



**INIX Technologies Holdings Berhad**

**(665797-D)**

(Incorporated in Malaysia)

# Unaudited interim financial report

for the quarter ended 31 October 2007

<b>SUMMARY OF KEY FINANCIAL INFORMATION</b>				
<b>31/10/2007</b>				
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	<b>31/10/2007</b>	<b>31/10/2006</b>	<b>31/10/2007</b>	<b>31/10/2006</b>
	RM'000	RM'000	RM'000	RM'000
1 Revenue	546	590	546	590
2 Profit/(loss) before tax	(1,356)	(989)	(1,356)	(989)
3 Profit/(loss) for the period	(1,356)	(989)	(1,356)	(989)
4 Profit/(loss) attributable to ordinary equity holders of the parent	(1,356)	(989)	(1,356)	(989)
5 Basic earnings/(loss) per share (sen)	(1.21)	(1.03)	(1.21)	(1.03)
6 Proposed/declared dividend per share (sen)	-	-	-	-
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
			<b>31/10/2007</b>	<b>31/10/2006</b>
			RM'000	RM'000
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.15	0.16



**INIX Technologies Holdings Berhad** (665797-D)  
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## Condensed consolidated income statement for the three-month period ended 31 October 2007

		<i>Three months and year-to-date ended</i>	
	<i>Note</i>	<i>31 Oct 2007</i>	<i>31 Oct 2006</i>
		<i>unaudited</i>	<i>unaudited</i>
		RM'000	RM'000
Revenue	A9	546	590
Cost of sales		(326)	(380)
<hr/>			
<i>Gross profit</i>		220	210
Selling and marketing expenses		(152)	(136)
Administrative expenses		(489)	(418)
Research and development expenses		(593)	(280)
Other expenses		(341)	(365)
Finance costs		(1)	-
<hr/>			
<b><i>(Loss)/Profit before tax</i></b>		(1,356)	(989)
Taxation	B5	-	-
<hr/>			
<b><i>(Loss)/Profit for the period</i></b>		(1,356)	(989)
<hr/>			
<b><i>Earnings per share attributable to ordinary equity holders of the Company (sen)</i></b>			
Basic	B13	(1.21)	(1.03)
<hr/>			
Diluted	B13	(1.27)	(1.06)
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*The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 July 2007 and the accompanying explanatory notes attached to the interim financial statements.*



**INIX Technologies Holdings Berhad** (665797-D)  
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## Condensed consolidated balance sheet as at 31 October 2007

	<i>Note</i>	<i>As at 31 Oct 2007 unaudited RM'000</i>	<i>As at 31 Jul 2007 audited RM'000</i>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Intangible assets		1,334	1,411
Property, plant and equipment	A10	11,941	11,855
Goodwill on consolidation		4	4
		<hr/> 13,279	<hr/> 13,270
<b>Current Assets</b>			
Inventories		2,338	1,212
Trade receivables		1,940	2,694
Other receivables, deposits and prepayments		271	272
Cash and bank balances		318	669
		<hr/> 4,867	<hr/> 4,847
<b>TOTAL ASSETS</b>		<hr/> <b>18,146</b>	<hr/> <b>18,117</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Attributable to Equity Holders of the Company</b>			
Share capital	A7(b)	11,495	10,450
Share premium	A7(b)	8,658	8,109
Share option reserve	A7(a)	1,204	1,061
(Accumulated losses)/retained profits		(3,961)	(2,605)
		<hr/> 17,396	<hr/> 17,015
<b>Non-Current Liability</b>			
Hire purchase payable	B9	16	21
<b>Current liabilities</b>			
Trade payables		260	558
Other payables and accruals		410	439
Provision for warranty claims		47	67
Hire purchase payable	B9	17	17
		<hr/> 734	<hr/> 1,081
<b>TOTAL EQUITY AND LIABILITIES</b>		<hr/> <b>18,146</b>	<hr/> <b>18,117</b>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>			
		0.15	0.16

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 July 2007 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 2007

