

5 INDUSTRY OVERVIEW

The INIX Group is able to provide smart home solutions to the smart home industry. Set out below are some of the industry factors affecting the business of the Group:-

5.1 OVERVIEW OF THE WORLD AND MALAYSIAN ECONOMIES

In 2004, the global economy expanded at its strongest pace of 4.8% since 1984, led by United States ("US"), reinforced by strong growth in the Asian region and revival of growth in Japan and Europe. Above-trend growth in the first half-year reflected the strong rebound from the lower base of 2003 due to economic uncertainties related to the war in Iraq and the outbreak of Severe Acute Respiratory Syndrome in Asia. In the second half-year, despite the dampening effects of sharply higher oil prices and the reversal of interest rate trends, the growth momentum was maintained, reflecting sustained strong consumer spending and the revival in investments. Overall, global economy exhibited greater resilience to energy shocks.

With the more robust growth in global trade and domestic demand, the momentum of economic growth in Malaysia, which began in the second half of 2003, gathered pace in 2004. Real GDP increased by 7.1% in 2004 (2003: 5.3%), the fastest growth since 2000. The economy benefited from the rapid growth of global trade in manufactures and higher prices for primary commodities. Although global growth moderated somewhat in the second half of the year, the Malaysian economy remained resilient with stronger domestic demand providing the impetus for sustained expansion. The private sector was the main force of economic expansion, while the Government continued with fiscal consolidation.

On the other hand, the construction sector contracted by 1.9% due to lower activity in the civil engineering sub-sector, which was partly mitigated by expansion in both residential and non-residential sub-sectors. In contrast, the residential sub-sector continued to grow due to sustained demand for residential property, which was supported by higher incomes as well as attractive housing mortgage financing packages.

(Source : Bank Negara Annual Report 2004)

5.2 THE MALAYSIAN RESIDENTIAL PROPERTY MARKET OUTLOOK

In tandem with the robust economy, the Malaysian property market backed by Government policies and measures and sustained by accommodative financial policy, continued to perform well. Budget 2004 had allocated RM13.80 billion to the economic, infrastructure and industrial sectors. The Government continued to focus on affordable housing. The 2004 property market activities supported by the recovery in private investments and a low interest rate environment remained on upward trend. Improved demand, as indicated by increases in the total volume and value of transactions, amidst mix performance in the primary market, propelled the activities.

The residential property sub-sector remained the property market driver contributing 66.6% of the total transaction volume. In 2004, the residential property sub-sector continued to propel the construction sector, helping to mitigate further contraction in the sector due to lesser activity in the infrastructure and construction projects. The sub-sector remained the driver of the property market with its 66.6% and 48.9% contributions to the volume and value of market transactions. During the year, the sub-sector continued to expand due to firm demand. This showed that favourable financing conditions, low interest rates and Government incentives including the Stamp Duty waiver under the economic stimulus package remained supportive to the property market.

In the primary market, the overall sales performance of newly launched residential units eased to 48.0% as the market recorded an outstanding number of 95,339 units launched during the year. This indicated that the market was unable to absorb the significant 14.6% increase in the

5 INDUSTRY OVERVIEW (Cont'd)

number of the newly-launched units. Kuala Lumpur and Selangor registered decent sale performances of 50.8% and 59.5% respectively.

On the supply side, the construction of residential properties remained brisk with higher building plan approvals in the planned supply, albeit moderate construction starts. Kuala Lumpur, Selangor and Johor registered significant number of starts units in the market.

On the whole, the nation's residential stock stood at more than 3.45 million units. Prices of residential properties were largely mixed with most states recording some increases in preferred locations or schemes. In Klang Valley, prices for all types of houses were mostly on upward trends particularly conventional units in preferred areas.

The residential property is expected to continue favourably as low interest rate regimes and easy end financing, coupled with various Government measures and incentives give further support to the sub-sector. However, developers have to be cautious before undertaking any new projects since demand is easing in the primary market as indicated by lower sales performance and higher overhang and unsold units.

(Source : Property Market Report 2004, Valuation and Property Services Department, Ministry of Finance Malaysia)

5.3 THE INTELLIGENT HOME SYSTEM MARKET ("IHS")

Currently, there is no single accepted definition as to what constitutes a IHS. For the purposes of this Prospectus, IHS is viewed as an integrated solution which combines elements of home security, surveillance, remote monitoring and home automation. More advanced IHS may also incorporate broadband, home appliances (refrigerator, washing machine, and microwave) and home entertainment features into the IHS. IHS is primarily aimed at making life more comfortable, convenient and secure through the application of technology.

Traditionally, IHS were expensive and only found in high-end luxury homes. These systems were custom designed based on the home owner's requirements. However, advances in technology as well as economies of scale from larger production capacity have led to the availability of more affordable systems. Today, IHS can be found in pre-packaged cash and carry boxed sets at affordable prices.

The common functions of IHS include those listed below. Although the following is not exhaustive, these functions are the most commonly available features found in the Malaysian IHS market:

- **Security.** A core function of the IHS, the security system detects unauthorized intrusion into the property and alerts the home owner and other designated parties of the intrusion. This function is similar to a traditional home burglar alarm. However, an IHS security system can typically be accessed and controlled remotely either from the Internet, PDA or mobile phone.
- **Surveillance and remote monitoring.** Certain higher-end IHS allow for surveillance and remote monitoring. Users can either view surveillance footage through a personal computer connected to the internet through a broadband connection, mobile phone via GPRS or have the images recorded digitally through a personal computer.
- **Home automation.** Home automation involves the control of electrical appliances such as lighting, air conditioning and the home entertainment system. These electrical appliances can be operated remotely either through pre-programmed instructions or through a telephone or the internet.

(Source : Independent Market Research Report)

5 INDUSTRY OVERVIEW (Cont'd)

5.4 THE GLOBAL IHS MARKET

Globally, the IHS market is led by countries such as the US and South Korea who are the early adopters of cutting edge IHS technology. These countries have the necessary networked infrastructure in place as well as knowledgeable consumers. Globally, it is projected that the current 35 million homes equipped with IHS will increase to 98 million by 2008.

Asia, which is experiencing increasingly higher broadband penetration rates represent an attractive market for IHS. Adoption of broadband in homes in South Korea which has a penetration of 78% among its approximately 16 million households has led to more IHS systems in the country. South Korea is also experiencing digital convergence where intelligent advanced embedded systems are replacing traditional household appliances such as the refrigerator and microwave.

Worldwide, many new players are entering the IHS market due to its attractive prospects. The entry of these non-traditional IHS players is likely to hasten the innovation and creativity in the introduction of new designs and product range. In the future, IHS systems by these familiar brands may further entice consumers to accept IHS into their homes.

The US is also experiencing impressive growth in all IHS segments. Robust demands for broadband, personal computers, handheld devices and entertainment appliances have encouraged the adoption of networked homes with IHS. The home automation market in the US alone is forecasted to be worth USD3.8 billion in 2008.

(Source : Independent Market Research Report)

5.5 THE MALAYSIAN IHS MARKET

In Malaysia, IHS have been available in the market since the 1980s. However, IHS were not very popular among consumers due to its high cost and unfamiliar technology. Adoption was limited to wealthy home owners as well as DIY enthusiasts. However, advances in research and development in the late 1990s and the growing usage and convergence of IT and electronics have resulted in the introduction of more affordable and user friendly IHS in the market.

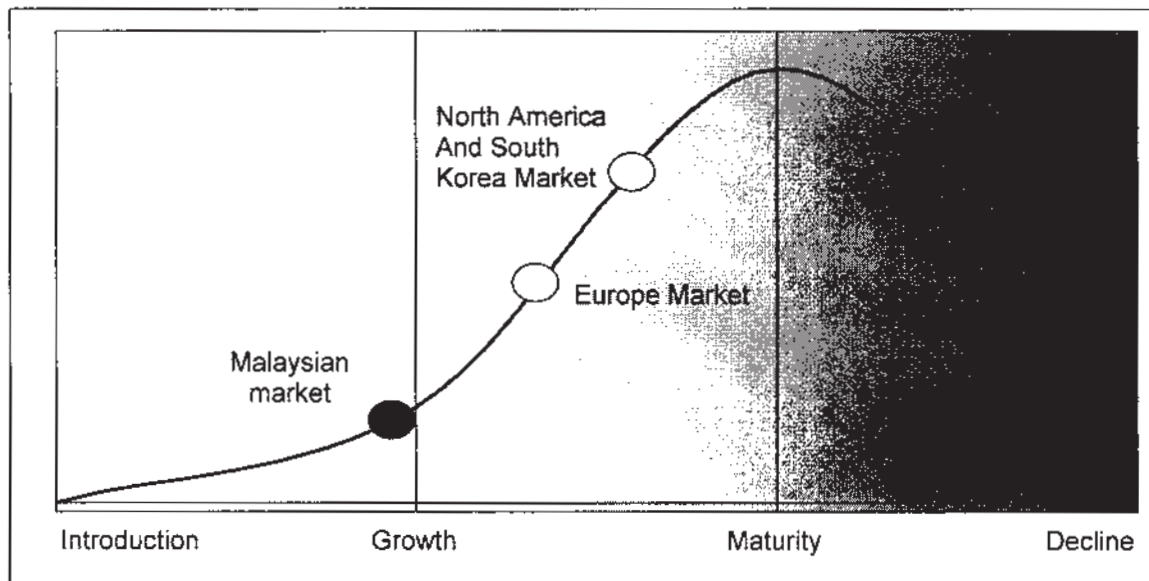
The IHS market in Malaysia is a nascent market in comparison to its counterparts in the US and Korea. Nevertheless, concerted efforts by the government to promote the adoption of information technology have created a greater awareness among the public of IHS. Furthermore, IHS is now perceived as an attractive and viable alternative to traditional burglar alarm systems and CCTVs. Besides being competitively priced, IHS offers the added advantage of additional features such as home automation, surveillance and remote monitoring.

(Source : Independent Market Research Report)

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5 INDUSTRY OVERVIEW (Cont'd)

Chart 5.5 (a): Product life cycle of Intelligent Home market



Wide range of products

The market offers a wide variety of IHS at all levels of pricing, catering to the different customer needs. The cost of an IHS would depend on the features desired and extensiveness of coverage. Typically, a simple IHS for a terrace house would cost around RM2,000 – RM2,500 while the cost of equipping a semi-detached house and detached house would cost in the region of RM5,000 and RM10,000 respectively. Equipping an apartment or condominium with a IHS would typically cost around RM2,200. However, the final cost of a IHS would depend on the functional aspects and complexity of the IHS which may result in a IHS which cost significantly higher than the abovementioned suggested costs.

