITSB became a wholly-owned subsidiary company.

Details of net assets acquired, cash flows arising from the acquisition and the effect of the acquisition on the financial position of the Group are as follows:

	Unaudited at 17 June 2005 (date of acquisition) RM	Audited at 31 July 2005 RM
Property, plant and equipment	723,676	1,360,137
Inventories	979,381	379,487
Trade receivables	9,743,110	10,944,386
Other receivables	512,371	512,371
Intangible assets	786,957	775,000
Amount due from holding company	299,812	-
Cash and bank balances	184,001	135,253
Trade payables	(220,833)	(352,111)
Other payables	(233,307)	(441,131)
Provision for warranty claims	(76,113)	(63,259)
Net assets acquired / Increase in net assets	12,699,055	<u>13,250,133</u>
Reserve on consolidation	(4,648,057)	
Total purchase consideration	8,050,998	
Less: Consideration discharged by issuance of shares	(8,050,998)	
Consideration discharged by cash	-	
Less: Cash and bank balances of subsidiary company acquired	(184,001)	
Cash inflow on acquisition net of cash and cash equivalents acquired	<u>(184,001)</u>	

The effect of the acquisition on the financial results of the Group up to the date of acquisition are as follows:

	Unaudited up to 17 June 2005 (date of acquisition) RM
Revenue	14,104,792
Cost of sales	(6,656,597)
Gross profit	7,448,195
Other operating income	37,417
Selling and marketing expenses	(717,826)
Administrative expenses	(886,419)
Other operating expenses	(302,032)
Research and development expenses	(930,255)
Profit from operations	4,649,080
Finance cost	(984)
Profit before taxation	4,648,096
Taxation	-
Profit after taxation	<u>4,648,096</u>

The notes on pages 27 to 37 form part of these financial statements.

# Notes to the Financial Statements

31 July 2005

## 1. BASIS OF ACCOUNTING

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

## 2. DATE OF INCORPORATION AND PRINCIPAL ACTIVITY

The Company was incorporated on 13 September 2004. The principal activity of the Company is investment holding. The principal activities of the subsidiary company are disclosed in Note 8 to the financial statements.

## 3. GENERAL INFORMATION

The financial statements of the Company were authorised for issue on 30 September 2005 by the Board of Directors.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

At the end of the financial period, 59 employees were engaged by the Group.

The address of the registered office of the Company is Lot 10 The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at 59-A, Jalan SS15/4C, 47500 Subang Jaya, Selangor Darul Ehsan.

The Company is listed on the Mesdaq Market of Bursa Malaysia Securities Berhad.

## 4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The activities of the Group expose it to certain financial risks principally in the form of foreign currency risk, credit risk, technological risk and liquidity risk for which the Group has formulated a financial risk management framework with the principal objectives of minimising the Group's exposure to risks and/or costs associated with the operating, investing and financing activities of the Group.

### (a) Foreign Currency Risk

The Group is exposed to currency risks as a result of the foreign currency transactions entered into in currencies other than its functional currency. The Group reviews its foreign currency exposure periodically to ensure that its net exposure is managed at an acceptable level.

### (b) Credit Risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

### (c) Technological and Market Risks

The Group is exposed to technological and market risks arising mainly from its product offerings. These risks are managed through constant investments in research and development, market evaluation and product innovation to ensure that the Group's range of products and services are market relevant and price competitive.

## Notes to the Financial Statements

### 4. RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### (d) Financial Assets

The Group's principal financial assets are trade and other receivables and cash and bank balances.

#### (e) Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement.

Significant financial liabilities include trade payables and other payables.

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary company made up to 31 July 2005.

The results of subsidiary companies acquired or disposed are consolidated in the income statement of the Group from the date of acquisition or up to the date of disposal using the acquisition method of accounting.

At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The excess or shortfall of the cost of acquisition over the fair value of the Group's share of the subsidiary companies' identifiable net assets at the date of acquisition is reflected as goodwill or reserve on consolidation. Minority interest is measured at the minorities' share of fair values of the identifiable assets and liabilities of the acquiree.

Goodwill arising on consolidation in respect of subsidiaries acquired is recorded at cost in the balance sheet. Where an indication of impairment exist, the carrying amount is assessed and written down to its recoverable amount.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets.

