


Annual Report  
**2007**

INIX TECHNOLOGIES HOLDINGS BERHAD  
(665797-D)



INIX TECHNOLOGIES HOLDINGS BERHAD  
(665797-D)  
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# Corporate Information

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## 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*

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

**Mok Chin Fan**  
*Non-Independent Non-Executive Director  
(resigned on 1 August 2007 and  
reappointed on 20 September 2007)*

**Mohd Qari bin Ahmad**  
*Independent Non-Executive Director  
(appointed on 2 July 2007)*

**Wong Yew Sen**  
*Independent Non-Executive Director  
(appointed on 27 September 2007)*

## Audit Committee

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

**Madzlan bin Mohamed Nazri**  
*Member*

**Wong Yew Sen**  
*Member*

## 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

## Company Secretaries

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

## Registered Office

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

## Share Registrar

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

## Auditors

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

## Sponsor

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

## Principal Bankers

Public Bank Berhad  
CIMB Bank Berhad

## Stock Exchange Listing

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

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## ***Chairman's Statement***

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**C**on behalf of your Board of Directors, may I 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 2007.

### **Corporate Developments**

In February 2007, the Company completed implementation of a private placement exercise approved by the Securities Commission and the Foreign Investment Committee on 24 May 2006. This exercise involved the allotment and issue of a total of 9,500,000 new INIX shares in six tranche placements between August 2006 and February 2007 at issue prices ranging from RM0.210 to RM0.500 per share.

The Company announced in April 2007 that we proposed to undertake another private placement exercise involving the placement of up to 10% of the issued and fully paid-up share capital of INIX, comprising up to 10,928,000 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 21 May 2007 approved the proposed private placement. In June 2007, the Company announced that INIX had proposed to fix the issue price of the new ordinary shares of RM0.10 each in INIX to be issued pursuant to the proposed private placement at RM0.155, which represents a discount of approximately 8.4% from the five (5) days volume weighted average market price of INIX shares from 15 June 2007 to 21 June 2007 of RM0.1692. The proposed issue price was subject to the approval of the shareholders of INIX.

In August 2007, the Company announced that at an extraordinary general meeting of the Company convened on 8 August 2007, the shareholders of INIX had approved the above private placement of 10,450,000 new ordinary shares. The said placement shares, allotted and issued by the Company on 17 August 2007, were granted listing and quotation on 23 August 2007.

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# ***Chairman's Statement***

*(continued)*

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## **Group Results**

Following the immediately preceding two years of rapid growth and expansion, group sales revenue moderated to RM5.3 million for the financial year ended 31 July 2007. This compared to group sales revenue of RM16.3 million for the year ended 31 July 2006 and RM2.3 million for the 10.5 month financial period ended 31 July 2005 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 our subsidiary company INIX Technologies Sdn Bhd (ITSB). On company basis, ITSB sales revenue amounted to RM16.5 million for its financial year ended 31 July 2005.

The INIX Group recorded an audited after tax loss of RM11.2 million compared to an audited profit after tax of RM4.0 million for the financial year ended 31 July 2006. The adverse earnings outturn on a shrinking revenue base is reflective of a continually hostile operating environment brought to bear on the Group since the preceding financial year of dampened domestic, regional and global economic activity emanating from escalating world crude oil prices and rising interest rates.

Consequently, demand for the Group's products and services, particularly from the international segment, had been sluggish. More so as the Group further intensified our efforts to recover and collect the substantial outstanding trade receivables carried forward from the preceding financial periods, including to impose even more stringent credit controls.

Indeed, urgent and active measures were taken during the year under review not only to buttress the Group's existing limited resources, but more importantly to re-group and to fortify our financial base into the future. These include efforts which had already been set in train to boost the Group's existing production capacity from the proceeds from private placement of INIX shares.

In addition, the Group's balance sheet was brought under even closer scrutiny. Specifically, the carrying values of the Group's trade receivables as well as the Group's plant, property and equipment as at year-end were critically reviewed both individually as well as on collective basis. This to ensure they reliably measure their respective true and fair values vis-à-vis the associated future economic benefits reasonably expected to flow to the Group therefrom, particularly so within the presently depressed operating environment of dampened sales demand and high inelastic cost and expense pressures on the Group. Guided by an uncompromising stance of prudence, significant accounting adjustments and provisions taken up in the books of the Group for the financial year ended 31 July 2007 included allowances for bad and doubtful debts RM2.5 million (2006: RM0.6 million), and provision for diminution in the value of plant property and equipment RM1.6 million (2006: nil).

During the financial year under review too, INIX subsidiary company ITSB undertook a promotional product upgrade enhancement exercise aimed at maintaining the highest possible levels of customer satisfaction as well as further enhancing product reliability and acceptance in the marketplace. The exercise involved the replacement of selected earlier versions of ITSB's *Secure Smith* integrated intelligent wireless security, automation and closed-circuit television surveillance system previously installed and sold by the subsidiary company with the latest version offering additional features not available in the replaced units. Arising therefrom, the Group incurred an additional RM0.8 million in replacement costs and RM1.0 million in specific allowances for stocks obsolescence, for the financial year ended 31 July 2007.

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# Chairman's Statement

(continued)

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## 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.

The Group spent a total of RM2.9 million in R&D expenditure for its financial year ended 31 July 2007, more than double the amount of RM1.2 million for the preceding year.

## Prospects

Notwithstanding the generally depressed economic conditions, and the disappointing revenue and earnings outturns for the current financial year, your Directors remain confident of the overall prospects of the Group over the longer term.

On the local front, the Group is hopeful that the national Budget 2008 unveiled by the Prime Minister in September 2007 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 of an improved Group earnings position, if not a return to profitability, for the succeeding financial year ending 31 July 2008.

## Appreciation

On behalf of the Board, I would like to welcome to the Board Encik Mohd Qari bin Ahmad and Encik Wong Yew Sen, who bring along with them their wealth of experience to help the Group and Company.

Finally, I 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

16 October 2007

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## ***Directors' Profile***

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

#### ***Independent Non-Executive Chairman***

Malaysian, aged 42

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.

He attended all four Board meetings held during the financial year ended 31 July 2007.

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 37

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 and Inix Industrial 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 2007.

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.



### **Cheong Kok Yai**

#### ***Executive Director / Chief Technical Officer***

Malaysian, aged 47

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 and Inix Industrial 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 2007.

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 49

Chong Chen Fah was appointed a Director on 13 September 2004 and was designated as Executive Director on 17 June 2005. He was a member of the Audit Committee until 27 September 2007. Chong is a chartered accountant with more than 25 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 2007.

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.

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## **Directors' Profile**

*(continued)*

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### **Madzlan bin Mohamed Nazri**

#### ***Independent Non-Executive Director***

Malaysian, aged 42

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. Madzlan 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 2007.

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.

### **Mok Chin Fan**

#### ***Non-Independent Non-Executive Director***

Malaysian, aged 49

Mok Chin Fan first joined the Board on 17 June 2005. He resigned as a director on 1 August 2007 and was reappointed as Non-Independent Non-Executive Director on 20 September 2007. 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 long time 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 2007.

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.

### **Mohd Qari bin Ahmad**

#### ***Independent Non-Executive Director***

Malaysian, aged 53

Mohd Qari bin Ahmad was appointed as Independent Non-Executive Director on 2 July 2007. Mohd Qari obtained his MBA from the University of Aston in Birmingham, UK in 1983 and is a Fellow of Institute of Chartered Secretaries and Administrators (ICSA), UK. He joined Perwira Affin Merchant Bank Berhad (now known as Affin Merchant Bank) in 1983 as an executive in the Corporate Finance and Advisory Division and later promoted as General Manager of the Division. He left the merchant bank in August 1996 to set up his own corporate advisory and consultancy business. Mohd Qari Ahmad is currently a director of Lii Hen Industries Berhad. He presently sits as a member to the investigating Tribunal and Disciplinary Committee Panel of the Advocates and Solicitors Disciplinary Board of Bar Council, Malaysia. He is also a committee member of Corporate Law Reform-Task Force C of MAICSA.

He did not attend any of the Board meetings held during the financial year ended 31 July 2007 as his appointment was only effected after the last scheduled meeting of the year.

Mohd Qari 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.

### **Wong Yew Sen**

#### ***Independent Non-Executive Director***

Malaysian, aged 60

Wong Yew Sen was appointed as Independent Non-Executive Director and member of the Audit Committee on 27 September 2007. Wong has been a Senior Associate Member of the Institut Bank-Bank Malaysia since 1978. He graduated with a Bachelor of Economics from University of Malaya in 1971 and obtained a Diploma in Banking from Institute Bankers, London in 1973. He was involved in the supervision of banking institutions for 27 years since he joined Bank Negara Malaysia (BNM) in August 1971. He held various positions in BNM including Head of Internal Audit, Director of Banking Supervision 2, and Director of Insurance Supervision. From November 2003 to April 2006, he was Adviser (Supervision) of the Department of Co-Operative Development Malaysia, responsible for building up the supervisory functions of the department. He was a Governor of the Institute of Internal Auditors Malaysia from April 1993 to April 2006 and was elected as its President for two terms from April 1998 to April 2000. He is currently a director of Aturmaju Resources Berhad.

He did not attend any of the Board meetings held during the year ended 31 July 2007 since his appointment was only effected subsequent to financial year-end.

Wong 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.

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# **Corporate Governance Statement**

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*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. 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 6 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 eight members, comprising three executive directors and five non-executive directors, four of whom 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.

## **Board Meetings**

Board meetings are held at least four times annually, with additional meetings convened as and when necessary. During the financial year from 1 August 2006 to 31 July 2007, four Board meetings were held. Details of each Director's meeting attendance are as follows:

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# Corporate Governance Statement

(continued)

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## Board Meetings *(continued)*

<b>Name of Director</b>	<b>Attendance</b>
Dato' Megat Fairouz Junaidi bin Megat Junid	4 of 4
Jimmy Tok Soon Guan	4 of 4
Cheong Kok Yai	4 of 4
Chong Chen Fah	4 of 4
Madzlan bin Mohamed Nazri	4 of 4
Mok Chin Fan <i>(resigned on 1 Aug 2007; reappointed on 20 Sep 2007)</i>	4 of 4
Mohd Qari bin Ahmad <i>(appointed on 2 Jul 2007)</i>	0 of 0
Wong Yew Sen <i>(appointed on 27 Sep 2007)</i>	0 of 0

## Access to Information

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

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

## Appointment and Re-election of Directors

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

## Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) within the time frame stipulated in the Listing Requirements.

The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge so as to keep abreast with developments in the market place and to assist them in the discharge of their duties as Directors. The Board will discuss and determine the training needs of the Directors and the Directors are encouraged to attend various training on their own and submit the certificate of attendance to the Company Secretary for record.

