



**INIX Technologies Holdings Berhad**

**(665797-D)**

(Incorporated in Malaysia)

# Unaudited interim financial report

for the quarter ended 31 October 2008

**SUMMARY OF KEY FINANCIAL INFORMATION**

**10/31/2008**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	10/31/2008	10/31/2007	10/31/2008	10/31/2007
	RM'000	RM'000	RM'000	RM'000
1 Revenue	417	546	417	546
2 Profit/(loss) before tax	(968)	(1,356)	(968)	(1,356)
3 Profit/(loss) for the period	(968)	(1,356)	(968)	(1,356)
4 Profit/(loss) attributable to ordinary equity holders of the parent	(968)	(1,356)	(968)	(1,356)
5 Basic earnings/(loss) per share (sen)	(0.84)	(1.21)	(0.84)	(1.21)
6 Proposed/Declared dividend per share (sen)	-	-	-	-

  

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (RM)	0.0604	0.0677



**INIX Technologies Holdings Berhad** (665797-D)  
(Incorporated in Malaysia)

## Condensed consolidated income statement for the three-month period ended 31 October 2008

		<b>Three months and year-to-date ended</b>	
	<b>Note</b>	<b>31 Oct 2008</b>	<b>31 Oct 2007</b>
		<i>unaudited</i>	<i>unaudited</i>
		RM'000	RM'000
Revenue	A9	417	546
Cost of sales		(362)	(326)
<hr/>			
<i>Gross profit/(loss)</i>		55	220
Selling and marketing expenses		(80)	(152)
Administrative expenses		(323)	(489)
Research and development expenses		(418)	(593)
Other expenses		(201)	(341)
Finance costs		(1)	(1)
<hr/>			
<b>Loss before tax</b>		(968)	(1,356)
Taxation	B5	-	-
<hr/>			
<b>Loss for the period</b>		(968)	(1,356)
<hr/>			
<b>Loss per share</b> <b>attributable to ordinary equity</b> <b>holders of the Company (sen)</b>			
Basic	B13	(0.84)	(1.21)
<hr/>			
Diluted	B13	(0.84)	(1.21)
<hr/>			

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 July 2008 and the accompanying explanatory notes attached to the interim financial statements.



**INIX Technologies Holdings Berhad** (665797-D)  
(Incorporated in Malaysia)

## Condensed consolidated balance sheet as at 31 October 2008

	<b>Note</b>	<b>As at 31 Oct 2008 unaudited RM'000</b>	<b>As at 31 Jul 2008 audited RM'000</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Intangible assets		1,025	1,102
Property, plant and equipment	A10	6,598	7,071
Goodwill on consolidation		-	-
		<b>7,623</b>	<b>8,173</b>
<b>Current Assets</b>			
Inventories		693	832
Trade receivables		14	40
Other receivables, deposits and prepayments		189	210
Cash and bank balances		74	157
		<b>970</b>	<b>1,239</b>
<b>TOTAL ASSETS</b>		<b>8,593</b>	<b>9,412</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Attributable to Equity Holders of the Company</b>			
Share capital	A7(b)	11,495	11,495
Share premium	A7(b)	8,658	8,658
Share option reserve	A7(a)	1,607	1,478
Accumulated losses		(14,818)	(13,850)
		<b>6,942</b>	<b>7,781</b>
<b>Non-Current Liability</b>			
Hire purchase payable	B9	-	2
<b>Current liabilities</b>			
Trade payables		355	463
Other payables and accruals		1,277	1,141
Provision for warranty claims		4	7
Hire purchase payable	B9	15	18
		<b>1,651</b>	<b>1,629</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,593</b>	<b>9,412</b>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>			
		<b>0.0604</b>	<b>0.0677</b>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 July 2008 and the accompanying explanatory notes attached to the interim financial statements.



**INIX Technologies Holdings Berhad** (665797-D)  
(Incorporated in Malaysia)

## Condensed consolidated statement of changes in equity for the three-month period ended 31 October 2008

	<i>Attributable to equity holders of the Company</i>				
	<i>Share capital</i>	<i>Share premium</i>	<i>Share option reserve</i>	<i>Accumulated losses</i>	<i>Total</i>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 August 2007</b> (audited)	10,450	8,109	1,061	(2,605)	17,015
Issue of shares during the period	1,045	575	-	-	1,620
Share issue expenses	-	(26)	-	-	(26)
Loss for the period	-	-	-	(1,356)	(1,356)
Employee share options granted	-	-	143	-	143
<b>At 31 October 2007</b> (unaudited)	11,495	8,658	1,204	(3,961)	17,396
<b>At 1 August 2008</b> (audited)	11,495	8,658	1,478	(13,850)	7,781
Loss for the period	-	-	-	(968)	(968)
Employee share options granted	-	-	129	-	129
<b>At 31 October 2008</b> (unaudited)	11,495	8,658	1,607	(14,818)	6,942

