





INIX TECHNOLOGIES HOLDINGS BERHAD
(665797-D)

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47500 Subang Jaya
Selangor Darul Ehsan
Malaysia

Tel: (603) 5632 2222
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www.inix.com.my

SECURESMITH™

Heartbeat of Every Home



Features



User Friendly



Hybrid Security System



Built In 4 Points Automation Control



5 Various Arming Mode (2 Partial Arm)



Sensitivity Calibration



8 or 16 Zones Security Input



INIX

The House of Innovations

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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

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

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

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

SPONSOR

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

COMPANY SECRETARIES

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

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

AUDITORS

Azman, Wong, Salleh & Co (AF: 0012)
12th Floor, Wisma Tun Sambanthan
2, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Tel: (603) 2273 2688
Fax: (603) 2274 2688
Email: folksdfk@tm.net.my

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



*On behalf of your Board of Directors, I am pleased to present the Annual Report of **INIX Technologies Holdings Berhad (INIX)**, together with the audited financial statements of the Group and of the Company, for the financial year ended 31 July 2006.*

CORPORATE DEVELOPMENTS

The entire issued and paid-up share capital of INIX comprising 95,000,000 ordinary shares of RM0.10 per share was listed on the Mesdaq Market of Bursa Securities Malaysia Berhad (Bursa Securities) on 1 September 2005.

INIX was incorporated on 13 September 2004 as an investment holding company. 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.

In conjunction with our listing on the Mesdaq Market of Bursa Securities, the Company on 29 July 2005 issued a prospectus for the initial public offering (IPO) of its shares at an issue price of RM0.70 per ordinary share. On its closing date of 18 August 2005, the public issue shares were oversubscribed by 17.19 times.

INIX announced on 16 May 2006, with updated announcements on 19 May 2006 and 13 June 2006, that we proposed to undertake a private placement exercise (proposed private placement) involving the placement of up to 10% of the issued and fully paid-up share capital of INIX, comprising up to 10,036,000 new ordinary shares of RM0.10 each to investors to be identified.

The Securities Commission (SC) and the Foreign Investment Committee (via the SC), vide SC's letter dated 24 May 2006 approved the proposed private placement. Vide its letter dated 20 June 2006, Bursa Securities approved in-principle the listing and quotation of the INIX shares to be issued pursuant to the proposed private placement.

On 17 August 2006, INIX announced that the issue price for the first tranche placement of 856,000 placement shares to be issued pursuant to the proposed private placement had been fixed at RM0.50 per share. The issue price represented a premium of 72.4% over the 5-day weighted average market price of INIX's shares from 10 August 2006 to 16 August 2006 of RM0.29. The first tranche shares were granted listing and quotation on 29 August 2006.

Save for the above first tranche shares, the INIX shares to be issued pursuant to the proposed private placement is pending implementation.

CHAIRMAN'S STATEMENT

continued

GROUP RESULTS

The INIX Group recorded an audited profit after tax of RM4.0 million on sales revenue of RM16.3 million for the financial year ended 31 July 2006. This represents an expansion of 5.0 times in after-tax earnings and 6.1 times in sales turnover over the previous financial period from date of incorporation on 13 September 2004 to 31 July 2005.

For the previous 10.5 month 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 were 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 RM4.5 million on revenue of RM16.3 million for the financial year ended 31 July 2006. The results are moderately lower than the audited earnings of RM5.5 million on revenue of RM16.5 million recorded for the preceding financial year to 31 July 2005.

Overall, group sales revenue for the year under review had been dampened by economic concerns emanating from uncertainty over escalating world crude oil prices and rising interest rates. Closer to home, the government in February 2006 announced a 30 sen per litre increase in the retail price of premium petrol (+18.5%), diesel (+23.4%) and liquefied petroleum gas (+20.7%). This came close to the heels of a hike in domestic interest rates following a 25-basis-points rise in overnight policy rate (OPR) to 3.25% announced by Bank Negara Malaysia (BNM), also in February 2006 – the second rate increase since BNM raised the OPR in November 2005, which was the first time in seven years.

Consequently, demand for the Group's products and services had been sluggish, particularly in the domestic market. We are, nonetheless, heartened somewhat by the sustained favourable response to our mainstay *Secure Smith* intelligent home system beyond Malaysia's borders, including in Australia, China, Indonesia, Singapore, Sri Lanka, Tanzania the United Arab Emirates and the United Kingdom. For the year ended 31 July 2006, export sales through our international distributors reached RM12.1 million, representing 74.2% of total sales of RM16.3 million. This compares to export sales of RM10.7 million or 64.9% of ITSB's total sales revenue of RM16.5 million for the year ended 31 July 2005.

RESEARCH AND DEVELOPMENT

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 *Secure Smith* to incorporate new features and applications. These include adapting, modifying and improving the *Secure Smith* for the international markets in conformity with their respective local specifications and requirements.

CHAIRMAN'S STATEMENT

continued

RESEARCH AND DEVELOPMENT *(continued)*

ITSB spent a total of RM1.2 million in R&D expenditure for its financial year ended 31 July 2006, compared to RM1.1 million for the preceding year. 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. 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. As at the end of the financial year under review, INIX had utilised all of the proceeds raised from our IPO exercise.

PROSPECTS

The generally depressed present economic conditions notwithstanding, the Directors remain confident of the excellent overall prospects of the Group, albeit now over a slightly longer term.

Recognising that the prevailing conditions do not impact all market segments homogeneously, efforts have already commenced to target those geographical, sectoral, business and product segments likely to be least (or not at all) affected by increased oil prices and rising interest rates, including expansion and/or diversification of the Group's range of products and services. It is cautioned however that these efforts may require some time, and expense, before bearing the desired fruit of sustained Group earnings into the future.

On the local front, we are hopeful too that the expansionary Budget 2007 unveiled by the Prime Minister on 1 September 2006 will take the Malaysian economy to a higher plane, within the context of the nation's five-year Ninth Malaysia Plan (2006 to 2010). In this, a buoyant domestic economy will surely contribute towards reducing the erstwhile slack in demand for INIX's products and services.

Barring any unforeseen significant deterioration in the current economic state of affairs locally as well as globally, your Directors are cautiously optimistic that Group earnings for the succeeding financial year ending 31 July 2007 will remain in positive territory.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our heartfelt gratitude to all employees of the Group for their loyal dedication and contribution, 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 2006

FINANCIAL HIGHLIGHTS

	Group year ended 31 July 2006 RM '000	Proforma Group ¹ year ended 31 July 2005 RM '000
Income Statement		
Revenue	16,332	16,455
Cost of sales	7,161	7,436
Operating expenses	5,125	3,273
EBITDA ²	5,205	5,746
Interest expense	–	1
Depreciation and amortisation	1,159	287
Profit before taxation	4,046	5,458
Profit after taxation	4,046	5,458
	31 July 2006 RM '000	31 July 2005 RM '000
Balance Sheet		
Intangible assets	675	775
Property, plant and equipment	7,112	1,360
Current assets	19,495	12,258
Total assets	27,287	14,393
Current liabilities	925	884
Non-current liabilities	0	0
Total liabilities	925	884
Shareholders' funds	26,362	13,509
Number of shares in issue ('000)	95,000 ³	80,510 ⁴
	2006	2005
Ratio Analysis		
Net profit margin (%)	24.77	33.17
Return on shareholders' funds (%)	15.35	40.40
Earnings per share (sen)	4.26	6.78
Current assets turnover (times)	1.19	0.75
Net tangible assets per share (sen)	27.04	15.81
Current ratio (times)	21.08	13.87
Total liabilities to total assets ratio (times)	0.03	0.07

Notes:

- 1 Assuming that the INIX Group had been in existence throughout the period under review.
- 2 Earnings before interest, tax, depreciation and amortisation.
- 3 Number of shares assumed in issue after the acquisition of ITSB and after public issue.
- 4 Number of shares assumed in issue after the acquisition of ITSB but before public issue.

DIRECTORS' PROFILE

Dato' Megat Fairouz Junaidi bin Megat Junid

Independent Non-Executive Chairman

Malaysian, aged 41

Dato' Megat Fairouz Junaidi bin Megat Junid was appointed as Independent Non-Executive Chairman on 17 June 2005. He is also the Chairman of the Audit Committee, the Nomination Committee and the Remuneration 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 Keuro Berhad.

He attended all four Board meetings held during the financial year ended 31 July 2006.

Dato' Megat Fairouz Junaidi does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences, other than traffic offences, within the past ten years.