# Corporate Governance Statement

(continued)

## 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 2007 is as follows:

Remuneration Component	Group	
	Executive Directors RM'000	Non-Executive Directors RM'000
Directors' fees	-	150
Salaries	366	-
EPF and Socso	30	-
Medical	-	-
Employee options	352	-
Total	748	150

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	-	3
RM50,001 to RM100,000	-	2
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-

## Board Committees

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

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

### Audit Committee

A full Audit Committee Report enumerating its membership, terms of reference and activities during the financial period under review is set out on pages 16 and 17 of this Annual Report.

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# Corporate Governance Statement

(continued)

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## Nomination Committee

The Board's Nomination Committee currently 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.

## Remuneration Committee

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

*Chairman:*

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

*Members:*

- Madzlan bin Mohamed Nazri (*Independent Non-Executive Director*)
- Jimmy Tok Soon Guan (*Executive Director*)

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

The Remuneration Committee meets at least once a year to recommend to the Board the remuneration of Directors, including fees. The Committee met once during the financial year under review.

## Employee Share Option Scheme Committee

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

*Chairman:*

- Jimmy Tok Soon Guan (*Executive Director*)

*Members:*

- Cheong Kok Yai (*Executive Director*)
- Mok Chin Fan (*Non-Independent Non-Executive Director*)

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# **Corporate Governance Statement**

*(continued)*

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## **Employee Share Option Scheme Committee** *(continued)*

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. 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 once during the financial year under review.

## **Shareholders**

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

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

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

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

## **Accountability and Audit**

### **Financial Reporting**

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

### **Directors' Responsibility Statement**

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



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# **Corporate Governance Statement**

*(continued)*

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## **Directors' Responsibility Statement** *(continued)*

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 pages 16 and 17 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 9 October 2007.

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# ***Audit Committee Report***

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## **Members**

The Audit Committee comprises:

<i>Chairman:</i>	<b>Dato' Megat Fairouz Junaidi bin Megat Junid</b> <i>Independent Non-Executive Chairman</i>
<i>Members:</i>	<b>Madzlan bin Mohamed Nazri</b> <i>Independent Non-Executive Director</i>
	<b>Wong Yew Sen</b> <i>Independent Non-Executive Director</i> <i>(from 27 September 2007)</i>
	<b>Chong Chen Fah</b> <i>Executive Director</i> <i>(up to 27 September 2007)</i>

## **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;

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# ***Audit Committee Report***

*(continued)*

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## **Functions** *(continued)*

1. to review
  - (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.

## **Internal Audit Function**

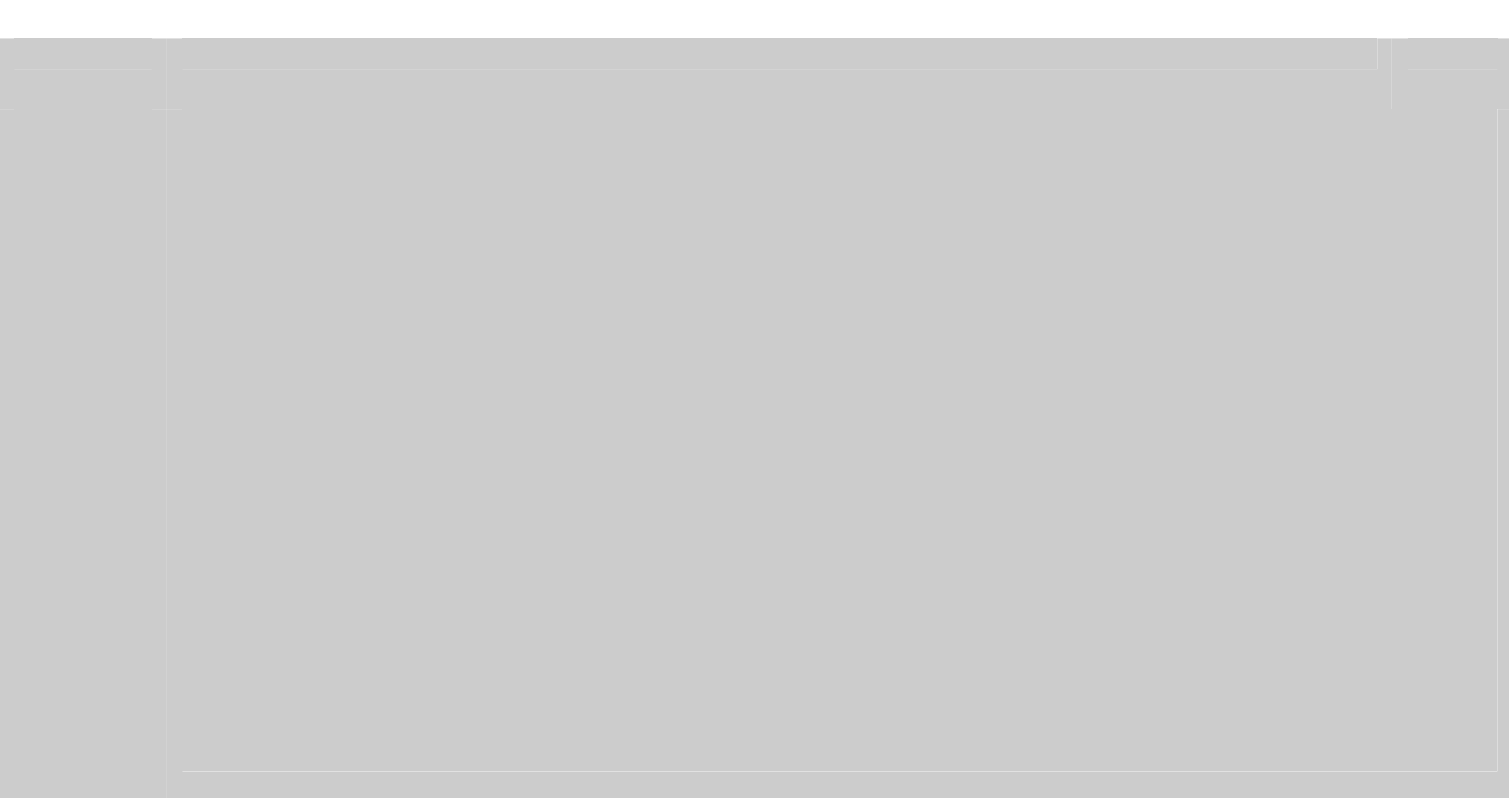
The Group does not presently maintain any internal audit function or activity as the Directors are of the view that the control mechanisms currently in place are adequate for the size of the Group's operations. The Audit Committee and Management will work closely with the external auditors to review accounting and internal control issues to ensure that significant issues are brought to the attention of the Board.

## **Summary of Activities**

The Audit Committee held four 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 three of the four meetings on the invitation of the Chairman of the Committee.

During the financial year ended 31 July 2007, 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.



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# ***Financial Statements***

*for the year ended 31 July 2007*

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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 2007.

## 1. PRINCIPAL ACTIVITIES

The Company operates as an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 10 to the financial statements.

## 2. RESULTS

	<i>Group</i> RM	<i>Company</i> RM
Loss for the year	(11,213,553)	(1,291,319)

## 3. DIVIDENDS

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

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 July 2007.

## 4. RESERVES AND PROVISIONS

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

## 5. ISSUE OF SHARES

During the year, the Company increased its issued and paid-up share capital from RM9,500,000 comprising 95,000,000 ordinary shares of RM0.10 each to RM10,450,000 comprising 104,500,000 ordinary shares of RM0.10 each by way of private placements in 6 tranches as follows: -

<i>Date of allotment</i>	<i>Number of shares</i>	<i>Issue price per share</i>
		RM
21 August 2006	856,000	0.500
1 December 2006	1,000,000	0.225
8 December 2006	1,000,000	0.215
18 December 2006	4,000,000	0.220
22 December 2006	1,100,000	0.210
5 February 2007	1,544,000	0.215

The cash proceeds from the above issuance have been utilised for expansion of production capacity and working capital as approved by the Securities Commission. These new shares rank pari passu in all respects with the existing shares of the Company and had been granted listing on the MESDAQ Market of Bursa Malaysia Securities Berhad.

The Company has, subsequent to the financial year end, further increased its issued and paid-up share capital from RM10,450,000 comprising 104,500,000 ordinary shares of RM0.10 each to RM11,495,000 comprising 114,950,000 ordinary shares of RM0.10 each by way of a private placement as follows: -

<i>Date of allotment</i>	<i>Number of shares</i>	<i>Issue price per share</i>
	RM	RM
17 August 2007	10,450,000	0.155

## 5. ISSUE OF SHARES *(continued)*

The cash proceeds from the above issuance would be utilised for expansion of production capacity and working capital as approved by the Securities Commission. These new shares rank pari passu in all respects with the existing shares of the Company and had been granted listing on the MESDAQ Market of Bursa Malaysia Securities Berhad.

## 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>
Madzlan bin Mohamed Nazri	- <i>Non-Executive Director</i>
Mohd Qari bin Ahmad <i>(appointed on 2 July 2007)</i>	- <i>Non-Executive Director</i>
Mok Chin Fan <i>(resigned on 1 August 2007; reappointed on 20 September 2007)</i>	- <i>Non-Executive Director</i>
Wong Yew Sen <i>(appointed on 27 September 2007)</i>	- <i>Non-Executive Director</i>

In accordance with the Company's Articles of Association, Dato' Megat Fairouz Junaidi bin Megat Junid, Cheong Kok Yai, Madzlan bin Mohamed Nazri, Mohd Qari bin Ahmad, Mok Chin Fan and Wong Yew Sen retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## 7. DIRECTORS' INTERESTS

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

	<i>Number of ordinary shares of RM0.10 in the Company</i>			
	<i>As at 1.8.2006</i>	<i>Acquired</i>	<i>Disposed</i>	<i>As at 31.7.2007</i>
<b>Direct interests -</b>				
Chong Chen Fah	2,695,821	-	-	2,695,821
<b>Indirect interests -</b>				
<i>(held through PC Sentry Sdn. Bhd.)</i>				
Jimmy Tok Soon Guan	34,124,390	-	(8,600,000)	25,524,390
Cheong Kok Yai	34,124,390	-	(8,600,000)	25,524,390
Mok Chin Fan	34,124,390	-	(8,600,000)	25,524,390

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:-

	<i>ESOS expiring on 24 August 2010</i>			
	<i>Options over ordinary shares of RM0.10 each in the Company</i>			
	<i>As at 1.8.2006</i>	<i>Granted</i>	<i>Exercised</i>	<i>As at 31.7.2007</i>
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

# Directors' Report

(continued)

## 7. DIRECTORS' INTERESTS (continued)

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 year, 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 28 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. Other than the directors as disclosed above, none of the option holders has been granted 1,000,000 options or above.

