

Contents

Corporate Information	2
Chairman's Statement	3 - 4
Directors' Profile	5 - 7
Corporate Governance Statement	8 -13
Audit Committee Report	14 - 16
Financial Statements	17 - 61
Analysis of Shareholdings	62 - 63
Additional Compliance Information	64 - 66
Notice of Annual General Meeting	67 - 68
Proxy Form	[enclosed]

Corporate Information

Board of Directors

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

Independent Non-Executive Chairman

Azman bin Hussin

*Chief Executive Officer / Executive Director
(appointed on 08 October 2010)*

Mahfuzal bin Othman

*Non-Independent Executive Director
(appointed on 08 October 2010)*

Mohd Khasrol bin Arshad

*Non-Independent Non-Executive Director
(appointed on 08 October 2010)*

Madzlan bin Mohamed Nazri

Independent Non-Executive Director

Chong Chen Fah

Non-Independent Non-Executive Director

Jimmy Tok Soon Guan

*Chief Executive Officer
(resigned on 08 October 2010)*

Cheong Kok Yai

*Executive Director
(resigned on 08 October 2010)*

Mok Chin Fan

*Non-Independent Non-Executive Director
(resigned on 08 October 2010)*

Audit Committee

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

Chairman

Madzlan bin Mohamed Nazri

Member

Chong Chen Fah

Member

Group Head Office

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

Company Secretaries

Mohd Harris bin Abu Bakar (LS 0008433)
Rosmaria binti Othman (LS 0006943)

Registered Office

Lot 03-32, Tingkat 3
Kompleks PKNS
40000 Shah Alam
Tel: (603) 5510 5828
Fax: (603) 5519 8523
Email: webmaster@harrisgroup.com.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

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 2010.

Group Results

Reflective of the gradual improvement in global and regional economic conditions, Group sales expanded moderately to RM3.3 million for the financial year ended 31 July 2010, compared to RM2.3 million for the preceding year.

Despite difficulties during the early part of the year, the Group's performance improved in the last two quarters. Now, Group earnings is positive, with an audited after tax profit of RM0.29 million recorded, compared to an audited after tax loss of RM2 million for the financial year ended 31 July 2009.

Research and Development

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.

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 RM1.1 million in R&D expenditure for its financial year ended 31 July 2010, compared to RM1.5 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 5 and 6 percent in 2011, after a contraction of 6 to 7 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 maintaining the profit trend for the forthcoming financial year ending 31 July 2011.

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

29 November 2010

Directors' Profile

Dato' Megat Fairouz Junaidi bin Megat Junid

Independent Non-Executive Chairman

Malaysian, aged 45

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 five Board meetings held during the financial year ended 31 July 2010.

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.

Azman Hussin

Executive Director / Chief Executive Officer

Malaysian, aged 51

Azman Hussin was appointed as Chief Executive Officer (CEO) on 08 October 2010. He graduated from Ohio University, USA with an MSc in Physics in 1981. He has more than 27 years of experience in the ICT industry. He now mainly follows technology trends for investment purposes while doing research and projects involving Business Intelligence, Corporate Performance Management and Knowledge Management. In 1989, he co-founded and also became a director of Accurate Informations Sytems Consultants Sdn Bhd, now known as Encoral Digital Solutions Sdn Bhd and built it into a one-stop ICT solutions provider, including systems integration, networking, and software development.

He has just been appointed as a Director and hence did not attend any Board meeting held during the financial year ended 31 July 2010.

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

Directors' Profile

(continued)

Mahfuzal Othman

Non-Independent / Executive Director

Malaysian, aged 37

Mahfuzal Othman was appointed as Executive Director on 08 October 2010. He obtained a Bachelor in Information Technology from University Utara Malaysia in 1996. He has more than 10 years of experience in technical support. In his previous job, he was an IT manager with expertise in Oracle services and technologies, the second largest software company in the world. He helped many organisations develop and implement computerised applications such as being Project Technical Consultant of HUKM Integrated Lab Management System, Technical Support for Celcom Prepaid system, Technical consultant of CIDB Integrated System and also Prison Information System for Jabatan Penjara Malaysia.

He has just been appointed as a Director and hence did not attend any Board meeting held during the financial year ended 31 July 2010.

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

Madzlan bin Mohamed Nazri

Independent Non-Executive Director

Malaysian, aged 45

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 five Board meetings held during the financial year ended 31 July 2010.

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.

Directors' Profile

(continued)

Mohd Khasrol Arshad

Non-Independent Non-Executive Director

Malaysian, aged 34

Mohd Khasrul first joined the Board on 08 October 2010. He obtained a Degree in Business Administration (Major Finance) from University Utara Malaysia on 1999 and also a Diploma in Business Studies from UiTM in 1997. He has more than 10 years experience in sales and marketing. He was a Sales Manager in his previous job which is responsible for overall company sales and promoted the company products to its best advantage. He undertook many projects for his previous company, mostly from the government and education sectors. He also has experience as a Finance Executive from his previous job with Multimedia Development Corporation (MDeC).

He has just been appointed as a Director and hence did not attend any Board meeting held during the financial year ended 31 July 2010.

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

Chong Chen Fah

Non-Independent Non-Executive Director

Malaysian, aged 52

Chong Chen Fah was appointed a Director on 13 September 2004 and was designated as Executive Director on 17 June 2005. 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 four Board meetings held during the financial year ended 31 July 2010.

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.

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 2009 to 31 July 2010, five Board meetings were held. Details of each Director's meeting attendance are as follows:

Name of Director	Attendance
Dato' Megat Fairouz Junaidi bin Megat Junid	5 of 5
Jimmy Tok Soon Guan (<i>resigned on 08 October 2010</i>)	5 of 5
Cheong Kok Yai (<i>resigned on 08 October 2010</i>)	5 of 5
Madzlan bin Mohamed Nazri	5 of 5
Mok Chin Fan (<i>resigned on 08 October 2010</i>)	4 of 5
Chong Chen Fah	4 of 5

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

Existing directors have already attended and successfully completed the Mandatory Accreditation Programme (MAP) within the time frame stipulated in the Listing Requirements but the newly appointed directors have not attend the course and will do so when time permits.

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, in compliance with the Listing Requirements, all Directors did not attend any training programme because of the adverse financial position of the company.

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 2010.

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 [14 to 16] of this Annual Report.

Nomination Committee

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

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

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

Mahfuzal bin Othman (*Non-Independent Executive Director*)

(*appointed on 08 October 2010*)

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

(*resigned on 08 October 2010*)

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

Remuneration Committee

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

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

Members: Azman bin Hussin (*Executive Director*)

(*appointed on 08 October 2010*)

Mohd Khasrol bin Arshad (*Non-Independent Non-Executive Director*)

(*appointed on 08 October 2010*)

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

Jimmy Tok Soon Guan (*Executive Director*)

(*resigned on 08 October 2010*)

Corporate Governance Statement

(continued)

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 only met once 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:

Chairman: Azman bin Hussin (*Executive Director*)

(*appointed on 08 October 2010*)

Jimmy Tok Soon Guan (*Executive Director*)

(*resigned on 08 October 2010*)

Members: Mahfuzal bin Othman (*Executive Director*)

(*appointed on 08 October 2010*)

Cheong Kok Yai (*Executive Director*)

(*resigned on 08 October 2010*)

Mohd Khasrol bin Arshad (*Non-Independent Non-Executive Director*)

(*appointed on 08 October 2010*)

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

(*resigned on 08 October 2010*)

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 [14 to 16] of this Annual Report.

Auditors

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

This Statement is made in accordance with a resolution of the Board of Directors dated 29 November 2010.

