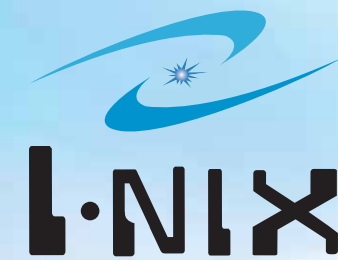


INIX TECHNOLOGIES HOLDINGS BERHAD(665797-D)

59-A&B, Jalan SS15/4C,
47500 Subang Jaya,
Selangor Darul Ehsan, Malaysia.

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INIX TECHNOLOGIES HOLDINGS BERHAD
(665797-D)

Annual Report

2009

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CORPORATE INFORMATION

Board of Directors

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

Independent Non-Executive Chairman

Jimmy Tok Soon Guan

Chief Executive Officer

Cheong Kok Yai

Executive Director

Madzlan bin Mohamed Nazri

Independent Non-Executive Director

Mok Chin Fan

Non-Independent Non-Executive Director

Chong Chen Fah

Executive Director

(re-designated on 20 March 2009)

Non-Independent Non-Executive Director

(from 20 March 2009)

Wong Yew Sen

Independent Non-Executive Director

(retired on 23 December 2008)

Audit Committee

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

Chairman

Madzlan bin Mohamed Nazri

Member

Chong Chen Fah

Member

(from 20 March 2009)

Wong Yew Sen

Member

(up to 23 December 2008)

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

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

Tel: (603) 7784 3922

Fax: (603) 7784 1988

Email: binawin@tm.net.my

Auditors

Azman, Wong, Salleh & Co (AF: 0012)

12th Floor, Wisma Tun Sambanthan

2, Jalan Sultan Sulaiman

50000 Kuala Lumpur

Tel: (603) 2273 2688

Fax: (603) 2274 2688

Email: folksdfk@tm.net.my

Sponsor

(up to 31 July 2009)

Kenanga Investment Bank 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 ACE Market

(formerly known as The MESDAQ Market)

of Bursa Malaysia Securities Berhad

Stock Name: INIX

Stock Code: 0094

CHAIRMAN'S STATEMENT



“ On behalf of your Board of Directors, I am pleased to present the Annual Report of INIX Technologies Holdings Berhad (INIX), together with the audited financial statements of the Group and of the Company, for the financial year ended 31 July 2009. ”

Group Results

Reflective of the gradual improvement in global and regional economic conditions, Group sales expanded moderately to RM2.3 million for the financial year ended 31 July 2009, compared to RM1.9 million for the preceding year.

For most of the financial year under review, however, the operating environment of the Group remained hostile, albeit less so towards the end of the year. Consequently, Group earnings continued to be in the negative, with an audited after tax loss of RM2.0 million recorded, compared to an audited after tax loss of RM11.2 million for the financial year ended 31 July 2008.

Research and Development

Adverse financial results notwithstanding, the Group continued to invest in research and development (R&D) activities. This to ensure that we 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 year under review, the Group's R&D efforts focussed 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 RM1.5 million in R&D expenditure for its financial year ended 31 July 2009, compared to RM2.7 million for the preceding year.

CHAIRMAN'S STATEMENT (continued)

Prospects

Following improvements in the international financial markets, the global economy has shown increasing signs of stability. While overall economic conditions continue to remain weak, the pace of decline in economic activity has slowed.

Closer to home, indicators point towards an improved domestic economy supported by a recovery in domestic demand on the back of better business and consumer sentiments. The Malaysian economy is forecast to expand by between 2 and 3 percent in 2010, after a contraction of 3 to 4 percent in the current year.

Against this backdrop, your Directors remain optimistically cautious of the Group's prospects in the immediate term and are hopeful of further reduced losses for the forthcoming financial year ending 31 July 2010.

Appreciation

On behalf of your Board, I would like to express our heartfelt gratitude to our valued customers for their continued patronage, and to all employees of the Group for their loyal dedication and contribution. 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

08 December 2009

DIRECTOR'S PROFILE

Dato' Megat Fairouz Junaidi bin Megat Junid

Independent Non-Executive Chairman

Malaysian, aged 44

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 attended all four Board meetings held during the financial year ended 31 July 2009.

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 39

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 16 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 2009.

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 49

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 2009.

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.

DIRECTOR'S PROFILE (continued)

Madzlan bin Mohamed Nazri
Independent Non-Executive Director
Malaysian, aged 44

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 2009.

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 51

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 later, 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 two Board meetings held during the financial year ended 31 July 2009.

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.

DIRECTOR'S PROFILE (continued)

Chong Chen Fah

Executive Director

(re-designated on 20 March 2009)

Non-Independent Non-Executive Director

(from 20 March 2009)

Malaysian, aged 51

Chong Chen Fah was appointed a Director on 13 September 2004 and was designated as Executive Director on 17 June 2005. On 20 March 2009, he was re-designated as a Non-Independent Non-Executive Director and joined the Audit Committee as a member. Chong is a chartered accountant with nearly 30 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 on 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 2009.

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.

Wong Yew Sen

Independent Non-Executive Director

(retired on 23 December 2008)

Malaysian, aged 62

Wong Yew Sen was appointed as Independent Non-Executive Director and member of the Audit Committee on 27 September 2007. On 23 December 2008, he retired as a director and ceased to be a member of the Audit Committee. 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 attended one Board meetings held during the financial year ended 31 July 2009.

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.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of INIX Technologies Holdings Berhad (INIX) totally supports the prescriptions and recommendations of the principles and best practices set out in the Malaysian Code on Corporate Governance. 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 5 to 7 of the Annual Report, illustrate a spectrum of experiences vital to the direction and management of INIX.

Composition

The current Board consists of six members, comprising two executive directors and four non-executive directors, two of whom are independent as defined by the Bursa Malaysia Securities Berhad (Bursa Securities) Listing Requirements for the ACE 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 2008 to 31 July 2009, four Board meetings were held. Details of each Director's meeting attendance are as follows:

<i>Name of Director</i>	<i>Attendance</i>
Dato' Megat Fairouz Junaidi bin Megat Junid	4 of 4
Jimmy Tok Soon Guan	4 of 4
Cheong Kok Yai	4 of 4
Madzlan bin Mohamed Nazri	4 of 4
Mok Chin Fan	2 of 4
Chong Chen Fah	4 of 4
Wong Yew Sen (retired on 23 December 2008)	1 of 2

CORPORATE GOVERNANCE STATEMENT (continued)

Directors (continued)

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 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.

During the financial year under review, all Directors attended the "Corporate Brand Strategy" on 22 July 2009 organised by M&Z Empowerment Center. Additionally, on 25 and 26 November 2008, Chong Chen Fah, a director and member of the Audit Committee, attended the National Accountants Conference 2008 with the theme "Driving a Credible Profession: Enhancing the Value Chain" organised by the Malaysian Institute of Accountants.

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.

In view of the adverse financial results of the Group, no directors' remuneration was paid for the financial year ended 31 July 2009. The Directors of the Company individually had agreed to waive their entitlement in relation to the directors' remuneration.

CORPORATE GOVERNANCE STATEMENT (continued)

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 13 to 15 of this Annual Report.

Nomination Committee

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

<i>Chairman:</i>	Dato' Megat Fairouz Junaidi bin Megat Junid	<i>(Independent Non-Executive Chairman)</i>
<i>Members:</i>	Madzlan bin Mohamed Nazri	<i>(Independent Non-Executive Director)</i>
	Mok Chin Fan	<i>(Non-Independent Non-Executive Director)</i>

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:

<i>Chairman:</i>	Dato' Megat Fairouz Junaidi bin Megat Junid	<i>(Independent Non-Executive Chairman)</i>
<i>Members:</i>	Madzlan bin Mohamed Nazri	<i>(Independent Non-Executive Director)</i>
	Jimmy Tok Soon Guan	<i>(Executive Director)</i>

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 twice during the financial year under review.