All intercompany transactions and balances are eliminated on consolidation.

#### (b) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Property, plant and equipment are depreciated on a straight line basis to write off the cost over their expected useful lives. The principal annual rates used are as follows:

Motor vehicle	16%
Office and technical equipment	16%
Machinery, renovation, furniture and fittings	10%

When property, plant and equipment is disposed, the resultant gain or loss on disposal is determined by comparing the disposal proceeds with the carrying amount and is included in the income statement.

#### (c) Inventories

Inventories are valued at the lower of cost and net realisable value after making adequate allowance for deteriorated, damaged, obsolete or slow-moving items. Cost includes the actual cost of materials and incidental expenses incurred in bringing the inventories to their present location and condition, and is determined on a "first-in, first-out" basis.

**5. SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) Receivables**

Receivables are stated at anticipated recoverable value.

Bad debts are written off in the period in which they are identified. Specific allowance for certain receivables accounts is made when their recoverability is identified as doubtful. A general allowance is also established to cover the inherent risk of possible losses which could not be specifically identified at balance sheet date.

**(e) Intangible Assets**

This comprises intellectual property assets.

Intellectual property assets represent the power line carrier technology and supporting technologies applied in designing and integrating the security systems and appliances automation systems. Intellectual property assets are amortised over 10 years on a straight line basis.

**(f) Impairment of Assets**

The carrying values of assets (other than inventories and financial assets) are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the relevant cash generating units.

An impairment loss is charged to the income statement immediately. Any subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately. There is no impairment loss recognised in the income statement of the Group or of the Company to date.

**(g) Provision For Warranty claims**

The Group undertakes to repair or replace defective items under its product warranty scheme. A provision is recognised at the end of the financial period to cover the Group's warranty obligations based on an estimate level of possible defects. This provision is reviewed at each balance sheet date to reflect the current best estimate of the amount required to settle the potential warranty obligations.

**(h) Foreign Currencies**

Transactions in foreign currencies are translated into Ringgit Malaysia at the approximate rates of exchange ruling at the transaction dates. All resultant exchange gains or losses in foreign currencies are taken to the income statement.

The principal closing rate used in translation of foreign currency amounts is as follows:

1 US Dollar	RM 3.75
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**Notes to the Financial Statements****5. SIGNIFICANT ACCOUNTING POLICIES (continued)****(i) Income Taxes**

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the applicable tax rate at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised capital allowances and unabsorbed tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unutilised capital allowances and unabsorbed tax losses can be utilised.

Deferred tax is measured at the applicable tax rate at the balance sheet date.

**(j) Revenue Recognition**

Sales revenue is recognised upon acceptance of goods and services delivered / rendered to customers.

**(k) Research and Development Costs**

Research and development costs are recognised as an expense in the income statement as incurred.

**(l) Employee Benefits***Short Term Benefits*

Salaries, wages, allowances, commission and bonuses are recognised as an expense in the period in which the associated services are rendered by employees of the Group.

*Defined Contribution Plan*

As required by law, the Group makes contributions to the Employees Provident Fund ("EPF"), the national pension plan. Such contributions are recognised as an expense in the income statement as incurred. Once the contributions have been paid, the company has no further payment obligations.

**(m) Cash and Cash Equivalents**

Cash equivalents are short term, highly liquid placements that are readily convertible to cash with insignificant risk of changes in value.

**(n) Segment Information**

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. Most segment assets can be directly attributed to the segment on a reasonable basis.



**6. INTANGIBLE ASSETS***Intellectual Property Assets*

	GROUP RM
Cost:	
Arising from acquisition of subsidiary company	786,957
At 31 July 2005	786,957
Accumulated Amortisation:	
Charge for the period	11,957
At 31 July 2005	11,957
Carrying Value at 31 July 2005	775,000

**7. PROPERTY, PLANT AND EQUIPMENT**

GROUP - 2005	Machinery and Technical Equipment RM	Renovation RM	Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Total RM
Cost:						
Arising from acquisition of subsidiary company	280,606	199,385	143,473	70,546	29,666	723,676
Additions	693,750	16,200	1,750	-	-	711,700
At 31 July 2005	974,356	215,585	145,223	70,546	29,666	1,435,376
Accumulated Depreciation:						
Charge for the period	63,816	4,848	4,780	1,129	666	75,239
At 31 July 2005	63,816	4,848	4,780	1,129	666	75,239
Net Book Value at 31 July 2005	910,540	210,737	140,443	69,417	29,000	1,360,137