Audit Committee Report

Members

The Audit Committee comprises:

<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>
	Chong Chen Fah <i>Non-Independent Non-Executive Director</i>

Terms of Reference

Membership

- Members of the Audit Committee shall be from amongst its directors which fulfills the following requirements:
 - the Audit Committee must be composed of no fewer than three (3) members;
 - all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
 - at least one (1) member of the Audit Committee:
 - must be a member of the Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - 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
 - fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- No alternate director shall be appointed as a member of the Audit Committee.
- The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.
- 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.
- 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.

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 meetings on the invitation of the Chairman of the Committee.

During the financial year ended 31 July 2010, 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

<i>Directors Report</i>	<i>18 - 21</i>
<i>Balance Sheets</i>	<i>22</i>
<i>Income Statements</i>	<i>23</i>
<i>Statement Of Changes In Equity</i>	<i>24 -25</i>
<i>Cash Flow Statements</i>	<i>26 - 27</i>
<i>Notes To the Financial Statements</i>	<i>28 - 58</i>
<i>Statement By Directors</i>	<i>59</i>
<i>Statutory Declaration</i>	<i>59</i>
<i>Independent Auditors' Report</i>	<i>60 - 61</i>

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2010.

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
Profit/(loss) for the year	<u>287,138</u>	<u>(2,152,824)</u>

3. DIVIDENDS

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

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 July 2010.

4. RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year ended 31st July 2010 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	- <i>Chairman</i>
Chong Chen Fah	- <i>Non-Executive Director</i>
Madzlan bin Mohamed Nazri	- <i>Non-Executive Director</i>
Azman bin Hussin (appointed on 8 October 2010)	- <i>Executive Director</i>
Mahfuzal bin Othman (appointed on 8 October 2010)	- <i>Executive Director</i>
Mohd Khasrol bin Arshad (appointed on 8 October 2010)	- <i>Non-Executive Director</i>
Jimmy Tok Soon Guan (resigned on 8 October 2010)	- <i>Executive Director</i>

Directors' Report

(continued)

Cheong Kok Yai (resigned on 8 October 2010) - *Executive Director*

Mok Chin Fan (resigned on 8 October 2010) - *Non-Executive Director*

6. DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.10 in the Company			
	As at 1.8.2009	Acquired	Disposed	As at 31.7.2010
Direct interests -				
Chong Chen Fah	2,695,821	-	(1,000,000)	1,695,821
Indirect interests - (held through PC Sentry Sdn. Bhd.)				
Jimmy Tok Soon Guan	25,524,390	-	(10,667,000)	14,857,390
Cheong Kok Yai	25,524,390	-	(10,667,000)	14,857,390
Mok Chin Fan	25,524,390	-	(10,667,000)	14,857,390

In the previous year, the directors had formally waived all the options granted to them pursuant to the Employees' Share Option Scheme.

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 have 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 25 August 2005 for a period of 5 years. The ESOS has been governed by the By-Laws which were approved by the shareholders on 17 June 2005. The ESOS has expired on 24 August 2010.

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

9. OTHER STATUTORY INFORMATION

Before the income statements and balance sheets of the Group and of the

(a) Company were made up, the directors took reasonable steps:-

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business, their values as stated in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

(b) At the date of this report:-

- (i) the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company
- (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
- (v) there does not exist any charge on the assets of the Group and of the Company that has arisen since 31 July 2010 which secures the liabilities of
- (vi) there does not exist any contingent liability of the Group and of the Company that has arisen since 31 July 2010.

(c) No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months from 31 July 2010 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.

Directors' Report

(continued)

- (d) In the opinion of the directors:-
- (i) the results of the Group and of the Company for the year ended 31 July 2010 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 31 July 2010 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.

10. AUDITORS

Azman, Wong, Salleh & Co. have indicated that they do not wish to seek reappointment.

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

DATO' MEGAT FAIROUZ JUNAIDI BIN MEGAT JUNID

MAHFUZAL BIN OTHMAN

Petaling Jaya,
29 November 2010

Balance Sheet

As at 31st July, 2010

		GROUP		COMPANY	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
ASSETS					
Non-Current Assets					
Intangible assets	8	484,000	793,000	-	-
Property, plant and equipment	9	3,246,663	4,819,521	-	-
Investment in subsidiaries	10	-	-	2	-
		<u>3,730,663</u>	<u>5,612,521</u>	<u>2</u>	<u>-</u>
Current Assets					
Inventories	11	453,829	310,949	-	-
Trade receivables	12	2,708,649	1,276,852	-	-
Other receivables, deposits and prepayments		281,615	158,210	1,140	1,140
Amount due from a subsidiary	13	-	-	2,709,388	4,855,891
Cash and bank balances		116,574	29,990	3,001	3,038
		<u>3,560,667</u>	<u>1,776,001</u>	<u>2,713,529</u>	<u>4,860,069</u>
TOTAL ASSETS		<u>7,291,330</u>	<u>7,388,522</u>	<u>2,713,531</u>	<u>4,860,069</u>
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	-	363,992
Accumulated losses		(14,022,357)	(14,673,487)	(17,711,782)	(15,922,950)
		<u>6,130,503</u>	<u>5,843,365</u>	<u>2,441,078</u>	<u>4,593,902</u>
Current Liabilities					
Trade payables	17	147,662	355,906	-	-
Other payables and accruals	18	1,009,522	1,183,294	272,453	266,167
Provision for warranty claims	19	3,643	3,381	-	-
Hire purchase payable	20	-	2,576	-	-
		<u>1,160,827</u>	<u>1,545,157</u>	<u>272,453</u>	<u>266,167</u>
TOTAL EQUITY AND LIABILITIES		<u>7,291,330</u>	<u>7,388,522</u>	<u>2,713,531</u>	<u>4,860,069</u>

The notes on pages 28 to 58 form part of these financial statements.

Income Statements

For the year ended 31st July, 2010

	Note	GROUP		COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
REVENUE	21	3,318,414	2,306,344	-	-
COST OF SALES	22	(365,071)	(1,171,707)	-	-
GROSS PROFIT		2,953,343	1,134,637	-	-
OTHER INCOME		649,906	102,760	-	-
SELLING AND MARKETING EXPENSES		(120,935)	(163,109)	-	-
ADMINISTRATIVE EXPENSES		(411,023)	(335,940)	(99,931)	(53,378)
RESEARCH AND DEVELOPMENT EXPENSES		(1,136,900)	(1,538,344)	-	-
OTHER EXPENSES		(1,647,211)	(1,206,272)	(2,052,893)	(3,216,981)
FINANCE COSTS		(42)	(2,054)	-	-
PROFIT/(LOSS) BEFORE TAXATION	23	287,138	(2,008,322)	(2,152,824)	(3,270,359)
TAXATION	26	-	-	-	-
PROFIT/(LOSS) FOR THE YEAR		287,138	(2,008,322)	(2,152,824)	(3,270,359)
PROFIT/(LOSS) PER ORDINARY SHARE					
- Basic (sen)	31	0.25	(1.75)	-	-
- Diluted (sen)	31	0.25	(1.75)	-	-

The notes on pages 28 to 58 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31st July, 2010

Attributable to Equity Holders of the Company

	Note	Number of Shares	Share Capital RM	Share Premium RM	Share Option Reserve RM	Accumulated Losses RM	Total RM
GROUP - 2010							
Balance at 1 August 2009		114,950,000	11,495,000	8,657,860	363,992	(14,673,487)	5,843,365
Profit for the year			-	-	-	287,138	287,138
Total recognised profit for the year			-	-	-	287,138	287,138
Reversal of share option reserve in relation to:							
- options forfeited	29		-	-	(179,102)	179,102	-
- options not expected to be exercised	29		-	-	(184,890)	184,890	-
Balance at 31 July 2010		114,950,000	11,495,000	8,657,860	-	(14,022,357)	6,130,503

The notes on pages 28 to 58 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31st July, 2010

		Attributable to Equity Holders of the Company					
	Note	Number of Shares	Share Capital RM	Share Premium RM	Share Option Reserve RM	Accumulated Losses RM	Total RM
GROUP - 2009							
Balance at 1 August 2008		114,950,000	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 reserve in relation to options waived by directors	25		-	-	(1,184,347)	1,184,347	-
Compensation expense in respect of Employees' Share Option Scheme	24		-	-	70,407	-	70,407
Balance at 31 July 2009		114,950,000	11,495,000	8,657,860	363,992	(14,673,487)	5,843,365

The notes on pages 28 to 58 form part of these financial statements.