While most IHS brands are local brands, the technology behind these products are usually either sourced from foreign partners or customized from overseas products. This usually involves obtaining the main panel which is the core operating system from foreign partners and repackaging the IHS with the peripherals such as sensors and video cameras. There are a few IHS systems which are developed in Malaysia through local research and development efforts.

(Source : Independent Market Research Report)

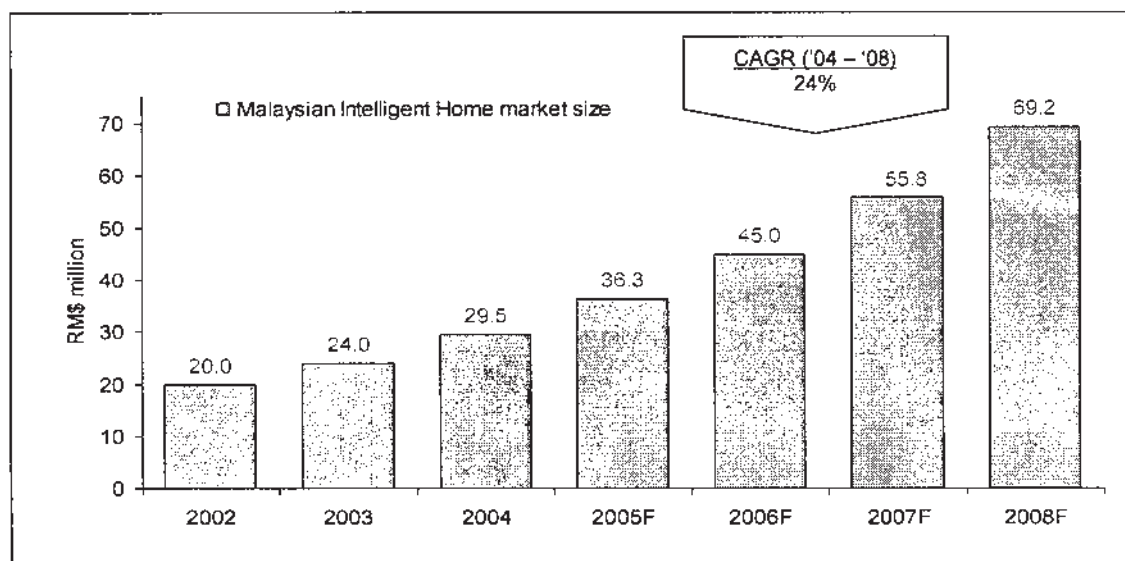
5.6 MARKET SIZE AND GROWTH

5.6.1 Malaysian IHS market size and growth

The Malaysian IHS market is estimated to be worth RM24 million in 2003. Growth in the IHS market is expected to accelerate to at a rate of 24% CAGR for the next four years to be worth RM69.2 million in 2008. Growing awareness among home owners and residential property developers is expected to contribute to the demand for IHS in Malaysia.

5 INDUSTRY OVERVIEW (Cont'd)

Chart 5.6 (a) : Estimated market size 2002-2008



Source: Synovate estimates

5.6.2 Growth Drivers

Increasing affluence and growing awareness

The improving economic outlook has resulted in higher wages in the labour market. As a result, consumers enjoy a higher level of disposable income. In addition, Malaysia is experiencing a growing middle-class population. This growing segment with an increased propensity to spend has resulted in higher consumer spending for goods and services. Coupled with the government's efforts to promote spending and consumption to drive economic growth, demand for IHS is expected to pick up as consumers are now able and willing to invest in IHS.

As more property developers offer IHS as a standard fixture for their homes, consumer awareness will increase. This could result in a new generation of consumers who have an appreciation and desire for IHS in their homes. Accordingly, future residential home owners may expect such systems in their homes which could increase the market potential for IHS.

Bright outlook for the residential property market

Improving economic sentiment has also encouraged a demand for residential homes among consumers especially in the Klang Valley. The outlook for the residential property market remains positive in the coming years.

This has prompted property developers to launch more projects especially in the middle to up-market residential market. Property developers are likely to include IHS in these developments as these products are perceived to enhance the value of homes and help to differentiate their homes as unique and distinct from their competitors' homes.

In addition to the Klang Valley area, property developers are beginning to venture out of the Klang Valley area and deploy IHS in other urban residential developments situated in Penang and Johor Bahru. These projects have successfully attracted discerning purchasers and are an indicator that IHS may eventually gain acceptance nationwide.

5 INDUSTRY OVERVIEW (Cont'd)

Introduction of smart appliances

It has become increasingly common for electrical appliance manufacturers to launch smart appliances. Manufacturers have introduced to the market intelligent home appliances with embedded systems such as the Internet refrigerator, microwave, washing machine and air conditioners. The gradual introduction of these smart appliances into mainstream living will promote greater awareness among the public of IHS. Homes with these smart appliances could likely evolve to a full fledged IHS as home owners seek to connect these islands of connectivity and integrate all their appliances under centralized control.

IHS are currently available in pre-packaged boxed sets. In the future, it is anticipated that these boxed sets will be widely available in retail shops as a cash and carry option. Future advances in wireless technology could create simpler systems which do not require complicated installation and are increasingly user friendly. This may result in a gradual shift towards self installation by DIY enthusiasts or free installation by the dealers. Increasing simplicity and ease of installation may encourage higher take-up rate among consumers and boosting overall IHS growth.

Concern for security

While crime rate remains under control, high profile cases of abduction, rape and murder have highlighted the need for better security measures. This worrying trend has encouraged an increasing number of home owners to view home security as a necessity. A growing number of homes are likely to install IHS as a preventive measure against potential crimes.

IHS as a security solution is likely to enjoy increased demand as home owners opt for IHS to fulfill their security needs and explore the added features of home automation and surveillance.

(Source : Independent Market Research Report)

5.6.3 Growth Barriers

Traditional mindset

In general, the Malaysian mindset remains conservative. In dealing with security issues, the majority still believe in the traditional methods of securing their property such as padlocks and iron grilles. In addition, home owners, especially the older generation, tend perceive IHS to be unduly complicated and difficult to use. Should this mindset continue, a broader acceptance of IHS among the general public may be delayed.

Lack of awareness

At present, there is a lack of effort to educate the general public on IHS. Most media advertisements are ad-hoc and concentrated on pricing as opposed to increasing the awareness and understanding of IHS. Some view IHS as a gimmick to promote the sales of new residential property launches rather than a value added enhancement which is tailored to the customers' needs. Consumers do not appear to be in the position to make an informed judgment on the benefits of IHS.

In addition, market players are also currently focusing their attention on the B2B market rather than the retail market. Although developing the retail market would result in a broader reach to consumers, such a move may risk the B2B market as residential property developers no longer see the advantage of including IHS as IHS becomes a commonly available product.

In addition, the lack of a standard definition for IHS may create an expectation gap between consumers and IHS providers.

5 INDUSTRY OVERVIEW (Cont'd)

After sales support

Most market players are small companies with limited support staff. Companies tend to focus on the sales and marketing aspect and neglect the after sales support which is essential for customer retention and brand development. With the high growth rate expected, higher sales volume of IHS may stretch the after sales support resources of IHS market players. Failure to meet customers' expectations may hurt consumer sentiment in respect of IHS.

In respect of retail operations, distributors and dealers may lack the know-how or technical competency to advice or solve problems raised by consumers which may reduce customer satisfaction. This may damage the reputation of the industry on the whole and cause scepticism among consumers on the benefits of IHS.

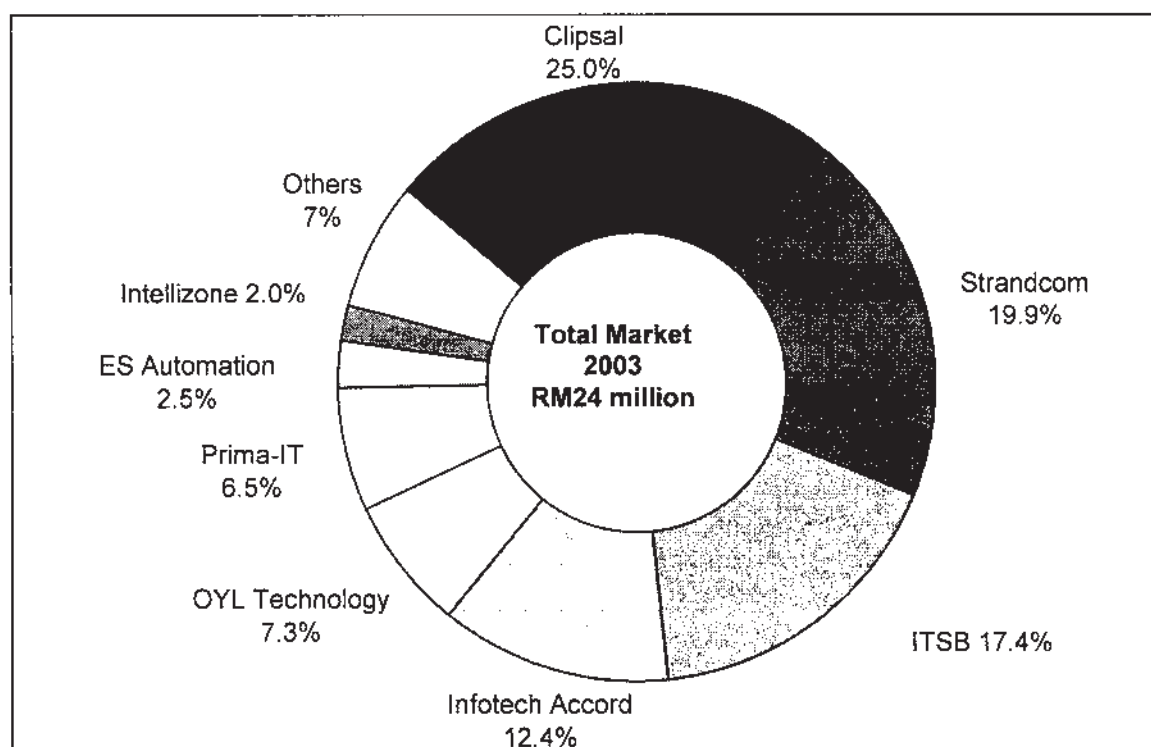
(Source : Independent Market Research Report)

5.7 COMPETITIVE ENVIRONMENT

5.7.1 Competitive overview

The Malaysian IHS market is dominated by a few main players, namely Clipsal Integrated Systems (M) Sdn Bhd, Strandcom Technologies Sdn Bhd, ITSB and Infotech Accord Sdn Bhd. In aggregate, the top 3 players account for approximately 62.3% of the market. There is no clear dominant market leader in the IHS market.