## 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;



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

- (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 2007 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 2007.
- (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 2007 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 2007 were not substantially affected by any item, transaction or event of a material and unusual nature other than the impairment loss on property, plant and equipment and allowance for doubtful debts (Note 9 and Note 12 to the financial statements); and
  - (ii) there has not arisen in the interval between 31 July 2007 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.

## 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  
9 October 2007

# Balance Sheets

as at 31 July 2007

	<i>Note</i>	<i>Group</i>		<i>Company</i>	
		<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
		RM	RM	RM	RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Intangible assets	8	1,411,000	675,000	-	-
Property, plant and equipment	9	11,855,484	6,751,841	-	-
Investment in subsidiaries	10	-	-	7,504,948	8,050,998
Goodwill on consolidation		4,016	4,016	-	-
		<b>13,270,500</b>	<b>7,430,857</b>	<b>7,504,948</b>	<b>8,050,998</b>
<b>Current Assets</b>					
Inventories	11	1,211,930	583,846	-	-
Trade receivables	12	2,693,589	17,674,167	-	-
Other receivables, deposits and prepayments		272,423	253,530	1,140	-
Amount due from a subsidiary	13	-	-	10,314,391	8,200,000
Cash and bank balances		668,854	447,950	5,285	195,156
		<b>4,846,796</b>	<b>18,959,493</b>	<b>10,320,816</b>	<b>8,395,156</b>
<b>TOTAL ASSETS</b>		<b>18,117,296</b>	<b>26,390,350</b>	<b>17,825,764</b>	<b>16,446,154</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Attributable to Equity Holders of the Company</b>					
Share capital	14	10,450,000	9,500,000	10,450,000	9,500,000
Share premium	15	8,108,926	6,783,916	8,108,926	6,783,916
Reserve on consolidation	33	-	-	-	-
Share option reserve	16	1,061,469	573,527	206,249	96,670
(Accumulated losses)/ retained profits		(2,605,339)	8,608,214	(1,744,979)	(453,660)
		<b>17,015,056</b>	<b>25,465,657</b>	<b>17,020,196</b>	<b>15,926,926</b>
<b>Non-Current Liability</b>					
Hire purchase payable	17	21,562	-	-	-
<b>Current liabilities</b>					
Trade payables	18	557,994	550,401	-	-
Other payables and accruals		439,428	274,558	146,180	10,250
Provision for warranty claims	19	66,819	99,734	-	-
Hire purchase payable	17	16,437	-	-	-
Amount due to a subsidiary	13	-	-	659,388	508,978
		<b>1,080,678</b>	<b>924,693</b>	<b>805,568</b>	<b>519,228</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,117,296</b>	<b>26,390,350</b>	<b>17,825,764</b>	<b>16,446,154</b>

The notes on pages 28 to 51 form part of these financial statements.

# Income Statements

for the year ended 31 July 2007

	<i>Note</i>	<i>Group</i>		<i>Company</i>	
		<i>2007</i> RM	<i>2006</i> RM	<i>2007</i> RM	<i>2006</i> RM
<b>REVENUE</b>	20	<b>5,326,100</b>	16,331,659	-	-
COST OF SALES	21	<b>(4,181,496)</b>	(7,160,557)	-	-
<b>GROSS PROFIT</b>		<b>1,144,604</b>	9,171,102	-	-
SELLING AND MARKETING EXPENSES		<b>(2,033,374)</b>	(1,106,814)	-	-
ADMINISTRATIVE EXPENSES		<b>(1,791,084)</b>	(1,581,910)	<b>(745,269)</b>	(412,960)
RESEARCH AND DEVELOPMENT EXPENSES		<b>(2,889,529)</b>	(1,488,799)	-	-
OTHER EXPENSES		<b>(5,639,401)</b>	(1,843,612)	<b>(546,050)</b>	-
FINANCE COSTS		<b>(4,769)</b>	-	-	-
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	24	<b>(11,213,553)</b>	3,149,967	<b>(1,291,319)</b>	(412,960)
TAXATION	25	-	-	-	-
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(11,213,553)</b>	3,149,967	<b>(1,291,319)</b>	(412,960)
 <b>EARNINGS PER ORDINARY SHARE OF RM0.10 EACH</b>					
GROSS/NET:					
- Basic	30	<b>(11.10)</b>	3.36	-	-
- Diluted	30	<b>(11.10)</b>	3.32	-	-

The notes on pages 28 to 51 form part of these financial statements.

# Statements of Changes in Equity

for the year ended 31 July 2007

	Note	Attributable to Equity Holders of the Company					Total RM
		Share Capital RM	Share Premium RM	Reserve on Consolidation RM	Share option Reserve RM	Retained profits (Acc. Losses) RM	
<b>Group - 2007</b>							
Balance at 1 August 2006							
- As previously stated		9,500,000	6,783,916	4,648,057	573,527	3,960,157	25,465,657
- Effects of adopting FRS 3	33	-	-	(4,648,057)	-	4,648,057	-
- As restated		9,500,000	6,783,916	-	573,527	8,608,214	25,465,657
Issue of shares during the year	14,15	950,000	1,360,960	-	-	-	2,310,960
Share issue expenses	15	-	(35,950)	-	-	-	(35,950)
Loss for the year		-	-	-	-	(11,213,553)	(11,213,553)
Employees' Share Option Scheme							
- options granted	16	-	-	-	487,942	-	487,942
<b>Balance at 31 July 2007</b>		<b>10,450,000</b>	<b>8,108,926</b>	<b>-</b>	<b>1,061,469</b>	<b>(2,605,339)</b>	<b>17,015,056</b>
<b>Group - 2006</b>							
Balance at 1 August 2005							
- As previously stated		8,051,000	-	4,648,057	-	810,190	13,509,247
- Effects of adopting FRS 3	33	-	-	(4,648,057)	-	4,648,057	-
- As restated		8,051,000	-	-	-	5,458,247	13,509,247
Issue of shares during the year	14,15	1,449,000	8,694,000	-	-	-	10,143,000
Share issue expenses	15	-	(1,910,084)	-	-	-	(1,910,084)
Profit for the year		-	-	-	-	3,149,967	3,149,967
Employees' Share Option Scheme							
- options granted	16	-	-	-	573,527	-	573,527
<b>Balance at 31 July 2006</b>		<b>9,500,000</b>	<b>6,783,916</b>	<b>-</b>	<b>573,527</b>	<b>8,608,214</b>	<b>25,465,657</b>
<b>Company - 2007</b>							
Balance at 1 August 2006		9,500,000	6,783,916	-	96,670	(453,660)	15,926,926
Issue of shares during the year	14,15	950,000	1,360,960	-	-	-	2,310,960
Share issue expenses	15	-	(35,950)	-	-	-	(35,950)
Loss for the year		-	-	-	-	(1,291,319)	(1,291,319)
Employees' Share Option Scheme							
- options granted	16	-	-	-	109,579	-	109,579
<b>Balance at 31 July 2007</b>		<b>10,450,000</b>	<b>8,108,926</b>	<b>-</b>	<b>206,249</b>	<b>(1,744,979)</b>	<b>17,020,196</b>
<b>Company - 2006</b>							
Balance at 1 August 2005		8,051,000	-	-	-	(40,700)	8,010,300
Issue of shares during the year	14,15	1,449,000	8,694,000	-	-	-	10,143,000
Share issue expenses	15	-	(1,910,084)	-	-	-	(1,910,084)
Loss for the year		-	-	-	-	(412,960)	(412,960)
Employees' Share Option Scheme							
- options granted	16	-	-	-	96,670	-	96,670
<b>Balance at 31 July 2006</b>		<b>9,500,000</b>	<b>6,783,916</b>	<b>-</b>	<b>96,670</b>	<b>(453,660)</b>	<b>15,926,926</b>

The notes on pages 28 to 51 form part of these financial statements.

## Cashflow Statements for the year ended 31 July 2007

	<i>Group</i>		<i>Company</i>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	RM	RM	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>(Loss)/profit for the year</b>	(11,213,553)	3,149,967	(1,291,319)	(412,960)
<i>Adjustments:</i>				
Depreciation of property, plant and equipment	3,088,265	1,419,305	-	-
Impairment loss on property, plant and equipment	1,630,632	-	-	-
Loss on disposal of property, plant and equipment	8,713	-	-	-
Amortisation of intangible assets	309,000	100,000	-	-
Impairment loss on investment in a subsidiary	-	-	546,050	-
Net provision for warranty claims (written back)/made	(32,915)	36,475	-	-
Specific warranty expense	773,308	-	-	-
Allowance for obsolete and defective inventories	1,047,703	-	-	-
Allowance for doubtful debts	2,515,211	284,272	-	-
Bad debts written off	30,383	-	-	-
Interest expense on hire purchase financing	4,769	-	-	-
Share option expense	487,942	573,527	109,579	96,670
Unrealised loss on exchange	-	402,091	-	-
<b>Operating (loss)/profit before working capital changes</b>	(1,350,542)	5,965,637	(635,690)	(316,290)
Increase in inventories	(2,449,095)	(204,359)	-	-
Decrease/(increase) in trade receivables	12,434,984	(7,416,144)	-	-
(Increase)/decrease in other receivables, deposits and prepayments	(18,893)	543,303	(1,140)	286,462
Increase in amount due from a subsidiary	-	-	(2,114,391)	(8,200,000)
Increase in trade payables	7,593	198,290	-	-
Increase/(decrease) in other payables and accruals	164,870	(195,939)	135,930	(17,100)
Increase in amount due to a subsidiary	-	-	150,410	209,166
<b>Net cash generated from/(used in) operating activities</b>	8,788,917	(1,109,212)	(2,464,881)	(8,037,762)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(9,829,964)	(6,811,009)	-	-
Proceeds from disposal of property, plant and equipment	36,710	-	-	-
Certification costs paid	(1,045,000)	-	-	-
<b>Net cash used in investing activities</b>	(10,838,254)	(6,811,009)	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of shares (net)	2,275,010	8,232,916	2,275,010	8,232,916
Interest paid on hire purchase financing	(4,769)	-	-	-
<b>Net cash generated from financing activities</b>	2,270,241	8,232,916	2,275,010	8,232,916
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	220,904	312,695	(189,871)	195,154
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	447,950	135,255	195,156	2
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	668,854	447,950	5,285	195,156
<i>These comprise: -</i>				
Cash in hand	9,592	20,676	2	2
Bank balances	659,262	427,274	5,283	195,154
	668,854	447,950	5,285	195,156

The notes on pages 28 to 51 form part of these financial statements.