*The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2008 and the accompanying explanatory notes attached to the interim financial statements.*



**INIX Technologies Holdings Berhad** (665797-D)  
(Incorporated in Malaysia)

## Condensed consolidated cashflow statement for the three-month period ended 31 October 2008

	<i>Three months and year-to-date ended</i>	
	<b>31 Oct 2008</b>	<b>31 Oct 2007</b>
	<i>unaudited</i>	<i>unaudited</i>
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss for the period</b>	(968)	(1,356)
<i>Adjustments:</i>		
Depreciation of property, plant and equipment	473	650
Amortisation of intangible assets	77	77
Net provision for warranty claims written back	(3)	(20)
Allowance for doubtful debts	3	119
Interest expense on hire purchase financing	1	1
Share option expense	129	143
<b>Operating loss before working capital changes</b>	(288)	(386)
(Increase)/decrease in inventories	139	(1,126)
Decrease in trade receivables	23	635
Decrease in other receivables, deposits and prepayments	21	1
Decrease in trade payables	(108)	(298)
Increase/(decrease) in other payables and accruals	131	(34)
<b>Net cash used in operating activities</b>	(82)	(1,208)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	(736)
<b>Net cash used in investing activities</b>	-	(736)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares (net)	-	1,594
Interest paid on hire purchase financing	(1)	(1)
<b>Net cash generated from/(used in) financing activities</b>	(1)	1,593
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(83)	(351)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	157	669
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	74	318
<i>These comprise:-</i>		
Cash in hand	26	24
Bank balances	48	294
	74	318

The condensed consolidated cashflow statement should be read in conjunction with the audited financial statements for the year ended 31 July 2008 and the accompanying explanatory notes attached to the interim financial statements.



## **Explanatory notes to the interim financial report**

### **A Pursuant to FRS 134: Interim Financial Reporting**

#### **A1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Mesdaq Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 July 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 July 2008.

#### **A2 Changes in accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 July 2008.

The Group has not early adopted the following new and revised FRSs and Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective:

<b>FRS</b>		<b>Effective for annual periods commencing on or after</b>
4	Insurance Contracts	1 Jan 2010
7	Financial Instruments: Disclosures	1 Jan 2010
8	Operating Segments	1 Jul 2009
139	Financial Instruments: Recognition and Measurement	1 Jan 2010
<b>IC Interpretation</b>		
9	Reassessment of Embedded Derivatives	1 Jan 2010
10	Interim Financial Reporting and Impairment	1 Jan 2010

#### **A3 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 July 2008 was not qualified.

#### **A4 Seasonal or cyclical factors**

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the current quarter and financial year-to-date under review.

#### **A5 Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year-to-date.

#### **A6 Significant estimates and changes in estimates**

There were no changes in estimates that have a material effect in the current quarter and financial year-to-date.



## Explanatory notes to the interim financial report

### A7 Debt and equity securities

Save as disclosed below, there were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares during the financial year-to-date under review:

#### (a) Employee Share Option Scheme

The INIX Employee Share Option Scheme ("ESOS" or "the Scheme") grants options to eligible directors and employees of the INIX Group to subscribe for shares up to 15% of INIX's issued and paid-up share capital. The Scheme is in force for a duration of 5 years commencing from 25 August 2005.

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 Company's 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 was determined by calculating the historical volatility of the share prices of the Company and of other companies listed on the same exchange, board and sector. The 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 period under review are as follows:

	<b>No. of share options at exercise price of RM0.40 each</b>	
	<b>Three months ended</b>	
	<b>31 Oct 2008</b>	<b>31 Oct 2007</b>
	<b>'000</b>	<b>'000</b>
Outstanding at the beginning of the period	4,250	4,600
Granted and accepted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
<b>Outstanding at the end of the period</b>	<b>4,250</b>	<b>4,600</b>
<b>Exercisable at the end of the period</b>	<b>3,943</b>	<b>3,686</b>

#### (b) Private placement exercise

The Company announced on 04 January 2008 that it proposed to undertake a private placement exercise involving the placement of up to 10% of the issued and fully paid-up share capital of INIX, comprising up to 11,495,000 new ordinary shares of RM0.10 each to investors to be identified. The proposal is subject to approval of the Securities Commission.