Chart 5.7 (a) : Market share breakdown by IHS players in Malaysia 2003



Sources: Synovate estimates, trade interviews

Note: ITSB's market share has been adjusted to represent 12 months average revenue based on the Accountant's Report issued by Azman, Wong, Salleh & Co which covers a period of 15 months for the financial period ended 31 July, 2004. As ITSB commenced operations in April 2003, revenue has been annualized to allow fair comparison of market position vis-à-vis other IHS players which have reported revenues for a period of 12 months.

5 INDUSTRY OVERVIEW (Cont'd)

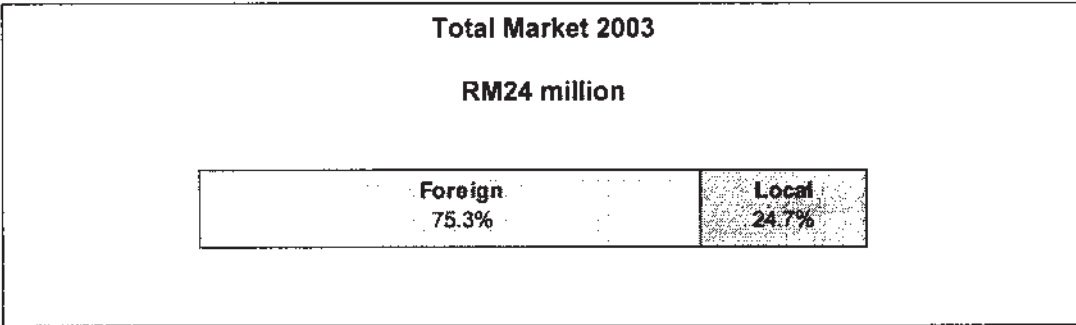
Although a relatively new player to the IHS market, ITSB has already garnered an estimated 17.4% share of the IHS market. The company's hybrid system which utilizes power line carrier technology and wireless digital radio frequency allow for systems to be retrofitted easily to existing homes with minimal renovation and cabling work. This enables it to attract a larger retail segment compared to structured cabled IHS solution providers. ITSB is also very active in the B2B market, having clinched projects with a number of residential property developers in the Klang Valley.

5.7.2 Competitive positioning

The largest market segment in the IHS market is the B2B market. In general, most IHS can be customized to meet the requirements and specifications of the B2B market. In the absence of strong brand recognition among customers, most market players compete on pricing and customer service. This is especially so in the case of residential property developers who are cost conscious and minimization of construction cost is a priority.

It is anticipated that market players may face pricing pressures in the B2B segment as developers have the advantage of a buyer's market. Developers emphasizing value for money have the option of choosing the lowest cost alternative. In order to secure new projects to replenish their order books, firms may have to sacrifice margins. In addition, market players may also face hidden costs in the form of extended warranties and free consultations to home owners to secure sales.

Chart 5.7 (b) : Market share by foreign and local technology based systems 2003



Sources: Synovate estimates

In light of this potential erosion of margins faced by market players in the B2B market, certain market players are seeking to develop alternative channels of distribution. The export market is an attractive option while some are contemplating joint ventures with electrical appliance manufacturer to develop smart appliances. Some are also approaching financial institutions to include IHS as part of housing loan packages when consumers sign up for housing loans. These new creative approaches hint at the potential increase in market size for IHS.

In addition, market players are also trying to boost their participation in the retail market by developing a comprehensive distribution network of distributors and dealers. This will mitigate their reliance on the B2B segment and assist them in developing new avenues of growth in the retail market.

At the other end of the spectrum, a niche market will remain for high margin individual projects in respect of customers building their own luxury homes. These consumers are willing to invest in state-of-the-art IHS systems which may cost in excess of RM50,000 to RM200,000.

(Source: Independent Market Research Report)

5 INDUSTRY OVERVIEW (Cont'd)

5.7.3 Product sourcing

Many market players source their IHS from overseas suppliers and repackage the IHS in Malaysia. However, in the case of ITSB the company conducts their own research and development and manufacture the IHS in-house.

As the sole owner of the intellectual property for the IHS, companies such as ITSB may have a competitive advantage in product pricing as they may not have to include any element of royalty or fee for the use of foreign sourced IHS technology. In addition, locally developed IHS are easily acclimatised and customised to the local environment to meet any changes in customer requirements. The ability to swiftly respond to shifts in the market coupled with excellent customer support may assist local IHS companies in differentiating themselves and creating a stronger brand in the market. This may also ease their entry into the export market as they would not be hampered by issues such as patents, licensing or royalty payments.

(Source : Independent Market Research Report)

5.8 PROSPECTS OF INIX GROUP

The prospects of INIX Group are favourable because of the following factors:-

- Its market focus is in the growing IHS market which is in the growth stage;
- INIX has fully commercialised its product, the Secure Smith system, which is a feature packed, integrated security, automation and CCTV surveillance intelligent home system that delivers value to its customers;
- Its Secure Smith system is well accepted by the market and this is evidenced by the Group's rapid growth in the market place, taking up 17.4% of the market share (Source : Independent Market Research Report) since its incorporation; and
- The Group's growth will be pegged to its continuing efforts to improve its products with new features through R&D.

The Group is also actively opening up new markets in the IHS industry covering first the developers' market, then the retail market. It has also had commendable sales for the export markets since its incorporation.

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6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL

6.1 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

The promoters, substantial shareholders and directors of INIX and their respective shareholdings in INIX as at 15 July 2005 and after incorporating the effects of the Public Issue are as follows: -

	Nationality/ Place of incorporation	Designation/ Principal activity	<-----Before the Public Issue----->				<--After the Public Issue**-->			
			Direct	%	Indirect	%	Direct	%	Indirect	%
Promoters										
Jimmy Tok Soon Guan	Malaysian	Chief Executive Officer	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Cheong Kok Yai	Malaysian	Chief Technical Officer	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Chong Chen Fah	Malaysian	Chief Financial Officer	2,495,821	3.10	-	-	2,995,821**	3.15	-	-
PCSSB	Malaysia	Selling computers and accessories	35,424,390	44.00	-	-	35,424,390	37.29	-	-
Pesat Cipta Sdn Bhd	Malaysia	Investment holding company	13,686,694	17.00	-	-	13,686,694	14.41	-	-
Mohamed Raza Dahya	British	Shareholder	8,051,000	10.00	-	-	8,051,000	8.47	-	-
Substantial Shareholders										
Jimmy Tok Soon Guan	Malaysian	Chief Executive Officer	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Cheong Kok Yai	Malaysian	Chief Technical Officer	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
PCSSB	Malaysia	Selling computers and accessories	35,424,390	44.00	-	-	35,424,390	37.29	-	-
Pesat Cipta Sdn Bhd	Malaysia	Investment holding company	13,686,694	17.00	-	-	13,686,694	14.41	-	-
Mok Chin Fan	Malaysian	Non-independent Non-executive Director	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Mohamed Raza Dahya	British	Shareholder	8,051,000	10.00	-	-	8,051,000	8.47	-	-
Wong Set Chin*	Malaysian	Shareholder	4,508,559	5.60	-	-	4,508,559	4.75	-	-
Mohd Azmi bin Mat Nayan	Malaysian	Shareholder	-	-	13,686,694^	17.00	-	-	13,686,694^	14.41
Najmi bin Mohd Yussof	Malaysian	Shareholder	-	-	13,686,694^	17.00	-	-	13,686,694^	14.41

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

	Nationality/ Place of incorporation	Designation/ Principal activity	<-----Before the Public Issue----->				<--After the Public Issue**-->			
			Direct	%	Indirect	%	Direct	%	Indirect	%
Directors										
Dato' Megat Fairouz Junaidi bin Megat Junid	Malaysian	Independent Non-executive Chairman	-	-	-	-	-	-	-	-
Jimmy Tok Soon Guan	Malaysian	Chief Executive Officer	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Cheong Kok Yai	Malaysian	Chief Technical Officer	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Chong Chen Fah	Malaysian	Chief Financial Officer	2,495,821	3.10	-	-	2,995,821**	3.15	-	-
Mok Chin Fan	Malaysian	Non-independent Non-executive Director	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Mohd Yusoff bin Mohd Noor	Malaysian	Non-independent Non-executive Director	-	-	-	-	-	-	-	-
Madzlan bin Mohamed Nazri	Malaysian	Independent Non-executive Director	-	-	-	-	-	-	-	-

Notes: -

* Deemed interest in INIX via their shareholdings in PCSSB.

** Assumes that the Directors subscribe for their respective allocation of Issue Shares under the pink form allocations but excludes any ESOS allocations.

^ Deemed interest in INIX via their shareholdings in Pesat Cipta Sdn Bhd.

Ceases to be a substantial shareholder after the Public Issue.

6.1.1 Profiles of Promoters of INIX Group

PCSSB

The details of PCSSB are as follows: -

- (i) PCSSB was incorporated on 13 April 1995 under the Act as a private limited company;
- (ii) The authorised share capital of the company is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 400,000 ordinary shares of RM1.00 each have been issued and fully paid-up;
- (iii) The principal activities of the company is selling computers and accessories;

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

- (iv) The details on the directors and substantial shareholders of PCSSB as at 15 July 2005 are as follows: -

Name	Nationality	Designation	<--No. of shares of RM1.00 each held-->			
			Direct	%	Indirect	%
Jimmy Tok Soon Guan	Malaysian	Director	132,500	33.12	-	-
Cheong Kok Yai	Malaysian	Director	132,500	33.12	-	-
Mok Chin Fan	Malaysian	Director	130,000	32.51	-	-

- (v) PCSSB does not have any subsidiary or associated companies with the exception of: -
- (i) Bizsoft Solutions (M) Sdn Bhd (dormant); and
 - (ii) Ituini Sdn Bhd (dormant).
- (vi) As at 15 July 2005, PCSSB does not hold and has not held any substantial shareholdings (5% or more of the issued and paid-up share capital) in other public corporations for the past two (2) years.