CORPORATE GOVERNANCE STATEMENT (continued)

Board Committees (continued)

Employee Share Option Scheme Committee

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

<i>Chairman:</i>	Jimmy Tok Soon Guan	<i>(Executive Director)</i>
<i>Members:</i>	Cheong Kok Yai	<i>(Executive Director)</i>
	Mok Chin Fan	<i>(Non-Independent Non-Executive Director)</i>

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

The ESOS Committee only meets as and when required, and did not meet 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 to enable easy and convenient access to up-to-date information relating to the Group.

Accountability and Audit

Financial Reporting

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

CORPORATE GOVERNANCE STATEMENT (continued)

Accountability and Audit (continued)

Directors' Responsibility Statement

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

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

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

Internal Control Statement

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

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

Audit Committee

The Audit Committee conducts reviews of the Group's system of internal controls and its financial reports and statements. Minutes of its meetings are tabled to the Board for perusal and for action where appropriate. The terms of reference of the Audit Committee is in the Audit Committee Report set out on pages 13 to 15 of this Annual Report.

Auditors

It is the policy of the Audit Committee to meet the external auditors at least twice 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 26 November 2009.

AUDIT COMMITTEE REPORT

Members

The Audit Committee comprises:

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

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

Chong Chen Fah
Non-Independent Non-Executive Director
(from 20 March 2009)

Wong Yew Sen
Independent Non-Executive Director
(ceased on 23 December 2008)

Terms of Reference

Membership

1. Members of the Audit Committee shall be from amongst its directors which fulfills the following requirements:
 - (a) the Audit Committee must be composed of no fewer than three (3) members;
 - (b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
 - (c) at least one (1) member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
2. No alternate director shall be appointed as a member of the Audit Committee.
3. The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.
4. In the event of any vacancy in the Audit Committee resulting in the non-compliance of the Listing Requirements, the vacancy must be filled within three (3) months.
5. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

AUDIT COMMITTEE REPORT (continued)

Meetings

1. The Audit Committee shall meet at least four (4) times in a year.
2. A quorum shall be two (2) members with a majority of members present must be independent directors.
3. The Chairman of the Audit Committee shall, upon the request of the external auditor, convene a meeting to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.
4. Other directors and employees may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.
5. The Company Secretary shall be the Secretary of the Committee.

Functions

1. to review the following and report the same to the board of directors of the Company:-
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of the Company to the external auditor;
 - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the external auditors of the Company; and
 - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
2. to recommend the nomination of a person or persons as external auditors.
3. to perform any other functions, responsibilities and/or duties as may be imposed by Bursa Malaysia Securities Berhad or any other relevant authorities from time to time; and
4. to perform such other functions as may be agreed to by the Audit Committee and the Board of Directors.

AUDIT COMMITTEE REPORT (continued)

Rights

The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:

1. have authority to investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
5. be able to obtain independent professional or other advice; and
6. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

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 five meetings during the year under review, which were attended by all members. The meetings were appropriately structured through the use of agendas which were distributed to members with sufficient notification. The external auditors, Azman, Wong, Salleh & Co. attended three of the five meetings on the invitation of the Chairman of the Committee.

During the financial year ended 31 July 2009, 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.

FINANCIAL STATEMENTS

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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 31st July, 2009.

1. PRINCIPAL ACTIVITIES

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

2. RESULTS

	GROUP RM	COMPANY RM
Loss for the year	2,008,322	3,270,359

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 31st July, 2009.

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. DIRECTORS

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

Dato' Megat Fairouz Junaidi bin Megat Junid	- Chairman
Jimmy Tok Soon Guan	- Executive Director
Cheong Kok Yai	- Executive Director
Chong Chen Fah	- Non-Executive Director
Madzlan bin Mohamed Nazri	- Non-Executive Director
Mok Chin Fan	- Non-Executive Director
Wong Yew Sen (resigned on 23rd December, 2008)	- Non-Executive Director

6. 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:-

	Number of ordinary shares of RM0.10 in the Company			
	As at 1.8.2008	Acquired	Disposed	As at 31.7.2009
Direct interests -				
Chong Chen Fah	2,695,821	-	-	2,695,821
Indirect interests - (held through PC Sentry Sdn. Bhd.)				
Jimmy Tok Soon Guan	25,524,390	-	-	25,524,390
Cheong Kok Yai	25,524,390	-	-	25,524,390
Mok Chin Fan	25,524,390	-	-	25,524,390

Directors' Report

(continued)

6. DIRECTORS' INTERESTS (continued)

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

ESOS expiring on 24th August, 2010
Options over ordinary shares of RM0.10 each in the Company

	As at 1.8.2008	Granted	* Waived	As at 31.7.2009
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)	-

* During the year, the directors have formally waived all the options granted to them.

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.

7. 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.

8. EMPLOYEES' SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS") on 25th August, 2005 for a period of 5 years. The ESOS is governed by the By-Laws which were approved by the shareholders on 17th June, 2005.

Details of the ESOS are set out in Note 29 to the financial statements.

9. 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.

Directors' Report

(continued)

9. OTHER STATUTORY INFORMATION (continued)

(b) At the date of this report:-

- (i) the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
- (ii) the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
- (iii) the directors are not aware of any circumstances which have arisen that would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate;
- (iv) the directors are not aware of any circumstances that would render any amount stated in the financial statements of the Group and of the Company misleading;
- (v) there does not exist any charge on the assets of the Group and of the Company that has arisen since 31st July, 2009 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 31st July, 2009.

(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 31st July, 2009 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 31st July, 2009 were not substantially affected by any item, transaction or event of a material and unusual nature
- (ii) there has not arisen in the interval between 31st July, 2009 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.

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

DATO' MEGAT FAIROUZ JUNAIDI BIN MEGAT JUNID

JIMMY TOK SOON GUAN

Petaling Jaya,
26 November 2009

Balance Sheets

as at 31st July, 2009

	Note	GROUP		COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
Non-Current Assets					
Intangible assets	8	793,000	1,102,000	-	-
Property, plant and equipment	9	4,819,521	7,070,683	-	-
Investment in subsidiaries	10	-	-	-	-
		5,612,521	8,172,683	-	-
Current Assets					
Inventories	11	310,949	832,410	-	-
Trade receivables	12	1,276,852	40,432	-	-
Other receivables, deposits and prepayments		158,210	209,965	1,140	1,140
Amount due from a subsidiary	13	-	-	4,855,891	8,062,403
Cash and bank balances		29,990	156,595	3,038	3,063
		1,776,001	1,239,402	4,860,069	8,066,606
TOTAL ASSETS		7,388,522	9,412,085	4,860,069	8,066,606
EQUITY AND LIABILITIES					
Attributable to Equity Holders of the Company					
Share capital	14	11,495,000	11,495,000	11,495,000	11,495,000
Share premium	15	8,657,860	8,657,860	8,657,860	8,657,860
Share option reserve	16	363,992	1,477,932	363,992	1,477,932
Accumulated losses		(14,673,487)	(13,849,512)	(15,922,950)	(13,836,938)
		5,843,365	7,781,280	4,593,902	7,793,854
Non-Current Liability					
Hire purchase payable	17	-	1,701	-	-
Current liabilities					
Trade payables	18	355,906	462,583	-	-
Other payables and accruals	19	1,183,294	1,141,087	266,167	272,752
Provision for warranty claims	20	3,381	7,151	-	-
Hire purchase payable	17	2,576	18,283	-	-
		1,545,157	1,629,104	266,167	272,752
TOTAL EQUITY AND LIABILITIES		7,388,522	9,412,085	4,860,069	8,066,606

The notes on pages 24 to 46 form part of these financial statements.