**8. INVESTMENT IN SUBSIDIARY COMPANY**

	COMPANY RM
Unquoted shares, at cost	8,050,998

The wholly-owned subsidiary company is INIX Technologies Sdn. Bhd. ("ITSB"), a company incorporated in Malaysia. The principal activities of the subsidiary company are the development and sales of integrated intelligent wireless security, automation and closed-circuit television surveillance systems.

On 17 June 2005, pursuant to a Sale and Purchase Agreement entered into between the Company and the shareholders of ITSB dated 28 September 2004, the Company acquired the entire issued and paid-up share capital of ITSB.

## Notes to the Financial Statements

## 9. INVENTORIES

	GROUP RM
At cost:	
Raw materials	178,644
Work-in-progress	53,829
Finished goods	147,014
	<u>379,487</u>

## 10. TRADE RECEIVABLES

Trade receivables:

Arising from acquisition of subsidiary company	10,042,295
Net increase for the period	1,305,092
At 31 July 2005	<u>11,347,387</u>

Allowances for doubtful debts:

General allowance arising from acquisition of subsidiary company	299,185
Specific allowance for the period	66,900
General allowance for the period	36,916
	<u>103,816</u>
At 31 July 2005	<u>403,001</u>

Net trade receivables	<u>10,944,386</u>
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The foreign currency exposure profile of trade receivables:

US Dollar	<u>3,947,440</u>
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The credit terms of trade receivables average between 60 days to 180 days.

## 11. TRADE PAYABLES

The credit terms of trade payables average between 30 days to 60 days.

## 12. PROVISION FOR WARRANTY CLAIMS

	GROUP RM
Arising from acquisition of subsidiary company	76,113
Write back and claims	(19,224)
Provision for the period	6,370
Balance at 31 July 2005	<u>63,259</u>

## 13. SHARE CAPITAL

	GROUP/COMPANY Number of shares	RM
<b>Authorised:</b>		
Ordinary shares of RM 1.00 each -		
At date of incorporation	100,000	100,000
Ordinary shares of RM0.10 each -		
Subdivision of shares	1,000,000	100,000
Created during the period	249,000,000	24,900,000
At 31 July 2005	<u>250,000,000</u>	<u>25,000,000</u>

## 13. SHARE CAPITAL (continued)

	GROUP/COMPANY	
	Number of shares	RM
<b>Issued and fully paid:</b>		
Ordinary shares of RM 1.00 each -		
At date of incorporation	2	2
Ordinary shares of RM0.10 each -		
Subdivision of shares	20	2
Created during the period	80,509,980	8,050,998
At 31 July 2005	80,510,000	8,051,000

On 17 June 2005, the ordinary shares in the Company were subdivided in such manner that every existing 1 (one) ordinary share of RM1.00 each was subdivided into 10 (ten) ordinary shares of RM0.10 each and accordingly, the existing two ordinary shares of RM1.00 each in the Company were subdivided into 20 ordinary shares of RM0.10 each.

On the same day, the Company increased its authorised share capital from RM100,000 to RM25,000,000 by the creation of 249,000,000 new ordinary shares of RM0.10 each. The new ordinary shares when issued shall rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company.

Pursuant to the Sale and Purchase Agreement entered into between INIX Technologies Holdings Berhad and the shareholders of INIX Technologies Sdn. Bhd. ("ITSB") dated 28 September 2004, the Company acquired the entire equity interest representing 1,667,146 ordinary shares of RM1.00 each in ITSB for a total consideration of RM8,050,998, satisfied by the issue of 80,509,980 new ordinary shares of RM0.10 each in the Company.

## 14. REVENUE

This represents the invoiced value of goods sold (less discounts and returns), including installation and related charges.

## 15. COST OF SALES

Included in cost of sales are charges in respect of amortisation of intangible assets and provision for warranty claims writtenback amounting to RM11,957 and RM12,854 respectively for the period.