Pesat Cipta Sdn Bhd ("PESAT")

The details of PESAT are as follows: -

- (i) PESAT was incorporated on 3 February 1995 under the Act as a private limited company;
- (ii) The authorised share capital of the company is RM100,000 comprising 100,000 ordinary shares of RM 1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up;
- (iii) The principal activities of the company is investment holding;
- (iv) The details on the directors and substantial shareholders of PESAT as at 15 July 2005 are as follows: -

Name	Nationality	Designation	<--No. of shares of RM1.00 each held-->			
			Direct	%	Indirect	%
Mohd Azmi bin Mat Nayan	Malaysian	Shareholder	1	50.0	-	-
Najmi bin Mohd Yussof Siti Nur	Malaysian	Shareholder	1	50.0	-	-
Aishah binti Ishak	Malaysian	Director	-	-	-	-
Mohamad Yusof bin Ishak	Malaysian	Director	-	-	-	-

- (v) PESAT does not have any subsidiary or associated companies; and
- (vi) As at 15 July 2005, PESAT does not hold or has not held any substantial shareholdings (5% or more of the issued and paid-up share capital) in other public corporations for the past two (2) years.

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

Mohamed Raza Dahya

Mohamed Raza Dahya, aged 51, is a promoter and substantial shareholder of INIX. He is an ex-banker and started his career with the National Bank of Australasia as a bank officer from 1973 to 1977. In 1984, he was appointed as the managing director of R.C.T. Ltd. In 1991, he joined VIP Engineering, which is principally involved in telecommunication and power generation, as an alternate director. He later joined Centrex Limited, a company principally involved in consultancy and investment as the managing director in 2004.

The profiles of the other individual Promoters of INIX Group i.e. Jimmy Tok Soon Guan, Cheong Kok Yai and Chong Chen Fah are outlined in Section 6.2 below.

6.2 PROMOTERS, DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

(i) Profiles

The profiles of the Board of INIX are as follows: -

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

Dato' Megat Fairouz Junaidi bin Megat Junid, aged 39, was appointed as Independent Non-Executive Chairman on 17 June 2005. He graduated from the Arkansas State University with a Bachelor of Science in Finance in 1987 and a MBA in 1988. He has had many years of experience in the corporate sector and is currently a director of Ye Chiu Metal Smelting Berhad and Kumpulan Europlus Berhad.

**Jimmy Tok Soon Guan
Chief Executive Officer**

Jimmy Tok Soon Guan, aged 34, was appointed as Chief Executive Officer on 17 June 2005. He is one of the founders of ITSB and is also the Chief Executive Officer of ITSB. He has more than 15 years of experience in the ICT industry. The principal partner in the company, his interest in computers, electronic and electro-mechanical equipment started during his primary education years. After his higher education in 1987, he started working as a technical support staff with companies that dealt with computers. After gaining wide exposure and hands-on experience in computers and related fields, he ventured out to form Compustor, which was mainly involved in repair and servicing of computers and trading in computer parts and peripherals. His career in ICT industry began in 1995 when he formed PCSSB. Utilizing his technical know how, he started to build the company by providing additional services in system integration, networking, software development and related fields. Under his leadership, PCSSB aspired to be a one stop solution provider in IT business. After eight years, along with Cheong Kok Yai they formed ITSB to specialize in the design and development of security and automation system. Presently, he plays a key role in the corporate business direction and strategic development of Inix. Jimmy Tok Soon Guan is also a Director of PCSSB.

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

Cheong Kok Yai
Chief Technical Officer

Cheong Kok Yai, aged 45, was appointed as Chief Technical Officer on 17 June 2005. He is one of the founders of the ITSB and is also the Chief Technical Officer of ITSB. He obtained a Full Technological Certificate in Electrical Engineering Practice, Advanced Electrical Technology, Control Systems Engineering, Electronic Systems and Telecommunication Technicians Course from City & Guilds of London Institute in 1981. His first employment was with a semiconductor manufacturer as a technician. After a short stint he left to start his own business enterprise, Micro Technology, providing services in repair and maintenance of computers and electronic goods. In 1995, he became a partner in PCSSB and was responsible for providing technical support to the company. As the company grew, he was entrusted with a number of electronic design works on some advanced computerized applications. In 2003, together with Jimmy Tok Soon Guan, they formed ITSB where he is currently the Chief Technical Officer. Being a noted leader of the R&D department, his roles include providing technical guidance to the group of engineers and programmers in the implementation and development of R&D projects. Cheong Kok Yai also holds a directorship in PCSSB.

Chong Chen Fah
Chief Financial Officer

Chong Chen Fah, aged 46, was appointed as a director on 13 September 2004 and designated as Chief Financial Officer on 17 June 2005. Mr Chong is a chartered accountant with more than 20 years experience in both government and corporate sectors. Besides public and private sector finance and accounting, his areas of expertise include mergers and acquisitions, financial restructuring and recovery, corporate and customer relations, treasury and banking, taxation and corporate governance. He served in the Accountant General's Department of the Ministry of Finance for 11 years, including two years secondment to the Ministry of Home Affairs and the Royal Malaysian Police. He was later group Chief Financial Officer of a diversified public company with interests in merchandising of motorcars, trucks and buses, and industrial and commercial plant and equipment. He was a director and secretary of various companies involved in manufacturing, trading, properties, credit and leasing and in the provision of management services. 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.

Mok Chin Fan
Non-Independent Non-Executive Director

Mok Chin Fan, aged 47, was appointed a Non-Independent Non-Executive Director of INIX on 17 June 2005. Mr Mok is a self-made entrepreneur with business interests in automotive services, and more recently, in ICT. His longtime passion for cars and early attraction to automotive mechanics saw him commence his career as a motor apprentice in 1970. He was later a freelance automotive mechanic and subcontractor for franchised workshops for more than 12 years. In 1988, he incorporated an automotive maintenance and service company specialising in high-end performance and luxury automobiles. Mr Mok joined the board of directors of PCSSB on 17 May 2003, bringing with him a rich blend of entrepreneurial savvy,

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

technical expertise, hands-on operational and management experience, and sound customer-focused business sense.

Mohd Yusoff bin Mohd Noor **Non-Independent Non-Executive Director**

Mohd Yusoff bin Mohd Noor, aged 47, was appointed as Non-Independent Non-Executive Director on 17 June 2005. He was attached to Bahagian Protokol, Dewan Undangan Negeri Pulau Pinang from 1978 to 1994. Since 1994, he was involved in various businesses where he played an active role in corporate management.

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

Madzlan Mohamed Nazri, aged 40, was appointed as Independent Non-Executive Director on 17 June 2005. He obtained a Diploma in Public Administration from Institut Teknologi Mara ("ITM") in year 1988. In year 1986, while he was still in ITM's part time course, he joined Majlis Perbandaran Petaling Jaya (MPPJ) where he served as a Prosecuting Officer in the legal department, involved mainly in court legal proceedings as well as by-laws draft preparations. Starting from year 1996 he was with Tenggara Capital Berhad under the property and business development department as a Liaison Officer. His responsibilities were to provide liaison to the government and state department in regards of land, offices as well as other property matters. He started his own business and established Urban Flame Sdn Bhd in year 1999. The company was involved in private parking management. In year 2000 and 2003 he was appointed as the Director of Behn Mas Sdn Bhd and Array Technology Sdn Bhd respectively. Behn Mas Sdn Bhd involves in Class B constructions procurement while Array Technology Sdn Bhd provides system solutions to the local authorities such as Majlis Perbandaran Petaling Jaya (MPPJ), Majlis Perbandaran Subang Jaya (MPSJ), Majlis Bandaraya Shah Alam (MBSA), Majlis Perbandaran Klang (MPK), Majlis Perbandaran Ampang Jaya (MPAJ) and Suruhanjaya Syarikat Malaysia (SSM).

(ii) **Directors' Directorships and Substantial Shareholdings in Other Public Corporations for the Past Two (2) Years**

As at 15 July 2005, none of the Directors hold or held any directorships or substantial shareholdings (5% or more of the issued and paid-up share capital) in other public corporations for the past two (2) years save for the following: -

- *Dato' Megat Fairouz Junaidi bin Megat Junid*

Name of Company	Principal activities	Designation	No. of Shares Held			
			Direct	%	Indirect	%
Ye Chiu Metal Smelting Berhad	Manufacturing & Trading in Aluminium Alloy	Company Director	39,200	0.06	-	-
Kumpulan Europlus Berhad	Construction	Company Director	1,000	*	-	-

* *Insignificant*

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

- (iii) **None of the Directors is or was involved in the following events whether in or outside Malaysia: -**
- (a) A petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) Conviction in any criminal proceeding or is a named subject of a pending criminal proceeding; and
- (c) The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

- (iv) **None of the Directors has entered into any service agreement, which is not terminable by notice without payments or compensation other than statutory compensation, with the Group.**

(v) **Directors' Remuneration and Benefits**

The remuneration paid to the Directors of the Company for services rendered in all capacities to the Group for the fifteen (15) month financial period ended 31 July 2004 amounted to RM241,225. For the financial year ending 31 July 2005, the remuneration payable to the Directors is estimated at approximately RM346,000.

The number of Directors in the various remuneration bands is set out below: -

RM	Aggregate Remuneration					
	15 month financial period ended			FYE		
	31 July 2004			31 July 2005		
	Executive Director	Executive Non-Director	Total	Executive Director	Executive Non-Director	Total
0 – 50,000	-	1	1	1	2	3
50,001 – 100,000	-	-	-	1	2	3
100,001 – 200,000	2	-	2	1	-	1

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6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

6.3 AUDIT COMMITTEE

The composition of the Audit Committee is as follows: -

Name	Designation	Directorship
Dato' Megat Fairouz Junaidi bin Megat Junid	Chairman of the Audit Committee	Independent Non-Executive Chairman
Madzlan bin Mohamed Nazri	Member of the Audit Committee	Independent Non-Executive Director
Chong Chen Fah	Member of the Audit Committee	Chief Financial Officer

The Audit Committee, comprising two (2) Independent Non-Executive Directors and the Chief Financial Officer, is responsible for the recommendations to the Board regarding the selection of the external auditors, reviewing the results and scope of the Audit and other services provided by the Company's external auditors. In addition, the Audit Committee reviews and evaluates the Company's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

6.4 KEY MANAGEMENT AND TECHNICAL PERSONNEL

(i) Profiles

The Board is assisted by a team of experienced management and professional personnel. Particulars of the key management personnel are as follows: -

Jimmy Tok Soon Guan
Chief Executive Officer

Please refer to Section 6.2 (i) for his details.