Jimmy Tok Soon Guan

Executive Director / Chief Executive Officer

Malaysian, aged 36

Jimmy Tok Soon Guan was appointed as Executive Director and Chief Executive Officer (CEO) on 17 June 2005. Jimmy is the Chairman of the Employee Share Option Committee and is a member of the Remuneration Committee. 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.

He attended all four Board meetings held during the financial year ended 31 July 2006.

Jimmy does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences, other than traffic offences, within the past ten years.

DIRECTORS' PROFILE

continued

Cheong Kok Yai

Executive Director / Chief Technical Officer

Malaysian, aged 46

Cheong Kok Yai was appointed as Executive Director and Chief Technical Officer (CTO) on 17 June 2005. Cheong is a member of the Employee Share Option Scheme Committee. 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.

He attended all four Board meetings held during the financial year ended 31 July 2006.

Cheong does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences, other than traffic offences, within the past ten years.

Chong Chen Fah

Executive Director

Malaysian, aged 48

Chong Chen Fah was appointed a Director on 13 September 2004 and was designated as Executive Director 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.

He attended all four Board meetings held during the financial year ended 31 July 2006.

Chong does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences, other than traffic offences, within the past ten years.

DIRECTORS' PROFILE

continued

Mok Chin Fan

Non-Independent Non-Executive Director

Malaysian, aged 48

Mok Chin Fan was appointed as Non-Independent Non-Executive Director on 17 June 2005. He is a member of the Nomination Committee and the Employee Share Option Committee. 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.

He attended all four Board meetings held during the financial year ended 31 July 2006.

Mok does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences, other than traffic offences, within the past ten years.

Madzlan bin Mohamed Nazri

Independent Non-Executive Director

Malaysian, aged 41

Madzlan bin Mohamed Nazri was appointed as Independent Non-Executive Director on 17 June 2005. He is a member of the Audit Committee, the Nomination Committee and the Remuneration 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.

He attended all four Board meetings held during the financial year ended 31 July 2006.

Madzlan does not have any family relationship with any director and/or substantial shareholder of INIX Technologies Holdings Berhad, nor any conflict of interest in any business arrangement involving the Company. He has had no convictions for any offences, other than traffic offences, within the past ten years.

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 7 to 9 of the Annual Report, illustrate a spectrum of experiences vital to the direction and management of INIX.

Composition

The current Board consists of six members, comprising three executive directors and three 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

continued

Board Meetings

Board meetings are held at least four times annually, with additional meetings convened as and when necessary. During the financial year from 01 August 2005 to 31 July 2006, four Board meetings were held. Details of each Director's meeting attendance are as follows:

Director	Attendance
Dato' Megat Fairouz Junaidi bin Megat Junid <i>Chairman, Independent Non-Executive Director</i>	4 of 4
Jimmy Tok Soon Guan <i>Executive Director</i>	4 of 4
Cheong Kok Yai <i>Executive Director</i>	4 of 4
Chong Chen Fah <i>Executive Director</i>	4 of 4
Mok Chin Fan <i>Non-Independent Non-Executive Director</i>	4 of 4
Madzlan bin Mohamed Nazri <i>Independent Non-Executive Director</i>	4 of 4
Mohd Yusoff bin Mohd Noor * <i>Non-Independent Non-Executive Director</i>	0 of 1

*Retired on 10 November 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.

CORPORATE GOVERNANCE STATEMENT

continued

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme (MAP) 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.

Directors' remuneration for the financial year ended 31 July 2006 is as follows:

Remuneration Component	Group	
	Executive Directors RM'000	Non-Executive Directors RM'000
Directors' fees	–	157
Salaries	264	–
EPF and Socso	24	–
Income Tax	16	–
Medical	7	–
Employee options	310	–
Benefits-in-kind	41	–
<i>Total</i>	<u>662</u>	<u>157</u>

The numbers of Directors in each remuneration band for the financial year are as follows:

Range of Remuneration	Group	
	Executive Directors	Non-Executive Directors
RM50,000 & below	–	2
RM50,001 to RM100,000	–	2
RM150,001 to RM200,000	1	–
RM200,001 to RM250,000	2	–

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.

CORPORATE GOVERNANCE STATEMENT

continued

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 pages 16 to 17 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.

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. Established on 22 September 2005, the Committee held its first meeting on 19 September 2006, subsequent to the end of the financial year under review.

CORPORATE GOVERNANCE STATEMENT

continued

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 Option Scheme (ESOS) in accordance with the ESOS By-Laws approved by the shareholders of the Company on 17 June 2005. The criteria for allocation of options pursuant to Scheme is disclosed in the ESOS By-Laws, copies of which had been circulated to all employees of the Group. Jimmy Tok Soon Guan and Cheong Kok Yai abstain from any discussion and/or decision on options of which they are the beneficiary.

The ESOS Committee only meets as and when required, and met twice during the financial year under review. On 12 September 2005, the Committee approved the allocation of 6,000,000 share options to eligible employees pursuant to the By-Laws of the Scheme.

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 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.

CORPORATE GOVERNANCE STATEMENT

continued

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 Statement

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 19 September 2006.

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;

AUDIT COMMITTEE REPORT

continued

Functions *(continued)*

The functions of the Audit Committee shall be *(continued)*

1. to review *(continued)*
 - (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 23 June 2005. It held five meetings during the year under review, which were attended by all members. The meetings were appropriately structured through the use of agendas which were distributed to members with sufficient notification. The external auditors, Azman, Wong, Salleh & Co. attended one of the meetings on the invitation of the Chairman of the Committee.

During the financial year ended 31 July 2006, the Committee carried out its duties in accordance with its terms of reference. Other main issues discussed by the Audit Committee are as follows:

- a. Reviewed the Annual Report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that audited financial statements were drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards set by the Malaysian Accounting Standards Board (MASB).
- b. Reviewed the Company's compliance in particular the quarterly and year-end financial statements with the Listing Requirements of Bursa Securities Malaysia Berhad, MASB and other relevant legal and statutory requirements.
- c. Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval.

STATEMENT BY AUDIT COMMITTEE

The Audit Committee has reviewed the allocation of options pursuant to the INIX Employee Share Option Scheme (ESOS) for the financial year ended 31 July 2006 and is satisfied that the allocation is in compliance with the criteria for allocation of options disclosed in the ESOS By-Laws approved by the shareholders of the Company.



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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2006.

1. PRINCIPAL ACTIVITIES

The Company operates as an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements.

2. RESULTS

	GROUP RM	COMPANY RM
Net profit/(loss) for the year	3,149,967	(412,960)

3. DIVIDENDS

No dividends have been paid or declared by the Company since the end of the last financial period.

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 July 2006.

4. RESERVES AND PROVISIONS

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

5. ISSUE OF SHARES

On 24 August 2005, the Company increased its issued and paid-up ordinary share capital from RM8,051,000 to RM9,500,000 by the public issue of 14,490,000 new ordinary shares of RM0.10 each at 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.

On 21 August 2006, the Company issued 856,000 new ordinary shares of RM0.10 each at RM0.50 per share by way of private placement. These shares were granted listing and quotation on the MESDAQ Market of Bursa Malaysia Securities Berhad on 29 August 2006.

DIRECTORS' REPORT

continued

6. DIRECTORS

The directors in office since the date of the last Directors' Report are:-

Dato' Megat Fairouz Junaidi bin Megat Junid	-	<i>Chairman</i>
Jimmy Tok Soon Guan	-	<i>Executive Director</i>
Cheong Kok Yai	-	<i>Executive Director</i>
Chong Chen Fah	-	<i>Executive Director</i>
Mok Chin Fan	-	<i>Non-Executive Director</i>
Madzlan bin Mohamed Nazri	-	<i>Non-Executive Director</i>

Mohd Yusoff bin Mohd Noor (retired on 10 November 2005)

In accordance with the Company's Articles of Association, Dato' Megat Fairouz Junaidi bin Megat Junid, Mok Chin Fan, Madzlan bin Mohamed Nazri and Chong Chen Fah retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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 year, 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 RM0.10 in the Company			
	As at 1.8.2005	Acquired	Disposed	As at 31.7.2006
Direct interests -				
Chong Chen Fah	2,495,821	500,000	(300,000)	2,695,821
Indirect interests - (held through PC Sentry Sdn. Bhd.)				
Jimmy Tok Soon Guan	35,424,390	-	(1,300,000)	34,124,390
Cheong Kok Yai	35,424,390	-	(1,300,000)	34,124,390
Mok Chin Fan	35,424,390	-	(1,300,000)	34,124,390

DIRECTORS' REPORT

continued

7. DIRECTORS' INTERESTS *(continued)*

In addition, the following directors are deemed to have interest in the shares of the Company by virtue of the options granted to them pursuant to the Employees' Share Option Scheme ("ESOS") of the Company to the extent as follows:

	ESOS expiring on 24 August 2010			As at 31.7.2006
	As at 1.8.2005	Granted	Exercised	
Jimmy Tok Soon Guan	–	1,000,000	–	1,000,000
Cheong Kok Yai	–	1,000,000	–	1,000,000
Chong Chen Fah	–	1,035,000	–	1,035,000

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

8. DIRECTORS' BENEFITS

Since the end of the last financial period, 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 Employees' Share Option Scheme implemented by the Company, neither during nor at the end of the financial year 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.