Cash Flow Statements

For the year ended 31st July, 2010

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) for the year	287,138	(2,008,322)	(2,152,824)	(3,270,359)
Adjustments:				
Waiver of advances from directors	(623,418)	(100,000)	-	-
Depreciation of property, plant and equipment	1,624,459	1,888,742	-	-
Impairment loss on property, plant and equipment	-	329,180	-	-
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
Unrealised loss on foreign exchange	426,524	-	-	-
Net provision for warranty claims made/(written back)	262	(3,770)	-	-
Allowance for doubtful debts made/(written back):				
- Amount due from a subsidiary	-	-	2,052,893	3,146,574
- Trade receivables	656,671	(71,381)	-	-
Interest expense on hire purchase financing	42	2,054	-	-
Share option expense	-	70,407	-	-
Operating profit/(loss) before working capital changes	2,680,678	413,150	(99,931)	(53,378)
(Increase)/decrease in inventories	(142,880)	521,461	-	-
Increase in trade receivables	(2,514,992)	(1,165,039)	-	-
(Increase)/decrease in other receivables, deposits and prepayments	(123,405)	51,755	-	-
Decrease in amount due from a subsidiary	-	-	93,610	59,938
Decrease in trade payables	(208,244)	(106,677)	-	-
Increase/(decrease) in other payables and accruals	449,646	142,207	6,286	(6,585)
Net cash generated from/(used in) operating activities	140,803	(143,143)	(35)	(25)

Cash Flow Statements

For the year ended 31st July, 2010

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in a subsidiary	-	-	(2)	-
Purchase of property, plant and equipment	(51,601)	-	-	-
Proceeds from disposal of property, plant and equipment	-	36,000	-	-
Net cash (used in)/generated from investing activities	(51,601)	36,000	(2)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of hire purchase	(2,576)	(17,408)	-	-
Interest paid on hire purchase financing	(42)	(2,054)	-	-
Net cash used in financing activities	(2,618)	(19,462)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	86,584	(126,605)	(37)	(25)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	29,990	156,595	3,038	3,063
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>116,574</u>	<u>29,990</u>	<u>3,001</u>	<u>3,038</u>
These comprise:-				
Cash in hand	7,527	15,463	2	2
Bank balances	109,047	14,527	2,999	3,036
	<u>116,574</u>	<u>29,990</u>	<u>3,001</u>	<u>3,038</u>

The notes on pages 28 to 58 form part of these financial statements.

Notes To The Financial Statements

1. 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.

2. GENERAL INFORMATION

The financial statements of the Group and of the Company were authorised for issue on 29 November 2010 by the Board of Directors.

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

The registered office of the Company is located at Lot 03-32, 3rd Floor, Kompleks PKNS, 40000 Shah Alam, 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.

3. 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.

As at 31 July 2010, the Group and the Company recorded accumulated losses of **RM14,022,357** and **RM17,711,782** respectively. The equity attributable to the shareholders of the Company as at 31 July 2010 remained positive at **RM6,130,503** and **RM2,441,078** 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.

Notes To The Financial Statements

(continued)

In the event that the above is 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) New FRS adopted in current year

FRS 8 and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8: Operating Segments

The standard sets out the requirements for the disclosure of information on the Group's operating segments, products and services, the geographical areas in which it operates and its customers. The requirements of this standard are based on the information about the components of the Group that management uses to make decisions about operating matters. This standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance.

(c) 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 Malaysian Accounting Standards Board ("MASB") but are not yet effective:-

<u>FRSs and Amendments</u>		<u>Effective for financial period commencing</u>
Amendment to FRS 1	<i>First-time Adoption of Financial Reporting Standards</i>	1st January 2010
FRS 1 (revised)	<i>First-time Adoption of Financial Reporting Standards</i>	1st July 2010
Amendment to FRS 1	<i>Additional Exemptions for First-time Adopters</i>	1st January 2011
Amendment to FRS 1	<i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1st January 2011
Amendment to FRS 2	<i>Share-based Payment: Vesting Conditions and Cancellations</i>	1st January 2010
Amendment to FRS 2	<i>Share-based Payment: Scope of FRS2 and FRS3 (revised)</i>	1st July 2010
Amendment to FRS 2	<i>Group Cash-settled Share-based Payment Transactions</i>	1st January 2011
FRS 3 (revised)	<i>Business Combinations</i>	1st July 2010
FRS 4	<i>Insurance Contracts</i>	1st January 2010
Amendment to FRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>	1st January 2010
Amendment to FRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations: Plan To Sell Controlling Interest In A Subsidiary</i>	1st July 2010

Notes To The Financial Statements

(continued)

FRS 7	<i>Financial Instruments: Disclosures</i>	1st January 2010
Amendment to FRS 7	<i>Financial Instruments: Disclosures</i>	1st January 2010
Amendment to FRS 7	<i>Improving Disclosures about Financial Instruments</i>	1st January 2011
Amendment to FRS 8	<i>Operating Segments</i>	1st January 2010
FRS 101 (revised)	<i>Presentation of Financial Statements</i>	1st January 2010
Amendment to FRS 107	<i>Cash Flow Statements</i>	1st January 2010
Amendment to FRS 108	<i>Accounting Policies, Changes on Accounting Estimates and Errors</i>	1st January 2010
Amendment to FRS 110	<i>Events After the Balance Sheet Date</i>	1st January 2010
Amendment to FRS 116	<i>Property, Plant and Equipment</i>	1st January 2010
Amendment to FRS 117	<i>Leases</i>	1st January 2010
Amendment to FRS 118	<i>Revenue</i>	1st January 2010
Amendment to FRS 119	<i>Employee Benefits</i>	1st January 2010
Amendment to FRS 120	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1st January 2010
FRS 123 (revised)	<i>Borrowing Costs</i>	1st January 2010
Amendment to FRS 123	<i>Borrowing Costs</i>	1st January 2010
Amendment to FRS 127	<i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1st January 2010
Amendment to FRS 128	<i>Investments In Associates</i>	1st January 2010
Amendment to FRS 129	<i>Financial Reporting in Hyperinflationary Economies</i>	1st January 2010
Amendment to FRS 131	<i>Interests In Joint Ventures</i>	1st January 2010
Amendment to FRS 132	<i>Financial Instruments: Presentation - Puttable Financial Instruments and Obligations Arising on Liquidation</i>	1st January 2010
Amendment to FRS 132	<i>Financial Instruments: Presentation - Component Part Classification for a Compound Financial Instrument</i>	1st January 2010
Amendment to FRS 132	<i>Financial Instruments: Presentation - Classification of Rights Issues</i>	1st March 2010
Amendment to FRS 134	<i>Interim Financial Reporting</i>	1st January 2010
Amendment to FRS 136	<i>Impairment of Assets</i>	1st January 2010
Amendment to FRS 138	<i>Intangible Assets</i>	1st January 2010
Amendment to FRS 138	<i>Intangible Assets - Consequential Amendments Arising from FRS 3 (revised)</i>	1st July 2010
FRS 139	<i>Financial Instruments: Recognition and Measurement</i>	1st January 2010
Amendment to FRS 139	<i>Financial Instruments: Recognition and Measurement (issued in September 2009)</i>	1st January 2010
Amendment to FRS 139	<i>Financial Instruments: Recognition and Measurement (issued in January 2010)</i>	1st January 2010
Amendment to FRS 140	<i>Investment Property</i>	1st January 2010
Annual Improvements to FRSs (2009)		1st January 2010

