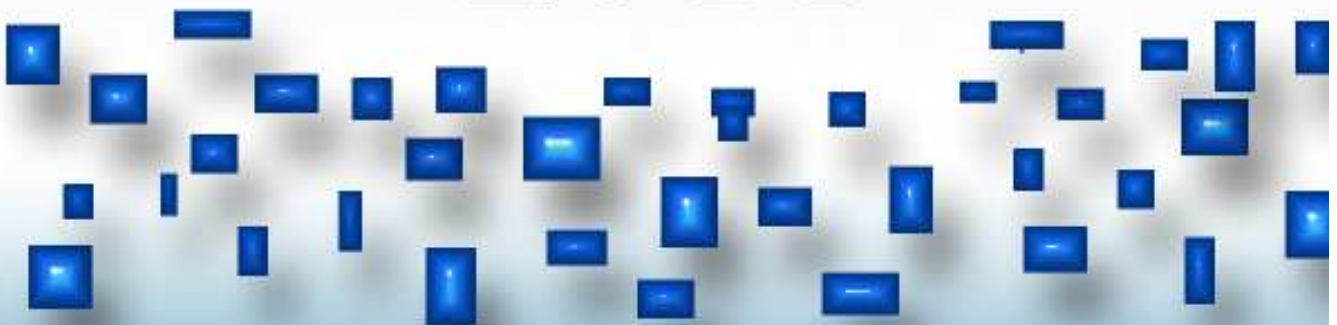




Annual Report
Аннотация

2011



Contents

<i>Corporate Information</i>	2
<i>Chairman's Statement</i>	3 - 4
<i>Directors' Profile</i>	5 - 7
<i>Corporate Governance Statement</i>	8 - 13
<i>Audit Committee Report</i>	14 - 17
<i>Financial Statements</i>	18 - 69
<i>Analysis of Shareholdings</i>	70 - 71
<i>Additional Compliance Information</i>	72 - 73
<i>Notice of Annual General Meeting</i>	74 - 77
Proxy Form	[enclosed]
Addendum: Notice of Annual General Meeting	[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)

Nur Salwa Binti Muhammad
Independent Non-Executive Director
(appointed on 30 December 2010)

Chong Chen Fah
Non-Independent Non-Executive Director

Mohd Khasrol bin Arshad
Non-Independent Non-Executive Director
(appointed on 08 October 2010)
(resigned on 11 October 2011)

Madzlan bin Mohamed Nazri
Independent Non-Executive Director
(resigned on 30 December 2010)

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

Nur Salwa Binti Muhammad
Member

Chong Chen Fah
Member

Group Head Office

No. 38, Jalan Dagang SB 4/2,
Taman Sungai Besi Indah,
43300 Seri Kembangan,
Selangor Darul Ehsan
Tel: (6019) 210 8000
Fax: (603) 9058 5770
Web: www.ansi.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

Hasnan & Co (AF: 0973)
Suite B3-2, Jalan Selaman 1,
Dataran Palma, Off Jalan Ampang,
68000 Ampang,
Selangor Darul Ehsan
Tel: (603) 4270 2522
Fax: (603) 4270 2533
Email: hasnanco@hasnanco.com

Principal Bankers

Bank Islam Malaysia Berhad
Bank Muamalat Malaysia Berhad

Stock Exchange Listing

The ACE Market

(formerly known as The MESDAQ Market)
of Bursa Malaysia Securities Berhad
Stock Name: INIX
Stock Code: 0094



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 2011.

Group Results

Reflective of the gradual improvement in global and regional economic conditions, Group sales expanded moderately to RM4.4 million for the financial year ended 31 July 2011, compared to RM3.3 million for the preceding year.

Although revenue increased, the cost also increased due to a larger workforce needed to implement projects and develop new solutions. This resulted in an audited after tax profit of RM0.07 million recorded in the current financial year, compared to an audited after tax profit of RM0.29 million for the financial year ended 31 July 2010.

Business 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.

Development efforts were mainly focussed on the e-book e-commerce portal and enhancing some software developed while implementing a customer-specific project into a product with resale opportunities.

The Group spent a total of RM2.7 million in R&D expenditure for its financial year ended 31 July 2011, compared to RM1.1 million for the preceding year.

Chairman's Statement

(continued)

Prospects

The group is excited with the prospects of its e-book project. The original PDF version of the e-books have been ported for the iPhone/iPad platform and is now on sale in Apple i-Tunes AppStore. We plan to port it to the Amazon Kindle platform too. We are also pursuing other Internet and mobile e-commerce opportunities.

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 2012.

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 2011

Dato' Megat Fairouz Junaidi bin Megat Junid

Independent Non-Executive Chairman

Malaysian, aged 46

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 six Board meetings held during the financial year ended 31 July 2011. Two of it was done through tele-conferencing.

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 52

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 attended three Board meetings held during the financial year ended 31 July 2011.

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 38

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 attended five Board meetings held during the financial year ended 31 July 2011.

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.

Chong Chen Fah

Non-Independent Non-Executive Director

Malaysian, aged 53

Chong Chen Fah was appointed as 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 all six Board meetings held during the financial year ended 31 July 2011.

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.

Nur Salwa binti Muhammad***Independent Non-Executive Director***

Malaysian, aged 44

Nur Salwa binti Muhammad was appointed as Independent Non-Executive Director on 30 December 2010. She is a member of the Audit Committee. Salwa obtained Degree of Bachelor Science in Information Technology from Virginia Commonwealth University, USA in 1989. In 1990 she works as a Junior Programmer at Information Technology Corporation, Richmond in Richmond, Virginia, USA. She came to Malaysia in 1991 and joined Mesiniaga Berhad as Systems Analyst. In 1994, she joined Accurate Information Systems Sdn. Bhd. In year 2000 she founded an IT company called Interxs Sdn. Bhd. Interxs Sdn. Bhd. specialized in providing web based solutions.

She attended three Board meetings held during the financial year ended 31 July 2011.

Salwa 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. She 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 five members, comprising two executive directors and three non-executive directors, one of whom is 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.

Corporate Governance Statement

(continued)

Directors (continued)

Board Meetings

Board meetings are held at least four times annually, with additional meetings convened as and when necessary. During the financial year from 1 August 2010 to 31 July 2011, six Board meetings were held. Details of each Director's meeting attendance are as follows:

<i>Name of Director</i>	<i>Attendance</i>
Dato' Megat Fairouz Junaidi bin Megat Junid	6 of 6
Azman bin Hussin (<i>appointed on 08 October 2010</i>)	3 of 5
Mahfuzal bin Othman (<i>appointed on 08 October 2010</i>)	5 of 5
Nur Salwa binti Muhammad (<i>appointed on 30 December 2010</i>)	3 of 3
Chong Chen Fah	6 of 6
Mohd Khasrol bin Arshad (<i>appointed on 08 October 2010 / resigned on 11 October 2011</i>)	4 of 5
Jimmy Tok Soon Guan (<i>resigned on 08 October 2010</i>)	1 of 1
Cheong Kok Yai (<i>resigned on 08 October 2010</i>)	1 of 1
Madzlan bin Mohamed Nazri (<i>resigned on 30 December 2010</i>)	3 of 3
Mok Chin Fan (<i>resigned on 08 October 2010</i>)	1 of 1

Access to Information

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

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

Appointment and Re-election of Directors

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

Corporate Governance Statement

(continued)

Directors *(continued)*

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 2011.

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 17] of this Annual Report.

Corporate Governance Statement

(continued)

Board Committees (continued)

Nomination Committee

The Board's Nomination Committee currently comprises two non-executive directors, one of whom is independent, and one executive director as follows:

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

Members: Mahfuzal bin Othman (*Non-Independent Executive Director*)
(*appointed on 08 October 2010*)

Madzlan bin Mohamed Nazri (*Independent Non-Executive Director*)
(*resigned on 30 December 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 one independent non-executive director, and two 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 / resigned on 11 October 2011*)

Madzlan bin Mohamed Nazri (*Independent Non-Executive Director*)
(*resigned on 30 December 2010*)

Jimmy Tok Soon Guan (*Executive Director*)
(*resigned on 08 October 2010*)

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 / resigned on 11 October 2011)

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 the 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 abstained 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. Following the expiry of the ESOS scheme on 24th August 2010, the ESOS committee is deemed as dissolved.

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.ansi.com.my to enable easy and convenient access to up-to-date information relating to the Group.

Corporate Governance Statement

(continued)

Accountability and Audit

Financial Reporting

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

Directors' Responsibility Statement

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

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

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

Internal Control 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 [15 to 17] of this Annual Report.

Auditors

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

This Statement is made in accordance with a resolution of the Board of Directors dated 29 November 2011.

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>	Nur Salwa binti Muhammad <i>Independent Non-Executive Director</i>
	Chong Chen Fah <i>Non-Independent Non-Executive Director</i>
	Madzlan bin Mohamed Nazri <i>Independent Non-Executive Director</i> <i>(resigned on 30 December 2010)</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.

Membership *(continued)*

3. The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.
4. In the event of any vacancy in the Audit Committee resulting in the non-compliance of the Listing Requirements, the vacancy must be filled within three (3) months.
5. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

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;

Audit Committee Report

(continued)

Terms of Reference *(continued)*

Functions *(continued)*

- (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.

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 six 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.