Cheong Kok Yai
Chief Technical Officer

Please refer to Section 6.2 (i) for his details.

Chong Chen Fah
Chief Financial Officer

Please refer to Section 6.2 (i) for his details.

Azri Mohamad Saleh
Chief Operating Officer

Azri Mohamad Saleh, aged 31, was appointed as Chief Operating Officer of ITSB on 1 April 2004. He has a Bachelor of Business Administration (Finance) from Bemidji State University, Minnesota USA.

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

He began his career in the Venture Capital industry over 8 years in both the United States and Malaysia, where he gained valuable experience in business building, mentoring and fund raising for High Technology start-up companies.

Prior to his employment at ITSB, he was with MAVCAP as an Agency Ventures Analyst, in charge of monitoring the Outsource Partners of MAVCAP before he was seconded to Seed Ventures to assist in generating and evaluating start up companies. In 1997, Azri started his career with Walden International, an International Venture Capital in US as an Assistant Investment Analyst.

Azri is responsible to oversee the daily operations of the company.

**Yew Eng Teik
Business Development Manager**

Yew Eng Teik, aged 30, was appointed as Business Development Manager of ITSB on 1 May 2003. He graduated from the Nottingham Trent University, UK with BTEC Higher National Diploma in Electrical & Electronic Engineering in 1997 and holds a Diploma in Management from the Malaysian Institute of Management. He attended the Extron School of Electronics in Singapore in 2001.

Since 1997, he has been involved with designing and commissioning of intelligent control systems for conference rooms, boardrooms and residential homes during his tenure at major firms such as Industronics Berhad and I-Home Sdn Bhd (a subsidiary of I-Berhad).

At JNIX, he is responsible for generating and implementing effective marketing strategies for brand positioning, promotional efforts, and product sales. He also coordinates the marketing activities, which includes advertising, direct mail, promotional events, trade shows and exhibitions.

Yew Eng Teik is also the President of the Malaysian Institute of Human Resource Management Toastmasters Club, President of Kuala Lumpur Junior Chamber (affiliated to JCI International), member of Malaysia Institute of Management, KL, committee member of Intelligent Premise Special Interest Group (under Malaysia National Computer Confederation) and active member of PROMUDA (Young Professional Chamber Malaysia) since 2003.

**Goh Keat Hua
Project Manager**

Goh Keat Hua, aged 29, was appointed as the Project Manager of ITSB on 1 October 2003. He holds a Diploma in Computer Studies and a certificate in Computer Engineering from Informatics Institute. After completing his course at Informatics Institute in year 1996, he started working as a technical staff in a company with interests in automation and computerisation.

In 1997, he left the company and began his career in PCSSB. He was initially a technical support staff and was entrusted to lead the technical team due to his capability where his responsibility was to provide technical solutions to the clients. He has wide exposure in computer hardware & software troubleshooting, network and router configuration. He was then promoted to Sales Manager in 2000.

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

Later on he was transferred to ITSB to assist in the smart home projects, mainly material purchasing, site supervising and monitoring.

**See Fenn Chang
Senior Programmer**

See Fenn Chang, aged 35, was appointed as Senior Programmer of ITSB on 1 May 2003. He obtained a Certificate in Electronic Engineering from Polimas, a polytechnic school in Alor Setar. He has more than 10 years experience in the electronic engineering industry. His first employment was with SGS Thomson Microelectronics (Singapore) Pte Ltd, where he was a technical maintenance staff in 1991.

In 2001, he joined Bizsoft Solutions Sdn Bhd in the capacity of a programmer. During his tenure as a programmer, he gained valuable experience and exposure working as a team member in meeting the demands of standard and quality or largely multinational clients.

In 2003, he joined ITSB as a senior programmer. In ITSB, he is in charge of developing software and providing technical support for the R&D team.

**Khong Ming Lok
Senior Programmer**

Khong Ming Lok, aged 27, was appointed as Senior Programmer of ITSB on 1 May 2003. He holds a Diploma in Programming (Electronic Engineering) from Minghsin Institute of Technology, Taiwan. During the two years in Taiwan he also served as a CAD/CAM Designer in Anyung Electrical, a Taiwanese company where his job involved designing/drawing diagrams of power panels.

Upon completing his course in Taiwan in 2001, he returned to Malaysia and entered BizSoft Solutions (M) Sdn Bhd as a Programmer where he was responsible to develop software for the company's innovative products.

At ITSB, he is in charge of software development and providing technical support for the R&D team.

**Normah Binti Sapar
Senior Accounts Executive**

Normah Binti Sapar, aged 31, was appointed as Senior Accounts Executive of ITSB on 1 December 2003. She is a graduate from Universiti Teknologi Mara, Shah Alam, Selangor where she obtained her Bachelor of Business Administration with an emphasis in Finance. She gained vast knowledge and experience in accounting field throughout the 6 years attachment with a company involved in shipping. Her previous job functions were to manage overall accounting activities, deal with major shipping agencies, port management, customs, forwarding agents for export and import documentation and disbursement of import duties and bill of lading declaration. She was also involved in overseeing the overseas agents' accounts. As Senior Accounts Executive, she utilises her experience in managing the accounting and financial functions of ITSB.

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

(ii) Key personnel's shareholding in INIX

The shareholdings of the key personnel of the Group as at 15 July 2005 and after incorporating the effects of the Public Issue are as follows: -

	Nationality	<-Before the Public Issue-->				<-After the Public Issue-->			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Jimmy Tok Soon Guan	Malaysian	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Cheong Kok Yai	Malaysian	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Chong Chen Fah	Malaysian	2,495,821	3.10	-	-	2,995,821**	3.15	-	-
Azri Mohamad Saleh	Malaysian	-	-	-	-	250,000**	0.26	-	-
Yew Eng Teik	Malaysian	-	-	-	-	100,000**	0.10	-	-
Goh Keat Hua	Malaysian	-	-	-	-	50,000**	0.05	-	-
See Fenn Chang	Malaysian	-	-	-	-	10,000**	0.01	-	-
Khong Ming Lok	Malaysian	-	-	-	-	30,000**	0.03	-	-
Normah binti Sapar	Malaysian	-	-	-	-	2,000**	0.002	-	-

Notes: -

* Deemed interest in INIX via their shareholdings in PCSSB.

** Assumes that the key personnel subscribe for their respective allocation of Issue Shares under the pink form allocations but excludes any ESOS allocations.

(iii) Key personnel's directorships and substantial shareholdings in all other public corporations for the past two (2) years

As at 15 July 2005, none of the key personnel hold or have held any directorships and/or substantial shareholdings (5% or more of the issued and paid-up share capital) in any other public corporations during the past two (2) years.

(iv) None of the key personnel is or was involved in the following events: -

- (a) A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation in which he was a director or key personnel;
- (b) Conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (c) The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

(v) None of the key personnel has entered into any service agreements, which are not terminable by notice without payments or compensation other than statutory compensation, with the Group.

6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

6.5 INVOLVEMENT OF EXECUTIVE DIRECTORS, KEY PERSONNEL IN OTHER BUSINESSES OR CORPORATIONS

6.5.1 Executive Directors

As at 15 July 2005, the involvement of the Executive Directors in other businesses or corporations is disclosed below: -

- (a) Jimmy Tok Soon Guan and Cheong Kok Yai are directors and substantial shareholders of PCSSB, a company involved in selling computers and accessories and investment holding. However, they allocate a substantial amount of their working time in INIX; and
- (b) Chong Chen Fah is a director and substantial shareholder of CF Chong Sdn Bhd, a company involved in providing business consultancy services. However, he allocates a substantial amount of his working time in INIX.

6.5.2 Key personnel

As at 15 July 2005, save as disclosed in Section 6.5.1 above, none of the key personnel are involved in other business or corporations.

6.6 FAMILY RELATIONSHIPS AND/OR ASSOCIATIONS

There is no family relationship and/or association between the substantial shareholders, promoters, directors, key management or key personnel.

6.7 CHANGES IN SUBSTANTIAL SHAREHOLDERS AND THEIR RESPECTIVE SHAREHOLDINGS IN INIX SINCE INCORPORATION

As at 15 July 2005, the changes in the shareholdings of the substantial shareholders in INIX since the date of incorporation are as follows: -

	As at 13 September 2004 (Date of incorporation)				I			
	No. of ordinary shares ¹				After Share Subdivision			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Chong Chen Fah	1	50.00	-	-	10	50.0	-	-
Hew Yoong Shiang	1	50.00	-	-	10	50.0	-	-

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6 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL (Cont'd)

	II				III			
	After I and Acquisition of ITSB				After II and Public Issue**			
	← No. of INIX Shares →		← No. of INIX Shares →		← No. of INIX Shares →		← No. of INIX Shares →	
	Direct	%	Indirect	%	Direct	%	Indirect	%
PCSSB	35,424,390	44.00	-	-	35,424,390	37.29	-	-
Jimmy Tok Soon Guan	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Cheong Kok Yai	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Mok Chin Fan	-	-	35,424,390*	44.00	-	-	35,424,390*	37.29
Pesat Cipta Sdn Bhd	13,686,694	17.00	-	-	13,686,694	14.41	-	-
Mohd Azmi bin Mat Nayan	-	-	13,686,694^	17.00	-	-	13,686,694^	14.41
Najmi bin Mohd Yussof	-	-	13,686,694^	17.00	-	-	13,686,694^	14.41
Mohamed Raza Dahya	8,051,000	10.00	-	-	8,051,000	8.47	-	-
Wong Set Chin	4,508,559	5.60	-	-	4,508,559	4.75	-	-

	IV			
	After III and Proposed ESOS			
	← No. of INIX Shares →		← No. of INIX Shares →	
	Direct	%	Indirect	%
PCSSB	35,424,390	32.43	-	-
Jimmy Tok Soon Guan*	2,500,000#	2.29	35,424,390*	32.43
Cheong Kok Yai*	2,500,000#	2.29	35,424,390*	32.43
Mok Chin Fan	-	-	35,424,390*	32.43
Pesat Cipta Sdn Bhd	13,686,694	12.53	-	-
Mohd Azmi bin Mat Nayan	-	-	13,686,694^	12.53
Najmi bin Mohd Yussof	-	-	13,686,694^	12.53
Mohamed Raza Dahya	8,051,000	7.36	-	-
Wong Set Chin	4,508,559	4.13	-	-

Notes:

1 Represents ordinary shares of RM1.00 each in INIX.

* Deemed interest in INIX via their shareholdings in PCSSB.