9. EMPLOYEES' SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS") on 25 August 2005 for a period of 5 years. The ESOS is governed by the By-Laws which were approved by the shareholders on 17 June 2005. Details of the ESOS are set out in Note 25 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who were granted less than 1,000,000 options under the ESOS during the financial year. Other than the directors as disclosed above, none of the option holders has been granted 1,000,000 options or above during the financial year.

DIRECTORS' REPORT

continued

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;
 - (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 2006 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 2006.
- (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 2006 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 year ended 31 July 2006 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 2006 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 year in which this report is made.

DIRECTORS' REPORT

continued

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

Petaling Jaya
19 September 2006

BALANCE SHEETS

AS AT 31 JULY 2006

	Note	GROUP		COMPANY	
		2006 RM	2005 RM	2006 RM	2005 RM
INTANGIBLE ASSETS	6	675,000	775,000	-	-
PROPERTY, PLANT AND EQUIPMENT	7	6,751,841	1,360,137	-	-
INVESTMENT IN SUBSIDIARY COMPANY	8	-	-	8,050,998	8,050,998
GOODWILL ON CONSOLIDATION		4,016	-	-	-
CURRENT ASSETS					
Inventories	9	583,846	379,487	-	-
Trade receivables	10	17,674,167	10,944,386	-	-
Other receivables, deposits and prepayments		253,530	798,833	-	286,462
Amount due from subsidiary company	11	-	-	8,200,000	-
Cash and bank balances		447,950	135,255	195,156	2
		18,959,493	12,257,961	8,395,156	286,464
LESS: CURRENT LIABILITIES					
Trade payables	12	550,401	352,111	-	-
Other payables and accruals		274,558	468,481	10,250	27,350
Provision for warranty claims	13	99,734	63,259	-	-
Amount due to subsidiary company	11	-	-	508,978	299,812
		924,693	883,851	519,228	327,162
NET CURRENT ASSETS/(LIABILITIES)		18,034,800	11,374,110	7,875,928	(40,698)
		25,465,657	13,509,247	15,926,926	8,010,300
Financed by:					
SHARE CAPITAL	14	9,500,000	8,051,000	9,500,000	8,051,000
SHARE PREMIUM	15	6,783,916	-	6,783,916	-
RESERVE ON CONSOLIDATION		4,648,057	4,648,057	-	-
SHARE OPTION RESERVE	16	573,527	-	96,670	-
RETAINED PROFITS/(ACCUMULATED LOSSES)		3,960,157	810,190	(453,660)	(40,700)
		25,465,657	13,509,247	15,926,926	8,010,300

The notes on pages 32 to 53 form part of these financial statements.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 JULY 2006

	Note	GROUP		COMPANY	
		1.8.2005 to 31.7.2006 RM	13.9.2004 to 31.7.2005 RM	1.8.2005 to 31.7.2006 RM	13.9.2004 to 31.7.2005 RM
REVENUE	17, 26	16,331,659	2,349,947	-	-
COST OF SALES	18	(7,160,557)	(779,023)	-	-
GROSS PROFIT		9,171,102	1,570,924	-	-
SELLING AND MARKETING EXPENSES		(1,106,814)	(183,580)	-	-
ADMINISTRATIVE EXPENSES		(1,581,910)	(197,175)	(412,960)	(40,700)
OTHER OPERATING EXPENSES		(1,843,612)	(198,994)	-	-
RESEARCH AND DEVELOPMENT EXPENSES		(1,488,799)	(180,985)	-	-
PROFIT/(LOSS) FROM OPERATIONS		3,149,967	810,190	(412,960)	(40,700)
FINANCE COST		-	-	-	-
PROFIT/(LOSS) BEFORE TAXATION	21	3,149,967	810,190	(412,960)	(40,700)
TAXATION	22	-	-	-	-
PROFIT/(LOSS) AFTER TAXATION		3,149,967	810,190	(412,960)	(40,700)
EARNINGS PER ORDINARY SHARE OF RM0.10 EACH					
GROSS/NET:					
- Basic		3.36	8.05	-	-
- Diluted		3.32	8.05	-	-

The notes on pages 32 to 53 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2006

	Note	Share Capital RM	Share Premium RM	Reserve on Consolidation RM	Share Option Reserve RM	Retained Profits RM	Total RM
GROUP - 2006							
Balance at 1 August 2005		8,051,000	-	4,648,057	-	810,190	13,509,247
Issue of shares during the year	14,15	1,449,000	6,783,916	-	-	-	8,232,916
Net profit for the year		-	-	-	-	3,149,967	3,149,967
Share option expense	16	-	-	-	573,527	-	573,527
Balance at 31 July 2006		9,500,000	6,783,916	4,648,057	573,527	3,960,157	25,465,657

	Share Capital RM	Reserve on Consolidation RM	Share Option Reserve RM	Retained Profits RM	Total RM
GROUP - 2005					
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

The notes on pages 32 to 53 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

continued

	Note	Share Capital RM	Share Premium RM	Reserve on Consolidation RM	Share Option Reserve RM	Accu- mulated Losses RM	Total RM
COMPANY - 2006							
Balance at 31 July 2005		8,051,000	-	-	-	(40,700)	8,010,300
Issue of shares during the year	14,15	1,449,000	6,783,916	-	-	-	8,232,916
Net loss for the year		-	-	-	-	(412,960)	(412,960)
Share option expense	16	-	-	-	96,670	-	96,670
Balance at 31 July 2006		9,500,000	6,783,916	-	96,670	(453,660)	15,926,926

	Share Capital RM	Reserve on Consolidation RM	Share Option Reserve RM	Accu- mulated Losses RM	Total RM
COMPANY - 2005					
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 32 to 53 form part of these financial statements.

CASHFLOW STATEMENTS

FOR THE YEAR ENDED 31 JULY 2006

	GROUP		COMPANY	
	1.8.2005 to 31.7.2006 RM	13.9.2004 to 31.7.2005 RM	1.8.2005 to 31.7.2006 RM	13.9.2004 to 31.7.2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	3,149,967	810,190	(412,960)	(40,700)
Adjustments for:				
Depreciation of property, plant and equipment	1,419,305	75,239	-	-
Amortisation of intangible assets	100,000	11,957	-	-
Provision for warranty claims (net)	36,475	(12,854)	-	-
Allowance made for doubtful debts	284,272	241,877	-	-
Share option expense	573,527	-	96,670	-
Unrealised loss on exchange	402,091	-	-	-
Operating profit/(loss) before working capital changes	5,965,637	1,126,409	(316,290)	(40,700)
Increase in amount due from subsidiary company	-	-	(8,200,000)	-
Increase in amount due to subsidiary company	-	-	209,166	299,812
(Increase)/decrease in inventories	(204,359)	599,894	-	-
Increase in trade receivables	(7,416,144)	(1,443,153)	-	-
Decrease/(increase) in other receivables, deposits and prepayments	543,303	13,350	286,462	(286,462)
Increase in trade payables	198,290	131,278	-	-
(Decrease)/increase in other payables and accruals	(195,939)	235,174	(17,100)	27,350
Net cash (used in)/generated from operating activities	(1,109,212)	662,952	(8,037,762)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary company	-	184,001	-	(8,050,998)
Purchase of property, plant and equipment	(6,811,009)	(711,700)	-	-
Net cash used in investing activities	(6,811,009)	(527,699)	-	(8,050,998)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares (net)	8,232,916	2	8,232,916	8,051,000
Net cash generated from financing activities	8,232,916	2	8,232,916	8,051,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	312,695	135,255	195,154	2
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	135,255	-	2	-
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	447,950	35,255	195,156	2

CASHFLOW STATEMENTS

continued

	GROUP		COMPANY	
	1.8.2005 to 31.7.2006 RM	13.9.2004 to 31.7.2005 RM	1.8.2005 to 31.7.2006 RM	13.9.2004 to 31.7.2005 RM
These comprise:				
Cash in hand	20,676	5,327	2	2
Bank balances	427,274	129,928	195,154	-
	<u>447,950</u>	<u>135,255</u>	<u>195,156</u>	<u>2</u>

ANALYSIS OF ACQUISITION OF SUBSIDIARY COMPANIES

During the current year, Inix Technologies Sdn. Bhd. ("ITSB") acquired the entire equity interest in Inix Industrial Sdn. Bhd. ("IISB"). As a result, IISB 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 28 December 2005 (date of acquisition) RM	Audited at 31 July 2006 RM
Cash in hand	2	2
Amount due to ITSB	(2,000)	-
Other payables and accruals	(2,016)	(1,300)
Net liabilities acquired / Increase in net liabilities	(4,014)	(1,298)
Goodwill on consolidation	4,016	
Total purchase consideration discharged by cash	2	
Less: Cash in hand of IISB	(2)	
Cash inflow on acquisition net of cash and cash equivalents acquired	<u>-</u>	

The notes on pages 32 to 53 form part of these financial statements.