During the financial year ended 31 July 2011, 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>Director's Report</i>	<i>19 - 22</i>
<i>Statement by Directors & Statutory Declaration</i>	<i>23</i>
<i>Independent Auditors' Report</i>	<i>24 - 25</i>
<i>Statement of Financial Position</i>	<i>26</i>
<i>Statement of Comprehensive Income</i>	<i>27</i>
<i>Statement of Changes in Equity</i>	<i>28</i>
<i>Statement of Cash Flows</i>	<i>29 - 30</i>
<i>Notes to the Financial Statement</i>	<i>31 - 69</i>

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2011.

1. PRINCIPAL ACTIVITIES

The Company operates as an investment holding company. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

There have been no significant changes in these activities during the financial year.

2. RESULTS

	Group RM	Company RM
Profit/ (loss) for the financial year	<u>66,760</u>	<u>(70,917)</u>

3. DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

4. RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year ended 31 July 2011 except as disclosed in the financial statements.

5. ISSUE OF SHARES AND DEBENTURES

There were no shares or debentures issued during the financial year ended 31 July 2011.

6. 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.

Detailed of the ESOS are set out in Note 21 to the financial statements.

Directors' Report

(continued)

7. INFORMATION ON THE FINANCIAL STATEMENTS

Before the Statements of Comprehensive Income and Statements of Financial Position of the Group and of the Company were made out, the Directors took reasonable steps : -

- a) 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 there are no known bad debts to be written off and that adequate allowance has been made for doubtful debts; and
- b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown 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.

At the date of this report, the Directors are not aware of any circumstances :-

- a) which would necessitate the writing off of bad debts or render the allowance for doubtful debts in the financial statements inadequate to any substantial extent; or
- b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading ; or
- c) 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.

No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

At the date of this report, there does not exist : -

- a) any charge on the assets of any company in the Group which has arisen since the end of the financial year which secures the liability of any other person; or
- b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

8. OTHER STATUTORY INFORMATION

The Directors state that : -

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In their opinion :-

- a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

OTHER STATUTORY INFORMATION (CONTINUED)

- b) there has not arisen in the interval between the end of the financial year 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 operations of the Group and of the Company for the financial year in which this report is made, other than as disclosed in Note 26 of the Notes to the Financial Statements.

9. DIRECTORS

The Directors in office since the date of the last report are :-

Dato' Megat Fairouz Junaidi Bin Megat Junid	Chairman
Chong Chen Fah	Non-Executive Director
Azman Bin Hussin	Executive Director
Mahfuzal Bin Othman	Executive Director
Nur Salwa Binti Muhammad (Appointed on 30.12.2010)	Non-Executive Director
Mohd Khasrol Bin Arshad (Resigned on 11.10.2011)	Non-Executive Director
Madzlan Bin Mohamed Nazri (Resigned on 30.12.2010)	Non-Executive Director

In accordance with Article 85 and 86 of the Company's Articles of Association, Dato' Megat Fairouz Junaidi Bin Megat Junid, Chong Chen Fah, Mahfuzal Bin Othman and Nur Salwa Binti Muhammad, shall retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

10. DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the particulars of the Directors' interests in the shares of the Company and its related company during the financial year of those who were Directors at the end of the financial year are as follows:-

	Ordinary shares of RM 0.10 in the Company			At the end of the year
	At the beginning of the year	Bought	Sold	
Direct interest:-				
Chong Chen Fah	1,695,821	-	-	1,695,821
Indirect interest:-				
(Held through eNCoral Digital Solutions Sdn. Bhd.)				
Azman Bin Hussin	-	24,080,700	-	24,080,700

Other than as disclosed above, none of the directors in office at the end of the financial year held any interest in shares and/or options over shares and/or debentures in the Company or its related companies during the financial year.

Directors' Report

(continued)

11. DIRECTORS' BENEFITS

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

12. GOING CONCERN

The financial statements of the Group and Company have been prepared on a going concern basis. As at 31 July 2011, the Group and the Company recorded accumulated losses of RM13,955,597 and RM17,782,699 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and Company to continue as going concerns.

The financial statements of the Group and Company do not include any adjustments relating to the amounts and reclassification of assets and liabilities that might be necessary should the Group and Company be unable to continue as going concern. The ability of the Group and Company to continue as going concern is dependent on their ability to generate sufficient cash flows from their operations.

13. AUDITORS

The Auditors, Messrs Hasnan & Co., have indicated their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

DATO' MEGAT FAIROUZ JUNAIDI
BIN MEGAT JUNID

}
}
}
}
}
}
}
}

DIRECTORS

MAHFUZAL BIN OTHMAN

Kuala Lumpur

Date : 29 November 2011

Statement by Directors

Pursuant to Section 169 (15) of the Companies Act, 1965

We, **Dato' Megat Fairouz Junaidi Bin Megat Junid** and **Mahfuzal Bin Othman**, being two of the Directors of **Inix Technologies Holdings Berhad**, do hereby state that in the opinion of the directors, the financial statements set out on pages 26 to 69 are drawn up in accordance with applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board 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 2011 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors

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

MAHFUZAL BIN OTHMAN

Kuala Lumpur

Date : 29 November 2011

Statutory Declaration

Pursuant to Section 169 (16) of the Companies Act, 1965

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 26 to 69 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	}	
I/C No: 730512-04-5347	}	
at Ampang in the state of	}	
Selangor Darul Ehsan this day	}	<hr/> MAHFUZAL BIN OTHMAN
of 29 November 2011	}	

Before me:

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 statements of financial position of the Group and of the Company as at 31 July 2011, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 69.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgment, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 of the Company as of 31 July 2011 and of their financial performance and cash flows for the year then ended.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(a) to the financial statements which disclose 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 RM13,955,597 and RM17,782,699 respectively. These conditions, along with the matters as set out in Note 2(a), indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

Independent Auditors' Report

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

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 the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the financial statements 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

The supplementary information set out in Note 27 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

The financial statements of the Group and the Company as at 31 July 2010 were audited by another auditor whose report dated 29th November 2010 expressed an unqualified opinion with emphasis of matter paragraph on going concern on those statements.

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.

HASNAN & CO.
(NO. AF 0973)
CHARTERED ACCOUNTANTS

HASNAN BIN ABDULLAH
[NO.1666/12/12 (J)]
CHARTERED ACCOUNTANT
PARTNER

Kuala Lumpur
Date: 29 November 2011

Statement of Financial Position

At 31st July 2011

ASSETS	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
NON-CURRENT ASSETS					
Property, plant and equipment	4	1,656,096	3,246,663	-	-
Intangible assets	5	1,564,017	484,000	-	-
Investments in subsidiaries	6	-	-	1,000,000	2
		<u>3,220,113</u>	<u>3,730,663</u>	<u>1,000,000</u>	<u>2</u>
CURRENT ASSETS					
Inventories	7	374,060	453,829	-	-
Trade receivables	8	3,248,877	2,708,649	-	-
Other receivables, deposits and prepayments	9	258,788	281,615	1,140	1,140
Amount due from a subsidiary	10	-	-	2,671,907	2,709,388
Cash and bank balances		<u>342,614</u>	<u>116,574</u>	<u>3,566</u>	<u>3,001</u>
		<u>4,224,339</u>	<u>3,560,667</u>	<u>2,676,613</u>	<u>2,713,529</u>
TOTAL ASSETS		<u>7,444,452</u>	<u>7,291,330</u>	<u>3,676,613</u>	<u>2,713,531</u>
EQUITY AND LIABILITIES					
CURRENT LIABILITIES					
Trade payables	11	157,806	147,662	-	-
Other payables and accruals	12	1,085,568	1,009,522	303,552	272,453
Provision for warranty claims	13	3,815	3,643	-	-
Amount due to a subsidiary	10	-	-	1,002,900	-
		<u>1,247,189</u>	<u>1,160,827</u>	<u>1,306,452</u>	<u>272,453</u>
TOTAL LIABILITIES		<u>1,247,189</u>	<u>1,160,827</u>	<u>1,306,452</u>	<u>272,453</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS					
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
Accumulated losses		<u>(13,955,597)</u>	<u>(14,022,357)</u>	<u>(17,782,699)</u>	<u>(17,711,782)</u>
TOTAL EQUITY		<u>6,197,263</u>	<u>6,130,503</u>	<u>2,370,161</u>	<u>2,441,078</u>
TOTAL EQUITY AND LIABILITIES		<u>7,444,452</u>	<u>7,291,330</u>	<u>3,676,613</u>	<u>2,713,531</u>

The annexed notes form an integral part of these financial statements

Statement of Comprehensive Income

For the Financial Year Ended 31st July 2011

		<u>Group</u>		<u>Company</u>	
	<u>Note</u>	<u>2011</u> RM	<u>2010</u> RM	<u>2011</u> RM	<u>2010</u> RM
Revenue	16	4,423,051	3,318,414	-	-
Cost of sales	17	<u>(705,505)</u>	<u>(365,071)</u>	<u>-</u>	<u>-</u>
Gross profit		3,717,546	2,953,343	-	-
Other income		687,182	649,906	-	-
Selling and marketing expenses		(117,068)	(120,935)	-	-
Administrative expenses		(761,552)	(411,023)	(70,917)	(99,931)
Research and development expenses		(2,737,970)	(1,136,900)	-	-
Other expenses		(721,378)	(1,647,211)	-	(2,052,893)
Finance costs		<u>-</u>	<u>(42)</u>	<u>-</u>	<u>-</u>
Profit/ (Loss) before tax	18	66,760	287,138	(70,917)	(2,152,824)
Income tax expense	19	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/ (Loss) For The Financial Year		<u>66,760</u>	<u>287,138</u>	<u>(70,917)</u>	<u>(2,152,824)</u>
Total Comprehensive Income For The Financial Year		<u>66,760</u>	<u>287,138</u>	<u>(70,917)</u>	<u>(2,152,824)</u>
Attributable To:-					
Owners of the parent		66,760	287,138	(70,917)	(2,152,824)
Non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>66,760</u>	<u>287,138</u>	<u>(70,917)</u>	<u>(2,152,824)</u>
Profit Per Ordinary Share					
Attributable To Owners Of The Parent					
-Diluted (sen)	23	<u>N/A</u>	<u>0.25</u>	<u>-</u>	<u>-</u>