### A8 Dividends paid

No dividends were paid during the financial year-to-date.



## Explanatory notes to the interim financial report

### A9 Segmental information

#### (a) Geographical segments

##### Asia

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

##### Australia, Africa and Europe

- promotion, marketing, distribution, sales and related activities.

	<b>Australia</b> RM'000	<b>Africa</b> RM'000	<b>Asia</b> RM'000	<b>Europe</b> RM'000	<b>Conso- lidated</b> RM'000
<b>Three months and year-to-date ended 31 Oct 2008</b>					
<b>Segment Revenue</b>					
Total revenue	-	-	417	-	417
Inter-segment revenue	-	-	-	-	-
External revenue	-	-	417	-	417
<b>Segment Results</b>					
Unallocated expenses	(84)	-	(417)	-	(501)
- corporate	-	-	-	-	(315)
- R&D	-	-	-	-	(151)
Finance costs	-	-	-	-	(1)
Taxation	-	-	-	-	-
Loss for the period	-	-	-	-	(968)
<b>Segment Assets</b>					
Unallocated assets	795	-	6,843	-	7,638
Total assets	-	-	-	-	955
<b>Segment Liabilities</b>					
Unallocated liabilities	-	-	4	-	4
Total liabilities	-	-	-	-	1,647
<b>Other Information:</b>					
Capital expenditure	-	-	-	-	-
Depreciation	32	-	441	-	473
Amortisation	52	-	25	-	77
<b>Three months and year-to-date ended 31 Oct 2007</b>					
<b>Segment Revenue</b>					
Total revenue	-	-	546	-	546
Inter-segment revenue	-	-	-	-	-
External revenue	-	-	546	-	546
<b>Segment Results</b>					
Unallocated expenses	(84)	-	(617)	-	(701)
- corporate	-	-	-	-	(506)
- R&D	-	-	-	-	(148)
Finance costs	-	-	-	-	(1)
Taxation	-	-	-	-	-
Loss for the period	-	-	-	-	(1,356)
<b>Segment Assets</b>					
Unallocated assets	2,630	-	12,586	-	15,216
Total assets	-	-	-	-	2,930
<b>Segment Liabilities</b>					
Unallocated liabilities	-	-	47	-	47
Total liabilities	-	-	-	-	703
<b>Other Information:</b>					
Capital expenditure	-	-	736	-	736
Depreciation	32	-	618	-	650
Amortisation	52	-	25	-	77





## Explanatory notes to the interim financial report

### A9 Segmental information *(continued)*

#### **(b) Business segments**

	<b>Invest- ment holding</b>	<b>Development and sales of security, aut- omation and surveillance systems</b>	<b>Elimi- nation</b>	<b>Conso- lidated</b>
	RM'000	RM'000	RM'000	RM'000
<b>Three months and year-to-date ended 31 Oct 2008</b>				
Total revenue	-	417	-	417
Segment assets	18,498	10,218	(20,123)	8,593
Capital expenditure	-	-	-	-
<hr/>				
<b>Three months and year-to-date ended 31 Oct 2007</b>				
Total revenue	-	546	-	546
Segment assets	18,649	18,768	(19,271)	18,146
Capital expenditure	-	736	-	736

#### **A10 Carrying value of revalued assets**

There has been no revaluation of property, plant and equipment during the financial year-to-date.

#### **A11 Changes in the composition of the Group**

There were no changes in the composition of the Group during the financial year-to-date.

#### **A12 Capital commitments**

As at the end of the current financial year-to-date, the Group has no material commitment in respect of property, plant and equipment.

#### **A13 Changes in contingent liabilities and contingent assets**

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 July 2008.

#### **A14 Significant related party transactions**

The directors are of the opinion that there were no related party transactions during the financial year-to-date which would have a significant impact on the financial position and business of the Group.

#### **A15 Subsequent events**

There were no material events subsequent to the end of the current quarter.



## Explanatory notes to the interim financial report

### **B Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the Mesdaq Market**

#### **B1 Performance review**

The Group registered a sales turnover of RM0.417 million for the quarter under review. Reflective of the continuing adverse operating environment for the Group, consolidated earnings remained in the negative, with an unaudited pre-tax loss of RM0.968 million recorded for the current quarter and financial year-to-date ended 31 October 2008.