# Notes to the Financial Statements

- 31 July 2007

## 1. BASIS OF PREPARATION

- (a) The financial statements of the Group are prepared under the historical cost convention and are properly drawn up in accordance with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.
- (b) During the financial year, the Group adopted the following applicable new and revised Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Boards ("MASB"):-

<i>FRS 3</i>	<i>Business Combinations</i>
<i>FRS 101</i>	<i>Presentation of Financial Statements</i>
<i>FRS 102</i>	<i>Inventories</i>
<i>FRS 108</i>	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
<i>FRS 110</i>	<i>Events After the Balance Sheet Date</i>
<i>FRS 116</i>	<i>Property, Plant and Equipment</i>
<i>FRS 121</i>	<i>The Effects of Changes in Foreign Exchange Rates</i>
<i>FRS 127</i>	<i>Consolidated and Separate Financial Statements</i>
<i>FRS 132</i>	<i>Financial Instruments: Disclosure and Presentation</i>
<i>FRS 133</i>	<i>Earnings Per Share</i>
<i>FRS 136</i>	<i>Impairment of Assets</i>
<i>FRS 138</i>	<i>Intangible Assets</i>

The adoption of the above new and revised FRSs have been made in accordance with their respective transitional provisions, if any, and did not result in any significant financial impact on the results of the Group/Company except for the recognition of impairment losses on property, plant and equipment and on investment in a subsidiary upon assessments briefly mentioned in Note 6.

- (c) At the date the financial statements were authorised for issue, the new and revised FRS issued by MASB that are applicable but have not been early adopted by the Group are as follows:-

		<i>Effective for annual period commencing on</i>
<i>FRS 107</i>	<i>Cash Flow Statements</i>	<i>1 July 2007</i>
<i>FRS 112</i>	<i>Income Taxes</i>	<i>1 July 2007</i>
<i>FRS 118</i>	<i>Revenue</i>	<i>1 July 2007</i>
<i>FRS 119</i>	<i>Employee Benefits</i>	<i>1 July 2007</i>
<i>FRS 124</i>	<i>Related Party Disclosures</i>	<i>1 October 2006</i>
<i>FRS 137</i>	<i>Provisions, Contingent Liabilities And Contingent Assets</i>	<i>1 July 2007</i>
<i>FRS 139</i>	<i>Financial Instruments: Recognition and Measurement</i>	

The directors anticipate that the adoption of these FRSs in future periods will have no material financial impact on the financial statements of the Group/Company. FRS 139 mainly deals with the recognition and measurement of financial assets, financial liabilities and certain contracts falling within its scope. The effective date of this standard has yet to be announced by MASB.

## 2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 10 to the financial statements.

# Notes to the Financial Statements

(continued)

## 3. GENERAL INFORMATION

The financial statements of the Group and the Company were authorised for issue on 9 October 2007 by the Board of Directors.

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

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 the functional currency of the Company and its subsidiaries. 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.

### (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 and hire purchase payable.

# Notes to the Financial Statements

(continued)

## 5. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

## 6. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the accounting policies of the Group/Company, the management is of the opinion that there are no instances of application of judgement, other than as set out below and in Note 28, which are expected to have a significant effect on the amounts recognised in the financial statements.

The management believes that there are no key assumptions made concerning the future and no key sources of estimation uncertainty at the balance sheet date, other than as set out below and in Note 28, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

Application of judgement and estimation uncertainties at the balance sheet date that may have a significant risk of causing adjustments to the carrying amount of assets in respect of certain assets and liabilities are as follows:

### Property, plant and equipment

The management has assessed the carrying amount of property, plant and equipment for any indication of impairment in accordance with the policy in Note 7(h) and has recognised impairment losses on showrooms. Significant judgement has been applied in estimating the realisable value or value-in-use of the assets by reviewing their expected useful lives, the reasonableness of the depreciation rate applied and their residual values, if any. The management has considered the remaining term of respective dealership agreement, sales records of the dealers and proposed extension/renewal of the agreements among other relevant factors in arriving at the estimated recoverable amount of each showroom located at the premise of the respective dealer.

### Intangible assets

The management has assessed the carrying amount of intangible assets for any indication of impairment in accordance with the policy in Note 7(h). Significant judgement has been applied in estimating the value-in-use of these assets by reviewing the reasonableness of their current amortisation rate. The management has considered the contribution of these assets in generating revenue (potential sales in future plans) as well as the technological obsolescence among other relevant factors and does not expect their recoverable amounts to be lower than the carrying values at balance sheet date.

### Provision for warranty

The management has reviewed the amount that may be required to settle the potential warranty obligations at each balance sheet date. A key source of estimate is the level of defects that could probably arise based on past cases of defective items and technological obsolescence. Another estimate is the rising cost that may be incurred to repair or replace the items under warranty at the balance sheet date. The management has assessed the bases of 2% defective rate applied and the average unit cost of RM748 in arriving at the current best estimate as mentioned in Note 7(j).

### Investment in a subsidiary

The management has carried out the impairment test based on an estimation and has recognised an impairment by comparing the net assets of the subsidiary to the cost of investment. Thus, the carrying amount of the investment as at 31 July 2007 has been reduced to RM7,504,948 based on the estimation as stated in Note 10.



# Notes to the Financial Statements

(continued)

## 6. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### Deferred tax

Deferred tax assets/liabilities have not been recognised for temporary differences arising between the tax bases of assets/liabilities and their carrying amounts in the financial statements, tax losses and unutilised capital allowances as a subsidiary's statutory income is exempted from tax until 30 November 2008.

The management will assess any tax credit/charge arising from temporary differences, tax losses and unused capital allowances as stated in Note 25 that are not reversed on expiry of the tax exemption period. Any deferred tax asset/liability arising thereon will be recognised accordingly.

## 7. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to 31 July 2007. The results of subsidiaries 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 value of identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiaries' identifiable net assets acquired at the date of acquisition is reflected as goodwill on consolidation. If cost is less than the fair value of the subsidiaries' identifiable net assets acquired, the difference (previously reflected as reserve on consolidation) is recognised directly in the income statement. Minority interest is measured at the minorities' share of fair value of the identifiable assets and liabilities of the acquiree.

The new FRS 3 requires the Group to derecognise any excess of the Group's share in the fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisitions. This is in respect of excess in a business combination for which the agreement date was before 1 January 2006. On adoption of FRS 3, the reserve on consolidation as at 1 August 2006 had been derecognised with a corresponding increase in retained profits. The effect of change in this policy is disclosed in Note 33.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share in the fair value of the subsidiary's net assets at the date of disposal.

All intercompany transactions and balances are eliminated on consolidation.

### (b) Investment in Subsidiary Companies

A subsidiary 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 subsidiaries 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. The carrying value of goodwill is assessed at each balance sheet date and written down to its recoverable amount.

# Notes to the Financial Statements

(continued)

## 7. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Goodwill and Negative Goodwill (continued)

Negative goodwill represents the excess of the Group's share of the fair value of the subsidiaries' identifiable net assets, liabilities and contingent liabilities assumed at the date of acquisition over the cost of acquisition and is recognised directly in the consolidated income statement.

### (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 is depreciated on a straight line basis to write down the depreciable amount of the assets over their estimated useful lives. Depreciable amount is the cost of an asset less its residual value.

The principal annual rates used for this purpose are:-

Showroom	20%
Motor vehicle	16%
Office, Research & Development ("R&D") and Technical Equipment	16%
Machinery, Renovation, Furniture and Fittings	10%

The residual value and the useful life of property, plant and equipment are reviewed at least at each financial year end. If the residual value and/or the useful life of the asset differ from the previous estimates, the revised depreciation charge will be adjusted immediately in the income statement in the year of the change.

### (e) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. These comprise intellectual property assets and certification assets.

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

Certification costs represent costs incurred in meeting regulatory certification requirements for the Company's products in various countries. These include costs to adapt, modify, test and improve the products in compliance with applicable technical standards and specifications. Certification costs are amortised over 5 years on a straight line basis.

### (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.

# Notes to the Financial Statements

(continued)

## 7. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) Receivables (continued)

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 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.

### (i) Payables

Payables are stated at cost which is 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.

### (k) Foreign Currencies

Transactions in currencies other than the functional currency of the Company and its subsidiaries are recorded in the functional currencies using the exchange rates prevailing 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 translation of monetary items are taken to the income statement, other than those on monetary items that form part of the Group's net investment in foreign operation.

The principal closing rate used in the translation of 1 US Dollar at the balance sheet date is Ringgit 3.6000 (2006: 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.

# Notes to the Financial Statements

(continued)

## 7. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Income Tax (continued)

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 is 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. Unrecognised deferred tax asset is reassessed at each balance sheet date and is recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

### (n) Research and Development Costs

Research expenditure is recognised as an expense when incurred. Costs incurred on development project (relating to the design and testing of new or improved products) are recognised as intangible asset when the following criteria are fulfilled:

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) management intends to complete the intangible asset and use or sell it;
- (c) there is an ability to use or sell the intangible asset;
- (d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (f) the expenditure attributable to the intangible asset during its development can be reliably measured.

# Notes to the Financial Statements

(continued)

## 7. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (n) Research and Development Costs (continued)

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are amortised when the asset is ready for use on a straight line basis over its estimated useful life. These costs recognised as intangible asset are subject to review for impairment in accordance with the policy as stated in Note 7(h).

### (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"). 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 in accordance with the policy in Note 7(r).

### (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 are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared 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.

### (r) Share-based Payment

Inix Technologies Holdings Berhad and its subsidiaries ("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 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.

# Notes to the Financial Statements

(continued)

## 7. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (r) Share-based Payment (continued)

The policy had been adopted in the previous year in compliance with the transitional provisions of *FRS 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. Details of the scheme are set out in Note 28.

### (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. Segment assets and liabilities do not include income tax assets and liabilities respectively.

## 8. INTANGIBLE ASSETS

<b>Group</b>	<b>At</b>	<b>Additions</b>	<b>Amortisation</b>	<b>At</b>
<b>2007</b>	<b>1.8.2006</b>	<b>RM</b>	<b>Charge</b>	<b>31.7.2007</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net Book Value				
Internally generated development expenditure	675,000	1,045,000	(309,000)	1,411,000
		<b>Cost</b>	<b>Accumulated</b>	<b>Net Book</b>
		<b>RM</b>	<b>Amortisation</b>	<b>Value</b>
			<b>RM</b>	<b>RM</b>
At 31 July 2007				
Intellectual property assets		1,000,000	(425,000)	575,000
Certification costs		1,045,000	(209,000)	836,000
		2,045,000	(634,000)	1,411,000
<b>2006</b>	<b>At</b>	<b>Additions</b>	<b>Amortisation</b>	<b>At</b>
	<b>1.8.2005</b>	<b>RM</b>	<b>Charge</b>	<b>31.7.2006</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net Book Value				
Internally generated development expenditure	775,000	-	(100,000)	675,000
		<b>Cost</b>	<b>Accumulated</b>	<b>Net Book</b>
		<b>RM</b>	<b>Amortisation</b>	<b>Value</b>
			<b>RM</b>	<b>RM</b>
At 31 July 2006				
Intellectual property assets		1,000,000	(325,000)	675,000

The amortisation charge is included in the income statement as cost of sales (Note 21).