The annexed notes form an integral part of these financial statements

Statement of Change in Equity

For the Financial Year Ended 31st July 2011

Attributable to Owners of the Parent						
GROUP	<u>Note</u>	<u>Share Capital</u> RM	<u>Share Premium</u> RM	<u>Share Option Reserve</u> RM	<u>Accumulated Losses</u> RM	<u>Total Equity</u> RM
2011						
At 1 August 2010		11,495,000	8,657,860	-	(14,022,357)	6,130,503
Profit for the year		-	-	-	66,760	66,760
At 31 July 2011		11,495,000	8,657,860	-	(13,955,597)	6,197,263
2010						
At 1 August 2009		11,495,000	8,657,860	363,992	(14,673,487)	5,843,365
Profit for the year		-	-	-	287,138	287,138
Reversal of share option reserve in relation to:						
-Options forfeited	21	-	-	(179,102)	179,102	-
-Options not expected to be exercised	21	-	-	(184,890)	184,890	-
At 31 July 2010		11,495,000	8,657,860	-	(14,022,357)	6,130,503
COMPANY						
2011						
At 1 August 2010		11,495,000	8,657,860	-	(17,711,782)	2,441,078
Loss for the year		-	-	-	(70,917)	(70,917)
At 31 July 2011		11,495,000	8,657,860	-	(17,782,699)	2,370,161
2010						
At 1 August 2009		11,495,000	8,657,860	363,992	(15,922,950)	4,593,902
Loss for the year		-	-	-	(2,152,824)	(2,152,824)
Reversal of share option reserve in relation to:						
-Options forfeited	21	-	-	(179,102)	179,102	-
-Options not expected to be exercise	21	-	-	(184,890)	184,890	-
At 31 July 2010		11,495,000	8,657,860	-	(17,711,782)	2,441,078

The annexed notes form an integral part of these financial statements

Statement of Cash Flows

For the Financial Year Ended 31st July 2011

<u>Note</u>	<u>Group</u>		<u>Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/ (Loss) before tax	66,760	287,138	(70,917)	(2,152,824)
Adjustments for:				
Depreciation of property, plant and equipment	1,590,567	1,624,459	-	-
Interest expense on hire purchase financing	-	42	-	-
Waiver of advances from directors	(686,954)	(623,418)	-	-
Amortisation of intangible assets	309,000	309,000	-	-
Unrealised loss on foreign exchange	155,536	426,524	-	-
Net provision for warranty claims made/ (written back)	172	262	-	-
Allowance for non-recoverability of amount due from a subsidiary	-	-	-	2,052,893
Impairment loss on trade receivables made/ (reversed)	(111,605)	656,671	-	-
Operating profit/ (loss) before working capital changes	1,323,476	2,680,678	(70,917)	(99,931)
(Increase)/ Decrease in inventories	79,769	(142,880)	-	-
Increase in trade and other receivables	(628,168)	(2,638,397)	-	-
Decrease in amount due from subsidiaries	-	-	1,040,381	93,610
Increase in trade and other payables	839,980	241,402	31,099	6,286
Net cash from/ (used in) operating activities	<u>1,615,057</u>	<u>140,803</u>	<u>1,000,563</u>	<u>(35)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	-	(51,601)	-	-
Increase in intangible assets	(1,389,017)	-	-	-
Investment in subsidiaries	-	-	(999,998)	(2)
Net cash used in investing activities	<u>(1,389,017)</u>	<u>(51,601)</u>	<u>(999,998)</u>	<u>(2)</u>

The annexed notes form an integral part of these financial statements

Statement of Cash Flow

For the Financial Year Ended 31st July 2011

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of hire purchase	-	(2,576)	-	-
Interest paid on hire purchase financing	-	(42)	-	-
Net cash used in financing activities	-	(2,618)	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	226,040	86,584	565	(37)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	116,574	29,990	3,001	3,038
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	342,614	116,574	3,566	3,001
Cash and bank balances consists of:-				
Cash in hand	13,691	7,527	-	2
Bank balances	328,923	109,047	3,566	2,999
	342,614	116,574	3,566	3,001

During the year, the Group acquired property, plant and equipment as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	RM	RM	RM	RM
Cash payment	-	51,601	-	-

During the year, the Group acquired intangible assets as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	RM	RM	RM	RM
Cash payment	1,389,017	-	-	-

The annexed notes form an integral part of these financial statements

Notes To The Financial Statements

31st July 2011

1. GENERAL INFORMATION

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 No. 38, Jalan Dagang SB 4/2, Taman Sg. Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in these activities during the financial year.

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

The financial statements were authorised for issue by the Board of Directors on 29 November 2011.

2. BASIS OF PREPARATION

a) Basis of accounting

The financial statements of the Group and the Company have been prepared on the historical cost basis except as disclosed in the notes to the financial statements and comply with Financial Reporting Standards ('FRSs') issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia 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 judgement are based on the directors' best knowledge of current events and actions, actual result may differ.

As at 31 July 2011, the Group and the Company recorded accumulated losses of RM13,955,597 and RM17,782,699 respectively. The equity attributable to the shareholders of the Company as at 31 July 2011 remained positive at RM6,197,263 and RM2,370,161 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

31st July 2011 (continued)

2. BASIS OF PREPARATION (CONTINUED)

a) Basis of accounting (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, adjustment 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) Adoption of new and revised Financial Reporting Standard and Interpretations

During the financial year, the Group and the Company have adopted the following new and revised Financial Reporting Standards and Interpretations (collectively referred to as 'FRSs'), issued by the Malaysian Accounting Standards Board ('MASB') and effective for the financial year beginning on or after 1 January 2010.

FRSs and Amendments

Amendment to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendment to FRS 2	Share-based Payment
FRS 3 (revised)	Business Combinations
FRS 4	Insurance Contracts
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
Amendment to FRS 7	Financial Instruments: Disclosures
FRS 101 (revised)	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 127 (revised)	Consolidated and Separate Financial Statements
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 132	Financial Instruments: Presentation (Paragraphs 11,16 and 97E relating to Classification of Rights Issues)
Amendment to FRS 138	Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement
Improvements to FRS issued in 2009	

Interpretations and Amendments

IC Interpretation 9	Reassessment of Embedded Derivatives
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 12	Service Concession Arrangements

Notes To The Financial Statements

31st July 2011 (continued)

2. BASIS OF PREPARATION (CONTINUED)

b) Adoption of new and revised Financial Reporting Standard and Interpretations

IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
FRS 4	Insurance Contracts

Amendments to FRS 2, Share-based Payment Vesting Conditions and Cancellations, Amendments to FRS 2, Share-based Payment (revised), FRS 4, Insurance Contracts, Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations, IC Interpretation 9, Reassessment of Embedded Derivatives, Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives, IC Interpretation 11, FRS 2, Group and Treasury Share Transactions, IC Interpretation 12, Service Concession Agreements, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 14, FRS 119, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation, IC Interpretation 17, Distribution of Non-cash Assets to Owners and TR i-3, Presentation of Financial Statements of Islamic Financial Institutions are, however, not applicable to the Group and the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except those discussed below:

FRS 3: Business Combinations and FRS 127: Consolidated and Separate Financial Statements (revised)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1st July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 and FRS 127 (revised) have been applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non controlling interests.

Notes To The Financial Statements

31st July 2011 (continued)

2. BASIS OF PREPARATION (CONTINUED)

- b) Adoption of new and revised Financial Reporting Standard and Interpretations

FRS 7, Financial Instruments: Disclosures

Prior to 1 August 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132, Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Company's financial statements for the year ended 31 July 2011.

FRS 101, Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139, Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 August 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 August 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Notes To The Financial Statements

31st July 2011 (continued)

2. BASIS OF PREPARATION (CONTINUED)

b) Adoption of new and revised Financial Reporting Standard and Interpretations

FRS 139, Financial Instruments: Recognition and Measurement (Continued)

Impairment of receivables

Prior to 1 August 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 August 2010, the Company has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 but no adjustments is required to be made to the opening balance of retained earnings as at that date.