CASHFLOW STATEMENTS

continued

ANALYSIS OF ACQUISITION OF SUBSIDIARY COMPANIES

During the last financial period, the Company acquired the entire equity interest in 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, deposits and prepayments	512,371	512,371
Intangible assets	786,957	775,000
Amount due from holding ITHB	299,812	-
Cash and bank balances	184,001	135,253
Trade payables	(220,833)	(352,111)
Other payables and accruals	(233,307)	(441,131)
Provision for warranty claims	(76,113)	(63,259)
Net assets acquired / Increase in net assets	12,699,055	13,250,133
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 ITSB	(184,001)	
Cash inflow on acquisition net of cash and cash equivalents acquired	(184,001)	

The notes on pages 32 to 53 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2006

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. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 8 to the financial statements.

3. GENERAL INFORMATION

The financial statements of the Company were authorised for issue on 19 September 2006 by the Board of Directors.

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

There were 58 (2005: 59) employees engaged by the Group at the end of the financial year.

The registered office of the Company is located at 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. Currently, the Group does not enter into foreign exchange contracts to hedge its foreign exchange risk. However, 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.

NOTES TO THE FINANCIAL STATEMENTS

continued

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

(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.

(d) Liquidity and Cashflow Risks

The Group's exposure to liquidity and cashflow risks arises mainly from general funding and business activities. It practises prudent liquidity risk management by maintaining sufficient cash balances to support its daily operations.

(e) Financial Assets

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

(f) 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, other payables and accruals.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to 31 July 2006.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

continued

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Investment in Subsidiary Companies

A subsidiary company is an enterprise in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies are stated at cost in the Company's financial statements and are subject to review for impairment at each balance sheet date.

(c) Goodwill and Negative Goodwill

The excess of the cost of acquisition over the Group's share of the fair values of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill arising on consolidation in the consolidated balance sheet. Goodwill is stated net of negative goodwill. The carrying value of goodwill is assessed at each balance sheet date and written down to its recoverable amount.

Negative goodwill represents the excess of the Group's share of the fair values of the subsidiaries' identifiable net assets at the date of acquisition over the cost of acquisition and is classified as reserve in the consolidated balance sheet.

(d) 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:

Showroom	20%
Motor vehicle	16%
Office, Research & Development ("R&D") and Technical Equipment	16%
Intellectual Property ("IP") Software	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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

continued

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) 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.

(g) 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.

(h) 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.

(i) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS

continued

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Foreign Currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are restated at the rates ruling as of that date. All resultant exchange gains or losses in foreign currencies are taken to the income statement.

The principal closing rate used in the translation of 1 US Dollar at the balance sheet date is Ringgit Malaysia 3.6650.

(l) Income Tax

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unutilised capital allowances and unused 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 unused tax losses can be utilised.

Deferred tax recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially at the balance sheet date.

(m) Revenue Recognition

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

NOTES TO THE FINANCIAL STATEMENTS

continued

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Research and Development Costs

Expenditure on research activities is recognised as an expenses when incurred.

Expenditure on development activities is capitalised when it is probable that the assets under development will generate future economic benefits after taking into account its commercial and technologies feasibility, and when the expenditure can be measured reliably. Other development expenditure are recognised as expenses when incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment loss, if any. Capitalised development expenditure will be amortised on a straight line basis over 5 years commencing from the use of the assets. Impairment loss will be recognised in accordance with the policy on impairment of assets.

(o) Employee Benefits

Short Term Benefits

Salaries, allowances 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 Group has no further payment obligations.

Equity-based Compensation Benefits

Directors and employees of the Group are entitled to equity-based compensation benefits in accordance with the Employees' Share Option Scheme of the Company. Such benefits are recognised as an expense in the income statement of the respective companies in the Group in accordance with the policy on share-based payment.

(p) 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.

(q) Equity Instruments

Ordinary shares and preference shares are classified as equity. Dividends on share capital are recognised as liabilities when declares before the balance sheet date. A dividend proposed or declared after the balance sheet date but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. Upon the approval of the proposed dividend, it will be accounted for as a liability.

NOTES TO THE FINANCIAL STATEMENTS

continued

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Share-based Payment

The Group has a share option scheme for its directors and employees. The grant of the share options as consideration for the services rendered by the directors and employees of the Group is recognised as an expense in the income statements of the respective companies in the Group. The total amount to be recognised over the vesting period is calculated by reference to the fair value of the options granted. At each balance sheet date, the Group revises the estimated number of options that are expected to vest and become exercisable.

The effect of any revision of the original estimates in respect of options granted to the eligible directors and employees of the Group is recognised in the income statement and a corresponding adjustment is made to equity over the remaining vesting period.

This policy is adopted in compliance with the transitional provisions of Financial Reporting Standard 2: Share-based Payment, which is applicable to grants of shares, share options or other equity instruments that were granted after 31 December 2004 and had not yet vested at 1 January 2006.

(s) Segment Information

Segment revenue 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, accumulated depreciation and accumulated amortisation). Most segment assets can be directly attributed to the segment on a reasonable basis.

6. INTANGIBLE ASSETS

	2006 RM	GROUP 2005 RM
Intellectual Property Assets		
Cost:		
At 1 August 2005 / date of incorporation	786,957	–
Arising from acquisition of subsidiary company	–	786,957
Acquired during the year/period	–	–
At 31 July 2006/2005	786,957	786,957
Accumulated Amortisation:		
At 1st August 2005 / date of incorporation	11,957	–
Charge for the year/period	100,000	11,957
At 31 July 2006/2005	111,957	11,957
Carrying Value at 31 July 2006/2005	675,000	775,000

NOTES TO THE FINANCIAL STATEMENTS

continued

7. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Technical Equipment RM	Showrooms RM	Renovation RM	Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	R&D Equipment RM	IP Software RM	Total RM
GROUP - 2006									
Cost:									
At 1 August 2005	974,356	-	215,585	145,223	70,546	29,666	-	-	1,435,376
Additions during the year	890,000	3,603,620	1,230	368,949	9,210	-	208,000	1,730,000	6,811,009
At 31 July 2006	1,864,356	3,603,620	216,815	514,172	79,756	29,666	208,000	1,730,000	8,246,385
Accumulated Depreciation:									
At 1 August 2005	63,816	-	4,848	4,780	1,129	666	-	-	75,239
Charge for the year	258,416	720,724	24,308	91,022	9,231	5,524	33,280	276,800	1,419,305
At 31 July 2006	322,232	720,724	29,156	95,802	10,360	6,190	33,280	276,800	1,494,544
Net Book Value at 31 July 2006	1,542,124	2,882,896	187,659	418,370	69,396	23,476	174,720	1,453,200	6,751,841

	Machinery and Technical Equipment RM	Renovation RM	Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	Total RM
GROUP - 2005						
Cost:						
Arising from acquisition of subsidiary company	280,606	199,385	143,473	70,546	29,666	723,676
Additions during the year	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

NOTES TO THE FINANCIAL STATEMENTS

continued

8. INVESTMENT IN SUBSIDIARY COMPANY

	COMPANY	
	2006 RM	2005 RM
Unquoted shares, at cost	8,050,998	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 28 December 2005, ITSB acquired 2 ordinary shares of RM1.00 each in Inix Industrial Sdn. Bhd. ("IISB") representing the entire issued and paid-up share capital of IISB for a purchase consideration of RM2 in cash. IISB is a company incorporated in Malaysia and has not commenced operation.