	<i>Attributable to equity holders of the Company</i>					<i>Total</i> RM'000
	<i>Share capital</i> RM'000	<i>Share premium</i> RM'000	<i>Reserve on consolidation</i> RM'000	<i>Share option reserve</i> RM'000	<i>Retained profits/ (Acc. losses)</i> RM'000	
<b>At 1 August 2006</b> (audited)						
As previously stated	9,500	6,784	4,648	574	3,960	25,466
Prior year adjustment - effects of adopting FRS 3	-	-	(4,648)	-	4,648	-
<b>At 1 August 2006 (restated)</b>	9,500	6,784	-	574	8,608	25,466
Issue of shares during the period	99	344	-	-	-	443
Share issue expenses	(13)	-	-	-	-	(13)
Loss for the period	-	-	-	-	(989)	(989)
Employees' share option scheme - options granted	-	-	-	145	-	145
<b>At 31 October 2006</b>	9,586	7,128	-	719	7,619	25,052
<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)
Employees' share option scheme - options granted	-	-	-	143	-	143
<b>At 31 October 2007</b>	11,495	8,658	-	1,204	(3,961)	17,396

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 July 2007 and the accompanying explanatory notes attached to the interim financial statements.



**INIX Technologies Holdings Berhad** (665797-D)  
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## Condensed consolidated cashflow statement for the three-month period ended 31 October 2007

	<i>Three months and year-to-date ended</i>	
	<i>31 Oct 2007</i>	<i>31 Oct 2006</i>
	<i>unaudited</i>	<i>unaudited</i>
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss for the period</b>	(1,356)	(989)
<i>Adjustments:</i>		
Depreciation of property, plant and equipment	650	201
Amortisation of intangible assets	77	25
Net provision for warranty claims written back	(20)	(13)
Allowance for obsolete and defective inventories	-	41
Allowance for doubtful debts	119	134
Interest expense on hire purchase financing	1	-
Share option expense	143	145
<b>Operating loss before working capital changes</b>	<b>(386)</b>	<b>(456)</b>
Increase in inventories	(1,126)	(309)
Decrease/(increase) in trade receivables	635	(15)
(Increase)/decrease in other receivables, deposits and prepayments	1	(23)
Increase/(decrease) in trade payables	(298)	296
Increase/(decrease) in other payables and accruals	(34)	8
<b>Net cash used in operating activities</b>	<b>(1,208)</b>	<b>(499)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(736)	(39)
<b>Net cash used in investing activities</b>	<b>(736)</b>	<b>(39)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares (net)	1,594	430
Interest paid on hire purchase financing	(1)	-
<b>Net cash generated from financing activities</b>	<b>1,593</b>	<b>430</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(351)</b>	<b>(108)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>669</b>	<b>448</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>318</b>	<b>340</b>
<i>These comprise: -</i>		
Cash in hand	24	30
Bank balances	294	310
	<b>318</b>	<b>340</b>

The condensed consolidated cashflow statement should be read in conjunction with the audited financial statements for the year ended 31 July 2007 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 2007. 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 2007.

#### 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 2007 except for the adoption of the following new/revised FRS effective for financial periods beginning on or after the following dates:

FRS		<i>Effective for annual periods commencing on</i>
107	Cash Flow Statements	1 Jul 2007
112	Income Taxes	1 Jul 2007
118	Revenue	1 Jul 2007
119	Employee Benefits	1 Jul 2007
124	Related Party Disclosures	1 Oct 2006
137	Provisions, Contingent Liabilities and Contingent Assets	1 Jul 2007

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the above FRSs does not have significant financial impact on the Group.

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

The auditors' report on the financial statements for the year ended 31 July 2007 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.

#### 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:



## Explanatory notes to the interim financial report

### A7 Debt and equity securities *(continued)*

#### (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:

	<i>No. of share options at exercise price of RM0.40 each</i>	
	<i>Three months and year-to-date ended</i>	
	<i>31 Oct 2007</i>	<i>31 Oct 2006</i>
Outstanding at the beginning of the period	4,600,000	5,160,000
Granted and accepted during the period	-	-
Forfeited during the period	-	(95,000)
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	4,600,000	5,065,000
Exercisable at the end of the period	3,686,000	2,664,000

#### (b) *Private placement exercise*

On 24 May 2007, the Company announced that the Securities Commission ("SC") and the Foreign Investment Committee (via the SC) had approved a proposed private placement of up to 10% of the issued and paid-up share capital of the Company comprising up to 10,928,000 new ordinary shares of RM0.10 each in the Company.