The following new and revised accounting standards (including consequential amendments) and interpretations have not been applied by the Group as they are not yet effective:-

<u>FRSs and Amendments</u>	<u>Effective for financial period commencing</u>	
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards - Additional Exemptions for First-time Adopters	1st January 2011
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1st January 2011
Amendment to FRS 2	Group Cash-settled Share-based Payment Transactions	1st January 2011
Amendment to FRS 7	Financial Instruments: Disclosures- Improving Disclosures about Financial Instruments	1st January 2011
FRS 124 (revised)	Related Party Disclosures	1st January 2012
Annual Improvements to FRSs (2010)		1st January 2011
<u>Interpretations and Amendments</u>		
IC Interpretation 4	Determining Whether an Arrangement contains A Lease	1st January 2011
Amendment to IC Interpretation 13	Customer Loyalty Programmes	1st January 2011
Amendment to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1st July 2011
IC Interpretation 15	Agreements for the Construction of Real Estate	1st January 2012
Amendment to IC Interpretation 15	Agreements for the Construction of Real Estate	30th August 2010

Notes To The Financial Statements

31st July 2011 (continued)

2. BASIS OF PREPARATION (CONTINUED)

- b) Adoption of new and revised Financial Reporting Standard and Interpretations

Interpretations and
Amendments

IC Interpretation 18	Transfers of Assets from Customers	1st January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1st July 2011

The Group and the Company will apply the above FRSs and IC Interpretations and Amendments when they become effective. The directors anticipate that the adoption of these FRSs, Interpretations and Amendments in future periods will have no material impact on the financial statements of the Group and the Company.

- c) Functional and presentation currency

The financial statements of the Group and the Company are presented in Ringgit Malaysia (RM), which is the Company's functional and presentation currency.

- d) Use of 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 financial statements 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 financial year end that may have a significant risk of causing adjustments to the carrying amount of certain assets and liabilities are as follows:-

1. 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 3(i) 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.

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgements (Continued)

2. Intangible assets

The directors have assessed the carrying amount of intangible assets for any indication of impairment in accordance with the policy in Note 3(i). 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 financial statements date.

3. Investment in subsidiaries and amount due from a subsidiary

The directors have carried out an impairment test by comparing the net assets of the subsidiaries, Ansi Systems Sdn. Bhd. (formerly known as Inix Technologies Sdn. Bhd.) and NCSOFT Sdn. Bhd., to the costs of investment. Thus, the carrying amount of the investment for Ansi Systems Sdn. Bhd. as at 31 July 2011 has been reduced to nil based on this assessment. The amount due from Ansi Systems Sdn. Bhd. has also been reduced with the allowance made for non-recoverability of RM8,125,874 (Note 10).

4. Allowances for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates.

Possible changes in these estimates could result in revisions to the valuation of inventories.

5. Impairment on loans and receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

6. Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

Notes To The Financial Statements

31st July 2011 (continued)

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgements (Continued)

7. Fair value estimates for certain financial assets and liabilities

The Group and the Company carry certain financial assets and liabilities at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Company use different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

8. Provision for warranty

The directors have reviewed the amount that may be required to settle the potential warranty obligations at each financial year end. 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 financial statements date.

9. 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 19. 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.

10. Income taxes

Arising from a tax audit on a subsidiary company, Ansi Systems Sdn. Bhd. (formerly known as 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 Investment Act, 1986. The directors have appealed against the position taken by the Inland Revenue Board and has not recognised the amount as a liability in previous financial statements. During the year, the Inland Revenue Board has decided in favour of the Company and has dropped the case.

Notes To The Financial Statements

31st July 2011 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in previous years.

(a) Subsidiary companies

Subsidiary companies are entities over which the Group or the Company has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in statement of comprehensive income.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the financial year. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group or the Company obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiary companies are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in statement of comprehensive income.

Non controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the non controlling interest's share of changes in the subsidiary companies' equity since then.

Notes To The Financial Statements

31st July 2011 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The principal annual rates of depreciation used are as follows:-

	%
Showroom	20
Motor vehicle	16
Office, Research and development ("R&D) and Technical equipment	16
Machinery, Renovation and Furniture and fittings	10

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the statements of comprehensive income and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess for the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Notes To The Financial Statements

31st July 2011 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets (Continued)

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Included as intangible assets in the Group's financial statements are 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.

(iii) 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:-

- i) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- ii) Management intends to complete the intangible asset and use or sell it;
- iii) There is an ability to use or sell the intangible asset;

Notes To The Financial Statements

31st July 2011 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets (Continued)

(iii) Research and development costs (Continued)

- iv) It can be demonstrated how the intangible asset will generate probable future economic benefits:
- v) It can be demonstrated how the intangible asset will generate probable future economic benefits:
- vi) Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available: and
- vii) 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 3(i).

(e) Inventories

Inventories are valued at the lower of costs 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, as is determined on a "first in, first out" basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and applicable variable selling expenses.

(f) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables.

Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Notes To The Financial Statements

31st July 2011 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (Continued)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the financial year which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in statement of comprehensive income.

(g) Impairment of financial assets

The Group and the Company assess at each financial year end whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in statement of comprehensive income.

(h) Cash and cash equivalents

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

Notes To The Financial Statements

31st July 2011 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of non-financial assets

The carrying values of assets (other than inventories, deferred tax assets and financial assets) are reviewed at the end of each financial year for impairment to determine whether there is an indication that the assets might be impaired. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its 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 cash-generating unit. Irrespective of whether there is any indication of impairment, goodwill and intangible asset with an indefinite useful life are tested for impairment annually.

An impairment loss is recognised in statement of comprehensive income in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

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 determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of comprehensive income immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statement of comprehensive income, a reversal of that impairment loss is recognised as income in the statement of comprehensive income. An impairment loss of goodwill is not reversed.

(j) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and Company's financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Notes To The Financial Statements

31st July 2011 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial liabilities (Continued)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

(k) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and Company, and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Sale of goods and services

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Income from software development projects is recognised by reference to the stage of completion of the projects.

Interest income

Interest income is recognised on an accruals basis.

Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Notes To The Financial Statements

31st July 2011 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxation

Income tax on the statement of comprehensive income for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the financial year.

Deferred tax is provided in the financial statements, using the liability method, on temporary differences at the end of the financial year 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 and deferred tax assets are recognised for all deductible temporary differences, unused tax credits and losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against the temporary differences and unused tax credits and losses. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is 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 tax rates that have been enacted at the end of the financial year. Deferred tax is recognised in the statement of comprehensive income, 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 in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(n) Foreign currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the end of the financial year.

Gains and losses from conversion of short term assets and liabilities, whether realised or unrealised are included in operating profit or loss as they arise.

The assets and liabilities of the foreign entities, if any are translated at financial year end rates and operating results are translated at the average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. Gains and losses arising on translation are taken directly to the foreign exchange translation reserve.

All other foreign exchange differences are recognised in statement of comprehensive income in the financial year in which they arise.

Notes To The Financial Statements

31st July 2011 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Foreign currencies (Continued)

The principal closing rates used are as follows:-

	<u>Group</u>	
	<u>2011</u>	<u>2010</u>
	RM	RM
1 US Dollar	2.97	3.1820

(o) Employee benefits

i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company or the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statement of comprehensive income as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiary companies also make contributions to its respective country's statutory pension scheme.

iii) Equity-based compensation benefits

In previous year, the directors and employees of the Group are entitled to equity-based compensation benefits in accordance with the Employees' Share Option Scheme (ESOS) of the Company. Such benefits are recognised as an expense in the income statement in accordance with the policy in Note 3 (q). However, the ESOS has expired on 24 August 2010.

(p) 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 financial statements date to reflect the current best estimate of the amount required to settle the potential warranty obligations.

Notes To The Financial Statements

31st July 2011 (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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 statement of comprehensive income 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 21.

(r) 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.

(s) Related parties

Related parties are entities with common directors or shareholders wherein one party has the ability to control or exercise significant influence over the other parties in financial or operating policy decision.

(t) Dividends

Dividends on ordinary shares, if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year in which they are declared.

Notes To The Financial Statements

31st July 2011 (continued)

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	<u>Machinery and technical equipment</u> RM	<u>Showrooms</u> RM	<u>Renovation</u> RM	<u>Office equipment</u> RM	<u>Furniture and fittings</u> RM	<u>Motor vehicles</u>	<u>R&D equipment</u>	<u>Total</u> RM
2011								
COST								
At 1 August 2010	2,587,906	3,983,620	272,619	942,296	103,181	38,519	10,984,816	18,912,957
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 July 2011	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 2010	1,895,300	2,023,808	147,897	743,545	57,434	24,652	5,872,300	10,764,936
Charge for the year	368,166	-	24,645	117,089	9,063	6,163	1,065,441	1,590,567
Disposals	-	-	-	-	-	-	-	-
At 31 July 2011	2,263,466	2,023,808	172,542	860,634	66,497	30,815	6,937,741	12,355,503
Accumulated impairment:								
At 1 August 2010/31 July 2011	-	1,959,812	-	-	-	-	2,941,546	4,901,358
Net carrying amount at 31 July 2011	324,440	-	100,077	81,662	36,684	7,704	1,105,529	1,656,096

Notes To The Financial Statements

31st July 2011 (continued)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	<u>Machinery and technical equipment</u> RM	<u>Showrooms</u> RM	<u>Renovation</u> RM	<u>Office equipment</u> RM	<u>Furniture and fittings</u> RM	<u>Motor vehicles</u>	<u>R&D equipment</u>	<u>Total</u> RM
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
Disposals	-	-	-	-	-	-	-	-
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
Disposals	-	-	-	-	-	-	-	-
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 carrying amount 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

31st July 2011 (continued)

5. INTANGIBLE ASSETS

	<u>Group</u>	
	<u>2011</u> RM	<u>2010</u> RM
At the beginning of the year	484,000	793,000
Additions during the year	1,389,017	-
Amortisation charge	(309,000)	(309,000)
At the end of the year	1,564,017	484,000

2011

	<u>Cost</u> RM	<u>Accumulated amortisation</u> RM	<u>Net carrying amount</u> RM
Intellectual property assets	1,000,000	(825,000)	175,000
Certification costs	1,045,000	(1,045,000)	-
Software development in progress	1,389,017	-	1,389,017
	3,434,017	(1,870,000)	1,564,017

2010

	<u>Cost</u> RM	<u>Accumulated amortisation</u> RM	<u>Net carrying amount</u> RM
Intellectual property assets	1,000,000	(725,000)	275,000
Certification costs	1,045,000	(836,000)	209,000
	2,045,000	(1,561,000)	484,000

6. INVESTMENT IN SUBSIDIARIES

	<u>Company</u>	
	<u>2011</u> RM	<u>2010</u> RM
Unquoted shares, at cost	9,050,998	8,051,000
Options granted to employees of subsidiaries	1,232,210	1,232,210
	10,283,208	9,283,210
Less: Accumulated impairment loss	(9,283,208)	(9,283,208)
	1,000,000	2

During the year, the Company subscribed to 999,998 units of ordinary shares of NCSOFT Sdn. Bhd., but there is no change to the percentage holding.