Notes To The Financial Statements

(continued)

Interpretations and Amendments

IC Interpretation 4	<i>Determining Whether an Arrangement contains A Lease</i>	1st January 2011
IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>	1st January 2010
Amendment to IC Interpretation 9		1st January 2010
Amendment to IC Interpretation 9	<i>Scope of IC Interpretation 9 and FRS 3 (revised)</i>	1st July 2010
IC Interpretation 10	<i>Interim Financial Reporting and Impairment</i>	1st January 2010
IC Interpretation 11	<i>FRS 2 - Group Plans and Treasury Share Transactions</i>	1st January 2010
IC Interpretation 12	<i>Service Concession Arrangements</i>	1st July 2010
IC Interpretation 13	<i>Customer Loyalty Programmes</i>	1st January 2010
IC Interpretation 14	<i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1st January 2010
IC Interpretation 15	<i>Agreements for the Construction of Real Estate</i>	1st July 2010
IC Interpretation 16	<i>Hedges of a Net Investment in a Foreign Operation</i>	1st July 2010
IC Interpretation 17	<i>Distributions of Non-cash Assets to Owners</i>	1st July 2010
IC Interpretation 18	<i>Transfers of Assets from Customers</i>	1st January 2011

The Group and Company will apply the FRSs and IC Interpretations where applicable when they become effective. The impact of applying FRS 7 and FRS 139 on the financial statements upon initial adoption of these standards is not disclosed by virtue of the exemptions provided in these standards.

The directors anticipate that the adoption of these FRSs, Interpretations and Amendments 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 139 : Financial Instruments - Recognition and Measurement

This standard 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 this standard upon first adoption is not disclosed by virtue of the exemption provided under paragraph 103AB of this standard.

4. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, a contractual right to exchange financial instruments under conditions that are favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or a contractual obligation to exchange financial instruments under conditions that are unfavourable.

4.1 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. Analysis on trade receivables by credit terms and industry profile is disclosed in [Note 12](#).

(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 is exposed to liquidity and cashflow risks arising mainly from general funding and business activities. It practises prudent liquidity risk management by maintaining sufficient cash balances to support its daily operations.

4.2 Financial Assets

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

4.3 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.

Notes To The Financial Statements

(continued)

4.4 Fair Value of Financial Instruments

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

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.

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, 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, 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:

(a) 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 have recognised impairment losses on property, plant and 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 property, plant and equipment.

(b) 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 do not expect their recoverable amounts to be lower than the carrying values at balance sheet date.

(c) 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 RM832 (2009:RM748)** in arriving at the current best estimate as mentioned in **Note 7(j)**.

(d) Investment in a subsidiary and amount due from a subsidiary

The directors have carried out an impairment test by comparing the net assets of the subsidiary, Inix Technologies Sdn. Bhd., to the cost of investment. Thus, the carrying amount of the investment as at 31 July 2010 has been reduced to nil (Note 10) based on this assessment. The amount due from this subsidiary has been reduced with the allowance made for non-recoverability of **RM8,125,874** (Note 13).

(e) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of allowance for doubtful debts. Where expectations differ from the original estimates, the differences will impact the carrying value of receivable

(f) Deferred tax

In prior years, 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 the Company's statutory income was exempted from tax until 30 November 2008.

In the current year, the directors have assessed the tax credit/charge arising from temporary differences, tax losses and unutilised capital allowances as stated in **Note 27**. As such, net deferred tax asset have not been recognised in respect of unutilised capital allowances and unabsorbed losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(g) 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. As the outcome of the appeal is pending, the assessment of RM404,846 has not been recognised as a liability as at the balance sheet date.

Notes To The Financial Statements

(continued)

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 audited financial statements of the Company and its subsidiaries made up to 31 July 2010. 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.

Goodwill is tested annually for impairment. Impairment losses on goodwill are not reversed.

(d) Property, Plant and Equipment

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

Property, plant and equipment are depreciated on a straight line basis to write 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.

Notes To The Financial Statements

(continued)

(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 are made when their recoverability is identified as doubtful.

(h) Impairment of Assets

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

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

(i) Payables

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

(j) Provision for Warranty Claims

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

(k) Foreign Currencies

Transactions in currencies other than the functional currency of the Company and its subsidiaries are recorded in 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.

The principal closing rate used in the translation of 1 US Dollar at the balance sheet date is Ringgit Malaysia 3.1820.

(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

Revenue from sales is recognised upon customers' acceptance of goods delivered and services rendered. Income from software development projects is recognised by reference to the stage of completion of the projects.

(n) Research and Development Costs

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets 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;

Notes To The Financial Statements

(continued)

- (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 comprises cash in hand and bank balances. Cash equivalents are short term, highly liquid placements that are readily convertible to cash with insignificant risk of changes in value.

(q) Equity Instruments

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

(r) Share-based Payment

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 vested and expected to be exercised.

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.

Notes To The Financial Statements

(continued)

8. INTANGIBLE ASSETS

	At 1.8.2009 RM	Additions RM	Amortisation Charge RM	At 31.7.2010 RM
GROUP				
2010				
Net Book Value				
Internally generated development expenditure	793,000	-	(309,000)	484,000
		Cost RM	Accumulated Amortisation RM	Net Book Value RM
At 31 July 2010				
Intellectual property assets		1,000,000	(725,000)	275,000
Certification costs		1,045,000	(836,000)	209,000
		<u>2,045,000</u>	<u>(1,561,000)</u>	<u>484,000</u>
	At 1.8.2008 RM	Additions RM	Amortisation Charge RM	At 31.7.2009 RM
GROUP				
2009				
Net Book Value				
Internally generated development expenditure	1,102,000	-	(309,000)	793,000
		Cost RM	Accumulated Amortisation RM	Net Book Value RM
At 31 July 2009				
Intellectual property assets		1,000,000	(625,000)	375,000
Certification costs		1,045,000	(627,000)	418,000
		<u>2,045,000</u>	<u>(1,252,000)</u>	<u>793,000</u>

Notes To The Financial Statements

(continued)

9. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Technical Equipment RM	Showrooms RM	Renovation RM	Office Equipment RM	Furniture and Fittings RM	Motor Vehicles RM	R&D Equipment RM	Total RM
GROUP								
2010								
Cost:								
At 1 August 2009	2,587,906	3,983,620	243,882	928,002	94,611	38,519	10,984,816	18,861,356
Additions	-	-	28,737	14,294	8,570	-	-	51,601
At 31 July 2010	2,587,906	3,983,620	272,619	942,296	103,181	38,519	10,984,816	18,912,957
Accumulated Depreciation:								
At 1 August 2009	1,494,931	2,023,808	123,253	624,767	48,372	18,489	4,806,857	9,140,477
Charge for the year	400,369	-	24,644	118,778	9,062	6,163	1,065,443	1,624,459
At 31 July 2010	1,895,300	2,023,808	147,897	743,545	57,434	24,652	5,872,300	10,764,936
Accumulated Impairment:								
At 1 August 2009 / 31 July 2010	-	1,959,812	-	-	-	-	2,941,546	4,901,358
Net Book Value at 31 July 2010	692,606	-	124,722	198,751	45,747	13,867	2,170,970	3,246,663