** After the Shares Subdivision, Acquisition of ITSB and the Public Issue and assuming all of the 6,650,000 Issue Shares reserved for application by eligible directors, employees and business associates of the INIX Group are taken up.

^ Deemed interest in INIX via their shareholdings in Pesat Cipta Sdn Bhd.

Assuming Jimmy Tok Soon Guan and Cheong Kok Yai are allocated the maximum entitlement ESOS shares of 2,500,000 each.

7 SUMMARY OF THE BUSINESS DEVELOPMENT PLAN

7.1 INIX'S VISION

As Malaysians become more technology inclined, it is a natural progression that homes be increasingly equipped with numerous high technology products such as computers, security and automation systems, facsimile and telephone answering devices. With the increase of these electronic appliances in each home, the task of managing these appliances will take up more time and attention.

The Group's vision is to be an international leader in providing leading-edge, integrated intelligent home and building systems and solutions with the following mission statement: -

"We are committed to becoming the leading R&D house in Malaysia, offering integrated intelligent home and business solutions products via our superior G-LOP Power Line Carrier (G-LOP) and Digital Radio Frequency (D-RF) technologies, strong partner relationships, exceptional service and support, and maintaining the highest standards of quality at competitive prices."

7.2 INIX'S R&D FOCUS AND STRATEGY

In line with its vision, the Group plans to ensure that it remains in the forefront of technological development for its continued success in the industry. To achieve this, the Group plans to develop more software and hardware to strengthen its product range whilst focussing its R&D activities in the following areas: -

- (i) Continued product development of new products;
- (ii) Modifications and enhancements of existing products for new utilisations and applications;
- (iii) Integration of existing and new products and peripherals to ensure that the Group's products are "Intelligent Home Ready";
- (iv) Adapting, modifying and/or improving products for the export market; and
- (v) Developing advisory, customisation and consultancy solutions.

In addition to the above, the Group has also adopted the following R&D strategies aimed at the development of its products: -

- To enable the wireless transmission of data via the Secure Smith system utilising D-RF and/or readily available power lines with minimal interference;
- The continual development of products with the aim to provide double-effect security as well as value-added services to clients (e.g. I-CMS for township developers); and
- The improvement of the existing Secure Smith system in terms of customisation, functionality and compatibility.

7.3 INIX'S PRODUCT DEVELOPMENT PLAN

Since incorporation, the Group has developed multiple versions of intelligent home systems which led to the development of its Secure Smith system. The Group has also developed I-CMS, which enables the entire operations of Secure Smith to be monitored at a central location by trained operators 24 hours a day.

The Group is constantly updating its Secure Smith software to cater for the wide range of users and future upgrades developed by the Group. The Group is also in the process of developing peripherals that can be used in conjunction with the Secure Smith system to

7 SUMMARY OF THE BUSINESS DEVELOPMENT PLAN (Cont'd)

further enhance the capabilities of the system. Product development for the INIX Group is driven by market demands and the Group will develop products based on its customers' needs.

The characteristics of the enhanced new products and/or upgrades expected to be developed and commercialised by INIX Group include:-

- (i) communication over power line utilising PLC;
- (ii) integration of third-party identification readers;
- (iii) smartcard interface module integration;
- (iv) multi-lingual voice recognition modules;
- (v) video conferencing capabilities;
- (vi) webserver module for LAN connectivity as well as the internet;
- (vii) extension of current zone limit;
- (viii) integration of door-phone capability;
- (ix) powerline modem allowing internet connectivity through any AC socket in homes;
- (x) transmission of media content over PLC; and
- (xi) connectivity to mobile phone operators.

7.4 INIX'S MARKETING STRATEGIES

The Group's marketing team have adopted various marketing strategies in order to improve the demand and market acceptance for its products. Marketing efforts of the Group are mainly focused on the following areas:-

(i) Target Markets and Placement

INIX has identified several market opportunities for its Secure Smith products. Among the target areas identified include housing developers, residential houses and offices, consumer appliances manufacturers, export markets, retail and mail orders and government agencies. With these target areas in mind, the Group is able to focus its R&D activities towards developing and upgrading products with functions to meet the requirements of these target areas. This will in-turn create demand for the Group's products.

(ii) Effective Marketing Plan

INIX Group currently markets its services and products locally as well as to overseas markets such as to China, Indonesia, Singapore, Europe, Australia and Sri Lanka. This is achieved by teaming up with local and international developers to integrate the Group's products into "Smart Home" projects.

In the near future, the Group intends to further establish its presence locally and penetrate even more overseas markets by advertising and promotions and participating in international exhibitions and trade shows in order to increase its authorised retailers and distributors.

(iii) Promotion Plan

"We aim to build and maintain a close business relations with our customers to provide superior value to them as we notice the importance of it in helping us to better understand their actual needs. We will then respond promptly according to any changes in their needs."

The Group has adopted key concepts to build customers i.e. attracting, retaining and growing customers. The Group attempts to achieve all these by attracting new

7 **SUMMARY OF THE BUSINESS DEVELOPMENT PLAN (Cont'd)**

potential buyers, training and consultation for first-time users, sponsoring security/safety campaigns/talks and by developing business relationships with customers based on trust and personalisation. The Group is confident that these will generate repeat purchases for additional add-on devices and new innovative products.

(iv) Pricing strategy

INIX's objective is to quickly gain market share to establish a powerful position within the intelligent home market. With that in mind, the Group aims to price its products at affordable prices whilst further enhancing the quality of its products.

The Group also offers bulk discounts to housing developers and distributors/dealers in order to increase the attractiveness of its products.

(v) Participation in at exhibitions/tradeshows

As part of the strategy to promote its services and products, INIX Group participated in exhibitions/tradeshows in order to create awareness for its products, establish its contacts with potential customers and dealers and to keep abreast with current technology trends.

Aside from the above, INIX also organises various roadshows at shopping centres .

In the future, INIX Group will continue to participate in and send representatives to attend exhibitions as this is an excellent base to launch new products whilst establishing global networks for future sales.

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8 FINANCIAL INFORMATION

8.1 FINANCIAL HIGHLIGHTS

The following table should be read in conjunction with the Accountants' Report as set out in Section 13 herein. The table below sets out a summary of the proforma consolidated income statement of INIX Group for the fifteen (15) month financial period ended 31 July 2004 and the six (6) month financial period ended 31 January 2005 and has been prepared for illustrative purposes based on the audited income statements of the INIX Group and on the assumption that the INIX Group had been in existence throughout the financial periods under review.

	15 month financial period ended 31 July 2004	6 month financial period ended 31 January 2005
	RM'000	RM'000
Revenue	5,550	7,758
Less: Cost of sales	(2,163)	(3,895)
Gross profit	3,387	3,863
Less : Selling and marketing expenses	(402)	(304)
Administrative expenses	(577)	(510)
Other operating expenses	(161)	(210)
R&D expenses	(666)	(295)
EBITDA	1,581	2,544
Less: Interest expense	(34)	(1)
Depreciation	(73)	(45)
Amortisation	(125)	(50)
PBT	1,349	2,448
Less: Taxation	-	-
Net profit	1,349	2,448
Number of ordinary shares assumed in issue ('000)	80,510	80,510
Gross EPS (sen)	1.68	3.04
Net EPS (sen)	1.68	3.04

Notes:-

- ^(a) Issued and paid-up share capital consisting 80,510,000 ordinary shares of RM0.10 each represents the enlarged issued and paid-up share capital of INIX upon completion of the Acquisition of ITSB.
- ^(b) There were no extraordinary or exceptional items during the financial period under review.
- ^(c) There are no minority interests during the financial periods under review.
- ^(d) The gross EPS has been calculated based on the proforma PBT divided by 80,510,000 Shares assumed in issue after the Acquisition of ITSB.

8 FINANCIAL INFORMATION (Cont'd)

^(e) *The net EPS has been calculated based on the net profit divided by 80,510,000 Shares assumed in issue after the Acquisition of ITSB.*

The financial statements of INIX Group for the financial periods under review were not subjected to any audit qualifications.

For more details on the financial information, please refer to the Accountants' Report in Section 13 of this Prospectus.

8.2 ANALYSIS AND COMMENTARY ON FINANCIAL INFORMATION

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S FINANCIAL HIGHLIGHTS INCLUDED IN SECTION 8.1 OF THIS PROSPECTUS.

8.2.1 SEGMENTAL ANALYSIS

Analysis of revenue by customer group and by export and local sales for the fifteen (15) month financial period ended 31 July 2004 and six (6) month financial period ended 31 January 2005 are as follows:-

Analysis of revenue by customer group

	15 month financial period ended 31 July 2004 RM'000	Percentage of revenue (%)	6 month financial period ended 31 January 2005 RM'000	Percentage of revenue (%)
Developers	371	6.68	620	8.00
Local Distributors	2,517	45.29	2,744	35.36
International Distributors	2,525	45.43	4,325	55.74
Reseller and Retail	145	2.60	70	0.90
	5,558	100.00	7,759	100.00
Less: Discount allowed	(8)	-	(1)	-
	5,550	100.00	7,758	100.00

Analysis of Revenue by Local and Export Sales

	15 month financial period ended 31 July 2004 RM'000	Percentage of revenue (%)	6 month financial period ended 31 January 2005 RM'000	Percentage of revenue (%)
Domestic	3,033	54.57	3,434	44.26
Export	2,525	45.43	4,325	55.74
	5,558	100.00	7,759	100.00
Less: Discount allowed	(8)	-	(1)	-
	5,550	100.00	7,758	100.00

8 FINANCIAL INFORMATION (Cont'd)

No analysis of loss/ profit before tax by products/ activities and by export and local sales was shown, as it is not practical to analyse these information.

8.2.2 OVERVIEW OF REVENUE AND OPERATING PROFITS GROWTH AND FACTORS CONTRIBUTING THERETO

15 month financial period ended 31 July 2004

ITSB commenced business operations on 15th April 2003 and recognition of sales in May 2003. In the financial period ended 31st July 2004, ITSB had secured contracts to supply 13,084 units of Secure Smith system to 18 distributors and 8 developers with total contract value of RM 20,479,333. The Company's largest customer group throughout the period had been the distributors/dealers with revenue contribution of 45.29% by local distributors and 45.43% by international distributors. As at 31st July 2004, its distribution network comprised 16 local distributors and 2 international distributors.