9. INVENTORIES

	GROUP	
	2006 RM	2005 RM
At cost:		
Finished goods	85,255	147,014
Work-in-progress	113,040	53,829
Raw materials	385,551	178,644
	583,846	379,487

10. TRADE RECEIVABLES

	GROUP	
	2006 RM	2005 RM
Trade receivables	18,294,539	11,280,486
Less: Specific allowance for doubtful debts	(620,372)	(66,900)
Less: General allowance for doubtful debts	-	(269,200)
	17,674,167	10,944,386
Analysis by currency		
US Dollar	11,160,349	5,847,440
Ringgit Malaysia	7,134,190	5,433,046
	18,294,539	11,280,486

NOTES TO THE FINANCIAL STATEMENTS

continued

10. TRADE RECEIVABLES *(continued)*

Analysis by size

	2006		GROUP		2005	
	Amount RM	%	Amount RM	%	Amount RM	%
Receivable accounts with balance exceeding RM2,500,000 each **	14,892,380	81.4%	2,707,500	24.0%		
Receivable accounts with balance of RM2,500,000 and below each	3,402,159	18.6%	8,572,986	76.0%		
	<u>18,294,539</u>		<u>11,280,486</u>			

** This includes:

- (1) balance outstanding in US Dollar equivalent to RM6,093,063 (2005: RM2,707,500) due from a major customer representing 33.3% (2005: 24.0%) of gross trade receivables; this customer is a third party and has contributed 22.1% (2005: 11.0%) of the Group's operating revenue for the year.
- (2) balance outstanding of RM3,224,533 (2005: Nil) due from a major customer representing 17.6% (2005: Nil) of gross trade receivables; this customer is a third party and has contributed 19.7% (2005: Nil) of the Group's operating revenue for the year.

The credit terms of trade receivables average between 60 days to 180 days (2005: 60 days to 180 days).

11. AMOUNT DUE FROM/TO SUBSIDIARY COMPANY

	COMPANY	
	2006 RM	2005 RM
Due from: Non-trade	8,200,000	-
Due to: Non-trade	<u>508,978</u>	<u>299,812</u>

The amounts due from/to represent advances provided to the subsidiary company and expenses paid on behalf by the subsidiary company respectively. These are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

continued

12. TRADE PAYABLES

The credit terms of trade payables average between 30 days to 60 days (2005: 30 days to 60 days).

13. PROVISION FOR WARRANTY CLAIMS

	GROUP	
	2006 RM	2005 RM
At 1 August 2005 / Arising from acquisition of subsidiary company	63,259	76,113
Writeback on expiry and claims made during the year/period	(13,210)	(19,224)
Provision for the year/period	49,685	6,370
At 31 July 2006/2005	99,734	63,259

14. SHARE CAPITAL

	GROUP/COMPANY			
	2006		2005	
	Number of Shares	RM	Number of Shares	RM
Authorised:				
Ordinary shares of RM0.10 each - At 1 August 2005 / date of incorporation	250,000,000	25,000,000	1,000,000	100,000
Created during the year/period	-	-	249,000,000	24,900,000
At 31 July 2006/2005	250,000,000	25,000,000	250,000,000	25,000,000
Issued and fully paid:				
Ordinary shares of RM0.10 each - At 1 August 2005 / date of incorporation	80,510,000	8,051,000	20	2
Issued during the year/period	14,490,000	1,449,000	80,509,980	8,050,998
At 31 July 2006/2005	95,000,000	9,500,000	80,510,000	8,051,000

On 24 August 2005, the Company increased its issued and paid-up ordinary share capital from RM8,051,000 to RM9,500,000 by the 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.

Subsequent to the balance sheet date, the Company issued 856,000 new ordinary shares of RM0.10 each at an issue price of RM0.50 per share by way of private placement as disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

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15. SHARE PREMIUM

	GROUP/ COMPANY 2006 RM	2005 RM
At 1 August 2005 / date of incorporation	-	-
Issue of 14,490,000 new ordinary shares at a premium of RM0.60 per share	8,694,000	-
Less: Share issue expenses	(1,910,084)	-
At 31 July 2006/2005	<u>6,783,916</u>	<u>-</u>

Included in share issue expenses are fees and disbursements totalling RM96,360 paid to the auditors for Reporting Accountants' work in connection with the Company's listing on the MESDAQ Market of Bursa Malaysia Securities Berhad.

This balance is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act, 1965.

16. SHARE OPTION RESERVE

This arose as a result of share options granted to eligible directors and employees of the Company and its subsidiary company, Inix Technologies Sdn. Bhd. under the Employees' Share Option Scheme of the Company. Details of the scheme are disclosed in Note 25.

This reserve is not distributable by way of cash dividends.

17. REVENUE

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

18. COST OF SALES

	GROUP 2006 RM	2005 RM
Cost of inventories sold	7,024,082	7,314,119
Net provision for warranty claims	36,475	21,500
Amortisation of intangible assets	100,000	100,000
	<u>7,160,557</u>	<u>7,435,619</u>
Less: Cost of sales incurred in respect of revenue derived prior to the acquisition of the subsidiary company, Inix Technologies Sdn. Bhd.	-	(6,656,596)
Cost of sales for the year/period	<u>7,160,557</u>	<u>779,023</u>

NOTES TO THE FINANCIAL STATEMENTS

continued

19. STAFF COSTS

	GROUP	
	2006 RM	2005 RM
Short term benefits		
Salaries and allowances	1,052,517	402,210
Bonus	–	30,137
SOCSSO	18,592	1,828
Insurance, medical and other benefits	121,008	3,630
	1,192,117	437,805
Defined contribution plan		
Contributions to EPF	156,467	25,197
Equity-based compensation benefits		
Share options	263,335	–
	1,611,919	463,002
Staff costs are included in the income statement as follows:		
Selling and marketing expenses	287,453	52,400
Administrative expenses	318,592	69,790
Other operating expenses	43,418	14,000
Research and development expenses	962,456	326,812
	1,611,919	463,002

20. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Directors of the Company				
Executive:				
Salaries and allowances	72,000	6,000	72,000	6,000
Bonus	–	–	–	–
SOCSSO, income tax and other benefits	–	–	–	–
Contributions to EPF	–	–	–	–
Share options	96,670	–	96,670	–
	168,670	6,000	168,670	6,000
Non-Executive:				
Fees	130,000	20,000	130,000	20,000
	298,670	26,000	298,670	26,000

NOTES TO THE FINANCIAL STATEMENTS

continued

20. DIRECTORS' REMUNERATION *(continued)*

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Directors of a subsidiary company				
Executive:				
Salaries and allowances	192,000	25,807	-	-
Bonus	-	4,641	-	-
SOCSO, income tax and other benefits	23,460	1,689	-	-
Contributions to EPF	23,040	3,840	-	-
Share options	213,522	-	-	-
	<u>452,022</u>	<u>35,977</u>	<u>-</u>	<u>-</u>
Non-Executive:				
Fees	27,500	15,000	-	-
	<u>479,522</u>	<u>50,977</u>	<u>-</u>	<u>-</u>
Total	<u>778,192</u>	<u>76,977</u>	<u>298,670</u>	<u>26,000</u>
Directors' remuneration are included in the income statement as follows:				
Administrative expenses	566,822	62,777	298,670	26,000
Research and development expenses	211,370	14,200	-	-
	<u>778,192</u>	<u>76,977</u>	<u>298,670</u>	<u>26,000</u>
Other benefits received by an executive director are as follows:				
Estimated monetary value of benefits-in-kind	41,292	4,932	-	-

NOTES TO THE FINANCIAL STATEMENTS

continued

21. PROFIT/(LOSS) BEFORE TAXATION

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
This is arrived at after charging:				
Audit fees				
*statutory - current year	17,100	12,000	8,000	7,000
- underprovision in prior year	3,000	-	1,000	-
*non-statutory	-	1,000	-	1,000
Depreciation of property, plant and equipment (<i>excluding equipment and software for R&D purposes</i>)	1,109,225	75,239	-	-
Allowance made for doubtful debts	284,272	103,816	-	-
Rental				
- factory	27,600	2,773	-	-
- office premises	123,505	16,153	-	-
Research and Development ("R&D")				
- personnel costs and related expenses	1,173,826	180,467	-	-
- depreciation of equipment and software	310,080	-	-	-
- other expenses	4,893	518	-	-
Unrealised loss on exchange	402,091	-	-	-

22. 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.