## 16. PROFIT/(LOSS) BEFORE TAXATION

	GROUP RM	COMPANY RM
<i>This is arrived at after charging:</i>		
Audit fees		
- statutory audit	12,000	7,000
- non-statutory audit	1,000	1,000
Depreciation on property, plant and equipment (Note 7)	75,239	-
Allowance for doubtful debts (Note 10)	103,816	-
Office rental	18,926	-
Directors' remuneration		
- fees paid to non-executive directors	35,000	20,000
- emoluments paid to executive directors	41,977	6,000
Research and development costs	180,985	-

## Notes to the Financial Statements

## 16. PROFIT/(LOSS) BEFORE TAXATION (continued)

	GROUP RM	COMPANY RM
Directors' remuneration including contributions to EPF of RM3,840 are taken up in the income statement as follows:		
Administrative expenses	61,237	26,000
Research and development expenses	15,740	-
	76,977	26,000

The above disclosures in respect of the Group include the post acquisition results of the subsidiary company, INIX Technologies Sdn. Bhd.

## 17. TAXATION

There is no tax expense for the Group and the Company for the following reasons:-

- i) The Company recorded an operating loss for the period; and
- ii) The wholly-owned subsidiary company, INIX Technologies Sdn. Bhd. was accorded Pioneer Status under the Promotion of Investments Act, 1986. Accordingly, its statutory income is tax exempt.

A numerical reconciliation between tax applicable on profit/(loss) before taxation at the statutory tax rate and tax expense is as follows:-

	GROUP RM	COMPANY RM
Profit/(loss) before taxation	810,190	(40,700)
Tax calculated at the statutory tax rate of 28%	226,853	(11,396)
Tax effect of:		
- expenses not deductible for tax purposes	31,931	-
- tax rate of 20% applicable to first RM500,000	(36,744)	3,256
- current period's losses not recognised	8,140	8,140
- profit exempted from tax under pioneer status	(230,180)	-
Tax expense	-	-

The subsidiary company, INIX Technologies Sdn. Bhd. ("ITSB") was awarded the status of a Multimedia Super Corridor ("MSC") company on 28 November 2003. Amongst other incentives, ITSB was accorded Pioneer Status pursuant to the Promotion of Investments Act, 1986 ("PIA"). The MSC Status granted is subject to the compliance of certain conditions imposed by the Multimedia Development Corporation. The Pioneer Status is granted for a period of 5 years, commencing 1 December 2003. The tax exemption period also commenced on 1 December 2003. The Pioneer Status may be withdrawn upon the loss of the MSC Status or in the event of a breach of the provisions of the PIA.

Subject to the agreement of the Inland Revenue Board, the Group has estimated tax exempt income of RM8,264,000 as at 31 July 2005 available for distribution as tax exempt dividends. In addition, the Group has unutilised capital allowances of RM549,312 and unabsorbed tax losses of RM658,198 that are available for set-off against taxable income in future periods.

**17. TAXATION (continued)**

The amount of taxable/(deductible) temporary differences for which no deferred tax asset is recognised in the balance sheet is as follows:

	GROUP RM	COMPANY RM
Taxable/(deductible) temporary differences		
- property, plant and equipment	292,964	-
- allowance for doubtful debts	(336,101)	-
- provision for warranty claims	(63,259)	-
	(106,396)	-
Unutilised capital allowances	(549,312)	-
Unabsorbed tax losses	(658,198)	(40,700)
	(1,313,906)	(40,700)

The deferred tax asset arising from the above will only be recognised upon expiry of the tax exemption period as there will not be any profits that are taxable during the tax exemption period against which such benefits can be utilised.

**18. STAFF COSTS**

	GROUP RM	COMPANY RM
<i>Short term benefits</i>		
Salaries/wages, allowances and commission	432,347	-
SOCSO and other benefits	5,458	-
	437,805	-
<i>Defined contribution plan</i>		
Contributions to EPF	25,197	-
	463,002	-

Staff costs are included in the income statement as follows:

Selling and marketing expenses	52,400	-
Administrative expenses	69,790	-
Other operating expenses	14,000	-
Research and development expenses	326,812	-
	463,002	-

**19. FINANCIAL INSTRUMENTS**

The financial assets and liabilities of the Company approximate their fair values at balance sheet date due to the short term maturity of these instruments.