Income Statements

for the year ended 31st July, 2009

	Note	GROUP		COMPANY	
		2009 RM	2008 RM	2009 RM	2008 RM
REVENUE	21	2,306,344	1,869,400	-	-
COST OF SALES	22	(1,171,707)	(1,798,158)	-	-
GROSS PROFIT		1,134,637	71,242	-	-
OTHER INCOME		102,760	-	-	-
SELLING AND MARKETING EXPENSES		(163,109)	(597,719)	-	-
ADMINISTRATIVE EXPENSES		(335,940)	(1,483,603)	(53,378)	(498,801)
RESEARCH AND DEVELOPMENT EXPENSES		(1,538,344)	(2,669,583)	-	-
OTHER EXPENSES		(1,206,272)	(6,561,405)	(3,216,981)	(11,593,158)
FINANCE COSTS		(2,054)	(3,105)	-	-
LOSS BEFORE TAXATION	23	(2,008,322)	(11,244,173)	(3,270,359)	(12,091,959)
TAXATION	26	-	-	-	-
LOSS FOR THE YEAR		(2,008,322)	(11,244,173)	(3,270,359)	(12,091,959)
LOSS PER ORDINARY SHARE					
- Basic (sen)	31	(1.75)	(9.82)	-	-
- Diluted (sen)	31	(1.75)	(9.82)	-	-

The notes on pages 24 to 46 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31st July, 2009

	Note	Attributable to Equity Holders of the Company				Total RM
		Share Capital RM	Share Premium RM	Share Option Reserve RM	(Accumulated Losses) RM	
GROUP - 2009						
Balance at 1st August, 2008		11,495,000	8,657,860	1,477,932	(13,849,512)	7,781,280
Loss for the year		-	-	-	(2,008,322)	(2,008,322)
Total recognised loss for the year		-	-	-	(2,008,322)	(2,008,322)
Reversal of share option expense in relation to options waived by directors	25			(1,184,347)	1,184,347	
Compensation expense in respect of Employees' Share Option Scheme	16	-	-	70,407	-	70,407
Balance at 31st July, 2009		11,495,000	8,657,860	363,992	(14,673,487)	5,843,365
GROUP - 2008						
Balance at 1st August, 2007		10,450,000	8,108,926	1,061,469	(2,605,339)	17,015,056
Issue of shares during the year	14, 15	1,045,000	580,968	-	-	1,625,968
Share issue expenses charged directly to equity	15	-	(32,034)	-	-	(32,034)
Loss for the year		-	-	-	(11,244,173)	(11,244,173)
Total recognised loss for the year		-	(32,034)	-	(11,244,173)	(11,276,207)
Compensation expense in respect of Employees' Share Option Scheme	16	-	-	416,463	-	416,463
Balance at 31st July, 2008		11,495,000	8,657,860	1,477,932	(13,849,512)	7,781,280
COMPANY - 2009						
Balance at 1st August, 2008		11,495,000	8,657,860	1,477,932	(13,836,938)	7,793,854
Loss for the year		-	-	-	(3,270,359)	(3,270,359)
Total recognised loss for the year		-	-	-	(3,270,359)	(3,270,359)
Reversal of share option expense in relation to options waived by directors.	25			(1,184,347)	1,184,347	
Compensation expense in respect of Employees' Share Option Scheme	16	-	-	70,407	-	70,407
Balance at 31st July, 2009		11,495,000	8,657,860	363,992	(15,922,950)	4,593,902
COMPANY - 2008						
Balance at 1st August, 2007		10,450,000	8,108,926	1,061,469	(1,744,979)	17,875,416
Issue of shares during the year	14, 15	1,045,000	580,968	-	-	1,625,968
Share issue expenses charged directly to equity	15	-	(32,034)	-	-	(32,034)
Loss for the year		-	-	-	(12,091,959)	(12,091,959)
Total recognised loss for the year		-	(32,034)	-	(12,091,959)	(12,123,993)
Compensation expense in respect of Employees' Share Option Scheme	16	-	-	416,463	-	416,463
Balance at 31st July, 2008		11,495,000	8,657,860	1,477,932	(13,836,938)	7,793,854

The notes on pages 24 to 46 form part of these financial statements.

Cash Flow Statements

for the year ended 31st July, 2009

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the year	(2,008,322)	(11,244,173)	(3,270,359)	(12,091,959)
Adjustments:				
Waiver of advances from directors	(100,000)	-	-	-
Depreciation of property, plant and equipment	1,888,742	2,580,870	-	-
Impairment loss on property, plant and equipment (including R&D equipment)	329,180	2,941,546	-	-
Goodwill written off	-	4,016	-	-
Gain on disposal of property, plant and equipment	(2,760)	-	-	-
Amortisation of intangible assets	309,000	309,000	-	-
Impairment loss on investment in a subsidiary	-	-	70,407	8,666,751
Net provision for warranty claims written back	(3,770)	(59,668)	-	-
Allowance for obsolete and defective inventories	-	255,756	-	-
Allowance for doubtful debts made	15,852	1,808,761	3,146,574	2,926,407
Allowance for doubtful debts reversed	(87,233)	-	-	-
Interest expense on hire purchase financing	2,054	3,105	-	-
Share option expense	70,407	416,463	-	109,880
Operating profit/(loss) before working capital changes	413,150	(2,984,324)	(53,378)	(388,921)
Decrease in inventories	521,461	123,764	-	-
(Increase)/decrease in trade receivables	(1,165,039)	844,396	-	-
Decrease in other receivables, deposits and prepayments	51,755	62,458	-	-
Decrease/(increase) in amount due from a subsidiary	-	-	59,938	(1,333,807)
Decrease in trade payables	(106,677)	(95,411)	-	-
Increase/(decrease) in other payables and accruals	142,207	701,659	(6,585)	126,572
Net cash used in operating activities	(143,143)	(1,347,458)	(25)	1,596,156
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	-	(737,615)	-	-
Proceeds from disposal of property, plant and equipment	36,000	-	-	-
Net cash generated from/(used in) investing activities	36,000	(737,615)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares (net)	-	1,593,934	-	1,593,934
Repayment of hire purchase	(17,408)	(18,015)	-	-
Interest paid on hire purchase financing	(2,054)	(3,105)	-	-
Net cash (used in)/generated from financing activities	(19,462)	1,572,814	-	1,593,934
NET DECREASE IN CASH AND CASH EQUIVALENTS	(126,605)	(512,259)	(25)	(2,222)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	156,595	668,854	3,063	5,285
CASH AND CASH EQUIVALENTS AT END OF YEAR	29,990	156,595	3,038	3,063
These comprise:-				
Cash in hand	15,463	25,727	2	2
Bank balances	14,527	130,868	3,036	3,061
	29,990	156,595	3,038	3,063

The notes on pages 24 to 46 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(a) Basis of Accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention and comply with Financial Reporting Standards (“FRSs”) and the provisions of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires directors to exercise their judgment in the process of applying the Group’s accounting policies. Although these estimates and judgment are based on the directors’ best knowledge of current events and actions, actual results may differ.

During the year ended 31st July, 2009, the Group and the Company recorded after-tax losses of RM2,008,322 and RM3,270,359 respectively. This is the third year in succession that the Group and the Company have recorded after-tax losses following the after-tax losses of RM11,244,173 and RM12,091,959 respectively during the year ended 31st July, 2008. The continuing losses have resulted in the accumulated losses of the Group and the Company increasing to RM14,673,487 and RM15,922,950 as at 31st July, 2009. However, equity attributable to the shareholders of the Company as at 31st July, 2009 remained positive at RM5,843,365 and RM4,593,902 for the Group and the Company respectively. The Directors have continued to prepare the financial statements of the Group and the Company on a going concern basis on the assumption that the Group and the Company will be able to generate sufficient cash flows from their operations to meet their obligations as and when they fall due.

