PROSPECTUS 2011

Inari Berhad

INARI BERHAD
(Company No. 1000809-U)

INARI BERHAD (1000809-U) • PROSPECTUS 2011

Inari Berhad

INARI BERHAD
(Company No.: 1000809-U)
(Incorporated in Malaysia under the Companies Act, 1965)

This Prospectus is dated 28 June 2011

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING PUBLIC ISSUE OF 83,000,000 NEW ORDINARY SHARES OF RM0.10 EACH ("SHARES") IN INARI BERHAD COMPRISING:

- 10,000,000 SHARES MADE AVAILABLE TO THE MALAYSIAN PUBLIC;
- 26,154,000 SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS;
- 36,460,000 SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY; AND
- 10,386,000 SHARES MADE AVAILABLE TO OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF INARI BERHAD AND OUR SUBSIDIARIES.

AT AN ISSUE PRICE OF RM0.38 PER SHARE PAYABLE IN FULL ON APPLICATION

Adviser, Sponsor, Underwriter & Placement Agent

M & A SECURITIES SDN BHD (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser

PUBLIC INVESTMENT BANK BERHAD (20027-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)
(Wholly-Owned Subsidiary of Public Bank Berhad)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 4 HEREIN.

YOU ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK.

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA.

Our Directors and Promoters (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

Public Investment Bank Berhad, our Independent Adviser acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO and are satisfied that the information contained in this Prospectus have been stated by the Directors of our Company after due and careful enquiry.

A copy of this Prospectus has been registered with the Securities Commission of Malaysia ("SC"). The registration of this Prospectus should not be taken to indicate that the SC recommends our IPO or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure in this Prospectus on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss that you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. A copy of this Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Companies listed on the ACE Market may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, among others, this Prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities professional / adviser.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND YOUR INVESTMENT IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Our IPO is an exempt transaction under Section 213 of the Capital Markets and Services Act 2007 ("CMSA") and is therefore not subject to the approval of the SC.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Approval has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for our IPO Shares (defined herein) on 23 February 2011. Our

admission to the official list of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The valuation utilised for the purpose of our corporate proposals should not be construed as an endorsement by the Securities Commission on the value of the subject assets.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the IPO for which any of the persons set out in Section 236 of the CMSA, e.g. Directors and Advisers, are responsible.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for the IPO would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You may also obtain a copy of the Electronic Prospectus from the website of Malayan

Banking Berhad at www.maybank2u.com.my, the website of RHB Bank Berhad at http://www.rhbbank.com.my, the website of CIMB Investment Bank Berhad at http://www.eipocimb.com, the website of CIMB Bank Berhad at http://www.cimbclicks.com.my and the website of Affin Bank Berhad at http://www.affinonline.com.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or issuing house, a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

(i) we and our Adviser do not endorse and is not affiliated in any way with the Third Party Internet Sites and is not responsible for the availability of, or the contents or any data, information, files or other material provided on the third party internet sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

(ii) we and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and

(iii) any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

(i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and

(ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of

an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

The indicative timing of events leading to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities is set out below:

Events	Tentative Dates
Issuance of this Prospectus/Opening of Application for the IPO	28 June 2011
Closing of applications for the IPO	7 July 2011
Balloting of the application for the IPO Shares (as defined herein)	11 July 2011
Allotment of the IPO Shares to successful applicants	18 July 2011
Listing	19 July 2011

This timetable is indicative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or such later date as our Directors and our Underwriter in their absolute discretion may mutually decide.

In the event the closing date of the application is extended, we will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the applications for the IPO Shares, allotment of the IPO Shares and Listing would be extended accordingly.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page viii.

All references to "Inari" and "Company" in this Prospectus are to Inari Berhad (1000809-U), references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors, key management and key technical personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or 2 decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in "Definitions" appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections, including the projections from the Independent Market Researcher, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such websites does not form part of this Prospectus and you should not rely on it.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page viii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

(i) demand for our products and services;

(ii) our business strategies;

(iii) our plans and objectives for future operations;

(iv) our financial position;

(v) our future earnings, cash flows and liquidity; and

(vi) our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(i) the economic, political and investment environment in Malaysia and globally; and

(ii) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 4 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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DEFINITIONS

Unless otherwise indicated, the following definitions shall apply throughout this Prospectus:-

"Acquisitions"	:	Collectively, the acquisitions of the entire issued and paid-up share capital of Inari Technology and Simfoni by our Company, as further described in Section 5.3 of this Prospectus.
"Act"	:	Companies Act, 1965, as amended from time to time, and any re-enactments thereof
"ADA"	:	Authorised Depository Agent
"Application Form"	:	The printed application form for the application of the IPO Shares accompanying this Prospectus
"Application"	:	The application for the IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"ASEAN"	:	The Association of Southeast Asian Nations
"ATM"	:	Automated Teller Machine
"Avago Malaysia"	:	Avago Technologies (Malaysia) Sdn Bhd, a wholly-owned subsidiary of Avago
"Avago Technologies"	:	Avago Technologies Trading Limited, a wholly-owned subsidiary of Avago
"Avago"	:	Avago Technologies Limited
"Board"	:	Board of Directors of Inari
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CAGR"	:	Compounded annual growth rate
"CCM"	:	Companies Commission of Malaysia
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
"CDS"	:	Central Depository System
"Closing Date"	:	Means the date adopted in the Prospectus as the last date for acceptance and receipt of application for the subscription to the IPO Shares or such other later date as the Company and the Underwriter may agree upon.
"CMSA"	:	Capital Markets & Services Act 2007, as amended from time to time, and any re-enactments thereof