# Notes to the Financial Statements

(continued)

## 9. PROPERTY, PLANT AND EQUIPMENT

	<i>Machinery and Technical Equipment</i>	<i>Show- rooms</i>	<i>Reno- vation</i>	<i>Office Equipment</i>	<i>Furniture and Fittings</i>	<i>Motor Vehicles</i>	<i>R&amp;D Equipment</i>	<i>Total</i>
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Group</b>								
<b>2007</b>								
Cost:								
At 1 August 2006	1,949,956	3,603,620	242,982	568,886	92,311	34,524	1,938,000	8,430,279
Additions	495,450	380,000	900	358,381	3,860	106,356	8,523,016	9,867,963
Disposal	-	-	-	-	(2,140)	(65,361)	-	(67,501)
At 31 July 2007	2,445,406	3,983,620	243,882	927,267	94,031	75,519	10,461,016	18,230,741
Accumulated Depreciation:								
At 1 August 2006	407,832	720,724	55,323	150,516	22,915	11,048	310,080	1,678,438
Charge for the year	319,961	796,724	24,388	241,271	9,617	22,541	1,673,763	3,088,265
Eliminated on disposal	-	-	-	-	(572)	(21,506)	-	(22,078)
At 31 July 2007	727,793	1,517,448	79,711	391,787	31,960	12,083	1,983,843	4,744,625
Accumulated Impairment:								
At 1 August 2006	-	-	-	-	-	-	-	-
Impairment loss for the year	-	1,630,632	-	-	-	-	-	1,630,632
At 31 July 2007	-	1,630,632	-	-	-	-	-	1,630,632
Net Book Value at 31 July 2007	1,717,613	835,540	164,171	535,480	62,071	63,436	8,477,173	11,855,484
<b>2006</b>								
Cost:								
At 1 August 2005	1,059,956	-	241,752	199,937	83,101	34,524	-	1,619,270
Additions	890,000	3,603,620	1,230	368,949	9,210	-	1,938,000	6,811,009
At 31 July 2006	1,949,956	3,603,620	242,982	568,886	92,311	34,524	1,938,000	8,430,279
Accumulated Depreciation:								
At 1 August 2005	149,416	-	31,015	59,494	13,684	5,524	-	259,133
Charge for the year	258,416	720,724	24,308	91,022	9,231	5,524	310,080	1,419,305
At 31 July 2006	407,832	720,724	55,323	150,516	22,915	11,048	310,080	1,678,438
Net Book Value at 31 July 2006	1,542,124	2,882,896	187,659	418,370	69,396	23,476	1,627,920	6,751,841

The net book value of motor vehicles acquired under hire purchase financing at the balance sheet date amounted to RM63,436.

The net book value of R&D equipment at 31 July 2006 included the net book value of software for R&D applications amounting to RM1,453,200.

# Notes to the Financial Statements

(continued)

## 10. INVESTMENT IN SUBSIDIARIES

	<i>Company</i>	
	<b>2007</b>	<b>2006</b>
	RM	RM
Unquoted shares, at cost	8,050,998	8,050,998
<i>Less: Accumulated impairment</i>	(546,050)	-
	7,504,948	8,050,998

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

<i>Name of Company</i>	<i>Effective Equity Interest</i>		<i>Principal Activities</i>
	<b>2007</b>	<b>2006</b>	
	%	%	
<b>Direct</b>			
Inix Technologies Sdn. Bhd. ("ITSB")	100	100	Development and sales of integrated intelligent wireless security, automation and closed-circuit television surveillance systems.
<b>Indirect</b>			
Inix Industrial Sdn. Bhd.	100	100	Has not commenced operation.

### ***Estimation of impairment loss on investment in ITSB***

- *Intangible assets are assessed by reference to estimated value-in-use.*
- *Property, plant and equipment are assessed by reference to estimated residual values or value-in-use.*
- *Other assets and liabilities are assessed by reference to estimated realisable/settlement values when the assets/liabilities are realised/settled.*

## 11. INVENTORIES

	<i>Group</i>	
	<b>2007</b>	<b>2006</b>
	RM	RM
At cost:		
Finished goods	1,713,915	85,255
Work-in-progress	129,536	113,040
Raw materials	416,182	385,551
	2,259,633	583,846
<i>Less: Allowance for obsolete and defective inventories</i>	(1,047,703)	-
	1,211,930	583,846
At cost	545,718	583,846
At net realisable value	666,212	-
	1,211,930	583,846



# Notes to the Financial Statements

(continued)

## 12. TRADE RECEIVABLES

	<i>Group</i>	
	<i>2007</i>	<i>2006</i>
	RM	RM
Trade receivables	5,829,172	18,294,539
Less: Allowance for doubtful debts	(3,135,583)	(620,372)
	2,693,589	17,674,167
<b>Analysis by currency</b>		
US Dollar	936,477	11,160,349
Ringgit Malaysia	4,892,695	7,134,190
	5,829,172	18,294,539

	<i>Group</i>			
	<i>2007</i>		<i>2006</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	RM	%	RM	%
<b>Analysis by size</b>				
Receivable accounts with balance exceeding RM2,500,000 each	-	-	14,892,380	81.4
Receivable accounts with balance between RM1,000,001 and RM2,500,000 each	2,195,000	37.7	2,614,592	14.3
Receivable accounts with balance of RM1,000,000 and below each	3,634,172	62.3	787,567	4.3
	5,829,172		18,294,539	

### Significant concentration of credit risks:

An analysis of 5 largest receivable accounts that make up of approximately 82.7% of the gross trade receivables at 31 July 2007 and their corresponding details in the previous year is set out below:

	2007	2006
	Receivable account balance % of gross trade receivables % of contribution of operating revenue	Receivable account balance % of gross trade receivables % of contribution of operating revenue
1)	RM2,195,000 37.7% 60.8%	Nil Nil Nil
2)	RM952,935 16.3% Nil	RM2,720,000 14.9% 4.9%
3)	RM735,738 12.6% 13.8%	RM707,488 3.9% 4.3%
4)	RM477,351 8.1% 1.8%	RM3,224,533 17.6% 19.7%
5)	US dollar equivalent to RM457,050 7.8% Nil	US dollar equivalent to RM6,093,063 33.3% 22.1%

### Credit terms:

The Group's normal credit terms are 60 days to 180 days (2006: 60 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

# Notes to the Financial Statements

(continued)

## 13. AMOUNT DUE FROM/TO A SUBSIDIARY

	<i>Company</i>	
	<i>2007</i>	<i>2006</i>
	RM	RM
Due from:		
Non-trade	10,314,391	8,200,000
<hr/>		
Due to:		
Non-trade	659,388	508,978

The amount due from comprises expenses paid on behalf by the Company and advances provided to the subsidiary. These are unsecured, interest-free and have no fixed terms of repayment.

The amount due to represent expenses paid on behalf by the subsidiary. These are unsecured, interest-free and have no fixed terms of repayment.

## 14. SHARE CAPITAL

	<i>Group/Company</i>			
	<i>2007</i>		<i>2006</i>	
	<i>Number of shares</i>	RM	<i>Number of shares</i>	RM
<b>Authorised:</b>				
Ordinary shares of RM0.10 each -				
At 31 July 2007/2006	250,000,000	25,000,000	250,000,000	25,000,000
<hr/>				
<b>Issued and fully paid:</b>				
Ordinary shares of RM0.10 each -				
At 1 August 2006/2005	95,000,000	9,500,000	80,510,000	8,051,000
Issued during the year	9,500,000	950,000	14,490,000	1,449,000
At 31 July 2007/2006	104,500,000	10,450,000	95,000,000	9,500,000

During the year, the Company issued and allotted 9,500,000 new ordinary shares of RM0.10 each by way of private placements in 6 tranches as follows:

<i>Date of allotment</i>	<i>Number of shares</i>	<i>Issue price per share</i>
		RM
21 August 2006	856,000	0.500
1 December 2006	1,000,000	0.225
8 December 2006	1,000,000	0.215
18 December 2006	4,000,000	0.220
22 December 2006	1,100,000	0.210
5 February 2007	1,544,000	0.215

The cash proceeds from the above issuance have been utilised for expansion of production capacity and working capital as approved by the Securities Commission. These new shares rank pari passu in all respects with the existing shares of the Company.

# Notes to the Financial Statements

(continued)

## 15. SHARE PREMIUM

	<i>Group/Company</i>	
	<i>2007</i>	<i>2006</i>
	RM	RM
At 1 August 2006/2005	6,783,916	-
Issue of 856,000 new ordinary shares at a premium of RM0.40 per share	342,400	-
Issue of 1,000,000 new ordinary shares at a premium of RM0.125 per share	125,000	-
Issue of 1,000,000 new ordinary shares at a premium of RM0.115 per share	115,000	-
Issue of 4,000,000 new ordinary shares at a premium of RM0.12 per share	480,000	-
Issue of 1,100,000 new ordinary shares at a premium of RM0.11 per share	121,000	-
Issue of 1,544,000 new ordinary shares at a premium of RM0.115 per share	177,560	-
Issue of 14,490,000 new ordinary shares at a premium of RM0.60 per share	-	8,694,000
Less: Share issue expenses	(35,950)	(1,910,084)
At 31 July 2007/2006	8,108,926	6,783,916

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, Inix Technologies Sdn. Bhd. under the Employees' Share Option Scheme of the Company (Notes 22 and 23). Details of the scheme are set out in Note 28.

This reserve is not distributable by way of cash dividends.

## 17. HIRE PURCHASE PAYABLE

	<i>Group</i>	
	<i>2007</i>	<i>2006</i>
	RM	RM
<i>Hire purchase payable:</i>		
Due within 1 year	21,120	-
Due between 1 to 2 years	21,120	-
Due between 2 to 5 years	1,715	-
	43,955	-
Less: Prepayment	(1,760)	-
	42,195	-
Less: Future finance charges	(4,196)	-
Principal outstanding	37,999	-

# Notes to the Financial Statements

(continued)

## 17. HIRE PURCHASE PAYABLE (continued)

	<i>Group</i>	
<i>Analysed as:</i>	<b>2007</b>	<b>2006</b>
	RM	RM
<b>Current</b>		
Repayable within 1 year	16,437	-
<b>Non-Current</b>		
Repayable between 1 to 2 years	19,861	-
Repayable between 2 to 5 years	1,701	-
	21,562	-

The interest rate applicable to the hire purchase payable at the balance sheet date is 5.75% per annum.