Notes To The Financial Statements

31st July 2011 (continued)

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries, which are all incorporated in Malaysia, are as follows:-

<u>Name of Company</u>	<u>Effective</u>		<u>Principal Activities</u>
	<u>Equity Interest</u> 2011	<u>Equity Interest</u> 2010	
<u>Direct</u>			
*Ansi Systems Sdn. Bhd. (formerly known as 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	100	Software development, system integration, information technology management consultancy and other related professional services
<u>Indirect</u>			
*Inix Industrial Sdn. Bhd.	100	100	Has not commenced operation

*Previously subsidiaries not audited by Hasnan & Co.

7. INVENTORIES

	<u>Group</u>	
	<u>2011</u> RM	<u>2010</u> RM
At cost:-		
Finished goods	13,544	43,578
Work-in-progress	250,166	279,788
Raw materials	110,350	130,463
	<u>374,060</u>	<u>453,829</u>

8. TRADE RECEIVABLES

	<u>Group</u>	
	<u>2011</u> RM	<u>2010</u> RM
Trade receivables	8,666,906	8,238,283
Less: Allowance for impairment	<u>(5,418,029)</u>	<u>(5,529,634)</u>
	<u>3,248,877</u>	<u>2,708,649</u>

Notes To The Financial Statements

31st July 2011 (continued)

8. TRADE RECEIVABLES (CONTINUED)

Credit terms:

The Group's normal credit terms are 60 days to 120 days (2010: 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.

Aging analysis of trade receivables

The aging analysis of the Group's trade receivables is as follows:

	<u>Group</u>	
	<u>2011</u>	<u>2010</u>
	RM	RM
Neither past due nor impaired	1,236,000	2,708,359
Past due but not impaired:-		
1 to 30 days	-	290
31 to 60 days	402,119	-
61 to 90 days	33,130	-
91 to 120 days	-	-
More than 121 days	<u>1,577,628</u>	-
	3,248,877	2,708,649
Impaired	<u>5,418,029</u>	<u>5,529,634</u>
	<u>8,666,906</u>	<u>8,238,283</u>

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. 100% (2010: 92%) of the Group's trade receivables arise from a customer which is a related party to the Group.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM 2,012,877 (2010: RM 290) that are past due at the end of the financial year but not impaired.

The trade receivables that are past due but not impaired are unsecured in nature. The management is confident that the amounts are recoverable as these accounts are still active.

Notes To The Financial Statements

31st July 2011 (continued)

8. TRADE RECEIVABLES (CONTINUED)

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the financial year and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2011 RM	2010 RM
Individually impaired:-		
Trade receivables- nominal amounts	5,418,029	5,529,634
Less: Allowance for impairment	<u>(5,418,029)</u>	<u>(5,529,634)</u>
	<u>-</u>	<u>-</u>

	Group	
	2011 RM	2010 RM
Movement in allowance accounts:-		
At 1 August	5,529,634	4,872,963
Charge for the year/ (reversal)	<u>(111,605)</u>	<u>656,671</u>
At 31 July	<u>5,418,029</u>	<u>5,529,634</u>

Trade receivables that are individually determined to be impaired at the end of the financial year relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The net foreign currency exposure profile of trade receivables is as follows:-

	Group	
	2011 RM	2010 RM
US Dollar-gross amount	2,657,918	3,239,979
-impairment loss	<u>(2,657,918)</u>	<u>(3,239,979)</u>
	<u>-</u>	<u>-</u>

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Other receivables	22,405	24,406	1,140	1,140
Deposits	<u>236,383</u>	<u>257,209</u>	<u>-</u>	<u>-</u>
	<u>258,788</u>	<u>281,615</u>	<u>1,140</u>	<u>1,140</u>

Notes To The Financial Statements

31st July 2011 (continued)

10. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	<u>Company</u>	
	<u>2011</u> RM	<u>2010</u> RM
Ansi Systems Sdn. Bhd. (formerly known as Inix Technologies Sdn. Bhd.)		
Due from:		
Non-trade	11,789,392	11,789,392
Less: Allowance for non-recoverability	<u>(8,125,874)</u>	<u>(8,125,874)</u>
	3,663,518	3,663,518
Due to:		
Non-trade	<u>(991,611)</u>	<u>(954,130)</u>
	<u>2,671,907</u>	<u>2,709,388</u>
NCSOFT Sdn. Bhd.		
Due to: Non-trade	<u>(1,002,900)</u>	<u>-</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 subsidiaries represents expenses paid on behalf of the Company by the subsidiaries and advances provided by a subsidiary to the Company. These are unsecured, interest free and have no fixed terms of repayment.

11. TRADE PAYABLES

The credit terms of trade payables range from 30 days to 60 days (2010: 30 days to 60 days).

12. OTHER PAYABLES AND ACCRUALS

	<u>Group</u>		<u>Company</u>	
	<u>2011</u> RM	<u>2010</u> RM	<u>2011</u> RM	<u>2010</u> RM
Other payables	301,857	271,651	285,552	251,853
Amount due to a related party	499,075	-	-	-
Amount due to directors	-	642,995	-	-
Accruals	<u>284,636</u>	<u>94,876</u>	<u>18,000</u>	<u>20,600</u>
	<u>1,085,568</u>	<u>1,009,522</u>	<u>303,552</u>	<u>272,453</u>

The related party is Encoral Digital Solutions Sdn. Bhd. The amount is non-trade in nature and it is unsecured, interest free and has no fixed terms of repayment.

Notes To The Financial Statements

31st July 2011 (continued)

13. PROVISION FOR WARRANTY CLAIMS

	<u>Group</u>	
	<u>2011</u>	<u>2010</u>
	RM	RM
At 1 August 2010/2009	3,643	3,381
Provision made during the year	3,815	3,643
Writeback on expiry and claims made during the year	<u>(3,643)</u>	<u>(3,381)</u>
At 31 July	<u>3,815</u>	<u>3,643</u>

14. SHARE CAPITAL

	<u>Group and Company</u>		<u>Group and Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Number of shares		RM	RM
Authorised :				
Ordinary shares of RM0.10 each	<u>250,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid:				
Ordinary shares of RM0.10 each	<u>114,950,000</u>	<u>114,950,000</u>	<u>11,495,000</u>	<u>11,495,000</u>

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. REVENUE

	<u>Group</u>	
	<u>2011</u>	<u>2010</u>
	RM	RM
This represents the invoiced value of:		
Goods sold (less discounts and returns)		
including installation and related charges	499,836	818,414
Software development and system integration	<u>3,923,215</u>	<u>2,500,000</u>
	<u>4,423,051</u>	<u>3,318,414</u>

Notes To The Financial Statements

31st July 2011 (continued)

17. COST OF SALES

	<u>Group</u>	
	<u>2011</u> RM	<u>2010</u> RM
Cost of inventories sold	396,333	55,809
Net allowance for warranty claims made/(written back)	172	262
Amortisation of intangible assets	309,000	309,000
	705,505	365,071

18. PROFIT/ (LOSS) BEFORE TAX

Profit/ (Loss) before tax is stated after charging/ (crediting) the following items:-

	<u>Group</u>		<u>Company</u>	
	<u>2011</u> RM	<u>2010</u> RM	<u>2011</u> RM	<u>2010</u> RM
a) Other losses and expenses				
Auditors' remuneration	53,500	46,000	18,000	17,000
Impairment loss on trade receivables made/ (reversed)	(111,605)	656,671	-	-
Allowance for non-recoverability of amount due from a subsidiary	-	-	-	2,052,893
Depreciation of property, plant and equipment (excluding equipment and software for R&D purposes)	525,124	559,016	-	-
Unrealised loss on foreign exchange	155,536	426,524	-	-
Inventories written off	41,562	-	-	-
Waiver of advances from directors	(686,954)	(623,418)	-	-
Interest expense on hire purchase financing	-	42	-	-
Rental of office premises	43,200	56,300	-	-
Research and development ("R&D")	-	-	-	-
-Personnel costs and related expenses	1,505,292	51,457	-	-
-depreciation of equipment and software	1,065,443	1,065,443	-	-

Notes To The Financial Statements

31st July 2011 (continued)