Revenue of the Company represents the invoiced value of its products sold less discounts and returns, including installation and other related charges. Revenue is recognised upon delivery of the Secure Smith systems sold to the customers and upon installation, where required, in accordance with the terms of the respective contract made or order placed.

Notwithstanding the contracts secured, the Company recorded revenue of RM53,909 only for the first 7.5 months since incorporation until end November 2003 and the losses resulted thereon amounted to RM579,199. The remaining revenue of RM5,496,194 was derived in the 8 months from 1st December 2003 to 31st July 2004 and the profits resulted thereon were fully exempted from income tax. The 100% exemption of its statutory income from income tax for a 5-year period commencing 1st December 2003 is one of the benefits/incentives available under the pioneer status granted to ITSB being a MSC status company

Although the Company achieved an average GP* margin of 58.78%, high operating overheads had prevailed throughout the period and thus, resulted in the comparatively lower PBT/PAT margin. In addition to fixed overheads, the high operating costs are largely attributed to initial set-up expenses incurred for compliance of statutory requirements, preparation of operational facilities and commencement of business development activities. Fixed overheads comprised mainly staff costs and directors' remuneration totalling RM928,734, rental of premises and utility bills. As such, operating overheads to revenue on the overall had been comparatively higher in the first 7.5 months and decreasing towards the end of the period.

Note: -

* *Gross profit was arrived at after deducting amortisation of intellectual property assets.*

6 month financial period ended 31 January 2005

During this 6 month financial period, ITSB had secured contracts to supply 4,017 units of Secure Smith system to 34 distributors and 3 developers with total contract value of RM 8,965,092 of which RM 4,672,982 has been recognised as revenue for the period. Distributors/ dealers remained as the Company's largest customer group throughout the period with revenue contribution of 35.36% by local distributors and 55.74% by international distributors. As at 31st January 2005, its distribution network comprised 31 local distributors and 3 international distributors as a result of the Company's continuous efforts to expand its network.

8 FINANCIAL INFORMATION (Cont'd)

The annualised revenue of the last period, for analytical purposes, is comparatively lower due to the many reasons as explained (see preceding commentary) and thus, contributing to the substantial increase of 261.10% in the annualised revenue for this period. In addition, the various marketing strategies implemented in line with INIX Group's business development plan have resulted in ITSB's achievement of 71.29% growth in export sales for the period. Revenue of RM3,085,000 recognised in this period had been derived from sales contracts secured with 2 major customers in the last period i.e., the 2 international distributors mentioned in the preceding commentary.

The significant improvement in EBITDA and PBT/PAT margins achieved by ITSB for this period is largely attributed to higher margin sales and increased efficiency in cost management. While ITSB seeks to maintain price competitiveness when the costs of components/parts of the Secure Smith system were rising, the average GP* margin declined from 58.8% for the last period to 49.2% for the current period.

Notwithstanding the increased staff force and operational facilities under ITSB's rapid expansion, operating overheads to revenue on an overall basis has decreased with increasing efficiency in cost management after much initial set-up costs had been incurred in the last period. Fixed overheads comprising mainly staff costs and directors' remuneration totalling RM670,960, rental of premises and utility bills, remained as the major contribution to the operating overheads.

Note: -

* *Gross profit was arrived at after deducting amortisation of intellectual property assets.*

8.2.3 TAXATION

The INIX Group does not incur any taxation for the fifteen (15) month financial period ended 31 July 2004 and six (6) month financial period ended 31 January 2005 as INIX was incorporated on 13 September 2004. INIX's subsidiary, ITSB was awarded a financial incentive in conjunction with ITSB's MSC Status, which is a five (5) year 100% exemption from income tax under section 4A of the Promotion of Investments Act, 1986.

8.2.4 EXCEPTIONAL AND EXTRAORDINARY ITEMS

There were no exceptional or extraordinary items incurred by the Group for the financial periods under review.

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8 FINANCIAL INFORMATION (Cont'd)**8.2.5 TRADE DEBTORS' AGEING ANALYSIS AND COMMENTARY ON RECOVERABILITY OF TRADE DEBTS EXCEEDING NORMAL CREDIT PERIOD**

The ageing analysis of INIX's trade debtors as at 31 January 2005 are as follows:

	0-30 days RM	31-60 days RM	61-90 days RM	91-180 days RM	> 180 days RM	Total RM
Trade receivables						
Developers	-	-	273,790	358,564	206,174	838,528
Dealers	1,820,687	1,135,123	1,331,325	1,898,026	1,511,747	7,696,908
End users	28,752	1,070	7,518	10,652	46,999	94,991
	<u>1,849,439</u>	<u>1,136,193</u>	<u>1,612,633</u>	<u>2,267,242</u>	<u>1,764,920</u>	<u>8,630,427</u>
Percentage of trade receivables (%)	21.43	13.16	18.69	26.27	20.45	100.00

(i) Recoverability of trade debts exceeding 60 days but less than 180 days

As at 31 January 2005, the Company's outstanding trade debts exceeding 60 days but less than 180 days amounted to RM3,879,875, whereby RM3,866,575 has been collected as at 15 July 2005.

Specific allowance has been made for the balances of RM13,300 which remain uncollected as at the date of the Accountants' Report.

(ii) Recoverability of trade debts exceeding 180 days

As at 31 January 2005, the Company's outstanding trade debts exceeding 180 days amounted to RM1,764,920 of which RM1,711,319 has been collected as at 15 July 2005.

Specific allowance has been made for the balances of RM53,601 which remain uncollected as at the date of the Accountants' Report.

8.3 DIRECTORS' DECLARATION ON FINANCIAL PERFORMANCE

Save for the risk factors disclosed in Section 3 of this Prospectus and industry factors as discussed in Section 5 of this Prospectus, the Board is of the view that the financial performance, position and operations of the Group are not affected by any of the following:-

- (a) Any known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (b) Any material capital expenditure commitment, the purpose of such commitments and the anticipated source of funds;

8 FINANCIAL INFORMATION (Cont'd)

- (c) Any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group, and the extent to which the financial performance, position and operations of the corporation/group was so affected;
- (d) Any substantial increase in revenue; and
- (e) Any known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

8.4 CAPITAL COMMITMENT

As at 15 July 2005, INIX Group has no capital commitments (approved and not contracted for).

8.5 WORKING CAPITAL, BORROWINGS, LITIGATION AND CONTINGENT LIABILITIES

The Board is of the opinion that the working capital available to the Group (after taking into account the gross proceeds from the Public Issue) will be sufficient for a period of twelve (12) months from the date of issue of this Prospectus.

As at 15 July 2005: -

- (i) The Group has no outstanding material contingent liabilities;
- (ii) The Group has no borrowings;
- (iii) The Group has no contracted capital commitments; and
- (iv) The Group is not engaged in any material litigation or arbitration proceedings either as plaintiff or defendant and the Board has no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially effect the position and business of the Group.

8.6 FUTURE FINANCIAL INFORMATION

The INIX Group is essentially a technology-based group involved in the development and sales of integrated intelligent wireless security, automation and CCTV surveillance systems for homes and buildings. Its revenues and profits are subjected to various risks as highlighted in Section 3 of this Prospectus. Notable risks include its limited operating history, obsolescence or loss of market share due to rapid technological changes and changes in demand conditions for the INIX Group's products and services. In light thereof, no profit forecast or projections have been provided in this Prospectus.

9 APPROVALS AND CONDITIONS

9.1 APPROVALS AND CONDITIONS FROM AUTHORITIES

The listing and quotation of the entire issued and paid up share capital of INIX on the MESDAQ Market was approved by the SC on 30 May 2005. Bursa Securities had on 21 July 2005 approved in-principle the admission of INIX to the Official List of Bursa Securities and the listing and quotation of the entire enlarged issued and paid up share capital of INIX on the MESDAQ Market and for the ESOS. The conditions imposed by the SC and the status of compliance are set out as follows: -

Conditions imposed by SC	Status of compliance
(i) INIX to disclose in its quarterly and annual reports the status of utilisation of proceeds raised from the listing exercise until the proceeds are fully utilised;	Will be complied
(ii) Moratorium on the sale of shares to be imposed on the promoters of INIX as set out in Section 9.2 below, where they are not allowed to sell, transfer or assign their shareholdings amounting to 45% of the nominal issued and paid-up share capital of INIX for 1 year from the date of admission of the company on the MESDAQ Market of Bursa Securities. Thereafter, they may sell transfer or otherwise dispose of up to a maximum of one-third of their respective shareholdings per annum on a straight line basis of their respective shareholdings under moratorium. In addition, every beneficial shareholder of PCSSB and Pesat Cipta Sdn Bhd must give an undertaking not to sell, transfer or assign his/her shareholdings in the said companies for the same period;	Will be complied
(iii) INIX to either collect or make full provision for outstanding trade receivables that have exceeded the normal credit period of 60 days but less than 180 days, unless it can be justified that the outstanding amount can be collected. The said justification must be disclosed in the prospectus supported by an independent opinion from the Reporting Accountants;	Complied. Appropriate disclosure has been made in Section 8.2.5 of this Prospectus
(iv) INIX to either collect or make full provision for all trade receivables that have been outstanding for more than 180 days;	Complied. Appropriate disclosure has been made in Section 8.2.5 of this Prospectus
(v) INIX to include a negative statement in its prospectus on the exclusion of a profit forecast and projections from the prospectus and the reasons thereof; and	Complied. Appropriate disclosures have been made in Sections 1.12 and Section 8.6 of this Prospectus
(vi) Kenanga/INIX to inform the SC upon completion of the proposed flotation on MESDAQ Market.	Will be complied

9 APPROVALS AND CONDITIONS (Cont'd)

9.2 MORATORIUM ON PROMOTERS' SHARES

Pursuant to Paragraph 2.10.2 and Paragraph 2.10.3 of the Listing Requirements and the conditions of Bursa Securities in approving the listing of INIX, the INIX Shares held by the Promoters amounting to 45% of the nominal issued and paid-up share capital of INIX at the date of admission, as tabulated below, and any interest therein may not be sold, transferred or assigned within one (1) year from the date of admission of INIX to the Official List of the MESDAQ Market. Thereafter, they are permitted to sell, transfer or assign up to a maximum of one third per annum on a straight-line basis of their respective shareholdings in the Company which is under moratorium.