## 18. TRADE PAYABLES

The credit terms of trade payables average between 30 days to 60 days (2006: 30 days to 60 days).

## 19. PROVISION FOR WARRANTY CLAIMS

	<i>Group</i>	
	<b>2007</b>	<b>2006</b>
	RM	RM
At 1 August 2006/2005	99,734	63,259
Writeback on expiry and claims made during the year	(54,121)	(13,210)
Provision for the year	21,206	49,685
At 31 July 2007/2006	66,819	99,734

## 20. REVENUE

This represents the invoiced value of goods sold (less discounts and returns), including installation and related charges. The Group's revenue by geographical market is analysed in Note 29.

## 21. COST OF SALES

	<i>Group</i>	
	<b>2007</b>	<b>2006</b>
	RM	RM
Cost of inventories sold	2,084,400	7,024,082
Net provision for warranty claims (written back)/made	(32,915)	36,475
Specific warranty expense	773,308	-
Allowance for obsolete and defective inventories	1,047,703	-
Amortisation of intangible assets	309,000	100,000
	4,181,496	7,160,557

# Notes to the Financial Statements

(continued)

## 21. COST OF SALES (continued)

During the year, the Group had undertaken a product upgrade enhancement exercise which involved the replacement of selected earlier versions of the Group's products sold with the latest version offering additional features not available in those earlier versions. As such, the Group incurred the above specific warranty expense on the latest version replacements and made an appropriate allowance for the earlier versions held as at the balance sheet date. This exercise remains on-going as at the date the financial statements were authorised for issue.

## 22. EMPLOYEE BENEFITS EXPENSES

	<i>Group</i>	
	<i>2007</i>	<i>2006</i>
	RM	RM
<i>Short term benefits</i>		
Salaries and allowances	1,220,067	1,052,517
SOCSSO	16,522	18,592
Insurance, medical and other benefits	21,996	121,008
	1,258,585	1,192,117
<i>Defined contribution plan</i>		
Contributions to EPF	136,663	156,467
<i>Equity-based compensation benefits</i>		
Share options	136,330	263,335
<b>Total (excluding executive directors' remuneration)</b>	1,531,578	1,611,919
Employee benefits expenses are included in the income statement as follows:		
Selling and marketing expenses	303,224	287,453
Administrative expenses	231,796	318,592
Research and development expenses	961,204	962,456
Other expenses	35,354	43,418
	1,531,578	1,611,919

## 23. DIRECTORS' REMUNERATION

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	RM	RM	RM	RM
<b>Directors of the Company</b>				
<i>Executive:</i>				
Salaries and allowances	90,000	72,000	90,000	72,000
SOCSSO, income tax and other benefits	-	-	-	-
Contributions to EPF	-	-	-	-
Share options	109,579	96,670	109,579	96,670
	199,579	168,670	199,579	168,670
<i>Non-Executive:</i>				
Fees	120,000	130,000	120,000	130,000
	319,579	298,670	319,579	298,670

# Notes to the Financial Statements

(continued)

## 23. DIRECTORS' REMUNERATION (continued)

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	RM	RM	RM	RM
<b>Directors of a subsidiary</b>				
<i>Executive:</i>				
Salaries and allowances	276,000	192,000	-	-
SOCSO, income tax and other benefits	819	23,460	-	-
Contributions to EPF	29,760	23,040	-	-
Share options	242,033	213,522	-	-
	548,612	452,022	-	-
<i>Non-Executive:</i>				
Fees	30,000	27,500	-	-
	578,612	479,522		
<b>Total</b>	<b>898,191</b>	<b>778,192</b>	<b>319,579</b>	<b>298,670</b>
Directors' remuneration are included in the income statement as follows: -				
Administrative expenses	650,285	566,822	319,579	298,670
Research and development expenses	247,906	211,370	-	-
	898,191	778,192	319,579	298,670
Other benefits received by an executive director are as follows: -				
Estimated monetary value of benefits-in-kind	-	41,292	-	-

## 24. (LOSS)/PROFIT BEFORE TAXATION

*This is arrived at after charging: -*

Audit fees				
- current year	38,000	17,100	15,000	8,000
- underprovision in prior year	-	3,000	-	1,000
Allowance made for doubtful debts	2,515,211	284,272		
Bad debts written off	30,383	-	-	-
Depreciation of property, plant and equipment (excluding equipment and software for R&D purposes)	1,414,502	1,109,225	-	-
Impairment loss on property, plant and equipment	1,630,632	-	-	-
Interest expense on hire purchase financing	4,769	-	-	-
Loss on disposal of property, plant and equipment	8,713	-	-	-
Rental of factory	28,600	27,600	-	-

# Notes to the Financial Statements

(continued)

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

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	RM	RM	RM	RM
<i>This is arrived at after charging: -</i>				
Rental of office premises			-	-
- current year	125,305	123,505	-	-
- underprovision in prior year	(2,700)	-	-	-
Research and Development ("R&D")				
- personnel costs and related expenses	1,212,048	1,173,826	-	-
- depreciation of equipment and software	1,673,763	310,080	-	-
- other expenses	3,718	4,893	-	-
Unrealised loss on exchange	-	402,091	-	-

## 25. TAXATION

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

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	RM	RM	RM	RM
(Loss)/profit before taxation	(11,213,553)	3,149,967	(1,291,319)	(412,960)
Tax calculated at the statutory tax rate of 27% (2006: 28%)	(3,027,659)	881,991	(348,656)	(115,629)
Tax effect of:				
- expenses not deductible for tax purposes	1,661,233	432,617	249,449	20,375
- the first RM500,000 loss/(profit) at 20%	35,274	(39,901)	-	-
- profit exempted from tax under Pioneer Status	-	(1,370,031)	-	-
- current year's loss not recognised	1,331,152	95,324	99,207	95,254
Tax expense	-	-	-	-

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

# Notes to the Financial Statements

(continued)

## 25. TAXATION (continued)

Subject to the agreement of the Inland Revenue Board, the Group has estimated tax exempt income of approximately RM11,497,400 (2006: RM11,497,400) as at 31 July 2007 available for distribution as tax exempt dividends. In addition, the Group has unabsorbed tax losses of RM524,728 (2006: RM524,728) that are available for set-off against taxable income in future periods subsequent to the tax exemption period.

The amount of taxable/(deductible) temporary differences, tax losses and unutilised capital allowances for which deferred tax liability/(assets) have not been recognised in the balance sheet are as follows:-

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	RM	RM	RM	RM
Taxable/(deductible) temporary differences				
- property, plant and equipment	5,957,544	419,195	-	-
- unrealised loss on exchange	-	(402,091)	-	-
- provision for warranty claims	(66,819)	(99,734)	-	-
	<u>5,890,725</u>	<u>(82,630)</u>	<u>-</u>	<u>-</u>
Unabsorbed tax losses	(524,728)	(524,728)	-	-
Unutilised capital allowances	(6,655,577)	-	-	-
	<u>(1,289,580)</u>	<u>(607,358)</u>	<u>-</u>	<u>-</u>

The deferred tax asset will only be recognised upon expiry of the tax exemption period as there will not be any profits that are taxable during the period against which such benefits can be utilised or any losses incurred that can be carried forward to future periods subsequent to this tax exemption period.

## 26. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

- (a) Inix Technologies Sdn. Bhd. ("ITSB") being a subsidiary;
- (b) Inix Industrial Sdn. Bhd. ("IISB") being a subsidiary 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) Liew Woy Kee ("LWK") being a person connected to Cheong Kok Yai, a director of the Company and its subsidiary. ITSB has entered into a tenancy agreement with LWK for the rental of office premises. The existing agreement is effective from 1 October 2006 to 30 September 2008; and
- (e) C F Chong Sdn. Bhd. ("CFC") being a company in which Chong Chen Fah, a director of the Company, has substantial financial interest. In the previous 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)

## 26. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	RM	RM	RM	RM
<b>Balances at year end included in the balance sheets are as follows:</b>				
<i>Other receivables, deposits and prepayments</i>				
Rental and utility deposits paid to LWK	8,000	8,000	-	-
<i>Amount due from/(to) a subsidiary</i>				
Advances provided to ITSB for working capital purposes	-	-	8,200,000	8,200,000
Expenses paid on behalf of ITSB	-	-	2,114,391	-
Expenses paid on behalf by ITSB	-	-	(659,388)	(508,978)
	-	-	9,655,003	7,691,022
<b>Significant transactions between related parties and the Group/Company during the year are as follows:</b>				
<i>Expenses</i>				
Rental of office premises paid to LWK	32,400	32,400	-	-
<i>Payments/(receipts)</i>				
Repayment of amount owing by PCS	-	(402,352)	-	-
Expenses paid on behalf of ITSB	-	-	2,114,391	-
Expenses paid on behalf by ITSB	-	-	(150,410)	(209,166)
Advances provided to ITSB	-	-	-	8,200,000
Consulting fees paid to CFC	-	255,920	-	255,920

## 27. FINANCIAL INSTRUMENTS

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

	<i>Carrying Amount</i>	<i>Fair Value</i>
	RM	RM
Hire purchase payable	37,999	38,827

The fair value of hire purchase payable is estimated by discounting the future contractual cash flows at the effective interest rate of 7.77% available to the Company at the balance sheet date.

# Notes to the Financial Statements

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## 28. 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:

	<i>No. of share options at exercise price of RM0.40 each</i>	
	<b>2007</b>	<b>2006</b>
Outstanding at 1 August 2006/2005	5,160,000	-
Granted and accepted during the year	-	6,000,000
Forfeited during the year	(560,000)	(840,000)
Exercised during the year	-	-
Expired during the year	-	-
<b>Outstanding at 31 July 2007/2006</b>	<b>4,600,000</b>	<b>5,160,000</b>
<b>Exercisable at 31 July 2007/2006:</b>		
Number of options expected to be exercised **	1,971,150	-
Number of options estimated that may be forfeited or expire	347,850	-
Number of options vested	2,319,000	-
<b>Exercisable within 12 months #</b>	<b>1,161,950</b>	<b>1,172,575</b>
<b>Exercisable between 1 to 2 years</b>	<b>776,900</b>	<b>2,436,525</b>
<b>Exercisable between 2 to 3 years</b>	<b>-</b>	<b>776,900</b>
Number of options expected to be exercised **	1,938,850	4,386,000
Number of options estimated that may be forfeited or expire	342,150	774,000
Number of options to vest	2,281,000	5,160,000
<b>Total number of options outstanding</b>	<b>4,600,000</b>	<b>5,160,000</b>

\*\* Key estimate used in the computation of the share option expense.