## Notes to the Financial Statements

### 20. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

Related party relationships exist between the Group/Company and the following entities:-

- (a) INIX Technologies Sdn. Bhd. ("ITSB") being the subsidiary company; and
- (b) Mr Liew Woy Kee ("LWK"), being a person connected to Mr Cheong Kok Yai, a director of the Company and the subsidiary company. ITSB has entered into a tenancy agreement with LWK for the rental of office premises from 1 December 2003 to 30 November 2005.

	GROUP RM	COMPANY RM
Details of transactions/balances with related parties are as follows:-		
Advances provided by ITSB for working capital purposes	-	299,812
Office rental paid/payable to LWK	3,960	-

### 21. SEGMENT REPORTING

#### Business segments

Segmental information is not presented in respect of the Group's business segments as the Group is primarily engaged in only one business segment, which is the development and sales of integrated intelligent wireless security, automation and closed-circuit television surveillance systems.

#### Geographical segments

	GROUP RM
Asia	11,919,739
Europe	1,235,000
Africa	1,900,000
Australia	1,400,000
	16,454,739
Less: Revenue derived prior to the acquisition of the subsidiary company, INIX Technologies Sdn. Bhd.	(14,104,792)
Revenue for the period	2,349,947

### 22. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period as follows:

	Group RM
Net profit attributable to ordinary shareholders	810,190
Weighted average number of ordinary shares in issue	10,063,750
Basic earnings per ordinary share (sen)	8.05

**23. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE**

- (i) Pursuant to the completion of the acquisition of INIX Technologies Sdn. Bhd. on 17 June 2005, the Company undertook a public issue of 14,490,000 new ordinary shares of RM0.10 each at an issue price of RM0.70 per share via the issue of a prospectus dated 29 July 2005. Upon completion of the public issue, the Company was listed on the Mesdaq Market of Bursa Malaysia Securities Berhad on 1 September 2005.
- (ii) Subsequent to the balance sheet date, the directors approved the grant of 6,000,000 options to the persons under the Company's Employee Share Option Scheme.

**24. COMPARATIVE FIGURES**

The Company was incorporated on 13 September 2004 and these are the first set of financial statements presented. Accordingly, there are no comparative figures.

# Statement by Directors

We, DATO' MEGAT FAIROUZ JUNAI DI BIN MEGAT JUNID and JIMMY TOK SOON GUAN, being two of the directors of INIX TECHNOLOGIES HOLDINGS BERHAD, state that in the opinion of the directors, the financial statements set out on pages 18 to 37 are drawn up in accordance with the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 July 2005 and of their results and cash flows for the period ended on that date.

Signed in accordance with a resolution of the Board of Directors,

**DATO' MEGAT FAIROUZ JUNAI DI BIN MEGAT JUNID**

**JIMMY TOK SOON GUAN**

Kuala Lumpur  
30 September 2005

# Statutory Declaration

I, JIMMY TOK SOON GUAN, the director primarily responsible for the financial management of INIX TECHNOLOGIES HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 18 to 37 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the ]  
abovenamed JIMMY TOK SOON GUAN ]  
at Kuala Lumpur in the Federal Territory ]  
on 30 September 2005 ]  
] **JIMMY TOK SOON GUAN**

Before me:  
**ABAS BIN HASAN** (No. W392)  
Commissioner for Oaths



# Report of the Auditors

to the members of INIX Technologies Holdings Berhad

We have audited the financial statements set out on pages 18 to 37. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 July 2005 and of the results and the cash flows of the Group and of the Company for the period then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary company of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary company that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' report on the financial statements of the subsidiary company was not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

**AZMAN, WONG, SALLEH & CO.**

AF: 0012

*Chartered Accountants*

**NG ENG KIAT**

1064/03/07(J/PH)

*Partner of the Firm*

Kuala Lumpur

30 September 2005



# SECURESMITH™

Heartbeat of Every Home

Integrated Intelligent Security System

# Analysis of Shareholdings

as at 30 September 2005

Authorised Share Capital	: RM25,000,000
Issued & Fully Paid-up Share Capital	: RM9,500,000
Class of Shares	: Ordinary shares of RM0.10 each fully paid
Voting Rights	: One vote per ordinary share