On 22 June 2007, the Company proposed that the new ordinary shares of RM0.10 each in the Company to be issued pursuant to the proposed private placement at an issue price of RM0.155, which represented a discount of approximately 8.4% over a 5-day weighted average market price of the Company's shares.

At an extraordinary general meeting held on 8 August 2007, the shareholders of the Company had approved the private placement of 10,450,000 new ordinary shares to be issued at RM0.155 per share. The placement shares were allotted and issued on 17 August 2007 and were granted listing and quotation on 23 August 2007.

### 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>Three months and year-to-date ended 31 Oct 2007</b>	<b>Australia RM'000</b>	<b>Africa RM'000</b>	<b>Asia RM'000</b>	<b>Europe RM'000</b>	<b>Conso- lidated RM'000</b>
<b>Segment Revenue</b>					
Total revenue	-	-	-	-	546
Inter-segment revenue	-	-	-	-	-
External revenue	-	-	-	-	546
<b>Segment Results</b>					
Unallocated expenses	(84)	-	(617)	-	(701)
- corporate					(506)
- R&D					(148)
Finance costs					(1)
Taxation					-
Profit for the period					(1,356)
<b>Segment Assets</b>					
Unallocated assets	2,630	-	12,586	-	15,216
Total assets					2,930
					18,146
<b>Segment Liabilities</b>					
Unallocated liabilities	-	-	47	-	47
Total liabilities					703
					750
<b>Other Information:</b>					
Capital expenditure	-	-	736	-	736
Depreciation	32	-	618	-	650
Amortisation	52	-	25	-	77
<b>Three months and year-to-date ended 31 Oct 2006</b>					
<b>Segment Revenue</b>					
Total revenue	-	-	590	-	590
Inter-segment revenue	-	-	-	-	-
External revenue	-	-	590	-	590
<b>Segment Results</b>					
Unallocated expenses	(44)	(40)	(153)	(24)	(261)
- corporate					(448)
- R&D					(280)
Finance costs					-
Taxation					-
Profit for the year					(989)
<b>Segment Assets</b>					
Unallocated assets	1,468	1,352	21,174	801	24,795
Total assets					1,472
					26,267
<b>Segment Liabilities</b>					
Unallocated liabilities	-	-	87	-	87
Total liabilities					1,128
					1,215
<b>Other Information:</b>					
Capital expenditure	-	-	39	-	39
Depreciation	16	14	159	12	201
Amortisation	-	-	25	-	25





## Explanatory notes to the interim financial report

### A9 Segmental information *(continued)*

#### (b) Business segments

	<i>Invest- ment holding</i>	<i>Development and sales of security, aut- omation and surveillance systems</i>	<i>Elimi- nation</i>	<i>Conso- lidated</i>
	RM'000	RM'000	RM'000	RM'000
<b><i>Three months and year-to-date ended 31 Oct 2007</i></b>				
Total revenue	-	546	-	546
Segment assets	18,649	18,768	(19,271)	18,146
Capital expenditure	-	736	-	736
<b><i>Three months and year-to-date ended 31 Oct 2006</i></b>				
Total revenue	-	590	-	590
Segment assets	16,820	26,656	(17,209)	26,267
Capital expenditure	-	39	-	39

#### 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 2007.

#### 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 recorded a sales turnover of RM0.546 million for the quarter under review. Reflective of the continuing adverse operating environment for the Group, consolidated earnings remained in the negative, with a pre-tax loss of RM1.356 million recorded for the current quarter and financial year-to-date ended 31 October 2007.