The INIX shares held by the Promoters which are under moratorium are as follows: -

	No of INIX Shares held after the Public Issue ^{^**}				No. of INIX Shares under moratorium	
	Direct	%	Indirect	%		%
<i>Promoters</i>						
PCSSB	35,424,390	37.29	-	-	33,757,036	35.53
Chong Chen Fah	2,995,821	3.15	-	-	1,747,067	1.84
Pesat Cipta Sdn Bhd	13,686,694	14.41	-	-	4,562,231	4.80
Mohamed Raza Dahya	8,051,000	8.47	-	-	2,683,666	2.83
	60,157,905	63.32	-	-	42,750,000	45.00

Note:

[^] No ESOS options will be exercised as at the date of the admission of INIX to the MESDAQ Market.

^{**} After the Shares Subdivision, Acquisition of ITSB and the Public Issue and assuming all of the 6,650,000 Issue Shares reserved for application by eligible directors, employees and business associates of the INIX Group are taken up.

The restriction is specifically endorsed on the share certificates of INIX representing the shareholding of the aforesaid shareholders, which are under moratorium to ensure that the Company's Share Registrars will not register any transfer not in compliance with the aforesaid restriction.

In addition, every beneficial shareholder of PCSSB and Pesat Cipta Sdn Bhd has given an undertaking not to sell, transfer or assign his/her shareholdings in the said companies for the same period.

10 RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS

10.1 Save as disclosed below, there are no related-party transactions, existing or proposed entered into by the INIX Group which involves the interest, direct or indirect, of a director, substantial shareholder or person connected with such director or substantial shareholder, key management or key technical personnel of INIX Group: -

- (a) WYNCORP Advisory Sdn Bhd, a company in which Wong Yoke Nyen, the brother of Wong Set Chin, has an interest, has been mandated by ITSB as co-ordinator for the Listing exercise.
- (b) Tenancy agreement dated 1 December 2003 between Liew Woy Kee ("Landlord") and ITSB ("Tenant") whereby the Landlord agreed to let and the Tenant agreed to rent the premises known as No. 59-A&B, Jalan SS15/4C, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan for a term of 2 years at a monthly rental of RM2,700. Liew Woy Kee is the brother-in-law of Cheong Kok Yai, a director and substantial shareholder of INIX and ITSB.

Save as disclosed in this Section 10, there is no conflict of interest in relation to INIX Group and its directors, substantial shareholders or persons connected with such directors or substantial shareholders, or key management and technical personnel of INIX Group.

There is also no transaction that is unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which INIX Group was a party in respect of the fifteen (15) month financial period ended 31 July 2004 and the six (6) month financial period ended 31 January 2005, and in the subsequent financial period thereof immediately preceding the date of this Prospectus.

There are also no outstanding loans (including guarantees of any kind) made by INIX Group to or for the benefit of its directors, substantial shareholders or persons connected with such directors or substantial shareholders, key management and technical personnel of the INIX Group.

10.2 Save for the Acquisition of ITSB and as disclosed below, none of the directors and/or substantial shareholders of the Group and/or person(s) connected with any of them have any interest, direct or indirect, in the promotion of or in any material assets which have, within the two (2) years preceding the date of this Prospectus, been acquired or disposed of by or leased to the INIX Group, or are proposed to be acquired, or disposed of by or leased to the INIX Group: -

- (i) Vide an Investor's Advancement Agreement dated 16 October 2003 entered into between ITSB, PCSSB, Jimmy Tok Soon Guan, Cheong Kok Yai and MAVCAP, where MAVCAP had agreed to make available to ITSB an advancement up to the principal amount of RM1,500,000 in relation to ITSB's business upon the terms and subject to the terms therein contained.
- (ii) Vide an Agreement dated 6 August 2004 entered into between ITSB, PCSSB, Jimmy Tok Soon Guan, Cheong Kok Yai and MAVCAP, the parties have agreed to the following:-
 - (a) MAVCAP agreed to sell and PCSSB agreed to purchase MAVCAP's 1 ordinary share of RM1.00 only in ITSB for a cash consideration of RM1.00 only;
 - (b) ITSB agreed to pay and MAVCAP agreed to accept a sum of RM2,500,000 only comprising of:-

10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

- (1) the redemption sum for the 499,999 redeemable convertible preference shares in ITSB held by MAVCAP; and
 - (2) the full and final payment of the advances and all interest accrued thereon under the Investor's Advancement Agreement dated 16 October 2003 referred to in paragraph (i);
 - (c) in connection with sub-paragraph (b), PCSSB agreed to subscribe for 208,333 ordinary shares of RM1.00 each in ITSB at approximately RM12 per share;
 - (d) upon payment of the RM2,500,000, the parties shall be discharged from their obligations, responsibilities and liabilities under the Subscription and Shareholders Agreement dated 17 April 2003 and the Investor's Advancement Agreement dated 16 October 2003.
- 10.3 None of the directors and/or substantial shareholders of INIX have any interest, direct or indirect, in any businesses and corporations carrying on a similar trade as the INIX Group.
- 10.4 Declaration of Advisers
- (i) Kenanga confirms that there are no existing or potential conflicts of interest in its capacity as the Adviser for the Listing.
 - (ii) Lee Choon Wan & Co confirms that there are no existing or potential conflicts of interest in its capacity as the Corporate and Due Diligence Solicitors for the Listing.
 - (iii) Azman, Wong, Salleh & Co confirms that there are no existing or potential conflicts of interest in its capacity as the Reporting Accountants and Auditors for the Listing.
 - (iv) Synovate confirms that there are no existing or potential conflicts of interest in its capacity as the Independent Market Researcher.

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11. OTHER INFORMATION CONCERNING THE INIX GROUP

11.1 LANDED PROPERTIES

As at 15 July 2005, the INIX Group does not own any landed properties

11.2 LICENCES AND PERMITS

Licence	Authority	Equity and other major conditions	Date of Issuance	Licence Period	Held By
MSC Status Certificate	Multimedia Development Corporation	<ul style="list-style-type: none"> Relocation to MSC status cities/area. 	28.11.2003	NA	ITSB
Contractors Registration Account (357-02016294) for Software Products and Services (code :210104)	Ministry of Finance (MOF)	<ul style="list-style-type: none"> ITSB has to ensure that the field registered in this certificate does not overlap with any other field as approved for any other companies which have the same proprietor or Board of Directors or same management. 	29.01.2004	29.01.2004 to 28.01.2007	ITSB
Pioneer Status under section 4A of the Promotion of Investments Act, 1986.	Ministry of International Trade and Industry (MITI)	-	01.04.2004	01.12.2003 to 30.11.2008	ITSB
CIDB licence no. 0120040317-SL093567. Registered under Grade 6 contractor category specialising in Building Automation Systems (M04) and Security, Safety and Surveillance Systems (E02).	Construction Industry Development Board (CIDB) Malaysia	<ul style="list-style-type: none"> Cannot tender for projects above RM10,000,000 scale (G6 grade licence) or carry out any construction projects beyond the registration category. Cannot tender or carry out any construction works after the expiry date of the validity period of the licence, unless renewed. ITSB needs to adhere to the "Akta Lembaga Pembangunan Industri Pembinaan Malaysia 1994", regulations therein and any terms, conditions or restrictions imposed by CIDB from time to time. 	17.03.2004	17.03.2004 to 16.03.2006	ITSB

11. OTHER INFORMATION CONCERNING THE INIX GROUP (Cont'd)

Licence	Authority	Equity and other major conditions	Date of Issuance	Licence Period	Held By
		<ul style="list-style-type: none"> ITSB has to disclose information regarding any construction works or contracts within the first month of the same being awarded. 			
Licence under the Sales Tax Act – Manufacturer's Licence	Royal Customs and Excise Malaysia	<ul style="list-style-type: none"> The purchaser when ordering tax-free goods should quote to the supplier the reference number and date of the Customs authority. Each manufacturer is required to keep the following records in respect of goods acquired tax-free as materials for manufacture- <ul style="list-style-type: none"> (a) date of importation/ purchase (b) quantity (c) quantity used in manufacture (d) quantity otherwise disposed of (e) balance in stock If goods acquired under this authority are- <ul style="list-style-type: none"> (a) sold or (b) used or disposed of otherwise than- <ul style="list-style-type: none"> (i) by use in manufacture or (ii) by disposal with the approval of the proper authority to another licensed manufacturer <p>the sale value of such goods must be included in the appropriate return and sales tax paid.</p> 	23.11.2004	25.2.05 to 24.2.06	ITSB

11. OTHER INFORMATION CONCERNING THE INIX GROUP (Cont'd)

Licence	Authority	Equity and other major conditions	Date of Issuance	Licence Period	Held By
		<ul style="list-style-type: none"> This authority must be produced to the proper officer at the Customs station through which the goods are imported at the time the goods are cleared from Customs control. 			

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12. DIRECTORS' REPORT

 The House of Innovations	iNix Technologies Holdings Bhd (665797-D) 59A Jalan SS15/4C 47500 Subang Jaya Selangor Tel : + 603 5632 2222 (Hunting Lines) : 5632 2478 5632 2653 Fax : + 603 5632 1075 Email : enquiry@inix.com.my Website : www.inix.com.my
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Date: **25 JUL 2005**

Registered Office: -
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan

The Shareholders of INIX Technologies Holdings Berhad

Dear Sir/ Madam

On behalf of the Board of Directors of INIX Technologies Holdings Berhad ("INIX" or the "Company"), we report after due enquiry that during the period from 31 January 2005 (being the date of the last audited proforma accounts of INIX and its subsidiary were made) to **25 JUL 2005** being a date not earlier than fourteen (14) days before the issuance of this Prospectus) :-

- (i) the business of the Company and its subsidiary ("Group") have, in the opinion of the Directors, has been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the Group which have adversely affected the trading or the value of the assets of the Group;
- (iii) the current assets of the Group appear in the books at values, which are believed to be realisable in the ordinary course of business;
- (iv) no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Group;
- (v) the Group has no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which they are aware of; and
- (vi) save as disclosed in the Accountants' Report and proforma consolidated balance sheets in this Prospectus, there have been no material changes in the published reserves nor any unusual factors affecting the profits of the Group.

Yours faithfully
For and on behalf of the Board of Directors
INIX Technologies Holdings Berhad


Jimmy Tok Sook Guan
Chief Executive Officer


Chong Chen Fah
Chief Financial Officer