# 1,161,950 options have vested on 12 September 2007.

# Notes to the Financial Statements

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## 29. SEGMENT ANALYSIS

### Geographical segments - primary reporting

**Asia** - promotion, marketing, distribution, sales and related activities  
- research and development (R&D) activities are engaged in Malaysia only

**Australia, Africa and Europe** - promotion, marketing, distribution, sales and related activities

	<b>Australia</b>	<b>Africa</b>	<b>Asia</b>	<b>Europe</b>	<b>Consolidated</b>
	RM	RM	RM	RM	RM
<b>2007</b>					
<b>Segment Revenue</b>					
Total revenue	3,240,000	-	2,086,100	-	5,326,100
Inter-segment revenue	-	-	-	-	-
External revenue	<u>3,240,000</u>	<u>-</u>	<u>2,086,100</u>	<u>-</u>	<u>5,326,100</u>
<b>Segment Results</b>	311,574	(856,700)	(6,706,323)	(910,525)	(8,161,974)
Unallocated expenses					
- corporate					(1,831,044)
- R&D					(1,215,766)
Finance costs					(4,769)
Taxation					-
Profit for the year					<u>(11,213,553)</u>
<b>Segment Assets</b>	3,409,000	-	12,551,073	-	15,960,073
Unallocated assets					2,157,223
Total assets					<u>18,117,296</u>
<b>Segment Liabilities</b>	26,928	-	39,891	-	66,819
Unallocated liabilities					1,035,421
Total liabilities					<u>1,102,240</u>
<b>Other Information:</b>					
Capital expenditure	1,045,000	-	9,867,963	-	10,912,963
Depreciation	126,000	114,000	2,752,265	96,000	3,088,265
Amortisation	209,000	-	100,000	-	309,000
					<u>309,000</u>
<b>2006</b>					
<b>Segment Revenue</b>					
Total revenue	1,600,000	1,245,000	11,016,659	2,470,000	16,331,659
Inter-segment revenue	-	-	-	-	-
External revenue	<u>1,600,000</u>	<u>1,245,000</u>	<u>11,016,659</u>	<u>2,470,000</u>	<u>16,331,659</u>
<b>Segment Results</b>	865,290	436,465	3,481,949	1,174,916	5,958,620
Unallocated expenses					
- corporate					(1,629,934)
- R&D					(1,178,719)
Finance costs					-
Taxation					-
Profit for the year					<u>3,149,967</u>
<b>Segment Assets</b>	3,112,000	2,637,000	16,057,063	3,294,946	25,101,009
Unallocated assets					1,289,341
Total assets					<u>26,390,350</u>
<b>Segment Liabilities</b>	11,248	7,733	66,693	14,060	99,734
Unallocated liabilities					824,959
Total liabilities					<u>924,693</u>
<b>Other Information:</b>					
Capital expenditure	630,000	570,000	5,131,009	480,000	6,811,009
Depreciation	126,000	114,000	1,083,305	96,000	1,419,305
Amortisation	-	-	100,000	-	100,000
					<u>100,000</u>

# Notes to the Financial Statements

(continued)

## 29. SEGMENT ANALYSIS (continued)

### Business segments - secondary reporting

	<i>Investment holding</i>	<i>Development and sales of security, automation and surveillance systems</i>	<i>Elimination</i>	<i>Consolidated</i>
	RM	RM	RM	RM
<b>2007</b>				
Total revenue	-	5,326,100		5,326,100
Segment assets	17,825,764	18,772,096	(18,480,564)	18,117,296
Capital expenditure	-	10,912,963		10,912,963
<b>2006</b>				
Total revenue	-	16,331,659		16,331,659
Segment assets	16,446,154	26,704,105	(16,759,909)	26,390,350
Capital expenditure	-	6,811,009		6,811,009

## 30. EARNINGS PER ORDINARY SHARE

The basic/diluted earnings per share are 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:

<i>Gross/Net</i>	<i>Group</i>	
	<i>2007</i>	<i>2006</i>
	RM	RM
<b>Basic:</b>		
Net (loss)/profit attributable to ordinary shareholders	(11,213,553)	3,149,967
Weighted average number of ordinary shares in issue	101,015,912	93,769,342
Basic earnings per ordinary share (sen)	(11.10)	3.36
<b>Diluted:</b>		
Net (loss)/profit attributable to ordinary shareholders	(11,213,553)	3,149,967
Weighted average number of ordinary shares in issue	101,015,912	93,769,342
Number of shares issuable under ESOS	4,600,000	5,160,000
Number of shares that would have been issued at fair value	(4,600,000)	(4,003,880)
Adjusted weighted average number of ordinary shares in issue	101,015,912	94,925,462
Diluted earnings per ordinary share (sen)	(11.10)	3.32

# Notes to the Financial Statements

(continued)

## 31. 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.

On 8 August 2007, the Company announced that the plaintiff's summary judgment application came up for hearing on 6 August 2007. The Deputy Registrar had directed that written submissions be made by the parties. The matter, which was initially fixed for decision on 8 October 2007, has been adjourned for decision to 25 October 2007.

## 32. SIGNIFICANT EVENTS

In April 2007 and May 2007, 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 10,928,000 new ordinary shares of RM0.10 each in the Company. The proposed utilisation of the gross proceeds to be raised as approved by the Securities Commission is as follows:

	<i>Proposed Private Placement</i>
	RM
Expansion of production capacity	1,500,000
Working capital	281,000
Estimated expenses	100,000
	<hr/>
	1,881,000

On 22 June 2007, the Company proposed that the new ordinary shares of RM0.10 each in the Company to be issued pursuant to the Proposed Private Placement at an issue price of RM0.155, which represents a discount of approximately 8.4% over a 5-day weighted average market price of the Company's shares.

During an extraordinary general meeting held on 8 August 2007, the shareholders of the Company had approved the private placement of 10,450,000 new ordinary shares to be issued at RM0.155 per share. The Placement Shares had been allotted and issued on 17 August 2007. The proposed utilisation of the gross proceeds raised is as follows:

	<i>Proceeds from Placement Shares</i>
	RM
Expansion of production capacity	1,292,000
Working capital	241,750
Estimated expenses	86,000
	<hr/>
	1,619,750

As at the date the financial statements were authorised for issue, the Company has yet to issue the remaining 478,000 new ordinary shares.

## 33. COMPARATIVE FIGURES

The adoption of FRS 3 has been applied retrospectively and the relevant comparative figures in the balance sheet have been restated as follows:-

	<i>As previously stated</i>	<i>Effect of change in policy</i>	<i>As restated</i>
Group	RM	RM	RM
Reserve on consolidation	4,648,057	(4,648,057)	-
Retained profits	3,960,157	4,648,057	8,608,214

## Statement by Directors

We, DATO' MEGAT FAIROUZ JUNAIDI 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 24 to 51 are drawn up in accordance with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st July, 2007 and of their results and cash flows for the year ended on that date.

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

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

**Jimmy Tok Soon Guan**

Petaling Jaya  
9 October 2007

## 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 24 to 51 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 9 October 2007. )

**Jimmy Tok Soon Guan**

*Before me:*  
**Kok Poo Him** (No. W386)  
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 24 to 51. 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 contents 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 Financial Reporting 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, 2007 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.

Our 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**

1064/03/09(J/PH)

Partner of the Firm

Kuala Lumpur

9 October 2007

# Analysis of Shareholdings

as at 21 September 2007

Authorised Share Capital	:	RM25,000,000
Issued & Fully Paid-up Share Capital	:	RM11,495,000
Class of Shares	:	Ordinary shares of RM0.10 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	0.35	144	0.00
100 to 1,000 shares	104	7.28	91,709	0.08
1,001 to 10,000 shares	660	46.18	4,479,100	3.90
10,001 to 100,000 shares	543	38.00	19,214,000	16.72
100,001 to less than 5% of issued shares	116	8.12	65,640,657	57.10
5% and above of issued shares	1	0.07	25,524,390	22.20
<i>Total</i>	1,429	100.00	114,950,000	100.00

## Substantial Shareholders

Name of Shareholder	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
PC Sentry Sdn Bhd	25,524,390	22.20	-	-
Jimmy Tok Soon Guan	-	-	25,524,390*	22.20
Cheong Kok Yai	-	-	25,524,390*	22.20
Mok Chin Fan	-	-	25,524,390*	22.20

\* 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	-	-	25,524,390*	22.20
Cheong Kok Yai	-	-	25,524,390*	22.20
Chong Chen Fah	2,695,821	2.35	-	-
Madzlan bin Mohamed Nazri	-	-	-	-
Mok Chin Fan ( <i>resigned on 01 Aug 2007, re-appointed on 20 Sep 2007</i> )	-	-	25,524,390*	22.20
Mohd Qari bin Ahmad ( <i>appointed on 2 Jul 2007</i> )	2,500,000	2.17	-	-
Wong Yew Sen ( <i>appointed on 27 Sep 2007</i> )	-	-	-	-

\* 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)

	<i>Name of Shareholder</i>	<i>No. of Shares</i>	<i>%</i>
1	PC Sentry Sdn Bhd	25,524,390	22.20
2	Tsunami Pacific Sdn Bhd	5,131,800	4.46
3	Pesat Cipta Sdn Bhd	5,127,694	4.46
4	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Exempt An For Deutsche Bank Ag Singapore (Pwm Tempatan)</i>	4,300,000	3.74
5	Chin Pui Kin	3,450,000	3.00
6	Chong Chen Fah	2,695,821	2.35
7	Dahya Mohamed Raza	2,683,666	2.33
8	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohd Qari bin Ahmad</i>	2,500,000	2.17
9	Lim Boon Chai	2,227,395	1.94
10	Phoo Meng Khaw	2,192,846	1.91
11	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chin Pui Kin (E-SS2)</i>	1,789,300	1.56
12	Cheong Hae Lee @ Chong Hae Lee	1,373,000	1.19
13	Mok Ching Yam	1,371,100	1.19
14	Lim Chee Sing	1,332,000	1.16
15	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Exempt An For Deutsche Bank Ag Singapore (Pwm Asing)</i>	1,200,000	1.04
16	Sam Yok Chan	1,185,000	1.03
17	Hew Yoong Shiang	1,168,300	1.02
18	Chong Kok Wing	880,499	0.77
19	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Sew Chooi Lan (CEB)</i>	800,000	0.70
20	Lim Gaik Hwa	700,000	0.61
21	Tay Cheng Tong	700,000	0.61
22	Wong Chee Fai	700,000	0.61
23	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Abd Rashid bin Haron</i>	640,000	0.56
24	Boey Tak Kong	630,000	0.55
25	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Chuan Ming</i>	579,600	0.50
26	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Er Soon Puay (PB)</i>	563,700	0.49
27	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ten Soon Lee</i>	525,000	0.46
28	Lim Chee Sing	500,000	0.43
29	Wai Ho Mang	455,336	0.40
30	Tan Kok Hong	435,000	0.38
	<i>Total</i>	<i>73,361,447</i>	<i>63.82</i>