18. PROFIT/ (LOSS) BEFORE TAX (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>2011</u> RM	<u>2010</u> RM	<u>2011</u> RM	<u>2010</u> RM
b) Employee benefits expenses				
Salaries and allowances	1,670,287	141,381	-	-
SOCSSO	26,159	2,333	-	-
Insurance, medical and other benefits	62,916	1,771	-	-
Contribution to defined contribution plan	203,379	17,066	-	-
Bonus	77,613	-	-	-
	<u>2,040,354</u>	<u>162,551</u>	<u>-</u>	<u>-</u>

<u>Group</u>	
<u>2011</u> RM	<u>2010</u> RM

Employee benefit expenses are included in the statement of comprehensive income as follows:-

Selling and marketing expenses	44,330	34,099
Administrative expenses	379,971	71,995
Research and development expenses	1,505,292	51,457
Other expenses	110,761	5,000
	<u>2,040,354</u>	<u>162,551</u>

	<u>Group</u>		<u>Company</u>	
	<u>2011</u> RM	<u>2010</u> RM	<u>2011</u> RM	<u>2010</u> RM
c) Directors' remuneration				
Directors of the Company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Directors of a subsidiary				
Fees:-				
Executive	89,100	40,000	-	-
Non-executive	-	-	-	-
Total	<u>89,100</u>	<u>40,000</u>	<u>-</u>	<u>-</u>

Notes To The Financial Statements

31st July 2011 (continued)

18. PROFIT/ (LOSS) BEFORE TAX (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>2011</u> RM	<u>2010</u> RM	<u>2011</u> RM	<u>2010</u> RM
Directors' remuneration are included in the statement of comprehensive income as follows:-				
Administrative expense	89,100	20,000	-	-
Research and development expenses	-	20,000	-	-
	<u>89,100</u>	<u>40,000</u>	<u>-</u>	<u>-</u>

The number of Directors of the Group whose total remuneration during the financial year fall within the following bands are as follows:-

	<u>Number of directors</u>	
	<u>2011</u>	<u>2010</u>
<u>Executive Directors</u>		
Below RM 50,000	-	2
RM 50,001 - RM 100,000	<u>1</u>	<u>-</u>

19. INCOME TAX EXPENSE

	<u>Group</u>		<u>Company</u>	
	<u>2011</u> RM	<u>2010</u> RM	<u>2011</u> RM	<u>2010</u> RM
Malaysian income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation of effective tax rate:-				
Profit/ (Loss) before tax	<u>66,760</u>	<u>287,138</u>	<u>(70,917)</u>	<u>(2,152,824)</u>
Tax at current income tax rate of 25% (2010: 25%)	16,690	71,785	(17,729)	(538,206)
Tax effects of:-				
-Non-deductible expenses	199,435	515,118	17,729	538,206
-Income not subject to tax	(154,240)	(162,477)	-	-
-Movement of deferred tax not recognised	128,662	-		
-Utilisation of previously unrecognised tax losses	(190,547)			
-Utilisation of capital allowances	<u>-</u>	<u>(424,426)</u>	<u>-</u>	<u>-</u>
Tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes To The Financial Statements

31st July 2011 (continued)

19. INCOME TAX EXPENSE (CONTINUED)

A subsidiary, Ansi Systems Sdn. Bhd. (Formerly known as Inix Technologies Sdn. Bhd.) (“ASSB”) was awarded the status of a Multimedia Super Corridor (“MSC”) company on 28 November 2003. Amongst other incentives, ASSB 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, ASSB has estimated tax exempt income of approximately RM11,497,400 (2010:RM11,497,400) as at 31 July 2011 available for distribution as tax exempt dividends. In addition, ASSB has estimated unabsorbed tax losses and unutilised capital allowances of approximately RM6,803,500 (2010: RM10,991,900) and RM11,425,200 (2010: RM9,463,700) respectively, which, subject to the agreement with the Inland Revenue Board, can be carried forward to set off against future taxable income of future periods.

In addition, the directors have appealed against an assessment of RM404,846 (including penalties) raised by the Inland Revenue Board. During the year, the Inland Revenue Board has decided in favour of the Company and has dropped the case (Note 2d (10)).

The tax effects of temporary differences which would give rise to future net tax benefits are generally recognised only where there is a reasonable expectation of realisation. As at the end of the financial year, the estimated amount of deferred taxation benefits calculated at the current tax rate, that had not been recognised in the financial statements are as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	RM	RM	RM	RM
Taxable/(deductible) temporary differences				
-Property, plant and equipment	1,296,624	2,823,443	-	-
-Provision for warranty claims	(3,815)	(3,643)	-	-
	<u>1,292,809</u>	<u>2,819,800</u>	<u>-</u>	<u>-</u>
Unabsorbed tax losses	(6,803,500)	(10,991,900)	-	-
Unutilised capital allowance	(11,425,200)	(9,463,700)	-	-
	<u>(16,935,891)</u>	<u>(17,635,800)</u>	<u>-</u>	<u>-</u>

Deferred tax asset has not been recognised in the financial statements as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences, unutilised allowances and unabsorbed losses, stated above can be utilised.

Notes To The Financial Statements

31st July 2011 (continued)

20. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

- (a) Ansi Systems Sdn Bhd (formerly known as Inix Technologies Sdn. Bhd.) (“ASSB”) and NCSOFT Sdn. Bhd. (“NSSB”), being subsidiaries of ITHB:
- (b) Inix Industrial Sdn. Bhd. (“IISB”) being a subsidiary of ASSB
- (c) Mr. Liew Woy Kee (“LWK”) being a person connected to Cheong Kok Yai, a former executive director of the Company. Cheong Kok Yai has resigned as director on 08 October 2010. 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 certain directors of ITHB, ASSB and NSSB being key management personnel of EDSSB. EDSSB is also 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 18 (c).
- (b) The key management personnel of EDSSB comprise the Directors of the company and certain members of senior management of the company.

	<u>Group</u>		<u>Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	RM	RM	RM	RM
Balances at year end included in the statement of financial position are as follows:-				
<u>Trade receivables</u>				
Software development fees receivables from EDSSB	<u>2,720,000</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>
<u>Other receivables, deposits and prepayments</u>				
Rental and utility deposits paid to LWK	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>

Notes To The Financial Statements

31st July 2011 (continued)

20. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

	<u>Group</u>		<u>Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	RM	RM	RM	RM
<u>Amount due from/(to) subsidiaries</u>				
Advances provided to ASSB for working capital purposes	-	-	8,200,000	8,200,000
Expenses paid on behalf of ASSB	-	-	3,589,392	3,589,392
Expenses paid on behalf by ASSB	-	-	(991,611)	(954,130)
Advances provided by NCSSB	-	-	(1,000,998)	-
Expenses paid on behalf by NCSSB	-	-	(1,902)	-
	<u>-</u>	<u>-</u>	<u>9,794,881</u>	<u>10,835,262</u>

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

Revenue

Fees on software development in progress from EDSSB	<u>3,020,000</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>
-----------------------------------------------------	------------------	------------------	----------	----------

Expenses

Rental of office premises paid to LWK	<u>30,000</u>	<u>31,800</u>	<u>-</u>	<u>-</u>
---------------------------------------	---------------	---------------	----------	----------

Payment on behalf

Expenses paid on behalf by ASSB	<u>-</u>	<u>-</u>	<u>(37,481)</u>	<u>(93,610)</u>
---------------------------------	----------	----------	-----------------	-----------------

21. 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.

Notes To The Financial Statements

31st July 2011 (continued)

21. EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

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

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

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

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

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

	No. of share options at exercise price of RM0.40 each	
	<u>2011</u>	<u>2010</u>
	RM	RM
Outstanding at 1 August	270,000	695,000
Forfeited during the year	(270,000)	(425,000)
Waived during the year	-	-
Outstanding at 31 July	<u>-</u>	<u>270,000</u>
Exercisable at 31 July:		
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
Total number of options outstanding	<u>-</u>	<u>270,000</u>

The total number of options outstanding at 31 July 2010 has expired on 24 August 2010.

Notes To The Financial Statements

31st July 2011 (continued)

22. SEGMENT INFORMATION

The Group is basically engaged in the following business segments:-

i) Development and sales of security, automation and surveillance systems

ii) Software development and system integration

2011	Development and sales of security, automation and surveillance systems RM	Software developme nt and system integration RM	Corporat e RM	Elimination s RM	Total RM
Operating segments					
Revenue					
External customers	499,836	3,923,215	-	-	4,423,051
Results					
Depreciation	(1,590,567)	-	-	-	(1,590,567)
Amortisation	(309,000)	-	-	-	(309,000)
Provision for warranty claims	(172)	-	-	-	(172)
Reversal of impairment loss on trade receivables	111,605	-	-	-	111,605
Segment profit/ (loss)	(1,586,205)	1,720,749	(70,917)	3,133	66,760
Assets					
Investment in subsidiaries	-	-	1,000,000	(1,000,000)	-
Additions to intangible assets	-	1,389,017	-	-	1,389,017
Amount due from holding company	-	1,002,900	-	(1,002,900)	-
Amount due from subsidiaries	-	-	2,671,907	(2,671,907)	-
Amount due from related company	1,259,628	-	-	(1,259,628)	-
Segment assets	2,565,714	7,136,560	3,676,613	(5,934,435)	7,444,452
Liabilities					
Amount due to holding company	10,797,781	-	-	(10,797,781)	-
Amount due to subsidiaries	-	-	1,002,900	(1,002,900)	-
Amount due to related company	-	1,259,628	-	(1,259,628)	-
Segment liabilities	11,081,838	1,934,234	1,306,452	(13,075,335)	1,247,189