Notes To The Financial Statements

(continued)

9. PROPERTY, PLANT AND EQUIPMENT (CONTD)

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 1 August 2008	2,657,906	3,983,620	243,882	928,002	94,611	75,519	10,984,816	18,968,356
Disposal	(70,000)	-	-	-	-	(37,000)	-	(107,000)
At 31 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 1 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 31 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 1 August 2008	-	1,630,632	-	-	-	-	2,941,546	4,572,178
Impairment loss for the year	-	329,180	-	-	-	-	-	329,180
At 31 July 2009	-	1,959,812	-	-	-	-	2,941,546	4,901,358
Net Book Value at 31 July 2009	1,092,975	-	120,629	303,235	46,239	20,030	3,236,413	4,819,521

Notes To The Financial Statements

(continued)

10. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2010 RM	2009 RM
Unquoted shares, at cost	8,051,000	8,050,998
Options granted to employees of subsidiaries	1,232,210	1,232,210
	<u>9,283,210</u>	<u>9,283,208</u>
Less: Accumulated impairment	<u>(9,283,208)</u>	<u>(9,283,208)</u>
	<u>2</u>	<u>-</u>

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

Name of Company	Effective Equity Interest		Principal Activities
	2010 %	2009 %	
Direct			
Inix Technologies Sdn. Bhd.	100	100	Development and sales of integrated intelligent wireless security, automation and closed-circuit television surveillance systems; and software development and system integration.
* NCSOFT Sdn. Bhd.	100	-	Has not commenced operation.
Indirect			
Inix Industrial Sdn. Bhd.	100	100	Has not commenced operation.

* Not audited by Azman, Wong, Salleh & Co.

In July 2010, the company acquired to ordinary shares of RM1.00 each in NCSOFT Sdn. Bhd. at cash consideration of RM2

11. INVENTORIES

	GROUP	
	2010 RM	2009 RM
At cost:		
Finished goods	43,578	6,737
Work-in-progress	279,788	87,771
Raw materials	130,463	216,441
	<u>453,829</u>	<u>310,949</u>

Notes To The Financial Statements

(continued)

12. TRADE RECEIVABLES

GROUP

	2010 RM	2009 RM
Trade receivables	8,238,283	6,149,815
Less: Allowance for doubtful debts	(5,529,634)	(4,872,963)
	<u>2,708,649</u>	<u>1,276,852</u>
Analysis by ageing		
Neither overdue nor impaired	2,708,359	1,266,760
Overdue but not impaired	426,814	10,092
Impaired	5,103,110	4,872,963
	<u>8,238,283</u>	<u>6,149,815</u>
Analysis by currency		
US Dollar	3,239,979	3,666,503
Ringgit Malaysia	4,998,304	2,483,312
	<u>8,238,283</u>	<u>6,149,815</u>

Out of the gross balance of RM8,238,283 (2009: RM6,149,815), 2 largest receivable accounts represent 53% (2009: 55%) of this amount. Revenue derived from sales to these 2 customers represent 75% (2009: 52%) of total revenue for the year.

In the current year, one of these 2 customers is a related party to the Group while for the previous year, both of the customers are third parties. These customers are also involved in the technology industry.

Credit terms:

The Group's normal credit terms are 60 days to 180 days (2009: 60 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

Credit risk:

Trade receivables whose recoverability level is expected to be low, are individually determined to be impaired at the balance sheet date. These receivables are not secured by any collateral or guarantee.

Notes To The Financial Statements

(continued)

13. AMOUNT DUE FROM/(TO) A SUBSIDIARY

	COMPANY	
	2010 RM	2009 RM
Due from:		
Non-trade	11,789,392	11,789,392
Less: Allowance for non-recoverability	<u>(8,125,874)</u>	<u>(6,072,981)</u>
	3,663,518	5,716,411
Due to:		
Non-trade	<u>(954,130)</u>	<u>(860,520)</u>
	<u>2,709,388</u>	<u>4,855,891</u>

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.

14. SHARE CAPITAL

	GROUP/COMPANY			
	2010		2009	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Authorised:				
Ordinary shares of RM0.10 each -				
At 31st July	<u>250,000,000</u>	<u>25,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>
Issued and fully paid:				
Ordinary shares of RM0.10 each -				
At 31st July	<u>114,950,000</u>	<u>11,495,000</u>	<u>114,950,000</u>	<u>11,495,000</u>

Notes To The Financial Statements

(continued)

15. SHARE PREMIUM

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. In the previous year, the directors waived all the options granted to them under the ESOS. Details of the scheme are set out in [Note 29](#).

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

17. TRADE PAYABLES

The credit terms of trade payables range from 30 days to 60 days (2009: 30 days to 60 days).

18. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Amount owing to directors	642,995	673,413	-	-
Other payables and accruals	<u>366,527</u>	<u>509,881</u>	<u>272,453</u>	<u>266,167</u>
	<u>1,009,522</u>	<u>1,183,294</u>	<u>272,453</u>	<u>266,167</u>

Included in amount owing to directors are advances from directors amounting to RM 593,000 (2009: RM 623,418)

19. PROVISION FOR WARRANTY CLAIMS

	GROUP	
	2010 RM	2009 RM
At 1 August 2009/2008	3,381	7,151
Provision made during the year	3,643	3,381
Writeback on expiry and claims made during the year	<u>(3,381)</u>	<u>(7,151)</u>
At 31 July	<u>3,643</u>	<u>3,381</u>

Notes To The Financial Statements

(continued)

20. HIRE PURCHASE PAYABLE

	GROUP	
	2010 RM	2009 RM
Minimum payments:		
Due within 1 year	-	2,618
Less: Future finance charges	-	(42)
Principal outstanding	<u>-</u>	<u>2,576</u>
Current		
Repayable within 1 year	<u>-</u>	<u>2,576</u>

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

21. REVENUE

	GROUP	
	2010 RM	2009 RM
This represents the invoiced value of:		
Goods sold (less discounts and returns), including installation and related charges	818,414	2,306,344
Software development and system integration	2,500,000	-
	<u>3,318,414</u>	<u>2,306,344</u>

22. COST OF SALES

	GROUP	
	2010 RM	2009 RM
Cost of inventories sold	55,809	866,477
Net provision for warranty claims made/(written back)	262	(3,770)
Amortisation of intangible assets	309,000	309,000
	<u>365,071</u>	<u>1,171,707</u>

Notes To The Financial Statements

(continued)

23. PROFIT/(LOSS) BEFORE TAXATION

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
This is arrived at after charging/(crediting):-				
Audit fee	46,000	38,000	17,000	15,000
Allowance for doubtful debts made/ (written back)	656,671	(71,381)	-	-
Allowance for non-recoverability of amount due from a subsidiary	-	-	2,052,893	3,146,574
Depreciation of property, plant and equipment (<i>excluding equipment and software for R&D purposes</i>)	559,016	823,299	-	-
Directors' remuneration (Note 25)	40,000	-	-	-
Employee benefits expenses (Note 24)	162,551	852,240	-	-
Impairment loss on investment in subsidiary	-	-	-	70,407
Impairment loss on property, plant and equipment	-	329,180	-	-
Unrealised loss on foreign exchange	426,524	-	-	-
Waiver of advances from directors	(623,418)	(100,000)	-	-
Interest expense on hire purchase financing	42	2,054	-	-
Gain on disposal of property, plant and equipment	-	(2,760)	-	-
Rental of factory	-	4,800	-	-
Rental of office premises	56,300	58,800	-	-
Research and Development ("R&D")				
- personnel costs and related expenses	51,457	466,783	-	-
- depreciation of equipment and software	1,065,443	1,065,443	-	-
- other expenses	-	6,119	-	-