NOTES TO THE FINANCIAL STATEMENTS

continued

22. TAXATION *(continued)*

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

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit/(loss) before taxation	3,149,967	810,190	(412,960)	(40,700)
Tax calculated at the statutory tax rate of 28%	881,991	226,853	(115,629)	(11,396)
Tax effect of:				
- expenses not deductible for tax purposes	432,617	31,931	20,375	-
- tax rate of 20% applicable to first RM500,000	(39,901)	(36,744)	-	3,256
- loss for the year/period not recognised	95,324	8,140	95,254	8,140
- profit exempted from tax under Pioneer Status	(1,370,031)	(230,180)	-	-
Tax expense	-	-	-	-

The subsidiary company, Inix Technologies Sdn. Bhd. ("ITSB") was awarded the status of a Multimedia Super Corridor ("MSC") company on 28th 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 1st 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 approximately RM13,076,400 (2005: RM8,040,600) as at 31 July 2006 available for distribution as tax exempt dividends. In addition, the Group has unabsorbed tax losses of RM998,391 (2005: RM658,198) that are available for set-off against taxable income in future periods subsequent to the tax exemption period.

NOTES TO THE FINANCIAL STATEMENTS

continued

22. 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		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Taxable/(deductible) temporary differences				
- property, plant and equipment	419,195	292,964	-	-
- general allowance for doubtful debts	-	(269,200)	-	-
- unrealised loss on exchange	(402,091)	-	-	-
- provision for warranty claims	(99,734)	(63,259)	-	-
	(82,630)	(39,495)	-	-
Unabsorbed tax losses	(998,391)	(658,198)	(380,893)	(40,700)
	(1,081,021)	(697,693)	(380,893)	(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.

23. FINANCIAL INSTRUMENTS

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

24. 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;
- (b) Inix Industrial Sdn. Bhd. ("IISB") being the subsidiary company of ITSB;
- (c) PC Sentry Sdn. Bhd. ("PCS") being a company in which Jimmy Tok Soon Guan, Cheong Kok Yai and Mok Chin Fan have substantial direct interests and are also directors at the balance sheet date;
- (d) 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 2006; and
- (e) CF Chong Sdn. Bhd. ("CFC"), being a company in which Mr. Chong Chen Fah, a director of the Company, has substantial financial interest. During the year, the Company paid consulting fees to CFC in regards to the listing of the Company on the MESDAQ Market of Bursa Malaysia Securities Berhad. The transaction is non-recurrent in nature.

NOTES TO THE FINANCIAL STATEMENTS

continued

24. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Balances at year end included in the balance sheet are as follows:				
<u>Other receivables, deposits and prepayments</u>				
Rental and utility deposits paid to LWK	8,000	8,000	-	-
Expenses paid on behalf of PCS	-	402,352	-	-
	<u>8,000</u>	<u>410,352</u>	<u>-</u>	<u>-</u>
<u>Amount due from/(to) subsidiary company</u>				
Advances provided to ITSB for working capital purposes	-	-	8,200,000	-
Expenses paid on behalf by ITSB	-	-	(508,978)	(299,812)
	<u>-</u>	<u>-</u>	<u>7,691,022</u>	<u>(299,812)</u>
Significant transactions between related parties and the Group/Company during the year are as follows:				
<u>Expenses</u>				
Rental of office premise paid to LWK	32,400	32,400	-	-
<u>Payments/(receipts)</u>				
Expenses paid on behalf of PCS	-	402,352	-	-
Repayment of amount owing by PCS	(402,352)	-	-	-
	<u>-</u>	<u>-</u>	<u>(209,166)</u>	<u>(299,812)</u>
Expenses paid on behalf by ITSB	-	-	(209,166)	(299,812)
Advances provided to ITSB	-	-	8,200,000	-
Consulting fees paid to CFC	255,920	-	255,920	-

NOTES TO THE FINANCIAL STATEMENTS

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25. EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") grants options to eligible directors and employees of the Group to subscribe for shares up to 15% of the Company's issued and paid-up share capital. The ESOS is in force for a duration of 5 years commencing from 25 August 2005 being the date of full compliance with all relevant requirements.

On 12 September 2005, 6,000,000 share options were granted and accepted at an exercise price of RM0.40 per share pursuant to the ESOS. The estimated fair value of RM0.20 per option was calculated using the Black-Scholes option pricing model with inputs into the model as follows:

Weighted average share price	RM0.44
Exercise price	RM0.40
Expected volatility	60%
Expected life	3 years
Risk free rate	3.33%
Expected dividend yield	Nil

Expected volatility has been determined based on the historical volatility of the share prices of the Company and of other companies listed on the same exchange, board and sector.

Expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Details of the share options outstanding during the year under review are as follows:

	No. of share options at exercise price of RM0.40 each	
	2006	2005
Outstanding at the beginning of the year/period	-	-
Granted and accepted during the year/period	6,000,000	-
Forfeited during the year/period	(840,000)	-
Exercised during the year/period	-	-
Expired during the year/period	-	-
Outstanding at the end of the year/period	<u>5,160,000</u>	-
Exercisable:		
- at the end of the year/period	-	-
- within 12 months #	1,172,575	-
- between 1 to 2 years	2,436,525	-
- between 2 to 3 years	776,900	-
Expected number of options to vest	<u>4,386,000</u>	-
Estimated number of options that may be forfeited or expire	774,000	-
	<u>5,160,000</u>	-

These options have vested on 1 September 2006.

NOTES TO THE FINANCIAL STATEMENTS

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26. 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

The Group operates predominantly in Malaysia. An analysis of the Group's revenue by geographical market is as follows:

	GROUP	
	2006 RM	2005 RM
Asia	11,016,659	9,399,799
Europe	2,470,000	2,474,940
Africa	1,245,000	1,900,000
Australia	1,600,000	2,680,000
	16,331,659	16,454,739
Less: Revenue derived prior to the acquisition of the subsidiary company, Inix Technologies Sdn. Bhd.		- (14,104,792)
Revenue for the year/period	16,331,659	2,349,947

27. EARNINGS PER ORDINARY SHARE

The basic/diluted earnings per share is computed based on the net profit attributable to ordinary shareholders and the weighted average/adjusted weighted average number of ordinary shares outstanding during the year as follows:

	GROUP	
	2006 RM	2005 RM
Gross/Net		
Basic:		
Net profit attributable to ordinary shareholders	3,149,967	810,190
Weighted average number of ordinary shares in issue	93,769,342	10,063,768
Basic earnings per ordinary share (sen)	3.36	8.05

NOTES TO THE FINANCIAL STATEMENTS

continued

27. EARNINGS PER ORDINARY SHARE *(continued)*

	GROUP	
	2006 RM	2005 RM
Diluted:		
Net profit attributable to ordinary shareholders	3,149,967	810,190
Weighted average number of ordinary shares in issue	93,769,342	10,063,768
Number of shares issuable under ESOS	5,160,000	–
Number of shares that would have been issued at fair value	(4,003,880)	–
Adjusted weighted average number of ordinary shares in issue	94,925,462	10,063,768
Diluted earnings per ordinary share (sen)	3.32	8.05

28. UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The status of utilisation of the proceeds raised from the public issue pursuant to the listing of the Company on the MESDAQ Market of Bursa Malaysia Securities Berhad is as follows:

	As approved by the Securities Commission RM	Utilised at Issuance of Financial Statements RM	Balance RM
Research and development	2,500,000	2,500,000	–
Purchase of property, plant and equipment	500,000	500,000	–
Advertising and promotion	1,000,000	1,000,000	–
Working capital	4,343,000	4,343,000	–
Estimated listing expenses	1,800,000	1,800,000	–
	10,143,000	10,143,000	–

29. CLAIM AGAINST THE COMPANY

The Company and an executive director of the Company are defendants to a suit brought against them by a third party for an amount of RM1,010,000. The solicitors acting on behalf of the Company and the said director are of the opinion that the claim is frivolous as it is based on illegality as well as fraud and as such, unsustainable.

NOTES TO THE FINANCIAL STATEMENTS

continued

30. SIGNIFICANT EVENTS

In May 2006 and June 2006, the Company announced that the Securities Commission, Foreign Investment Committee and Bursa Malaysia Securities Berhad have approved a Proposed Private Placement of up to 10% of the issued and paid-up share capital of the Company comprising 10,036,000 new ordinary shares of RM0.10 each in the Company.