## Distribution of Shareholdings

<i>Size of Shareholdings</i>	<i>No. of Shareholders</i>	<i>% of Shareholders</i>	<i>No. of Shares</i>	<i>% of Issued Share Capital</i>
Less than 100 shares	2	0.27	60	0.00
100 to 999 shares	10	1.33	3,450	0.00
1,000 to 4,999 shares	333	44.28	663,900	0.70
5,000 to 10,000 shares	212	28.19	1,526,200	1.61
10,001 to 100,000 shares	158	21.01	6,047,200	6.36
100,001 to 1,000,000 shares	25	3.32	8,051,705	8.48
Above 1,000,000 shares	12	1.60	78,707,485	82.85
<i>Total</i>	752	100.00	95,000,000	100.00

## Substantial Shareholders

<i>Name of Shareholder</i>	<i>No. of shares</i>	<i>%</i>
PC Sentry Sdn Bhd	35,424,390	37.29
Pesat Cipta Sdn Bhd	14,610,394	15.38
Mohamed Raza Dahya	8,051,000	8.47
<i>Total</i>	58,085,784	61.14

## Directors' Interests

<i>Name of Director</i>	<i>Direct</i>		<i>Indirect</i>	
	<i>No. of shares</i>	<i>%</i>	<i>No. of shares</i>	<i>%</i>
Dato' Megat Fairouz Junaidi bin Megat Junid	-	-	-	-
Jimmy Tok Soon Guan	-	-	35,424,390 *	37.29
Cheong Kok Yai	-	-	35,424,390 *	37.29
Chong Chen Fah	2,995,821	3.15	-	-
Mok Chin Fan	-	-	35,424,390 *	37.29
Mohd Yusoff bin Mohd Noor	-	-	-	-
Madzlan bin Mohamed Nazri	-	-	-	-

\* Deemed interest via their shareholdings in PC Sentry Sdn Bhd.

## Analysis of Shareholdings

### Top Twenty Shareholders

(without aggregating securities from different securities accounts belonging to the same person)

	<i>Name of Shareholder</i>	<i>No. of Shares</i>	<i>%</i>
1	PC Sentry Sdn Bhd	35,424,390	37.29
2	Pesat Cipta Sdn Bhd	14,610,394	15.38
3	Mohamed Raza Dahya	8,051,000	8.47
4	Lim Boon Chai	3,442,195	3.62
5	Phoo Meng Khaw	3,271,346	3.44
6	Cheong Hae Lee @ Chong Hae Lee	3,000,000	3.16
7	Chong Kok Wing	2,415,299	2.54
8	Chong Chen Fah	2,095,821	2.21
9	Rulzmal bin Khamarulzaman	1,992,000	2.10
10	Kenanga Nominees (Tempatan) Sdn Bhd <i>Kenanga Capital Sdn Bhd for Mohd Abdullah bin Mohd Mohaidin</i>	1,595,000	1.68
11	Aatif Asgher, Hirji	1,500,000	1.58
12	Justine Jay Vaz	1,310,040	1.38
13	Chew Hock Leng	1,000,000	1.05
14	Chong Chi Bin	900,000	0.95
15	Kenanga Nominees (Tempatan) Sdn Bhd <i>Kenanga Capital Sdn Bhd for Chong Chen Fah</i>	900,000	0.95
16	Andy Chong Chi Fei	600,059	0.63
17	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB For Marinah binti Mahathir (PB-IU)</i>	500,000	0.53
18	Ambank (M) Berhad <i>Pledged Securities Account for Teow Choo Hing (Smart)</i>	491,000	0.52
19	Wai Ho Mang	307,346	0.32
20	Ting Suok Huong	300,000	0.31
	<i>Total</i>	83,705,890	88.11

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the First Annual General Meeting of INIX Technologies Holdings Berhad will be held at Casablanca Room, Level 10, Sunway Lagoon Resort Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Thursday, 10 November 2005 at 11.00 a.m. for the following purposes:

1. To receive and adopt the Report of the Directors and the Financial Statements for the period from the date of incorporation on 13 September 2004 to 31 July 2005 and the Report of the Auditors thereon. **RESOLUTION 1**
2. To approve the payment of Directors' fees of RM26,000 for the financial period from the date of incorporation on 13 September 2004 to 31 July 2005. **RESOLUTION 2**
3. To re-elect the following Directors who retire in accordance with Article 85 of the Company's Articles of Association and being eligible, offer themselves for re-election:
  - i) Dato' Megat Fairouz Junaidi bin Megat Junid **RESOLUTION 3**
  - ii) Encik Jimmy Tok Soon Guan **RESOLUTION 4**
  - iii) Encik Cheong Kok Yai **RESOLUTION 5**
  - iv) Encik Chong Chen Fah **RESOLUTION 6**
  - v) Encik Mok Chin Fan **RESOLUTION 7**
  - vi) Encik Mohd Yusoff bin Mohd Noor **RESOLUTION 8**
  - vii) Encik Madzlan bin Mohamed Nazri **RESOLUTION 9**
4. To re-appoint Messrs. Azman, Wong, Salleh & Co. as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **RESOLUTION 10**

## AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following Ordinary Resolutions:

5. **PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT all the past recurrent related party transactions of a revenue or trading nature entered into by the Company and its subsidiary ("INIX Group") as set out in Section 2.3 of the Circular to Shareholders dated 18 October 2005, which are necessary for the day-to-day operations of INIX Group in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public and not detrimental to minority shareholders, from 1 September 2005 up to the date of the forthcoming First Annual General Meeting to be held on 10 November 2005 be and are hereby approved and ratified." **RESOLUTION 11**
6. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT approval be and is hereby given to the Company and its subsidiary ("INIX Group") to enter into Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature with specified classes of related parties as set out in Section 2.3 of the Circular to Shareholders dated 18 October 2005, which are necessary for the INIX Group's day to day operations in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company. **RESOLUTION 12**

AND THAT the approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (AGM) of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is again renewed; or

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**Notice of Annual General Meeting**

- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (The Act) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of The Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting, whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate for RRPT."

**7. AUTHORITY TO DIRECTORS TO ISSUE SHARES**

"THAT subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue shares from the unissued capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares pursuant to this resolution does not exceed ten (10) per centum of the total issued capital of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting."

**RESOLUTION 13****8. AUTHORITY TO ISSUE SHARES PURSUANT TO THE EMPLOYEE SHARE OPTION SCHEME**

"THAT pursuant to the Employee Share Option Scheme ("ESOS") of INIX Technologies Holdings Berhad which was approved at the Extraordinary General Meeting of the Company held on 17 June 2005, approval be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965, to issue such number of new ordinary shares of RM0.10 each in the capital of the Company from time to time in accordance with the Bye-Laws of the ESOS."

**RESOLUTION 14**

- 9. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

**Chok Kwee Wah** (MACS 00550)  
**Leong Mee Lee** (LS 0001836)  
Secretaries

Petaling Jaya  
18 October 2005

**NOTES:**

1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an attorney duly authorised.*
3. *A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy in a poll and the proxy who shall be entitled to vote on a show of hands.*
4. *The instrument appointing a proxy must be deposited at the registered office of the Company at Bina Management (M) Sdn. Bhd., Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

**EXPLANATORY NOTES ON SPECIAL BUSINESS****Ordinary Resolution 11****Proposed shareholders' ratification for recurrent related party transactions of a revenue or trading nature**

*The proposed ratification, if passed, will ratify all the past recurrent related party transactions ("RRPT") entered by the Inix Group from 1 September 2005 up to the date of the proposed shareholders' mandate to be obtained at the forthcoming First Annual General Meeting.*

*Details of the categories of the RRPT entered into with the related parties are set out in Section 2.3 of the Circular to Shareholders dated 18 October 2005.*

**Ordinary Resolution 12****Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

*The proposed shareholders' mandate, if passed, will enable the INIX Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary in the ordinary course of business and for the INIX Group's day to day operations, subject to the transactions made at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.*

*Further information on the Proposed Shareholders' Mandate are set out in Section 2.3 of the Circular to Shareholders dated 18 October 2005.*

**Ordinary Resolution 13****Authority to the Directors to issue shares**

*The proposed Ordinary Resolution 13, if passed, will give the Directors of the Company the power to issue shares in the Company up to a maximum of ten percent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.*