In the event that the above are not forthcoming, the going concern basis of accounting may not be appropriate and the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Consequently, adjustments may be required to reduce the values of assets to their recoverable amounts, to provide for any further liabilities which may arise and to reclassify non-current assets as current assets.

(b) FRSs and Interpretations issued but not yet effective

The Group and the Company have not applied the following new and revised accounting standards (including consequential amendments) and interpretations that have been issued by the MASB but are not yet effective:-

Standard/Interpretation	Effective date	
FRS 1	Amendment to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i>	1st January, 2010
FRS 2	Amendment to FRS 2 <i>Share-based Payment</i>	1st January, 2010
FRS 4	Insurance Contracts	1st January, 2010
FRS 5	Amendment to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1st January, 2010
FRS 7	Financial Instruments: Disclosures	1st January, 2010
	Amendment to FRS 7 <i>Financial Instruments: Disclosures</i>	1st January, 2010
FRS 8	<i>Operating Segments</i>	1st July, 2009
	Amendment to FRS 8 <i>Operating Segments</i>	1st January, 2010
FRS 101	Presentation of Financial Statements	1st January, 2010
FRS 107	Amendment to FRS 107 <i>Cash Flow Statements</i>	1st January, 2010
FRS 108	Amendment to FRS 108 <i>Accounting Policies, Changes on Accounting Estimates and Errors</i>	1st January, 2010
FRS 110	Amendment to FRS 110 <i>Events After the Balance Sheet Date</i>	1st January, 2010
FRS 116	Amendment to FRS 116 <i>Property, Plant and Equipment</i>	1st January, 2010
FRS 117	Amendment to FRS 117 <i>Leases</i>	1st January, 2010
FRS 118	Amendment to FRS 118 <i>Revenue</i>	1st January, 2010
FRS 119	Amendment to FRS 119 <i>Employee Benefits</i>	1st January, 2010
FRS 120	Amendment to FRS 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1st January, 2010

NOTES TO THE FINANCIAL STATEMENTS

(continued)

1. BASIS OF PREPARATION (continued)

(b) FRSs and Interpretations issued but not yet effective (continued)

Standard/Interpretation	Effective date
FRS 121 Amendment to FRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	1st January, 2010
FRS 123 Borrowing Costs	1st January, 2010
Amendment to FRS 123 <i>Borrowing Costs</i>	1st January, 2010
FRS 127 Amendment to FRS 127 <i>Consolidated and Separate Financial Statements</i>	1st January, 2010
FRS 132 Amendment to FRS 132 <i>Financial Instruments: Presentation</i>	1st January, 2010
FRS 134 Amendment to FRS 134 <i>Interim Financial Reporting</i>	1st January, 2010
FRS 136 Amendment to FRS 136 <i>Impairment of Assets</i>	1st January, 2010
FRS 138 Amendment to FRS 138 <i>Intangible Assets</i>	1st January, 2010
FRS 139 Financial Instruments: Recognition and Measurement	1st January, 2010
Amendment to FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1st January, 2010
FRS 140 Investment Property	1st January, 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1st January, 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1st January, 2010

FRS 4 and FRS 121 are not relevant to the Group's and the Company's operations.

The Group and Company will apply the other FRSs and IC Interpretation 9 and 10 when they become effective. The impact of applying FRS 139 on these financial statements upon first adoption of this Standard is not disclosed by virtue of the exemption provided under paragraph 103AB of the Standard.

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 and of the Company except as disclosed below:

FRS 7: Financial Instruments - Disclosure

FRS 7 requires disclosures of information relating to the significance of financial instruments on an entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the reporting date and how the entity manages those risks. The impact of applying FRS 7 on these financial statements upon its first adoption is not disclosed by virtue of exemption provided under paragraph 44AB of this standard.

FRS 8: Operating Segments

FRS 8 requires an entity to report financial and descriptive information about its operating segments on the same basis as those used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. The adoption of this standard will only affect the disclosure of operating segments and will not result in any financial impact to the financial statements of the Group.

FRS 123: Borrowing Costs

FRS 123 which replaces FRS 123 2004, removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The adoption of this standard will not result in any financial impact to the financial statements of the Group.

FRS 139 : Financial Instruments - Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Hedge accounting is permitted only under strict circumstances. The impact of applying FRS 139 on these financial statements upon first adoption of the standard is not disclosed by virtue of the exemption provided under paragraph 103AB of FRS 139.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

1. BASIS OF PREPARATION (continued)

(b) FRSs and Interpretations issued but not yet effective (continued)

Amendments to FRS 1 : First-time Adoption of Financial Reporting Standards

The amendments to FRS 1 allow an entity, on transition to FRS, to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates either at cost as determined by FRS 127 or at deemed cost. Deemed cost is either the fair value or the carrying amount under the previous accounting practice. These amendments are not relevant to the Group as the Group has already adopted FRS.

Amendments to FRS 2 : Share-based Payment - Vesting Conditions and Cancellations

The amendments to FRS 2 clarify that vesting conditions are limited to service conditions and performance conditions. The amendments also clarify that cancellations of the grant of the equity instruments by parties other than the entity are to be treated in the same way as cancellations by the entity. These amendments will not result in any financial impact to the financial statements of the Group.

Amendments to FRS 127 : Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendments to FRS 127 remove the requirement to distinguish between pre and post acquisition dividends from a subsidiary, jointly controlled entity or associate.

FRS 127 also has been amended to deal with situations where a parent reorganises its group by establishing a new entity as its parent. Under the new rules, the new parent measures the cost of its investments in the original parent at the carrying amount of its share of equity items shown in the separate financial statements of the original parent at the recognition date. These amendments are not relevant to the Group's operations.

IC Interpretation 9 : Reassessment of Embedded Derivatives

IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract in which case reassessment is required. The adoption of this interpretation will not have any significant financial impact on the financial statements of the Group.

IC Interpretation 10 : Interim Financial Reporting and Impairment

IC Interpretation 10 does not allow an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost to be reversed at a subsequent balance sheet date. The adoption of this interpretation will not result in any financial impact on the financial statements of the Group.

2. PRINCIPAL ACTIVITIES

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

3. GENERAL INFORMATION

The financial statements of the Group and of the Company were authorised for issue on 26th November, 2009 by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. GENERAL INFORMATION (continued)

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 ACE 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 by the Group 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 Cash Flow 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 of the Group include trade payables, other payables and accruals and hire purchase payable.

5. FUNCTIONAL AND PRESENTATION CURRENCY

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the accounting policies of the Group, the directors are of the opinion that there are no instances of application of judgement, other than as set out below and in Note 29, which are expected to have a significant effect on the amounts recognised in the financial statements.

The directors believe 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 29, 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 certain assets and liabilities are as follows:

Property, plant and equipment

The directors have 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 research and development equipment. 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 directors have considered the remaining terms of respective dealership agreements, 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 research and development equipment located at the premise of the respective dealer.

Intangible assets

The directors have 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 directors have 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 directors have 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 directors have 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 directors have carried out an impairment test by comparing the net assets of the subsidiary to the cost of investment. Thus, the carrying amount of the investment as at 31st July, 2009 has been reduced to nil (Note 10) based on this assessment.

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 30th November, 2008.