#### **B2 Material change in profit before tax**

	<i>Current quarter ended 31 Oct 2008</i>	<i>Preceding quarter ended 31 Jul 2008</i>
	RM'000	RM'000
Revenue	417	501
Loss before tax	(968)	(7,262)

Group sales revenue for the quarter under review ("FY09Q1") declined moderately to RM0.417 million compared to the RM0.501 million recorded for the preceding quarter ("FY08Q4"). Pre-tax loss for the period of RM0.968 million was significantly lower than for FY08Q4 amounting to RM7.262 million, which took into account prudential year-end accounting adjustments and provisions. Similar to accounting adjustments undertaken in FY08Q4, certain significant individual items of expenditure for FY09Q1 compared to FY08Q4 include provision for allowance for bad and doubtful debts RM0.003 million (FY08Q4: RM1.808 million), amortisation of intangible assets RM0.077 million (FY08Q4: RM0.077 million), share option expenses RM0.129 million (FY08Q4: RM0.129 million), and depreciation on property, plant and equipment of RM0.472 million (FY08Q4: RM0.645 million).

#### **B3 Prospects**

In light of the Group's extremely disappointing revenue and earnings performance in the last two preceding financial years, the Directors are cautious on the prospects of the Group in the near term. Barring any unforeseen significant further deterioration of the Group's operating environment, including impairment and/or diminution in the value of the Group's assets vis-à-vis the future economic benefits reasonably expected to flow to the Group therefrom, the Directors are hopeful of reduced losses for the current financial year ending 31 July 2009.

#### **B4 Profit forecast or profit guarantee**

No profit forecast or profit guarantee was published.

#### **B5 Taxation**

For both the current quarter as well as financial year-to-date, the Company has no taxable income while its subsidiary enjoyed 100% exemption of tax as a pioneer status company. The pioneer status had been granted to its subsidiary for 5 years commencing 1 December 2003. Being a Multimedia Super Corridor ("MSC") status company, and pursuant to the benefits/incentives available, its statutory income is fully exempted from income tax.

#### **B6 Sale of unquoted investments and properties**

There were no sales of unquoted investments and properties in the current quarter and financial year-to-date.



## Explanatory notes to the interim financial report

### B7 Quoted securities

There were no acquisitions or disposals of quoted securities during the current quarter and financial year-to-date.

### B8 Corporate proposals

Save as disclosed below, there were no corporate proposals announced but not yet completed as at the date of this announcement.

#### Proposed placement

The Company announced on 04 January 2008 that it proposed to undertake a private placement exercise involving the placement of up to 10% of the issued and fully paid-up share capital of INIX, comprising up to 11,495,000 new ordinary shares of RM0.10 each to investors to be identified. The proposal is pending approval of the Securities Commission.

### B9 Borrowings and debt securities

Save as disclosed below, there were no borrowings and debt securities outstanding and/or issued as at the end of the reporting period.

<b>Interest bearing secured borrowing</b>	<b>Payable within 12 months RM'000</b>	<b>Payable after 12 months RM'000</b>
Hire purchase (in Malaysian currency)	15	-

*There has been no default on payment of either interest and/or principal sum in respect of the above borrowing throughout the past one financial year.*

### B10 Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this report.

### B11 Changes in material litigation

Save as disclosed below, neither the Company nor its subsidiary is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary.

#### *Kuala Lumpur High Court Civil Suit No. S7-22-222-2006*

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

In announcement on 25 October 2007, the Company informed that the Deputy Registrar of the Kuala Lumpur High Court (Civil Division No.7) had in hearing on 25 October 2007 dismissed with costs the plaintiff's attempt to enter summary judgment against the Company. Thereafter, the plaintiff has not taken any further steps in this matter.



## Explanatory notes to the interim financial report

### B12 Dividend payable

No interim ordinary dividend has been declared for the financial period under review.

### B13 Earnings per share

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

	<i>Three months and year-to-date ended</i>	
	<i>31 Oct 2008</i>	<i>31 Oct 2007</i>
<b>Basic:</b>		
Net loss attributable to ordinary shareholders (RM'000)	(968)	(1,356)
Weighted average number of ordinary shares in issue ('000)	114,950	112,451
Basic loss per ordinary share (sen)	(0.84)	(1.21)
<b>Diluted:</b>		
Net loss attributable to ordinary shareholders (RM'000)	(968)	(1,356)
Weighted average number of ordinary shares in issue ('000)	114,950	112,451
Number of shares issuable under ESOS ('000)	4,250	4,600
Number of shares that would have been issued at fair value ('000)	(4,250)	(4,600)
Adjusted weighted average number of ordinary shares in issue ('000)	114,950	112,451
Diluted loss per ordinary share (sen)	(0.84)	(1.21)

### B14 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 December 2008.