**Ordinary Resolution 14****Authority to issue shares pursuant to the Employee Share Option Scheme**

*Ordinary Resolution 14, if passed, will empower the Directors to issue shares in the Company upon exercise of the ESOS options by eligible employees pursuant to the ESOS which was approved at the Extraordinary General Meeting held on 17 June 2005.*

# Statement Accompanying Notice of Annual General Meeting

## 1. Directors standing for re-election at the First Annual General Meeting

The Directors who retire pursuant to Article 85 of the Company's Articles of Association and seeking re-election are as follows:

- i) Dato' Megat Fairouz Junaidi bin Megat Junid
- ii) Jimmy Tok Soon Guan
- iii) Cheong Kok Yai
- iv) Chong Chen Fah
- v) Mok Chin Fan
- vi) Mohd Yusoff bin Mohd Noor
- vii) Madzlan bin Mohamed Nazri

## 2. Details of Directors standing for re-election

Details of the abovementioned Directors seeking for re-election are set out in the Directors' Profile on pages 9 to 10 of the Annual Report.

## 3. Attendance of Directors at Board Meetings

Four Board meetings were held during the financial period from 13 September 2004 (date of incorporation) to 31 July 2005. Details of the attendance of Directors at the Board meetings are disclosed in the Corporate Governance Statement on page 12 of this Annual Report.

## 4. Date, Time and Place of First Annual General Meeting

The First Annual General Meeting of the Company will be held at Casablanca Room, Level 10, Sunway Lagoon Resort Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Thursday, 10 November 2005 at 11.00 a.m.

## Financial Calendar

Financial period from 13 September 2004 to 31 July 2005

<b>Announcement of Quarterly Reports</b>	
Third quarter ended 30 April 2005	26 August 2005
Fourth quarter ended 31 July 2005	23 September 2005
<b>Issue of Annual Report 2005</b>	<b>18 October 2005</b>
<b>Annual General Meeting 2005</b>	<b>10 November 2005</b>



## Proxy Form

No. of shares held	
--------------------	--

I/We,.....  
of.....  
being a member/members of INIX TECHNOLOGIES HOLDINGS BERHAD, hereby appoint.....  
..... (NRIC No.....)  
of.....  
or failing him..... (NRIC No.....)  
of.....  
as my/our proxy to vote for me/us and on my/our behalf at the FIRST ANNUAL GENERAL MEETING of the Company to be held at Casablanca Room, Level 10, Sunway Lagoon Resort Hotel, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Thursday, 10 November 2005 at 11.00 a.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting): -

No.		For	Against
1	Adoption of the Report of the Directors and the Financial Statements for the period from 13 September 2004 to 31 July 2005 and the Report of the Auditors thereon.		
2	Approval of Directors' Fees.		
3	Re-election of Dato' Megat Fairouz Junaidi bin Megat Junid as director.		
4	Re-election of Encik Jimmy Tok Soon Guan as director.		
5	Re-election of Encik Cheong Kok Yai as director.		
6	Re-election of Encik Chong Chen Fah as director.		
7	Re-election of Encik Mok Chin Fan as director.		
8	Re-election of Encik Mohd Yusoff bin Mohd Noor as director.		
9	Re-election of Encik Madzlan bin Mohamed Nazri as director.		
10	Re-appointment of Auditors.		
11	Proposed shareholders' ratification for recurrent related party transactions.		
12	Proposed shareholders' mandate for recurrent related party transactions.		
13	Authority to Directors to issue shares pursuant to Section 132D.		
14	Authority to issue shares pursuant to the Employee Share Option Scheme.		

Dated this ..... day of ..... 2005

The proportion of \*my/our holding to be represented by my \*proxy/proxies are as follows:

First Named Proxy	%
Second Named Proxy	%
	100%

In case of a vote taken by show of hands, the first named proxy shall vote on \*my/our behalf.

.....  
Signature of Shareholder

Tel. No.....

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an attorney duly authorised.
3. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy in a poll and the proxy who shall be entitled to vote on a show of hands.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at Bina Management (M) Sdn. Bhd., Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

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STAMP



**INIX TECHNOLOGIES HOLDINGS BERHAD**

(Company Number: 665797-D)

Lot 10, The Highway Centre

Jalan 51/205

46050 Petaling Jaya

Selangor Darul Ehsan

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The House of Innovations