On 17 August 2006, the Company announced that the issue price for the first tranche placement of 856,000 new ordinary shares of RM0.10 each in the Company to be issued pursuant to the Proposed Private Placement has been fixed at RM0.50 per placement share ("First Tranche Shares"). The issue price represents a premium of RM0.21 representing 72.4% over the 5-day weighted average market price of the Company's shares from 10 August 2006 to 16 August 2006 of RM0.29.

The First Tranche Shares were issued on 21 August 2006 and granted listing and quotation on the MESDAQ Market of Bursa Malaysia Securities Berhad on 29 August 2006. The status of utilisation of the proceeds raised is as follows:

	As approved by the Securities Commission		Utilised at	
	Proposed Private Placement RM	First Tranche Shares RM	Issuance of Financial Statements RM	Balance RM
Expansion of production capacity	3,000,000	365,000	–	365,000
Working capital	714,000	54,500	4,505	49,995
Estimated expenses	100,000	8,500	8,500	–
	3,814,000	428,000	13,005	414,995

The proceeds raised have been allocated proportionately based on 856,000 ordinary shares issued over number of ordinary shares under the Proposed Private Placement. Any excess/ (deficit) in gross proceeds raised and to be raised, upon completion, will be utilised for / (adjusted from) working capital.

31. COMPARATIVE FIGURES

The comparative figures for the Company's income and cashflow statements are from the date of incorporation on 13 September 2004 to 31 July 2005. The comparative figures for the Group's income and cashflow statements are from the date of acquisition of the subsidiary company, Inix Technologies Sdn. Bhd. on 17 June 2005 to 31 July 2005.

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 25 to 53 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 2006 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

Petaling Jaya
19 September 2006

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 25 to 53 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 Petaling Jaya in Selangor Darul Ehsan)
on 19 September 2006)

JIMMY TOK SOON GUAN

Before me:
M. NAMASIVAYAM P.P.N (No. W299)
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 25 to 53. 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 applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 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 2006 and of the results and the cash flows of the Group and of the Company for the year 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 companies 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 companies 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' reports on the financial statements of the subsidiary companies were 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
19 September 2006

ANALYSIS OF SHAREHOLDINGS

AS AT 15 SEPTEMBER 2006

Authorised Share Capital	:	RM25,000,000
Issued & Fully Paid-up Share Capital	:	RM9,585,600
Class of Shares	:	Ordinary shares of RM 0.10 each fully paid
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100 shares	5	0.41	163	0.00
100 to 1,000 shares	105	8.76	97,150	0.10
1,001 to 10,000 shares	623	51.96	3,873,200	4.04
10,001 to 100,000 shares	385	32.11	13,544,000	14.13
100,001 to less than 5% of issued shares	79	6.59	38,989,003	40.68
5% and above of issued shares	2	0.17	39,352,484	41.05
Total	1,199	100.00	95,856,000	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
PC Sentry Sdn Bhd	34,124,390	35.60	–	–
Pesat Cipta Sdn Bhd	5,228,094	5.45	–	–
Jimmy Tok Soon Guan	–	–	34,124,390 *	35.60
Cheong Kok Yai	–	–	34,124,390 *	35.60
Mok Chin Fan	–	–	34,124,390 *	35.60

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

DIRECTORS' INTERESTS

Name of Director	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Megat Fairouz Junaidi bin Megat Junid	–	–	–	–
Jimmy Tok Soon Guan	–	–	34,124,390 *	35.60
Cheong Kok Yai	–	–	34,124,390 *	35.60
Chong Chen Fah	2,695,821	2.81	–	–
Mok Chin Fan	–	–	34,124,390 *	35.60
Madzlan bin Mohamed Nazri	–	–	–	–

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

ANALYSIS OF SHAREHOLDINGS

continued

TOP THIRTY SHAREHOLDERS

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

	Name of Shareholder	No. of Shares	%
1	PC Sentry Sdn Bhd	34,124,390	35.60
2	Pesat Cipta Sdn Bhd	5,228,094	5.45
3	Amanah Raya Berhad <i>SBB Dana Al-Faiz</i>	3,780,100	3.94
4	Cheong Hae Lee @ Chong Hae Lee	3,000,000	3.13
5	Chong Chen Fah	2,695,821	2.81
6	Dahya Mohamed Raza	2,683,666	2.80
7	Phoo Meng Khaw	2,192,846	2.29
8	Lim Boon Chai	2,068,995	2.16
9	Justine Jay Vaz	1,072,040	1.12
10	Wai Ho Mang	1,036,336	1.08
11	Mok Ching Yam	1,004,500	1.05
12	Chong Kok Wing	880,499	0.92
13	Techmy Sdn Bhd	856,000	0.89
14	JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Chui Lan (Margin)</i>	800,000	0.83
15	Tang Kam Kew	720,000	0.75
16	Lim Gaik Hwa	700,000	0.73
17	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Rulzmal Bin Khamarulzaman</i>	693,500	0.72
18	Amanah Raya Berhad <i>SBB Enterprise Fund</i>	608,000	0.63
19	Lee Chai Eng	600,000	0.63
20	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Yap Mooi</i>	594,900	0.62
21	Boey Tak Kong	560,000	0.58
22	Lee Chong Choon	542,500	0.57
23	Tan Kok Hong	435,000	0.45
21	Lau Kok Seng	411,000	0.43
25	Lim Kean Beng	410,000	0.43
26	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Yew Teong</i>	400,000	0.42
27	RHB Nominees (Asing) Sdn Bhd <i>UOB Kay Hian Private Limited for Yeo Hee In</i>	400,000	0.42
28	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Inder Singh A/L Sunder Singh</i>	386,000	0.40
29	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mok Kam Wah (REM 865)</i>	368,000	0.38
30	Tang Kam Har	330,100	0.34
	Total	69,582,287	72.59

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Securities Malaysia Berhad for the Mesdaq Market.

1. UTILISATION OF PROCEEDS

As at 31 July 2006, the status of utilisation of the proceeds raised from the public issue pursuant to the listing of the Company on Mesdaq Market of Bursa Malaysia Securities Berhad amounting to RM10.143 million is as follows :

	As approved by the Securities Commission RM'000	Utilised as at the date of this report RM'000	Balance RM'000
Research and development	2,500	2,500	–
Purchase of equipment/fixed assets	500	500	–
Advertising and promotion	1,000	1,000	–
Working capital	4,343	4,343	–
Estimated listing expenses	1,800	1,800	–
<i>Total</i>	10,143	10,143	–

2. SHARE BUY-BACK

The Company does not have a scheme to buy-back its own shares.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company does not have any warrants or convertible securities in issue. On 12 September 2005, a total of 6,000,000 options were issued to eligible employees of the Group under the INIX Employee Share Option Scheme (ESOS). No options were issued to any non-executive director of the Company. As at 31 July 2006, none of the options had been exercised.

Details of the share options outstanding during the period under review are as follows:

	No. of share options at exercise price of RM0.40 each
Outstanding at the beginning of the year	–
Granted and accepted during the year	6,000,000
Forfeited during the year	–
Exercised during the year	–
Expired during the year	840,000
Outstanding at the end of the year	5,160,000
Exercisable at the end of the year	–

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme for the financial year ended 31 July 2006.

ADDITIONAL COMPLIANCE INFORMATION

continued

5. SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant authorities during the financial year ended 31 July 2006.

6. NON-AUDIT FEES

Non-audit fees incurred for services rendered to the Group by the Company's auditors for the financial year ended 31 July 2006 are as follows:

	Group RM	Company RM
Azman, Wong, Salleh & Co. from		
- reporting accountant	90,000	90,000
- tax advisory	7,000	1,000
<i>Total</i>	97,000	91,000

7. VARIATION OF RESULTS

The Company had not previously released any profit estimate, forecast or projection for the financial year ended 31 July 2006. There was no material variation between the audited results for the year and that of the unaudited results announced on 22 September 2006.

8. PROFIT GUARANTEE

The Group and the Company had not issued any profit guarantee in respect of the financial year ended 31 July 2006.

9. MATERIAL CONTRACTS

During the financial year ended 31 July 2006, the Company and its subsidiaries did not enter into any material contract involving directors' and substantial shareholders' interests, nor was there any such material contract previously entered into that was still subsisting as at 31 July 2006.

10. REVALUATION POLICY

The Company did not revalue any of its property, plant and equipment during the financial year ended 31 July 2006.