The directors will assess any tax credit/charge arising from temporary differences, tax losses and unused capital allowances as stated in Note 26 that are not reversed on expiry of the tax exemption period. In addition, no deferred tax asset has been recognised in respect of unabsorbed tax losses and unused capital allowances as the probability that taxable profits will be available against which the losses and unused capital allowances can be utilised is uncertain.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Taxation

Arising from a tax audit on a subsidiary company, Inix Technologies Sdn. Bhd., the Inland Revenue Board had raised an assessment of RM404,846 (including penalties) on the subsidiary company for the year of assessment 2003 notwithstanding its tax exempt status under the Promotion of Investments Act, 1986. The directors have appealed against the position taken by the Inland Revenue Board and are of the opinion that the appeal will be considered favourably.

7. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following significant accounting policies adopted by the Group and the Company have been applied consistently to all the years presented.

(a) Basis of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to 31st July, 2009. The results of subsidiaries purchased or disposed are consolidated in the income statement of the Group from the date of purchase or up to the date of disposal using the purchase method of accounting.

At the date of purchase, the fair value of identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured. The excess of the cost of purchase over the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of purchase is reflected as goodwill. If cost is less than the fair value of the subsidiaries' identifiable net assets, the difference 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 purchasee.

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 Subsidiaries

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

Goodwill represents the excess of the cost of purchase over the fair value of the Group's share of a subsidiary's identifiable net assets at the date of acquisition. Goodwill is included in the balance sheet and is carried at cost less accumulated impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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:-

Showrooms	20%
Motor Vehicles	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 costs.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 their 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.

(l) Income Tax

Income tax for the year comprises current and deferred tax.

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

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

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Share-based Payment

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

The 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 31st December, 2004 and had not yet vested at 1st January, 2006. Details of the scheme are set out in Note 29.

(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

GROUP	At 1.8.2008 RM	Additions RM	Amortisation Charge RM	At 31.7.2009 RM
2009				
Net Book Value				
Internally generated development expenditure	1,102,000	-	(309,000)	793,000

At 31st July 2009	Cost RM	Accumulated Amortisation RM	Net Book Value RM
Intellectual property assets	1,000,000	(625,000)	375,000
Certification costs	1,045,000	(627,000)	418,000
	2,045,000	(1,252,000)	793,000

GROUP	At 1.8.2007 RM	Additions RM	Amortisation Charge RM	At 31.7.2008 RM
2008				
Net Book Value				
Internally generated development expenditure	1,411,000	-	(309,000)	1,102,000

At 31st July 2008	Cost RM	Accumulated Amortisation RM	Net Book Value RM
Intellectual property assets	1,000,000	(525,000)	475,000
Certification costs	1,045,000	(418,000)	627,000
	2,045,000	(943,000)	1,102,000

NOTES TO THE FINANCIAL STATEMENTS

(continued)

9. PROPERTY, PLANT AND EQUIPMENT

GROUP	Machinery and Technical Equipment RM	Showrooms RM	Renovation RM	Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	R&D Equipment RM	Total RM
2009								
Cost:								
At 1st August 2008	2,657,906	3,983,620	243,882	928,002	94,611	75,519	10,984,816	18,968,356
Disposals	(70,000)	-	-	-	-	(37,000)	-	(107,000)
At 31st July 2009	2,587,906	3,983,620	243,882	928,002	94,611	38,519	10,984,816	18,861,356
Accumulated Depreciation:								
At 1st August 2008	1,139,362	1,770,628	101,482	508,277	40,166	24,166	3,741,414	7,325,495
Charge for the year	411,569	253,180	21,771	116,490	8,206	12,083	1,065,443	1,888,742
Eliminated on disposal	(56,000)	-	-	-	-	(17,760)	-	(73,760)
At 31st July 2009	1,494,931	2,023,808	123,253	624,767	48,372	18,489	4,806,857	9,140,477
Accumulated Impairment:								
At 1st August 2008	-	1,630,632	-	-	-	-	2,941,546	4,572,178
Impairment loss for the year	-	329,180	-	-	-	-	-	329,180
At 31st July 2009	-	1,959,812	-	-	-	-	2,941,546	4,901,358
Net Book Value at 31st July 2009	1,092,975	-	120,629	303,235	46,239	20,030	3,236,413	4,819,521

The net book value of motor vehicles acquired under hire purchase financing at the balance sheet date amounted to RM20,030.

GROUP	Machinery and Technical Equipment RM	Showrooms RM	Renovation RM	Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	R&D Equipment RM	Total RM
2008								
Cost:								
At 1st August 2007	2,445,406	3,983,620	243,882	927,267	94,031	75,519	10,461,016	18,230,741
Additions	212,500	-	-	735	580	-	523,800	737,615
At 31st July 2008	2,657,906	3,983,620	243,882	928,002	94,611	75,519	10,984,816	18,968,356
Accumulated Depreciation:								
At 1st August 2007	727,793	1,517,448	79,711	391,787	31,960	12,083	1,983,843	4,744,625
Charge for the year	411,569	253,180	21,771	116,490	8,206	12,083	1,757,571	2,580,870
At 31st July 2008	1,139,362	1,770,628	101,482	508,277	40,166	24,166	3,741,414	7,325,495
Accumulated Impairment:								
At 1st August 2007	-	1,630,632	-	-	-	-	-	1,630,632
Impairment loss for the year	-	-	-	-	-	-	2,941,546	2,941,546
At 31st July 2008	-	1,630,632	-	-	-	-	2,941,546	4,572,178
Net Book Value at 31st July 2008	1,518,544	582,360	142,400	419,725	54,445	51,353	4,301,856	7,070,683

The net book value of motor vehicles acquired under hire purchase financing at the balance sheet date amounted to RM51,353.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

10. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2009 RM	2008 RM
Unquoted shares, at cost	8,050,998	8,050,998
Options granted to employees of subsidiaries	1,232,210	1,161,803
	9,283,208	9,212,801
Less: Accumulated impairment	(9,283,208)	(9,212,801)
	-	-

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

Name of Company	Effective Equity Interest		Principal Activities
	2009 %	2008 %	
Direct			
Inix Technologies Sdn. Bhd.	100	100	Development and sales of integrated intelligent wireless security, automation and closed-circuit television surveillance systems.
Indirect			
Inix Industrial Sdn. Bhd.	100	100	Has not commenced operation.

11. INVENTORIES

	GROUP	
	2009 RM	2008 RM
At cost:		
Finished goods	6,737	456,304
Work-in-progress	87,771	339,390
Raw materials	216,441	292,472
	310,949	1,088,166
Less: Allowance for obsolete and defective inventories	-	(255,756)
	310,949	832,410
At cost	310,949	631,862
At net realisable value	-	200,548
	310,949	832,410

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. TRADE RECEIVABLES

	GROUP	
	2009 RM	2008 RM
Trade receivables	6,149,815	4,984,776
Less: Allowance for doubtful debts	(4,872,963)	(4,944,344)
	1,276,852	40,432
Analysis by currency		
US Dollar	3,666,503	3,666,503
Ringgit Malaysia	2,483,312	1,318,273
	6,149,815	4,984,776

Out of the gross balance of RM6,149,815 (2008: RM4,984,776), 2 accounts represent 55% (2008: 63%) of this amount.