Notes To The Financial Statements

(continued)

24. EMPLOYEE BENEFITS EXPENSES

	GROUP	
	2010 RM	2009 RM
<u>Short term benefits</u>		
Salaries and allowances	141,381	682,552
SOCSSO	2,333	11,069
Insurance, medical and other benefits	1,771	6,077
	<u>145,485</u>	<u>699,698</u>
<u>Defined contribution plan</u>		
Contributions to EPF	17,066	82,135
<u>Equity-based compensation benefits</u>		
Share options	-	70,407
Total (excluding executive directors' remuneration)	<u>162,551</u>	<u>852,240</u>

Employee benefits expenses are included in the income statement as follows:

Selling and marketing expenses	34,099	177,108
Administrative expenses	71,995	171,536
Research and development expenses	51,457	465,656
Other expenses	5,000	37,940
	<u>162,551</u>	<u>852,240</u>

25. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors of the Company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Directors of a subsidiary				
<u>Executive:</u>				
Fees	40,000	-	-	-
<u>Non-Executive:</u>				
Fees	-	-	-	-
	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes To The Financial Statements

(continued)

25. DIRECTORS' REMUNERATION (CONTD)

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Directors' remuneration are included in the income statement as follows:-				
Administrative expenses	20,000	-	-	-
Research and development expenses	20,000	-	-	-
	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

26. TAXATION

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Current tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**A reconciliation between tax applicable to profit/(loss) before taxation at the statutory tax rate
And tax expenses are as follows:-**

Profit/(loss) before taxation	<u>287,138</u>	<u>(2,008,322)</u>	<u>(2,152,824)</u>	<u>(3,270,359)</u>
Tax calculated at the statutory tax rate of 25% (2009: 25%)	71,785	(502,081)	(538,206)	(817,590)
Tax effect of:				
- expenses not deductible for tax purposes	515,118	647,229	538,206	817,590
- income not subject to tax	(162,477)	(90,572)	-	-
- utilisation of capital allowances	(424,426)	(80,121)	-	-
- deferred tax asset not recognised	-	25,545	-	-
Tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes To The Financial Statements

(continued)

A subsidiary, Inix Technologies Sdn. Bhd. ("ITSB") was awarded the status of a Multimedia Super Corridor ("MSC") company on 28 November 2003. Amongst other incentives, ITSB was accorded Pioneer Status pursuant to the Promotion of Investments Act, 1986 ("PIA"). The MSC Status granted was subject to the compliance of certain conditions imposed by the Multimedia Development Corporation. The Pioneer Status was granted for a period of 5 years, commencing 1 December 2003. The tax exemption period also commenced on 1 December 2003 and ended on 30 November 2008.

Subject to the agreement of the Inland Revenue Board, ITSB has estimated tax exempt income of approximately RM11,497,400 (2009: RM11,497,400) as at 31 July 2010 available for distribution as tax exempt dividends. In addition, ITSB has estimated unutilised capital allowances of RM9,463,700 (2009: RM10,779,800) and unabsorbed tax losses of RM10,991,900 (2009: RM10,991,900) that are available for set-off against taxable income in future periods.

In addition, the directors have appealed against an assessment raised by the Inland Revenue Board and are of the opinion that the appeal will be considered favourably (Note 6). As the outcome of the appeal remained pending, the assessment of RM404,846 (including penalties) has not been recognised as a liability as at the balance sheet date.

27. DEFERRED TAXATION

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

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Taxable/(deductible) temporary differences				
- property, plant and equipment	2,823,443	3,636,781	-	-
- provision for warranty claims	(3,643)	(3,381)	-	-
	<u>2,819,800</u>	<u>3,633,400</u>	<u>-</u>	<u>-</u>
Unutilised capital allowances	(9,463,700)	(10,779,800)	-	-
Unabsorbed tax losses	(10,991,900)	(10,991,900)	-	-
	<u>(17,635,800)</u>	<u>(18,138,300)</u>	<u>-</u>	<u>-</u>

Notes To The Financial Statements

(continued)

28. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

- (a) Inix Technologies Sdn. Bhd. ("ITSB") and NC Soft Sdn. Bhd. (NSSB), being subsidiaries of ITHB;
- (b) Inix Industrial Sdn. Bhd. ("IISB") being a subsidiary of ITSB;
- (c) Mr Liew Woy Kee ("LWK") being a person connected to Cheong Kok Yai, an executive director of the Company. The Company has entered into a tenancy agreement with LWK for the rental of office premises. The latest agreement is effective from 1 May 2010 to 30 April 2012; and
- (d) eNCoral Digital Solutions Sdn. Bhd. ("EDSSB") being a related party by virtue of the directors of NSSB being key management personnel of EDSSB. Subsequent to balance sheet date, EDSSB has become a substantial shareholder of ITHB. A director of EDSSB with substantial financial interest in EDSSB has been appointed as an executive director of ITHB.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of a company either directly or indirectly.

- (a) The key management personnel of the Group comprise Executive Directors of the Company and its subsidiaries and their remuneration are disclosed in [Note 25](#).
- (b) The key management personnel of EDSSB comprise the Directors of the company and certain members of senior management of the company.

Notes To The Financial Statements

(continued)

28. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTD)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Balances at year end included in the balance sheets are as follows:-				
<u>Trade receivables</u>				
Software development fees receivable from EDSSB	2,500,000	-	-	-
<u>Other receivables, deposits and prepayments</u>				
Rental and utility deposits paid to LWK	8,000	8,000	-	-
<u>Amount due from/(to) a subsidiary</u>				
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	-	-	(954,130)	(860,520)
	-	-	10,835,262	10,928,872

Significant transactions between related parties and the Group/Company during the year are as follows:

Revenue

Fees on software development in progress receivable from EDSSB	2,500,000	-	-	-
----------------------------------------------------------------	-----------	---	---	---

Expenses

Rental of office premises paid to LWK	31,800	32,400	-	-
---------------------------------------	--------	--------	---	---

Payments on behalf

Expenses paid on behalf by ITSB	-	-	(93,610)	(59,938)
---------------------------------	---	---	----------	----------

Notes To The Financial Statements

(continued)

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

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

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

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

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

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

	No. of share option at exercise price of RM0.40 each	
	2010	2009
Outstanding at 1 August	695,000	4,250,000
Forfeited during the year	(425,000)	(520,000)
Waived during the year	-	(3,035,000)
Outstanding at 31 July	<u>270,000</u>	<u>695,000</u>
Exercisable at 31 July:		
Number of options expected to be exercised [^]	-	590,750
Number of options estimated that may be forfeited or expired	<u>270,000</u>	<u>104,250</u>
Number of options vested	<u>270,000</u>	<u>695,000</u>
Total number of options outstanding	<u>270,000</u>	<u>695,000</u>

[^] Key estimate used in the computation of the share option reserve

The total number of options outstanding at 31 July 2010 expired on 24 August 2010. Accordingly, the remaining balance in the share option reserve as at 31 July 2010 has been reversed.