Geographical Information

			Non-current assets	Current asset
	Revenue RM	Profit before tax RM	Property, plant and equipment RM	Intangible assets RM
Malaysia	4,423,051	66,760	1,656,096	1,564,017
Australia	-	-	-	-
	4,423,051	66,760	1,656,096	1,564,017
				3,248,877

Notes To The Financial Statements

31st July 2011 (continued)

22. SEGMENT INFORMATION (CONTINUED)

2010	Development and sales of security, automation and surveillance systems RM	Software developmen t and system integration RM	Corporate RM	Elimination RM	Total RM
Operating segments					
Revenue					
External customers	818,414	2,500,000	-	-	3,318,414
Results					
Depreciation	(1,624,459)	-	-	-	(1,624,459)
Amortisation	(309,000)	-	-	-	(309,000)
Provision for warranty claims	(262)	-	-	-	(262)
Impairment of financial assets	(656,671)	-	(2,052,893)	2,052,893	(656,671)
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
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		
	Revenue RM	Profit before tax RM	Property, plant and equipment RM	Intangible assets RM	Trade receivables RM
Malaysia	3,318,414	287,138	3,246,663	275,000	2,708,649
Australia	-	-	-	209,000	-
	3,318,414	287,138	3,246,663	484,000	2,708,649

The Group has 1 (2010: 1) major customer contributing approximately RM3,020,000 (2010:2,500,000) of total sales revenue.

Notes To The Financial Statements

31st July 2011 (continued)

23. EARNINGS/ (LOSS) PER ORDINARY SHARE

<u>Gross/Net</u>	Group	
	<u>2011</u> RM	<u>2010</u> RM
Basic:		
Net profit/(loss) attributable to ordinary shareholders (RM)	66,760	287,138
	114,950,00	114,950,00
Weighted average number of ordinary shares in issue	0	0
Basic earning/(loss) per ordinary share (sen)	<u>0.06</u>	<u>0.25</u>
Diluted:		
Net profit/(loss) attributable to ordinary shareholders (RM)	66,760	287,138
	114,950,00	114,950,00
Weighted average number of ordinary shares in issue	0	0
Number of shares issuable under ESOS	-	270,000
Number of shares that would have been issued at fair value	-	(270,000)
Adjusted weighted average number of ordinary shares in issue	114,950,00	114,950,00
Diluted earnings/(loss) per ordinary share (sen)	<u>N/A</u>	<u>0.25</u>

No ESOS option has been granted as at the end of the financial year, therefore the disclosure of diluted earnings/ (loss) per ordinary share is not applicable.

24. 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.

(a) Financial risk management objectives and policies

The Group is mainly exposed to credit risk, liquidity risk, foreign currency risk, technological risk and market risk. The Group has formulated a financial risk management framework with the principal objectives of minimising the Group's exposure to risks.

i) 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 8.

ii) Liquidity risk

The Group's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

Notes To The Financial Statements

31st July 2011 (continued)

24. FINANCIAL INSTRUMENTS (CONTINUED)

iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market rates. Short term receivables and payables are not significantly exposed to interest rate risk.

iv) Foreign currency risk

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency. The Group's foreign currency transactions and balances are substantially denominated in United States ("US") Dollar.

As the carrying amount of net financial assets held in non-functional currency as at the end of the reporting period is Nil (Note 8), no currency risk sensitivity analysis is presented.

v) 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.

(b) Financial assets

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

(c) 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, and other payables and accruals.

(d) Fair values of financial instruments

The carrying amounts and estimated fair values of the financial instruments of the Group and Company at the end of the financial year are as follows:-

	<u>Group</u>		<u>Company</u>	
	<u>Carrying</u>	<u>Fair value</u>	<u>Carrying</u>	<u>Fair value</u>
	<u>Amount</u>	<u>RM</u>	<u>amount</u>	<u>RM</u>
	RM	RM	RM	RM
2011				
Financial assets				
Trade and other receivables	3,507,665	3,507,665	1,140	1,140
Amount due from a subsidiary	-	-	2,671,907	2,671,907
Cash and bank balances	342,614	342,614	3,566	3,566

Notes To The Financial Statements

31st July 2011 (continued)

24. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair values of financial instruments (Continued)

	<u>Group</u>		<u>Company</u>	
	<u>Carrying Amount</u> RM	<u>Fair value</u> RM	<u>Carrying Amount</u> RM	<u>Fair value</u> RM
2011				
Financial liabilities				
Trade and other payables	1,243,374	1,243,374	303,552	303,552
Amount due to a subsidiary	-	-	1,002,900	1,002,900
2010				
Financial assets				
Trade and other receivables	2,990,264	2,990,264	1,140	1,140
Amount due from a subsidiary	-	-	2,709,388	2,709,388
Cash and bank balances	116,574	116,574	3,001	3,001
Financial liabilities				
Trade and other payables	1,157,184	1,157,184	272,453	272,453

There is no fair value for financial instruments not recognised in the statement of financial position that is required to be disclosed.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:-

i) Cash and bank balances

The carrying amount of cash and bank balances approximates fair value due to the relatively short term maturity of these instruments.

ii) Trade and other receivables and payables

The historical cost carrying amount of trade receivables and payables subject to normal trade credit terms approximates fair value.

The carrying amounts of other receivables and payables are reasonable estimates of fair value because of their short maturity.

25. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 July 2011 and 31 July 2010.

Notes To The Financial Statements

31st July 2011 (continued)

25. CAPITAL MANAGEMENT (CONTINUED)

The debt to equity ratios at 31 July 2011 and 31 July 2010 were as follows:-

		<u>Group</u>		<u>Company</u>	
		2011 RM	2010 RM	2011 RM	2010 RM
Trade payables	11	157,806	147,662	-	-
Other payables and accruals	12	1,085,568	1,009,522	303,552	272,453
Less: cash and cash equivalents	10	<u>(342,614)</u>	<u>(116,574)</u>	<u>(3,566)</u>	<u>(3,001)</u>
		<u>900,760</u>	<u>1,040,610</u>	<u>299,986</u>	<u>269,452</u>
Equity attributable to the owners of the parent		<u>6,197,263</u>	<u>6,130,503</u>	<u>2,370,161</u>	<u>2,441,078</u>
Capital and net debt		<u>7,098,023</u>	<u>7,171,113</u>	<u>2,670,147</u>	<u>2,710,530</u>
Gearing ratio		<u>0.13</u>	<u>0.14</u>	<u>0.11</u>	<u>0.10</u>

26. EVENT SUBSEQUENT TO THE FINANCIAL YEAR END

On 22 November 2011, the Company announced that it has submitted the listing application to Bursa Securities in relation to placement shares to be issued pursuant to the Proposed Private Placement of up to 11,495,000 new ordinary shares of RM0.10 each in the Company, representing ten percent (10%) of the existing issued and paid-up share capital of the Company to independent third party investor(s) to be identified.

27. SUPPLEMENTARY INFORMATION – BREAKDOWN OF ACCUMULATED LOSSES INTO REALISED AND UNREALISED

The breakdown of the accumulated losses of the Group and of the Company as at 31 July 2011 into realised and unrealised losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<u>Group</u> <u>2011</u> RM	<u>Company</u> <u>2011</u> RM
Total accumulated losses of the Company and its subsidiaries		
Realised	(13,369,722)	(17,782,699)
Unrealised	(585,875)	-
Accumulated losses as per financial statements	<u>(13,955,597)</u>	<u>(17,782,699)</u>

28. COMPARATIVE FIGURES

The comparative figures of the financial statements have been audited by other firm of auditors.

Analysis of Shareholdings

As at 18th November 2011

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 shares

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100 shares	6	0.72	194	0.00
100 to 1,000 shares	98	11.78	78,659	0.07
1,001 to 10,000 shares	342	41.11	2,055,500	1.79
10,001 to 100,000 shares	276	33.17	11,668,194	10.15
100,001 to less than 5% of issued shares	91	10.94	26,844,530	23.35
5% and above of issued shares	19	2.28	74,302,923	64.64
	832	100.00	114,950,000	100.00

Substantial Shareholders

Name of Shareholder	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Encoral Digital Solutions Sdn Bhd	28,442,511	24.74	-	-
Azman Bin Hussin	-	-	*28,442,511	24.74
Cimsec Nominees (tempatan) Sdn Bhd	4,500,000	3.91	-	-
Muhammad Murshid Bin Azman	3,750,000	3.26	-	-
Tan Chee Phin	3,636,600	3.16	-	-
Chew Ching Tong	3,500,000	3.04	-	-
Mayban Securities Nominees (Tempatan) Sdn Bhd	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	-	-	-	-
Chong Chen Fah	-	-	-	-
Azman Bin Hussin	-	-	*28,442,511	24.74
Mahfuzal Bin Othman	12,000	0.01	-	-
Mohd Khasrol Bin Arshad (Resigned on 11 th October, 2011)	258,800	0.23	-	-
Nur Salwa Binti Muhammad	-	-	-	-