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## ***Additional Compliance Information***

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*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 Placement Proceeds**

As at 31 July 2007, the status of utilisation of the proceeds raised from the Company's private placement exercise approved by the Securities Commission (SC) on 24 May 2006 and completed on 22 February 2007 amounting to RM2.185 million is as follows :

	<b>As approved by the SC</b>			
	<b>Proposed private placement</b>	<b>All tranch placement shares</b>	<b>Utilised as at 31 July 2007</b>	<b>Balance</b>
	RM'000	RM'000	RM'000	RM'000
Expansion of production capacity	3,000	1,818	1,782	36
Working capital	714	433	433	-
Estimated expenses	100	61	40	21
<i>Total</i>	3,814	2,311	2,185	57

*The proceeds raised have been allocated proportionately based on the 9,500,000 ordinary shares issued over the number of ordinary shares under the Proposed Private Placement. Any excess/(deficit) in the gross proceeds raised, upon completion, will be utilised for/(adjusted from) working capital.*

### **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 2007, none of the options had been exercised.

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

	<b>No. of share options at exercise price of RM0.40 each</b>
Outstanding at the beginning of the year	5,160,000
Granted and accepted during the year	-
Forfeited during the year	(560,000)
Exercised during the year	-
Expired during the year	-
<b>Outstanding at the end of the year</b>	<b>4,600,000</b>
Exercisable at the end of the year	2,319,000

### **4. Depository Receipt Programme**

The Company did not sponsor any depository receipt programme for the financial year ended 31 July 2007.

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## ***Additional Compliance Information***

*(continued)*

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### **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 2007.

### **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 2007 are as follows:

	<i>Group</i>	<i>Company</i>
	RM	RM
Azman, Wong, Salleh & Co. from tax advisory	4,750	1,000

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### **7. Variation of Results**

The Company had not previously released any profit estimate, forecast or projection for the financial year ended 31 July 2007. There was no material variation between the audited results for the year and that of the unaudited results announced on 27 September 2007.

### **8. Profit Guarantee**

The Group and the Company had not issued any profit guarantee in respect of the financial year ended 31 July 2007.

### **9. Material Contracts**

During the financial year ended 31 July 2007, 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 2007.

### **10. Revaluation Policy**

The Company did not revalue any of its property, plant and equipment during the financial year ended 31 July 2007.

### **11. Material Properties**

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

### **12. Corporate Social Responsibility Activities**

The Company and the Group did not undertake any corporate social responsibility activities or practices during the financial year ended 31 July 2007.

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# ***Notice of Annual General Meeting***

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**NOTICE IS HEREBY GIVEN THAT** the Third Annual General Meeting of INIX Technologies Holdings Berhad ("INIX") will be held at Serunai Suite 1, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 7 November 2007 at 10.00 a.m. for the following purposes:

- |    |  |   |
|----|--|---|
| 1. | To receive and adopt the Audited Financial Statements for the financial year ended 31 July 2007 together with the Reports of the Directors and the Auditors thereon.   | <b>RESOLUTION 1</b>   |
| 2. | To approve the payment of Directors' fees of RM120,000.00 for the financial year ended 31 July 2007.   | <b>RESOLUTION 2</b>   |
| 3. | To re-elect the following Directors who retire in accordance with the Company's Articles of Association and being eligible, offer themselves for re-election:<br><br><i>Article 85</i><br>i) Dato' Megat Fairouz Junaidi bin Megat Junid<br>ii) Madzlan bin Mohamed Nazri<br>iii) Cheong Kok Yai | <b>RESOLUTION 3</b><br><b>RESOLUTION 4</b><br><b>RESOLUTION 5</b> |
|    | <i>Article 92</i><br>i) Mohd Qari bin Ahmad<br>ii) Mok Chin Fan<br>iii) Wong Yew Sen   | <b>RESOLUTION 6</b><br><b>RESOLUTION 7</b><br><b>RESOLUTION 8</b> |
| 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.  | <b>RESOLUTION 9</b>   |

## **AS SPECIAL BUSINESS**

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

5. **ORDINARY RESOLUTION  
AUTHORITY TO DIRECTORS TO ISSUE SHARES**

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"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 10**

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# Notice of Annual General Meeting

(continued)

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

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"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 By-Laws of the Scheme."

**RESOLUTION 11**

7. **SPECIAL RESOLUTION  
PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION OF INIX**

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"THAT the alterations, modifications, deletions and/or additions to the Articles of Association of the Company as set out under Appendix I attached to the Annual Report 2007 be and are hereby approved."

**RESOLUTION 12**

8. 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

16 October 2007

**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.*

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# ***Notice of Annual General Meeting***

*(continued)*

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## **Explanatory Notes on Special Business**

### **Ordinary Resolution 10**

#### **Authority to the Directors to issue shares**

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

### **Ordinary Resolution 11**

#### **Authority to issue shares pursuant to the Employee Share Option Scheme**

Ordinary Resolution 11, 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.

### **Special Resolution 12**

#### **Proposed Amendments to the Articles of Association of INIX**

Special Resolution 12, 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 Appendix I which is attached to this Annual Report.

## **Statement Accompanying Notice of Annual General Meeting**

The Directors retiring at the Third Annual General Meeting and seeking for re-election are as follows:

#### *Article 85*

- i) Dato' Megat Fairouz Junaidi bin Megat Junid
- ii) Madzlan bin Mohamed Nazri
- iii) Cheong Kok Yai

#### *Article 92*

- i) Mohd Qari bin Ahmad
- ii) Mok Chin Fan
- iii) Wong Yew Sen

Details of the abovementioned Directors are set out in the Directors' Profile on pages 6 to 9 of the Annual Report. Their securities holdings in the Company are set out in page 54.

## DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES

<b>Article No.</b>	<b>Existing Provisions</b>	<b>Proposed Provisions</b>
5	<p>Subject to the provisions of the Act, the Central Depositories Act, the Listing Requirements and the Rules, the Company shall within the following period, allot and issue shares or securities, despatch notices of allotment to the allottees and make an application for the quotation of such shares or securities:-</p> <p>(a) within fifteen (15) Market Days of the final applications closing date for, an issue of securities or such other period as may be prescribed by Bursa Securities for issue of securities to the public or a rights issue;</p> <p>(b) within ten (10) Market Days of the books closing date for a bonus issue or such other period as may be prescribed by Bursa Securities;</p> <p>(c) within ten (10) Market Days of the date of receipt of a notice of the exercise of an employee share option together with the requisite payment or such other period as may be prescribed by Bursa Securities;</p> <p>(d) within ten (10) Market Days of the date of receipt of a subscription form together with the requisite payment or such other period as may be prescribed by Bursa Securities.</p>	<p><b>To be amended to:</b></p> <p>Subject to the provisions of the Act, the Central Depositories Act, the Listing Requirements and the Rules, the Company upon allotment of shares/securities shall despatch notices of allotment to all the allottees and make an application for the quotation of such shares/securities within the period prescribed by the Exchange.</p>
7	<p>Without prejudice to any special rights previously conferred on the Holders of any shares or class of shares already issued but subject to the provisions of the Act, the Central Depositories Act and the Rules and these Articles, any preference shares may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. <u>The total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time subject thereto and</u> the Company</p>	<p><b>To be amended to:</b></p> <p>Without prejudice to any special rights previously conferred on the Holders of any shares or class of shares already issued but subject to the provisions of the Act, the Central Depositories Act and the Rules and these Articles, any preference shares may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. The</p>

# Appendix I

(continued)

## DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES (continued)

Article No.	Existing Provisions	Proposed Provisions
7	<p>shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. The Holder of a preference share shall have the same rights as a Holder of ordinary share as regards receiving notices, reports and audited accounts, and attending General Meetings of the Company. <u>The Holder of a preference share shall be entitled to a return of capital in preference to Holders of ordinary shares when the Company is wound up.</u> The Holder of a preference share shall also have the right to vote at any General Meeting convened for each of the following purposes: -</p>	<p>Holder of a preference share shall have the same rights as a Holder of ordinary share as regards receiving notices, reports and audited accounts, and attending General Meetings of the Company. The Holder of a preference share shall also have the right to vote at any General Meeting convened for each of the following purposes: -</p>
29	<p>The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. At least <u>twelve (12)</u> clear Market Days' notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to Bursa Securities. The said notice shall state the purpose or purposes for which the register is being closed. At least three (3) Market Days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors Provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) Market Days prior notice shall be given to the Depository or such other notice period in accordance with the Rules to enable the Depository to issue the appropriate Record of Depositors.</p>	<p><b>To be amended to:</b></p> <p>The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. At least ten (10) clear Market Days' notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to Bursa Securities. The said notice shall state the purpose or purposes for which the register is being closed. At least three (3) Market Days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) Market Days prior notice shall be given to the Depository or such other notice period in accordance with the Rules to enable the Depository to issue the appropriate Record of Depositors.</p>



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

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

***Form of Proxy***

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

	<b>Name of proxy, NRIC No. &amp; Address</b>	<b>No. of Shares to be represented by proxy</b>
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 THIRD ANNUAL GENERAL MEETING of the Company to be held at Serunai Suite 1, Hilton Petaling Jaya, No. 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 7 November 2007 at 10.00 a.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting): -

<b>No.</b>	<b>Resolution</b>	<b>For</b>	<b>Against</b>
1.	Adoption of the Audited Financial Statements for the financial year ended 31 July 2007 together with the Reports of the Directors and the Auditors thereon.		
2.	Approval of Directors' Fees.		
3.	Re-election of Dato' Megat Fairouz Junaidi bin Megat Junid as director.		
4.	Re-election of Madzlan bin Mohamed Nazri as director.		
5.	Re-election of Cheong Kok Yai as director.		
6.	Re-election of Mohd Qari bin Ahmad as director.		
7.	Re-election of Mok Chin Fan as director.		
8.	Re-election of Wong Yew Sen as director.		
9.	Re-appointment of Auditors.		
10.	Authority to Directors to issue shares pursuant to Section 132D.		
11.	Authority to issue shares pursuant to the Employee Share Option Scheme.		
12.	Proposed Amendments to the Articles of Association of INIX.		

Dated this ..... day of ..... 2007

.....  
**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.

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AFFIX  
STAMP

**INIX TECHNOLOGIES HOLDINGS BERHAD**

(Company No. 665797-D)  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan

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