Notes To The Financial Statements

(continued)

30. SEGMENT ANALYSIS

2010

Operating Segments

	Development and sales of security, automation and surveillance systems	Software development and system integration	Corporate	Eliminations	Total
	RM	RM	RM	RM	RM
Revenue					
External customers	818,414	2,500,000	-	-	3,318,414
Inter-segment	-	-	-	-	-
Total revenue	818,414	2,500,000	-	-	3,318,414
Results					
Depreciation	(1,624,459)	-	-	-	(1,624,459)
Amortisation	(309,000)	-	-	-	(309,000)
Impairment of non-financial assets	-	-	-	-	-
Inventories written down	-	-	-	-	-
Provision for warranty claims	(262)	-	-	-	(262)
Impairment of financial assets	(656,671)	-	(2,052,893)	2,052,893	(656,671)
Share-based payments	-	-	-	-	-
Segment profit/(loss)	(2,035,059)	2,422,128	(2,152,824)	2,052,893	287,138
Assets					
Investment in subsidiaries	-	-	2	(2)	-
Additions to property, plant and equipment	51,601	-	-	-	51,601
Additions to intangible assets	-	-	-	-	-
Amount due from subsidiaries	-	-	2,709,388	(2,709,388)	-
Amount due from related company	3,329	-	-	(3,329)	-
Segment assets	4,861,994	2,500,002	2,713,531	(2,784,197)	7,291,330
Liabilities					
Amount due to holding company	10,835,262	-	-	(10,835,262)	-
Amount due to related company	-	3,329	-	(3,329)	-
Segment liabilities	11,720,571	77,874	272,453	(10,910,071)	1,160,827

Geographical Information

			Non-current assets	Current asset
			Property, plant and equipment	Trade
	Revenue	Profit before taxation	assets	receivables
	RM	RM	RM	RM
Malaysia	3,318,414	287,138	3,246,663	2,708,649
Australia	-	-	-	-
	3,318,414	287,138	3,246,663	2,708,649

Notes To The Financial Statements

(continued)

30. SEGMENT ANALYSIS (CONTD)

2009

Operating Segments

	Development and sales of security, automation and surveillance systems RM	Software development and system integration RM	Corporate RM	Eliminations RM	Total RM
Revenue					
External customers	2,306,344	-	-	-	2,306,344
Inter-segment	-	-	-	-	-
Total revenue	2,306,344	-	-	-	2,306,344
Results					
Depreciation	(1,888,742)	-	-	-	(1,888,742)
Amortisation	(309,000)	-	-	-	(309,000)
Impairment of non-financial assets	(329,180)	-	(70,407)	70,407	(329,180)
Inventories written down	-	-	-	-	-
Provision for warranty claims written back	3,770	-	-	-	3,770
Impairment of financial assets (made)/written back	71,381	-	(3,146,574)	3,146,574	71,381
Share-based payments	(70,407)	-	-	-	(70,407)
Segment profit/(loss)	(1,954,944)	-	(3,270,359)	3,216,981	(2,008,322)
Assets					
Investment in subsidiaries	-	-	-	-	-
Disposal of property, plant and equipment	(33,240)	-	-	-	(33,240)
Additions to intangible assets	-	-	-	-	-
Amount due from subsidiaries	-	-	4,855,891	(4,855,891)	-
Segment assets	7,384,344	-	4,860,069	(4,855,891)	7,388,522
Liabilities					
Amount due to holding company	10,928,872	-	-	(10,928,872)	-
Segment liabilities	12,207,862	-	266,167	(10,928,872)	1,545,157

Geographical Information

			Non-current assets		Current asset
Geographical Information		Loss before	Property, plant and equipment	Intangible	Trade
	Revenue	taxation		assets	receivables
	RM	RM	RM	RM	RM
Malaysia	2,306,344	(2,008,322)	4,819,521	375,000	1,276,852
Australia	-	-	-	418,000	-
	2,306,344	(2,008,322)	4,819,521	793,000	1,276,852

Notes To The Financial Statements

(continued)

31. EARNINGS/(LOSS) PER ORDINARY SHARE

	2010	GROUP 2009
<u>Gross/Net</u>		
Basic:		
Net profit/(loss) attributable to ordinary shareholders (RM)	287,138	(2,008,322)
Weighted average number of ordinary shares in issue	114,950,000	114,463,288
Basic earnings/(loss) per ordinary share (sen)	0.25	(1.75)
Diluted:		
Net profit/(loss) attributable to ordinary shareholders (RM)	287,138	(2,008,322)
Weighted average number of ordinary shares in issue	114,950,000	114,463,288
Number of shares issuable under ESOS	270,000	695,000
Number of shares that would have been issued at fair value	(270,000)	(695,000)
Adjusted weighted average number of ordinary shares in issue	114,950,000	114,463,288
Diluted earnings/(loss) per ordinary share (sen)	0.25	(1.75)

Statement by Directors

(continued)

We, DATO' MEGAT FAIROUZ JUNAIDI BIN MEGAT JUNID and MAHFUZAL BIN OTHMAN, 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 28 to 58 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 31 July 2010 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

MAHFUZAL BIN OTHMAN

Petaling Jaya,
29 November 2010

STATUTORY DECLARATION

I, MAHFUZAL BIN OTHMAN, 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 5 to 37 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed MAHFUZAL BIN OTHMAN at
Kuala Lumpur in Wilayah Persekutuan on
29 November 2010

MAHFUZAL BIN OTHMAN

Before me:
Leong See Keong
W494
Commissioner For Oaths

Independent Auditors' Report

To the members of Inix Technologies Holdings Berhad (Company No. 665797-D)

Report on the Financial Statements

We have audited the financial statements of INIX TECHNOLOGIES HOLDINGS BERHAD., which comprise the balance sheets as at 31 July 2010 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 28 to 58.

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 31 July, 2010 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report *(continued)*

To the members of Inix Technologies Holdings Berhad (Company No. 665797-D)

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3(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 accumulated losses of RM14,022,357 and RM17,711,782 respectively. These conditions, along with the matters as set out in Note 3(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.

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 audited by us, 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) The 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

SIVADASAN A/L NARAYANAN NAIR

1420/12/11 (J)

Partner of the Firm

Kuala Lumpur,
29 November 2010

Analysis of Shareholdings

As at 2 December 2010

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	0.66%	194	0.00%
100 to 1,000 shares	97	10.72%	78,459	0.07%
1,000 to 10,000 shares	370	40.88%	2,247,000	2.0%
10,001 to 100,000 shares	307	33.92%	13,438,094	11.69%
100,001 to less than 5% of issued shares	104	11.49%	29,218,835	25.42%
5% and above of issued shares	21	2.32%	69,967,418	60.87%
	905	100.00%	114,950,000	100.00%

Substantial Shareholders

Name of Shareholder	No. of Shares	Direct		Indirect	
		%	No. of Shares	%	
Encoral Digital Solutions Sdn Bhd	22,830,700	19.86%	-	-	-
Azman bin Hussin	-	-	*22,830,700		19.86%
Cimsec Nominees (Tempatan) Sdn Bhd	4,500,000	3.91%		-	
Mercsec Nominees (Tempatan) Sdn Bhd	3,879,500	3.37%			
Tan Chee Pin	3,636,600	3.16%			
Chew Ching Tong	3,500,000	3.04%			
Mayban Securities Nominees	3,500,000	3.04%			

* Deemed interest via his shareholdings in Encoral Digital Solutions Sdn Bhd.

Directors' Interests

Name of Director	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Megat Fairouz Junaidi bin Megat Junid	-	-	-	-
Azman bin Hussin (Appointed on 8th October, 2010)	-	-	*22,830,700	19.86%
Mahfuzal bin Othman (Appointed on 8th October, 2010)	12,000	0.01%		-
Mohd Khasrol bin Arshad (Appointed on 8th October, 2010)	203,500	0.18%		-
Chong Chen Fah	1,695,821	1.48%		-
Madzlan bin Mohamed Nazri	-	-	-	-

* Deemed interest via his shareholdings in Encoral Digital Solutions Sdn Bhd.