#### B2 Material change in profit before tax

	<i>Current quarter ended 31 Oct 2007</i>	<i>Preceding quarter ended 31 Jul 2007</i>
	RM'000	RM'000
Revenue	546	3,393
Profit/(Loss) before tax	(1,356)	(7,711)

Group sales revenue for the quarter under review ("FY08Q1") declined to RM0.546 million compared to the RM3.393 million recorded for the preceding quarter ("FY07Q4"), of which RM3.240 million comprised sales to the Group's distributor in Australia. Pre-tax loss for the period RM1.356 million was correspondingly lower than for FY07Q4 amounting to RM7.711 million, which also took into account various prudential year-end accounting adjustments and provisions. Significant individual items of expenditure for FY07Q4 include depreciation on property, plant and equipment of RM1.904 million (FY08Q1: RM0.650 million), diminution in value of property, plant and equipment RM1.631 million (FY08Q1: nil), amortisation of intangible assets RM0.234 million (FY08Q1: RM0.077 million), allowance for bad and doubtful debts RM2.113 million (FY08Q1: RM0.119 million), allowances for stocks obsolescence RM0.768 million (FY08Q1: nil) and share option expenses RM0.139 million (FY08Q1: RM0.142 million).

#### B3 Prospects

In the light of the Group's disappointing revenue and earnings performance in recent past, 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, the Directors are hopeful of an improved Group position for the current financial year ending 31 July 2008.

#### 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.

#### B7 Quoted securities

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



## Explanatory notes to the interim financial report

### B8 Corporate proposals

#### (a) Status of corporate proposals

There were no corporate proposals announced but not yet completed as at the date of this announcement.

#### (b) Status of utilisation of proceeds

The status of utilisation of the proceeds raised is as follows:

##### Private placement completed on 12 Feb 2007

	<i>Proposed private placement</i> RM'000	<i>Proceeds from placement shares</i> RM'000	<i>Utilised at date of this report</i> RM'000	<i>Balance</i> RM'000
Expansion of production capacity	3,000	1,818	1,818	-
Working capital	714	433	453	(20)
Estimated expenses	100	60	40	20
	3,814	2,311	2,311	-

*The proceeds raised have been allocated proportionately based on the 9,500,000 ordinary shares issued over the number of ordinary shares under the Proposed Private Placement. All proceeds have been utilised as at the date of this report. The excess allocation for estimated expenses (compared to actual expenses of the exercise) has been utilised for working capital.*

##### Private placement completed on 23 Aug 2007

	<i>Proposed private placement</i> RM'000	<i>Proceeds from placement shares</i> RM'000	<i>Utilised at date of this report</i> RM'000	<i>Balance</i> RM'000
Expansion of production capacity	1,500	1,292	1,159	133
Working capital	281	242	242	0
Estimated expenses	100	86	45	41
	1,881	1,620	1,446	174

*The proceeds raised have been allocated proportionately based on the 10,450,000 ordinary shares issued over the number of ordinary shares under the Proposed Private Placement. Any excess/(deficit) in the gross proceeds raised, upon completion, will be utilised for/(adjusted from) working capital.*

### 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.

<i>Interest bearing secured borrowing</i>	<i>Payable within 12 months</i> RM'000	<i>Payable after 12 months</i> RM'000
Hire purchase (in Malaysian currency)	17	16

*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.



## Explanatory notes to the interim financial 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 announcements on 9 and 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 (earlier adjourned from 8 October 2007) dismissed with costs the plaintiff's attempt to enter summary judgment against the Company. The plaintiff has an option to file an appeal to the High Court judge within 10 days of the said decision.

### 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 2007</i>	<i>31 Oct 2006</i>
<b>Basic:</b>		
Net (loss)/profit attributable to ordinary shareholders (RM'000)	(1,356)	(989)
Weighted average number of ordinary shares in issue ('000)	112,451	95,670
Basic earnings per ordinary share (sen)	(1.21)	(1.03)
<b>Diluted:</b>		
Net (loss)/profit attributable to ordinary shareholders (RM'000)	(1,356)	(989)
Weighted average number of ordinary shares in issue ('000)	112,451	95,670
Number of shares issuable under ESOS ('000)	4,600	5,065
Number of shares that would have been issued at fair value ('000)	(9,892)	(7,184)
Adjusted weighted average number of ordinary shares in issue('000)	107,159	93,551
Diluted earnings per ordinary share (sen)	(1.27)	(1.06)

### 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 12 December 2007.