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

Analysis of Shareholdings

As at 18th November 2011

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	28,442,511	24.74
2.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BARKATH STORES (PENANG) SDN BERHAD (PB)	4,500,000	3.91
3.	MUHAMMAD MURSHID BIN AZMAN	3,750,000	3.26
4.	TAN CHEE PHIN	3,636,600	3.16
5.	CHEW CHING TONG	3,500,000	3.04
6.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOKE MEI PING (REM 679-MARGIN)	3,500,000	3.04
7.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) S.A. (SPORE TST AC CL)	3,085,000	2.68
8.	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG KIAN TECK	2,741,200	2.38
9.	DAHYA MOHAMED RAZA	2,683,666	2.33
10.	LADUE NAKIAH OSMAN	2,530,000	2.20
11.	AWAN TRAVEL SDN. BHD.	2,513,500	2.19
12.	KONG KOK KEONG	2,000,000	1.74
13.	TEOH CHOO KANG	1,953,300	1.70
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHNUAH FARN FARN (474003)	1,830,300	1.59
15.	CHAN MEI CHENG	1,785,900	1.55
16.	TAN HUI LUN	1,707,000	1.48
17.	TANG WAY KEONG	1,602,000	1.39
18.	PHOO MENG KHAW	1,401,946	1.22
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI (471821)	1,140,000	0.99
20.	WONG KIAN TECK	1,000,000	0.87
21.	WAI HO MANG	990,036	0.86
22.	ORCHID CITY SDN. BHD.	951,900	0.83
23.	HEW YOONG SHIANG	893,300	0.78
24.	CHONG KOK WING	880,499	0.77
25.	PHNUAH FARN FARN	774,000	0.67
26.	CHEW CHING CHONG	750,000	0.65
27.	ANG TIAN MENG	700,000	0.61
28.	LIM GAIK HWA	700,000	0.61
29.	HOW CHOON HOCK	650,000	0.57
30.	AMSEC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG ENG TEE	613,000	0.53
		83,205,658	72.34

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. Depository Receipt Programme

The Company did not sponsor any depository receipt programme for the financial year ended 31 July 2011.

3. 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 2011.

4. 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 2011 are as follows:-

	Group	Company
	RM	RM
Hasnan & Co. from tax advisory	5,800	800

5. Variation of Results

There were no profit estimates, forecast or projection made by the Company during the financial year ended 31 July 2011.

There were no material variance between the results for the financial year ended 31 July 2011 and the unaudited results previously announced by the Company.

6. Profit Guarantee

The Group and the Company had not issued any profit guarantee in respect of the financial year ended 31 July 2011.

7. Material Contracts

During the financial year ended 31 July 2011, 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 2011.

Additional Compliance Information

(continued)

8. Revaluation Policy

The Company did not revalue any of its property, plant and equipment during the financial year ended 31 July 2011.

9. Material Properties

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

10. 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 2011.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of INIX Technologies Holdings Berhad (“INIX”) will be held at Kelab Shah Alam Selangor, Jalan Aerobik 13/43, 40000 Shah Alam, Selangor Darul Ehsan on Wednesday, **28th December 2011** at 8.30 a.m. for the following purpose:

AS ORDINARY BUSINESS

- | | | |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 1. | To receive and adopt the Audited Financial Statements for the financial year end 31 st July 2011 together with the Directors’ and Auditors’ Reports 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 the re-election : | |
| | i. Dato’ Megat Fairouz Junaidi bin Megat Junid | RESOLUTION 2 |
| | ii. Chong Chen Fah | RESOLUTION 3 |
| | iii. Nur Salwa bte Muhammad | RESOLUTION 4 |
| 3. | To re-elect En Mahfuzal bin Othman as Director of the Company who retires by rotation under Article 86 of the Articles of Association of the Company. | RESOLUTION 5 |
| 4. | To re-appoint Messrs. Hasnan & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. | RESOLUTION 6 |

AS SPECIAL BUSINESS

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

5. ORDINARY RESOLUTION I

PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE TO BE ENTERED WITH ENCORAL DIGITAL SOLUTIONS SDN BHD(“eNCoral”) AND PERSONS CONNECTED WITH eNCoral.

“THAT subject to the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad:-

RESOLUTION 7

(a) approval be and is hereby given for the Shareholders’ Mandate for the Company and/or its subsidiaries to enter into and give effect to the category of the recurrent arrangements or transactions of a revenue or trading nature with eNCoral and persons connected with eNCoral as specified in Section 2.2 of the Circular to Shareholders dated 5th December, 2011,

provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the Group’s day-to-day operations;
- (iii) carried out in the ordinary course of business of the Company and its subsidiaries on normal commercial terms which are not more favorable to the Related Parties than those generally available to the public; and
- (iv) not to the detriment of minority shareholders;

(The “mandate”).

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company following the Annual General Meeting at which such mandate was passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the meeting;
- (ii) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

Whichever is the earlier.

and that in making the disclosure of the aggregate value of the recurrent related party transactions conducted pursuant to the proposed shareholders' approval in the Company's annual reports, the Company shall provide a breakdown of the aggregate value of recurrent related party transactions made during the financial ,among others , based on :

- (i) the type of the recurrent related party transactions made ; and
- (ii) the name of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company

and further that authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate as authorised by this Ordinary Resolution.”

**6. ORDINARY RESOLUTION II
AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION
132D OF THE COMPANIES ACT 1965**

RESOLUTION 8

“THAT pursuant to Section 132D of the Companies Act 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year 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 for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting.”

By order of the Board

MOHD HARRIS BIN ABU BAKAR (LS 0008433)
ROSMARIA BINTI OTHMAN (LS 006943)
Shah Alam

6 December 2011

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

RESOLUTION 7

- a) ANSI Systems Sdn. Bhd. ("ASSB") and NCSOFT Sdn. Bhd. ("NSSB"), being subsidiaries of ITHB;
- b) Inix Industrial Sdn. Bhd. ("IISB") being a subsidiary of ASSB.
- c) eNCORAL Digital Solutions Sdn. Bhd. ("eNCORAL") being a related party by virtue that eNCORAL has become a substantial shareholder of ITHB. A director of eNCORAL with substantial financial interest in eNCORAL has been appointed as an executive director of ITHB.
- d) ASSB and NSSB have entered into a tenancy agreement with eNCORAL for the rental of office premises. The latest agreement is effective from 1st January 2012 to 31st December 2013.
- e) eNCORAL contracts out software development and other system related work to ASSB and NSSB. This is normally done by issuance of a Purchase Order or work order from eNCORAL. A formal agreement is also used when the value, scope, deliverables and period of the contract are considered substantial.

RESOLUTION 8

This proposed Resolution, if passed, will empower the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM required by law to be held, whichever is earlier.

This proposed Resolution is a renewal of the previous year's mandate. The renewal of the mandate is to provide flexibility to the Company to issue new securities without the need to convene a separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

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 , situated at 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 adjournment meeting.

Affix Stamp
Here

INIX TECHNOLOGIES HOLDINGS BERHAD

(Company No. 665797-D)
03-32, 3rd Floor,
PKNS Complex,
40000 Shah Alam,
Selangor Darul Ehsan

**ANNUAL REPORT 2011
REQUISITION FORM**

INIX TECHNOLOGIES HOLDINGS BERHAD

(Company No. 665797-D)
(Incorporated in Malaysia under the Companies Act, 1965)

Dear Shareholders,

Please complete your particulars below and mail or fax it to **03-5632 1075** should you require a hard copy of INIX Technologies Holdings Berhad's Annual Report 2011. The Annual Report 2011 is also available for access and download at www.ansi.com.my

Name :

Mailing Address:

.....

.....

.....

Telephone No.: E-mail:

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

No. of shares held

CDS Account No.												
			-			-						

FORM OF PROXY

*I /We _____ Tel :

[Full name in block, NRIC/Company No.]

of

being member(s) of **INIX Technologies Holding Berhad**, hereby appoint:-

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and / or (delete as appropriate)

Full Name (in Block)	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

Or failing him, the Chairman of the Meeting as *my/our proxy(ies) to attend and vote for *me/us and on *my/our behalf at the Seventh Annual General Meeting of the Company to be held at Kelab Shah Alam Selangor, Jalan Aerobik 13/43, 40000 Shah Alam, Selangor Darul Ehsan on Wednesday, 28th December 2011 at 8.30 a.m. and at any adjournment thereof, and to vote as indicated below:-

RESOLUTION	FOR	AGAINST
1. Adoption of the Audited Financial Statements for the financial year ended 31 July 2011 together with the Reports of the Directors and the Auditors thereon.		
2. Re-election of Dato' Megat Fairouz Junaidi bin Megat Junid		
3. Re-election of Chong Chen Fah		
4. Re-election of Nur Salwa bte Muhammad		
5. Re-election of Mahfuzal bin Othman		
6. Re-appointment of Mess Hannan & Co. as auditors		
7. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature to be entered with Encoral Digital Solutions Sdn Bhd ("ENCORAL") and persons connected with Encoral.		
8. Authority to Directors to issue shares pursuant to Section 132D.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast "for" or "against" the resolutions. In the absence of specific direction, your will vote or abstain as he thinks fit.

Signed this _____ day of _____, 2011.

Signature of Shareholder / Common Seal

*Delete whichever is not applicable

Notes :

- A member entitled to attend and vote is entitled to appoint up to 2 proxies to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply.
- Where the Member of the Company appoints two (2) proxies, the appointment shall be invalid unless the Member specifies the proportion of his shareholding to be represented by each proxy.
- A member of the Company who is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, can appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
- The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or notarially certified copy of that power of authority shall 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 appointed for holding the meeting or adjournment meeting.



INIX TECHNOLOGIES HOLDINGS BERHAD (665797-D)

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