11. MATERIAL PROPERTIES

The Company and the Group does not own any landed property.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting of INIX Technologies Holdings Berhad (“INIX”) will be held at Teratai Suite 1 & 2, 2nd Floor East Wing, Hilton Petaling Jaya, No.2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 10 November 2006 at 10.30 a.m. for the following purposes:

- | | | |
|----|---|---------------------|
| 1. | To receive and adopt the Audited Financial Statements for the financial year ended 31 July 2006 together with the Reports of the Directors and the Auditors thereon. | RESOLUTION 1 |
| 2. | To approve the payment of Directors’ fees of RM130,000 for the financial year ended 31 July 2006. | 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) Mok Chin Fan | RESOLUTION 4 |
| | iii) Madzlan bin Mohamed Nazri | RESOLUTION 5 |
| | iv) Chong Chen Fah | RESOLUTION 6 |
| 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 7 |

AS SPECIAL BUSINESS

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

- | | | |
|----|---|---------------------|
| 5. | SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE ARTICLES
OF ASSOCIATION OF INIX | |
| | “THAT the alterations, modifications, deletions and/or additions to the Articles of Association of the Company as set out under Appendix I of the Circular to Shareholders of the Company dated 18 October 2006 be and are hereby approved.” | RESOLUTION 8 |
| 6. | ORDINARY RESOLUTION
PROPOSED AMENDMENTS TO THE BY-LAWS OF INIX’S
EMPLOYEE SHARE OPTION SCHEME (“SCHEME”) | |
| | “THAT, subject to the passing of Special Resolution 8 above, the By-Laws of the Company’s existing Employee Share Option Scheme be amended as set out under Appendix II of the Circular to Shareholders of the Company dated 18 October 2006. | RESOLUTION 9 |
| | THAT the Directors of the Company be and are hereby authorised to give effect and to implement the aforesaid amendments with full power or assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the aforesaid amendments.” | |

NOTICE OF ANNUAL GENERAL MEETING

**7. ORDINARY RESOLUTION
PROPOSED ISSUE OF OPTIONS TO
DATO' MEGAT FAIROUZ JUNAIDI BIN MEGAT JUNID**

"THAT subject to passing of Special Resolution 8 and Ordinary Resolution 9 above, the Company be and is hereby authorised at any time, to offer and grant Dato' Megat Fairouz Junaidi bin Megat Junid, being the Independent Non-Executive Chairman of the Company, options to subscribe for up to 2,000,000 new ordinary shares of RM0.10 each in INIX under the Scheme subject to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the amended By-Laws of the Scheme."

RESOLUTION 10

**8. ORDINARY RESOLUTION
PROPOSED ISSUE OF OPTIONS TO MOK CHIN FAN**

"THAT, subject to passing of Special Resolution 8 and Ordinary Resolution 9 above, the Company be and is hereby authorised at any time, to offer and grant Mok Chin Fan, being the Non-Independent Non-Executive Director of the Company, options to subscribe for up to 2,000,000 new ordinary shares of RM0.10 each in INIX under the Scheme subject to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the amended By-Laws of the Scheme."

RESOLUTION 11

**9. ORDINARY RESOLUTION
PROPOSED ISSUE OF OPTIONS TO MADZLAN BIN MOHAMED NAZRI**

"THAT, subject to passing of Special Resolution 8 and Ordinary Resolution 9 above, the Company be and is hereby authorised at any time, to offer and grant Madzlan bin Mohamed Nazri, being the Independent Non-Executive Director of the Company, options to subscribe for up to 2,000,000 new ordinary shares of RM0.10 each in INIX under the Scheme subject to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the amended By-Laws of the Scheme."

RESOLUTION 12

**10. ORDINARY RESOLUTION
AUTHORITY TO ISSUE SHARES PURSUANT TO THE
EMPLOYEE SHARE OPTION SCHEME**

"THAT pursuant to the Employee Share Option Scheme of INIX 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 provisions of the amended By-Laws of the Scheme."

RESOLUTION 13

NOTICE OF ANNUAL GENERAL MEETING

11. ORDINARY RESOLUTION 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 14

12. 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 2006

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 provision 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 officer or 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.*

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS

Special Resolution 8

Proposed Amendments to the Articles of Association of INIX

Special Resolution 8, if passed, will align the Articles with the revised Listing Requirements of Bursa Malaysia Securities Berhad for MESDAQ Market. Detailed information is set out in the Circular to Shareholders dated 18 October 2006 which is despatched together with this Annual Report.

Ordinary Resolution 9

Proposed Amendments to the By-Laws of INIX's Scheme

Ordinary Resolution 9, if passed, will allow the non-executive directors to participate in the Scheme. Notwithstanding that the non-executive directors are not involved in the day-to-day management of the Company, their contribution to the Group are still significant. As such, INIX intends to reward its non-executive directors by enabling them to participate in the Scheme. Detailed information is set out in the Circular to Shareholders dated 18 October 2006 which is despatched together with this Annual Report.

Ordinary Resolutions 10, 11 and 12

Proposed Issue of Options to Non-Executive Directors

Ordinary Resolutions 10, 11 and 12, if passed, will authorise the Company to grant the Options to non-executive directors pursuant to the Proposed Amendments By-Laws of INIX's Scheme. Detailed information is set out in the Circular to Shareholders dated 18 October 2006 which is despatched together with this Annual Report.

Ordinary Resolution 13

Authority to issue shares pursuant to the Employee Share Option Scheme

Ordinary Resolution 13, if passed, will empower the Directors to issue shares in the Company upon exercise of the options by eligible employees pursuant to the Scheme which was approved at the Extraordinary General Meeting held on 17 June 2005.

Ordinary Resolution 14

Authority to the Directors to issue shares

The proposed Ordinary Resolution 14, 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.

STATEMENT ACCOMPANYING NOTICE

OF ANNUAL GENERAL MEETING

1. Directors standing for re-election at the Second 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) Mok Chin Fan
- iii) Madzlan bin Mohamed Nazri
- iv) Chong Chen Fah

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 7 to 9 of the Annual Report.

3. Attendance of Directors at Board Meetings

Four Board meetings were held in the financial year ended 31 July 2006. Details of the attendance of Directors at the Board meetings are disclosed in the Corporate Governance Statement on page 11 of this Annual Report.

4. Date, Time and Place of Second Annual General Meeting

The Second Annual General Meeting of the Company will be held at Teratai Suite 1 & 2, 2nd Floor East Wing, Hilton Petaling Jaya, No.2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 10 November 2006 at 10.30 a.m.

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED 31 JULY 2006

Announcement of Quarterly Reports	
First quarter ended 31 October 2005	23 December 2005
Second quarter ended 31 January 2006	23 March 2006
Third quarter ended 30 April 2006	23 June 2006
Fourth quarter ended 31 July 2006	22 September 2006
Issue of Annual Report 2006	18 October 2006
Annual General Meeting 2006	10 November 2006



INIX TECHNOLOGIES HOLDINGS BERHAD (665797-D)
(Incorporated in Malaysia)

FORM OF PROXY

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

I/We,
of
being a member/members of INIX TECHNOLOGIES HOLDINGS BERHAD, hereby appoint the following persons:

	Name of proxy, NRIC No. & Address	No. of Shares to be represented by proxy
1.
2.

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

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the SECOND ANNUAL GENERAL MEETING of the Company to be held at Teratai Suite 1 & 2, 2nd Floor East Wing, Hilton Petaling Jaya, No.2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsanon Friday, 10 November 2006 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.	Resolution	For	Against
1.	Adoption of the Audited Financial Statements for the year ended 31 July 2006 together with the Directors' and Auditors' Report thereon.		
2.	Approval of Directors' Fees.		
3.	Re-election of Dato' Megat Fairouz Junaidi bin Megat Junid as director.		
4.	Re-election of Mok Chin Fan as director.		
5.	Re-election of Madzlan bin Mohamed Nazri as director.		
6.	Re-election of Chong Chen Fah as director.		
7.	Re-appointment of Auditors.		
8.	Proposed Amendments to the Articles of Association of INIX.		
9.	Proposed Amendments to the By-laws of INIX's Employee Share Option Scheme.		
10.	Proposed issue of options to Dato' Megat Fairouz Juniadi Bin Megat Junid.		
11.	Proposed issue of options to Mok Chin Fan.		
12.	Proposed issue of options to Madzlan bin Mohamed Nazri.		
13.	Authority to issue shares pursuant to the Employee Share Option Scheme.		
14.	Authority to Directors to issue shares pursuant to Section 132D.		

Dated this day of 2006

.....
Signature of Shareholder

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 provision 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 officer or 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.



PLEASE FOLD HERE

AFFIX
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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