Credit terms:

The Group's normal credit terms are 60 days to 180 days (2008: 60 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

13. AMOUNT DUE FROM/(TO) A SUBSIDIARY

	COMPANY	
	2009 RM	2008 RM
Due from:		
Non-trade	11,789,392	11,789,392
Less: Allowance for non-recoverability of amount due from a subsidiary	(6,072,981)	(2,926,407)
	5,716,411	8,862,985
Due to:		
Non-trade	(860,520)	(800,582)
	4,855,891	8,062,403

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

14. SHARE CAPITAL

	GROUP/COMPANY			
	2009		2008	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Authorised:				
Ordinary shares of RM0.10 each -				
At 31st July	250,000,000	25,000,000	250,000,000	25,000,000
Issued and fully paid:				
Ordinary shares of RM0.10 each -				
At 31st July	114,950,000	11,495,000	114,950,000	11,495,000

15. SHARE PREMIUM

	GROUP/COMPANY	
	2009 RM	2008 RM
At 1st August	8,657,860	8,108,926
Issue of 10,450,000 new ordinary shares at a premium of RM0.055 per share	-	580,968
Less: Share issue expenses	-	(32,034)
At 31st July	8,657,860	8,657,860

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 ("ESOS") of the Company. Details of the scheme are set out in Note 29. During the year, the directors waived all the options granted to them under the ESOS.

The balance on this reserve is not distributable by way of cash dividends.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

17. HIRE PURCHASE PAYABLE

	GROUP	
	2009 RM	2008 RM
Hire purchase payable:		
Due within 1 year	2,618	21,120
Due between 1 to 2 years	-	1,715
	2,618	22,835
Less: Prepayment	-	(1,760)
	2,618	21,075
Less: Future finance charges	(42)	(1,091)
Principal outstanding	2,576	19,984
Current		
Repayable within 1 year	2,576	18,283
Non-Current		
Repayable between 1 to 2 years	-	1,701
	-	1,701

The interest rate applicable to the hire purchase payable at the balance sheet date is 5.75% (2008: 5.75%) per annum.

18. TRADE PAYABLES

The credit terms of trade payables average between 30 days to 60 days (2008: 30 days to 60 days).

19. OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals of the Group are advances from certain directors amounting to RM659,913 (2008: RM636,160).

20. PROVISION FOR WARRANTY CLAIMS

	GROUP	
	2009 RM	2008 RM
At 1st August	7,151	66,819
Writeback on expiry and claims made during the year	(3,770)	(59,668)
At 31st July	3,381	7,151

21. 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 30.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

22. COST OF SALES

	GROUP	
	2009 RM	2008 RM
Cost of inventories sold	866,478	1,293,070
Net provision for warranty claims written back	(3,771)	(59,668)
Allowance for obsolete and defective inventories	-	255,756
Amortisation of intangible assets	309,000	309,000
	<hr/>	<hr/>
	1,171,707	1,798,158

23. LOSS BEFORE TAXATION

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
This is arrived at after charging/(crediting):-				
Audit fees	38,000	38,000	15,000	15,000
Allowance made for doubtful debts	15,852	1,808,761	-	-
Reversal of allowance for doubtful debts	(87,233)	-	-	-
Allowance for non-recoverability of amount due from a subsidiary	-	-	3,146,574	2,926,407
Depreciation of property, plant and equipment (excluding equipment and software for R&D purposes)	823,299	823,299	-	-
Directors' remuneration (Note 25)	-	867,792	-	342,380
Employee benefits expenses (Note 24)	852,240	1,083,387	-	-
Goodwill written off	-	4,016	-	-
Impairment loss on investment in subsidiary	-	-	70,407	8,666,751
Impairment loss on property, plant and equipment	329,180	-	-	-
Waiver of advances from directors	(100,000)	-	-	-
Interest expense on hire purchase financing	2,054	3,105	-	-
Gain on disposal of property, plant and equipment	(2,760)	-	-	-
Rental of factory	4,800	28,800	-	-
Rental of office premises	58,800	84,000	-	-
Research and Development ("R&D")				
- personnel costs and related expenses	490,529	595,479	-	-
- depreciation of equipment and software	1,065,442	1,757,571	-	-
- other expenses	6,119	1,066,427	-	-
- Impairment loss on R&D equipment	-	2,941,546	-	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24. EMPLOYEE BENEFITS EXPENSES

	2009 RM	GROUP 2008 RM
Short term benefits		
Salaries and allowances	682,552	824,506
SOCSSO	11,069	10,738
Insurance, medical and other benefits	6,077	48,506
	699,698	883,750
Defined contribution plan		
Contributions to EPF	82,135	83,774
Equity-based compensation benefits		
Share options	70,407	115,863
Total (excluding executive directors' remuneration)	852,240	1,083,387
Employee benefits expenses are included in the income statement as follows:		
Selling and marketing expenses	177,108	212,651
Administrative expenses	171,536	257,150
Research and development expenses	465,656	576,064
Other expenses	37,940	37,522
	852,240	1,083,387

25. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors of the Company				
Executive:				
Salaries and allowances	-	90,000	-	90,000
Share options	-	109,880	-	109,880
	-	199,880	-	199,880
Non-Executive:				
Fees	-	142,500	-	142,500
	-	342,380	-	342,380
Directors of a subsidiary				
Executive:				
Salaries and allowances	-	276,000	-	-
SOCSSO, income tax and other benefits	-	862	-	-
Contributions to EPF	-	27,830	-	-
Share options	-	190,720	-	-
	-	495,412	-	-
Non-Executive:				
Fees	-	30,000	-	-
	-	525,412	-	-
Total	-	867,792	-	342,380

NOTES TO THE FINANCIAL STATEMENTS

(continued)

25. DIRECTORS' REMUNERATION (continued)

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors' remuneration are included in the income statement as follows:-				
Administrative expenses	-	658,432	-	342,380
Research and development expenses	-	209,360	-	-
	-	867,792	-	342,380

During the year, the directors of the Company and a subsidiary company formally waived all the options (including the rights and obligations attached thereto) granted to them pursuant to the Employees' Share Option Scheme ("ESOS") of the Company. In addition, the directors have also waived all the remuneration accruing to them for the current year.

26. TAXATION

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

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Loss before taxation	(2,008,322)	(11,244,173)	(3,270,359)	(12,091,959)
Tax calculated at the statutory tax rate of 25% (2008: 26%)	(502,081)	(2,923,485)	(817,590)	(3,143,909)
Tax effect of:				
- expenses not deductible for tax purposes	647,666	1,617,008	808,878	3,041,065
- the first RM500,000 loss at 20%	-	30,000	-	-
- current year's loss not recognised	-	1,276,477	8,712	102,844
- capital allowance utilized	(144,054)	-	-	-
- income not subject to tax	(1,531)	-	-	-
Tax expense	-	-	-	-

A subsidiary, Inix Technologies Sdn. Bhd. ("ITSB") was awarded the status of a Multimedia Super Corridor ("MSC") company on 28th November 2003. Amongst other incentives, ITSB was accorded Pioneer Status pursuant to the Promotion of Investments Act, 1986 ("PIA"). The MSC Status granted is subject to the compliance of certain conditions imposed by the Multimedia Development Corporation. The Pioneer Status is granted for a period of 5 years, commencing 1st December 2003. The tax exemption period also commenced on 1st December 2003. The Pioneer Status may be withdrawn upon the loss of the MSC Status or in the event of a breach of the provisions of the PIA. As the tax exemption period has ended on 31st December, 2008, the Company is in the process of applying for an extension of the MSC Status for another 5 years.

Subject to the agreement of the Inland Revenue Board, the Group has estimated tax exempt income of approximately RM11,497,400 (2008: RM11,497,400) as at 31st July 2009 available for distribution as tax exempt dividends. In addition, the Group has unabsorbed tax losses of RM524,728 (2008: RM524,728) that are available for set-off against taxable income in future periods subsequent to the tax exemption period.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

26. TAXATION (continued)

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:-

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Taxable/(deductible) temporary differences				
- property, plant and equipment	3,636,816	6,136,391	-	-
- provision for warranty claims	(3,381)	(7,151)	-	-
	3,633,435	6,129,240	-	-
Unabsorbed tax losses	(524,728)	(524,728)	-	-
Unutilised capital allowances	(10,681,280)	(11,380,032)	-	-
	(7,572,573)	(5,775,520)	-	-

The deferred tax assets 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.

27. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

- Inix Technologies Sdn. Bhd. ("ITSB") being a subsidiary;
- Inix Industrial Sdn. Bhd. ("IISB") being a subsidiary of ITSB; and
- Mr Liew Woy Kee ("LWK") being a person connected to Mr 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.

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Balances at year end included in the balance sheets are as follows:-				
<u>Other receivables, deposits and prepayments</u>				
Rental and utility deposits paid to LWK	8,000	8,000	-	-
Advances provided to ITSB for working capital purposes	-	-	8,200,000	8,200,000
Expenses paid on behalf of ITSB	-	-	3,589,392	3,589,392
Expenses paid on behalf by ITSB	-	-	(860,520)	(800,582)
	-	-	10,928,872	10,988,810

NOTES TO THE FINANCIAL STATEMENTS

(continued)

27. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Significant transactions between related parties and the Group/Company during the year are as follows:				
<u>Expenses</u>				
Rental of office premises paid to LWK	32,400	32,400	-	-
<u>Payments/(receipts)</u>				
Expenses paid on behalf of ITSB	-	-	-	3,589,392
Expenses paid on behalf by ITSB	-	-	(860,520)	(800,582)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group comprise Executive Directors of the Company and its subsidiary and their remuneration are disclosed in Note 25.

28. FINANCIAL INSTRUMENTS

	GROUP	
	2009 RM	2008 RM
Hire purchase payable:-		
- carrying amount	2,576	19,984
- fair value	2,776	20,118

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

29. 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 25th August 2005 being the date of full compliance with all relevant requirements.

On 12th 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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

29. EMPLOYEES' SHARE OPTION SCHEME (continued)

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 are as follows:-

	No. of share options at exercise price of RM0.40 each	
	2009	2008
Outstanding at 1st August	4,250,000	4,600,000
Forfeited during the year	(520,000)	(350,000)
Waived during the year	(3,035,000)	-
<hr/>		
Outstanding at 31st July	695,000	4,250,000
<hr/>		
Exercisable at 31st July:		
Number of options expected to be exercised **	590,750	2,835,600
Number of options estimated that may be forfeited or expired	104,250	500,400
<hr/>		
Number of options vested	695,000	3,336,000
<hr/>		
Exercisable within 12 months	-	776,900
<hr/>		
Number of options expected to be exercised **	-	776,900
Number of options estimated that may be forfeited or expired	-	137,100
<hr/>		
Number of options to vest	-	914,000
<hr/>		
Total number of options outstanding	695,000	4,250,000
<hr/>		

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

30. 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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

30. SEGMENT ANALYSIS (continued)

2009	Australia RM	Africa RM	Asia RM	Europe RM	Consolidated RM
Segment Revenue					
Total revenue	-	-	2,306,344	-	2,306,344
Inter-segment revenue	-	-	-	-	-
External revenue	-	-	2,306,344	-	2,306,344
Segment Results					
Unallocated expenses	(461,000)	-	(516,826)	-	(977,826)
- corporate					(645,669)
- R&D					(382,773)
Finance costs					(2,054)
Taxation					-
Loss for the year					(2,008,322)
Segment Assets					
Unallocated assets	418,000	-	6,471,374	-	6,889,374
Total assets					499,148
Segment Liabilities					
Unallocated liabilities	-	-	3,381	-	3,381
Total liabilities					1,541,776
Other Information:					
Depreciation	126,000	-	1,762,742	-	1,888,742
Amortisation	209,000	-	100,000	-	309,000
2008					
Segment Revenue					
Total revenue	1,599	-	1,867,801	-	1,869,400
External revenue	1,599	-	1,867,801	-	1,869,400
Segment Results					
Unallocated expenses	(2,526,864)	-	(6,320,018)	-	(8,846,882)
- corporate					(535,914)
- R&D					(1,858,272)
Finance costs					(3,105)
Taxation					-
Loss for the year					(11,244,173)
Segment Assets					
Unallocated assets	879,000	-	7,334,175	-	8,213,175
Total assets					1,198,910
Segment Liabilities					
Unallocated liabilities	-	-	7,151	-	7,151
Total liabilities					1,623,654
Other Information:					
Capital expenditure	-	-	738,000	-	738,000
Depreciation	126,000	-	2,454,870	-	2,580,870
Amortisation	209,000	-	100,000	-	309,000

NOTES TO THE FINANCIAL STATEMENTS

(continued)

30. SEGMENT ANALYSIS (continued)

Business segments - secondary reporting

	Investment holding RM	Development and sales of security, automation and surveillance systems RM	Elimination RM	Consolidated RM
2009				
Total revenue	-	2,306,344		2,306,344
Segment assets	4,860,069	8,194,233	(5,665,780)	7,388,522
2008				
Total revenue	-	1,869,400		1,869,400
Segment assets	8,066,606	10,214,317	(8,868,838)	9,412,085
Capital expenditure	-	738,000		738,000

31. LOSS PER ORDINARY SHARE

The basic/diluted loss per ordinary share are computed based on the loss before taxation and the weighted average/adjusted weighted average number of ordinary shares outstanding during the year as follows:-

	GROUP	
	2009	2008
	RM	RM
Gross/Net		
Basic:		
Net loss attributable to ordinary shareholders	(2,008,322)	(11,244,173)
Weighted average number of ordinary shares in issue	114,463,288	114,463,288
Basic loss per ordinary share (sen)	(1.75)	(9.82)
Diluted:		
Net loss attributable to ordinary shareholders	(2,008,322)	(11,244,173)
Weighted average number of ordinary shares in issue	114,463,288	114,463,288
Number of shares issuable under ESOS	695,000	4,250,000
Number of shares that would have been issued at fair value	(695,000)	(4,250,000)
Adjusted weighted average number of ordinary shares in issue	114,463,288	114,463,288
Diluted loss per ordinary share (sen)	(1.75)	(9.82)

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 20 to 46 are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st July, 2009 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,
26 November 2009

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 20 to 46 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed JIMMY TOK SOON GUAN at)
Kuala Lumpur in Wilayah Persekutuan on)
26 November 2009)

JIMMY TOK SOON GUAN

Before me:
Leong See Keong
W494
Commissioner for oaths

Independent Auditors' Report

to the member of Inix Technologies Holding Berhad (Company No.: 665797-D)

Report on the Financial Statements

We have audited the financial statements of INIX TECNOLOGIES HOLDINGS BERHAD., which comprise the balance sheets as at 31st July, 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 20 to 46.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and Company as of 31st July, 2009 and of their financial performance and cash flows for the year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(a) to the financial statements which discloses the premise upon which the Group and the Company have prepared their financial statements by applying the going concern assumption, notwithstanding that the Group and the Company recorded after-tax losses of RM2,008,322 and RM3,270,359 respectively resulting in the accumulated losses of the Group and the Company increasing to RM14,673,487 and RM15,922,950 as at 31st July, 2009. These conditions, along with the matters as set out in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

Independent Auditors' Report

to the member of Inix Technologies Holding Berhad (continued)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

AZMAN, WONG, SALLEH & CO

AF: 0012

Chartered Accountants

NG ENG KIAT

1064/03/11(J/PH)