Analysis of Shareholdings

As at 2 December 2010

Top Thirty Shareholders

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

	Name of Shareholder	No. of Shares	%
1	ENCORAL DIGITAL SOLUTIONS SDN BHD	22,830,700	19.86
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD	4,500,000	3.91
	CIMB FOR BARKATH STORES (PENANG) SDN BERHAD (PB)		
3	MERCSEC NOMINEES (TEMPATAN) SDN BHD	3,879,500	3.37
	PLEDGED SECURITIES ACCOUNT FOR WONG KIAN TECK		
4	TAN CHEE PHIN	3,636,600	3.16
5	CHEW CHING TONG	3,500,000	3.04
6	MAYBAN SECURITIES NOMINEES	3,500,000	3.04
	PLEDGED SECURITIES ACCOUNT FOR LOKE MEI PING (REM 679-MARGIN)		
7	PC SENTRY SDN BHD	3,357,390	2.92
8	HSBC NOMINEES (ASING) SDN BHD	3,085,000	2.68
	EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE)		
9	DAHYA MOHAMED RAZA	2,683,666	2.33
10	AMSEC NOMINEES (TEMPATAN) SDN BHD	2,000,000	1.74
	PLEDGED SECURITIES ACCOUNT FOR KONG KOK KEONG		
11	TEOH CHOO KANG	1,953,300	1.70
12	AWAN TRAVEL SDN. BHD.	1,853,200	1.61
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD	1,809,600	1.57
	PLEDGED SECURITIES ACCOUNT FOR CHIN PUI KIN (E-SS2)		
14	CHONG CHEN FAH	1,695,821	1.48
15	CITIGROUP NOMINEES (TEMPATAN)	1,651,300	1.44
	PLEDGED SECURITIES ACCOUNT FOR PHNUAH FARN FARN (474003)		
16	TANG WAY KEONG	1,602,000	1.39
17	LIM BOON CHAI	1,459,095	1.27
18	PHOO MENG KHAW	1,401,946	1.22
19	MUHAMMAD MURSHID BIN AZMAN	1,250,000	1.09
20	HEW YOONG SHIANG	1,168,300	1.02
21	HOW CHOON HOCK	1,150,000	1.00
22	WONG KIAN TECK	1,000,000	0.87
23	WAI HO MANG	990,036	0.86
24	HDM NOMINEES (TEMPATAN) SDN BHD	940,000	0.82
	PLEDGED SECURITIES ACCOUNT FOR KUAH HUI SUAN (M14)		
25	CHONG KOK WING	880,499	0.77
26	WONG FAI	827,000	0.72
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD	820,000	0.71
	PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI		
28	CHEW CHING CHONG	750,000	0.65
29	ANG TIAN MENG	700,000	0.61
30	HLG NOMINEES (TEMPATAN) SDN BHD	700,000	0.61
	PLEDGED SECURITIES ACCOUNT FOR NG SAU WENG (CCTS)		
Total		77,574,953	67.46

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 2010, none of the options had been exercised. The total number options outstanding at 31 July 2010 expired on 24 August 2010.

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	695,000
Granted and accepted during the year	-
Forfeited during the year	(425,000)
Exercised during the year	-
Expired during the year	-
Outstanding at the end of the year	270,000
Exercisable at the end of the year:	-
Number of options expected to be exercised	-
Number of options estimated that may be forfeited or expired	270,000
Number of options vested	270,000

3. Depository Receipt Programme

The Company did not sponsor any depository receipt programme for the financial year ended 31 July 2010.

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 2010.

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 2010 are as follows:

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

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 2010. There had been a variance of 35% between the audited results for the year and that of the unaudited results announced on 30 September 2010. The negative variance of RM154,648.33 is due to the following:

	RM
Profit after tax as per unaudited results	441,786.77
Minus:	
Reversal of share option reserve	
<i>Options forfeited</i>	(179,102.00)
Add:	
Undertaken up of other income	
<i>Deposits forfeited</i>	25,957.70
Add/(minus):	
<i>Over/(under) provision of expenses</i>	
Purchases	34,015.96
Secretarial fees, filing, tax services fees	
& related expenses	(17,196.00)
Audit fee	(8,000.00)
Share registration fees	(7,250.00)
Travelling expenses	(4,603.78)
Telephone expenses	4,151.64
Administrative expenses	3,989.29
Legal & professional fees	(3,600.00)
Incorporation fees and related expenses	(3,329.00)
Provision for warranty	(367.14)
Allowance for doubtful debts written back	685.00
	24,453.67
Profit after tax as per audited results	287,138.44

7. Profit Guarantee

The Group and the Company had not issued any profit guarantee in respect of the financial year ended 31 July 2010.

8. Material Contracts

During the financial year ended 31 July 2010, 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 2010.

Additional Compliance Information

(continued)

9. Revaluation Policy

The Company did not revalue any of its property, plant and equipment during the financial year ended 31 July 2010.

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 2010.

Notice of Annual General Meeting

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of INIX Technologies Holdings Berhad ("INIX") will be held at Kelab Shah Alam Selangor , Jalan Aerobik 13/43, 40000 Selangor Darul Ehsan on Thursday, 30th December 2010 at 8.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 1. To receive and adopt the Audited Financial Statements for the financial year end 31 July 2010 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
ii. Chong Chen Fah | RESOLUTION 2
RESOLUTION 3 |
| 3. To elect Nur Salwa binti Muhammad, having consented to act as Director of the Company in accordance with Article 87 of the Company Article of Association in place of Madzlan bin Mohamed Nazri who choose not to be re-elected as Director of the Company. | RESOLUTION 4 |
| 4. To approve the appointment of Messrs. Hasnan & Co., having consented to act as auditor of the Company in place of the retiring auditor Messrs. Azman, Wong, Salleh & Co. and to hold office until the conclusion of the next annual general meeting and that the directors be authorized to determine their remuneration. | RESOLUTION 5 |

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions, with or without modifications:-

- | | |
|---------------------------------|---------------------|
| 5. ORDINARY RESOLUTION 1 | RESOLUTION 6 |
|---------------------------------|---------------------|

GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

Resolution 6

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

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 authorized.
3. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member appoint two proxies, the appointment shall be invalid unless the 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 Harris Bakar Management, Lot 03-32, 3rd Floor, PKNS Complex, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time holding the meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Explanatory Notes on Special Business

a) Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

Pursuant to Section 132D of the Act, the Ordinary Resolution No. 5, if passed will give the Directors of the Company from the date of the above meeting, authority to issue and allot ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM.

The Company is seeking the approval from shareholders on the renewal of the above mandate for the purpose of possible fund raising exercise including but not limited to further placement of shares for working capital requirements. The Company did not exercise the mandate under Section 132D of the Act given by the shareholders at the Sixth AGM held on 30th December 2010.

The Annual Report can be access online at www.inix.com.my

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:-

	<u>Name of proxy, NRIC No. & Address</u>	<u>No. of Shares to be represented by proxy</u>
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 SIXTH ANNUAL GENERAL MEETING of the Company to be held at the Kelab Shah Alam Selangor , [Jalan Aerobik 13/43 40000](#) Selangor Darul Ehsan on Thursday, 30th December 2010 at 8.30 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 2010 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 Chong Chen Fah as director.		
4.	Elect Nur Salwa binti Muhammad to replace Madzlan bin Mohamed Nazri as director.		
5.	Appointment of Messrs. Hasnan & Co. to act as Auditor of the Company in place of retiring auditor Messrs. Azman, Wong, Salleh & Co. as Auditors.		
6.	Authority to Directors to issue shares pursuant to Section 132D.		

Dated this day of 2010

.....

Signature of Shareholder

Tel No:

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the 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 Harris Bakar Management Sdn. Bhd., Lot 03-32, 3rd Floor, PKNS Complex 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.