Partner of the Firm

Kuala Lumpur,

26 November 2009

Analysis of Shareholdings

as at 25 November 2009

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	6	0.72	194	0.00
100 to 1,000 shares	95	11.34	78,959	0.07
1,001 to 10,000 shares	369	44.03	2,216,500	1.93
10,001 to 100,000 shares	262	31.26	11,345,594	9.87
100,001 to less than 5% of issued shares	104	12.41	69,100,563	60.11
5% and above of issued shares	2	0.24	32,208,190	28.02
Total	838	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	-	-
HDM Nominees (Tempatan) Sdn Bhd	6,683,800	5.82	-	-
Pledged Securities Account for Yeoh Eng Kong (M02)	-	-	-	-
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	-	-	*25,524,390	22.20
Wong Yew Sen (Retired on 23/12/2008)	-	-	-	-

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

Analysis of Shareholdings

as at 25 November 2009 (continued)

Top Thirty Shareholders

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

	Name of Shareholder	No. of Shares	%
1	PC Sentry Sdn Bhd	25,524,390	22.20
2	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Eng Kong (M02)	6,683,800	5.82
3	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Barkath Stores (Penang) Sdn Berhad (PB)	4,500,000	3.92
4	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Kian Teck	3,879,500	3.38
5	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for See Kok Eng	3,805,300	3.31
6	Tan Chee Phin	3,636,600	3.16
7	Chew Ching Tong	3,500,000	3.04
8	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loke Mei Ping (Rem 679-Margin)	3,500,000	3.04
9	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An For Deutsche Bank Ag Singapore (Pwm Asing)	3,085,000	2.68
10	Chong Chen Fah	2,695,821	2.35
11	Dahya Mohamed Raza	2,683,666	2.34
12	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Kok Keong	2,000,000	1.74
13	Wai Ho Mang	1,840,036	1.60
14	Tang Way Keong	1,602,000	1.39
15	Lim Boon Chai	1,459,095	1.27
16	Phoo Meng Khaw	1,401,946	1.22
17	Teoh Choo Kang	1,200,000	1.04
18	Hew Yoong Shiang	1,168,300	1.02
19	Chew Ching Chong	1,000,000	0.87
20	Wong Kian Teck	1,000,000	0.87
21	ECML Nominees (Tempatan) Sdn. Bhd Pledged Securities Account for Cheong Yoon Hoe @ Cheong Jon Ho (001)	957,000	0.83
22	Ng Kooi Kee	917,000	0.80
23	Chong Kok Wing	880,499	0.77
24	Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account for Tan Chiew Yep	789,500	0.69
25	Lim Gaik Hwa	700,000	0.61
26	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Eng Tee	613,000	0.53
27	Tan Mei Phing	604,300	0.53
28	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Lee Choong Heng Frederick	600,000	0.52
29	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kwee Chin	578,100	0.50
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Pui Kin (E -SS2)	564,000	0.49
	Total	83,368,853	72.53

Additional Compliance Information

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

1. Share Buy-Back

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

2. 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 2009, none of the options had been exercised.

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

	No. of share options at exercise price of RM0.40 each
Outstanding at the beginning of the year	4,250,000
Forfeited during the year	(520,000)
Waived during the year	(3,035,000)
<hr/>	
Outstanding during the year	695,000
<hr/>	
Exercisable during the year:	
Number of options expected to be exercised	590,750
Number of options estimated that may be forfeited or expired	104,250
<hr/>	
Number of options vested	695,000
<hr/>	

3. Depository Receipt Programme

The Company did not sponsor any depository receipt programme for the financial year ended 31 July 2009.

4. 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 2008.

5. 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 2009 are as follows:

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

Additional Compliance Information

(continued)

6. Variation of Results

The Company had not previously released any profit estimate, forecast or projection for the financial year ended 31 July 2009. There had been a variance of 14.7% between the audited results for the year and that of the unaudited results announced on 30 September 2009. This is due to expense write-backs arising from directors waiving their rights to employee share options under the company's employee share option scheme as well as repayment of a portion of directors' advances due to the directors.

	RM '000
Loss after tax as per unaudited results	(2,353)
Add:	
Write-back of share option expenses	245
Write-back of directors advances	100
<hr/>	
Loss after tax as per audited results	(2, 008)
<hr/>	

7. Profit Guarantee

The Group and the Company had not issued any profit guarantee in respect of the financial year ended 31 July 2009.

8. Material Contracts

During the financial year ended 31 July 2009, 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 2009.

9. Revaluation Policy

The Company did not revalue any of its property, plant and equipment during the financial year ended 31 July 2009.

10. Material Properties

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

11. 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 2009.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of INIX Technologies Holdings Berhad (“INIX”) will be held at the Ivory 11, Level 4, Holiday Villa Subang, 9, Jalan SS 12/1, Subang Jaya, 47500 Petaling Jaya, Selangor on Wednesday, 30 December 2009 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 July 2009 together with the Reports of the Directors and the Auditors thereon. **RESOLUTION 1**

2. To re-elect the following Directors who retire in accordance with Article 85 of the Company’s Articles of Association and being eligible, offer themselves for re-election:
 - i) Dato’ Megat Fairouz Junaidi bin Megat Junid **RESOLUTION 2**
 - ii) Madzlan bin Mohamed Nazri **RESOLUTION 3**
 - iii) Chong Chen Fah **RESOLUTION 4**
 - iv) Cheong Kok Yai **RESOLUTION 5**
 - v) Mok Chin Fan **RESOLUTION 6**

3. To re-appoint Messrs. Azman, Wong, Salleh & Co. as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **RESOLUTION 7**

AS SPECIAL BUSINESS

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

4. **AUTHORITY TO DIRECTORS TO ISSUE SHARES** **RESOLUTION 8**

“THAT subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental 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.”

5. **AUTHORITY TO ISSUE SHARES PURSUANT TO THE EMPLOYEE SHARE OPTION SCHEME** **RESOLUTION 9**

“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.”

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

By Order of the Board

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

Petaling Jaya
8 December 2009

Notice of Annual General Meeting

(continued)

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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary Resolution 8

Authority to the Directors to issue shares

The proposed Ordinary Resolution 8, 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 9

Authority to issue shares pursuant to the Employee Share Option Scheme

Ordinary Resolution 9, 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.

Statement Accompanying Notice of Annual General Meeting

The Directors retiring at the Fifth Annual General Meeting and seeking for re-election in accordance with Article 85 of the Company's Articles of Association are as follows:

- i) Dato' Megat Fairouz Junaidi bin Megat Junid
- ii) Madzlan bin Mohamed Nazri
- iii) Chong Chen Fah
- iv) Cheong Kok Yai
- v) Mok Chin Fan

Details of the abovementioned Directors are set out in the Directors' Profile on pages 5 to 7 of the Annual Report. Their securities holdings in the Company and its subsidiaries are set out in page 50 of the Annual Report.

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

FORM OF PROXY

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

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

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

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

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the FIFTH ANNUAL GENERAL MEETING of the Company to be held at the Ivory 11, Level 4, Holiday Villa Subang, 9, Jalan SS12/1, Subang Jaya, 47500 Petaling Jaya, Selangor on Wednesday, 30 December 2009 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): -

No.	Resolution	For	Against
1.	Adoption of the Audited Financial Statements for the financial year ended 31 July 2009 together with the Reports of the Directors and the Auditors thereon.		
2.	Re-election of Dato' Megat Fairouz Junaidi bin Megat Junid as director.		
3.	Re-election of Madzlan bin Mohamed Nazri as director.		
4.	Re-election of Chong Chen Fah as director.		
5.	Re-election of Cheong Kok Yai as director.		
6.	Re-election of Mok Chin Fan as director		
7.	Re-appointment of Messrs. Azman, Wong, Salleh & Co. as Auditors.		
8.	Authority to Directors to issue shares pursuant to Section 132D.		
9.	Authority to issue shares pursuant to the Employee Share Option Scheme.		

Dated this day of December 2009

.....
Signature of Shareholder

Tel No:

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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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