DEFINITIONS

"Debt Settlement"	:	RM10,000,000 owing by Simfoni to Insas Technology settled/to be settled in the following manner: (i) RM2,450,000 settled on 21 September 2010 via the allotment of 7,000,000 Shares to Insas Technology by Inari at the issue price of RM0.35 per share; and (ii) RM7,550,000 to be settled via proceeds from the Public Issue or borrowings to be secured by our Group. Further details of the Debt Settlement are set out in Section 5.3.2 herein.
"Depository Rules"	:	The Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
"Electronic Share Application"	:	Application for the IPO Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"EQUINITI"	:	Equiniti Services Sdn Bhd *(formerly known as MIDF Consultancy and Corporate Services Sendirian Berhad)*
"FPE 2007"	:	13 months financial period from 1 June 2006 to 30 June 2007
"FPE 2010"	:	Six (6) months financial period ended 31 December 2009
"FPE 2011"	:	Six (6) months financial period ended 31 December 2010
"FYE"	:	Financial year(s) ended/ending 30 June, as the case may be
"IMR" or "D&B Malaysia"	:	Dun & Bradstreet (D&B) Malaysia Sdn Bhd, our Independent Market Researcher
"Inari Group" or "Group"	:	Inari and its wholly-owned subsidiary companies, Inari Technology and Simfoni
"Inari Technology Vendors"	:	The vendors of Inari Technology, namely Insas Technology, Macronion, Ho Phon Guan and Avago Malaysia
"Inari Technology"	:	Inari Technology Sdn Bhd, a wholly-owned subsidiary of Inari
"Inari" or "Company"	:	Inari Berhad
"Insas Technology"	:	Insas Technology Berhad, a wholly-owned subsidiary of Insas Berhad
"Internet Share Application"	:	Application for the IPO Shares through an Internet Participating Financial Institutions
"Internet Participating Financial Institutions"	:	The participating financial institutions for Internet Share Application as listed in Section 17 of this Prospectus
"IPO Price"	:	The issue price of RM0.38 per Share pursuant to the Public Issue

DEFINITIONS

"IPO"	:	Our initial public offering comprising the Public Issue
"IT"	:	Information technology
"Latest Practicable Date" or "LPD"	:	3 June 2011, being the latest practicable date for ascertaining certain information contained in this Prospectus
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"Listing Scheme"	:	Comprising the Public Issue and Listing, collectively
"Listing"	:	Listing of and quotation for our entire enlarged issued and paid-up share capital of 331,608,700 Shares on the ACE Market of Bursa Securities
"M&A Securities"	:	M&A Securities Sdn Bhd
"Macronion"	:	Macronion Sdn Bhd
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"MIDA"	:	Malaysian Industrial Development Authority
"MITI"	:	Ministry of International Trade and Industry
"MNCs"	:	Multinational corporations
"NA"	:	Net assets
"NBV"	:	Net book value
"NTA"	:	Net tangible assets
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PE Multiple"	:	Price-earnings multiple
"Pink Form Allocations"	:	The allocation of 10,386,000 Shares to our eligible Directors, employees and persons who have contributed to the success of our Group pursuant to the IPO
"Plant 1"	:	Industrial premise comprising a 3-storey detached factory with guard house built on 2,089 sq m of leasehold land and a 4,047 sq m adjoined vacant leasehold land, owned by Inari Technology and situated at No. 5, Hilir Sungai Keluang 3, Bayan Lepas Free Industrial Zone Phase 4, 11900 Bayan Lepas, Penang

DEFINITIONS

"Plant 2"	:	A single storey factory building with built up area of 836 sq m leased by Inari Technology and situated at No 155-A, Bayan Lepas Free Industrial Zone Phase 1, 11900 Bayan Lepas, Penang. The lease agreement for Plant 2 was terminated on 30 June 2010
"Plant 3"	:	Industrial premise comprising a 3-storey detached factory-cum-office block with guard house built on 8,332 sq m of leasehold land, owned by Simfoni and situated at No. 51, Hilir Sungai Keluang 4, Bayan Lepas Free Industrial Zone Phase 4, 11900 Bayan Lepas, Penang
"Plant 5"	:	A proposed industrial premise comprising a 3-storey building with a total built up area of 5,351 sq m to be erected within the compound of Plant 3 Note: Since the termination of Plant 2, our management decided to name the production / manufacturing plants in odd sequence numbers, i.e. Plant 1, Plant 3 and Plant 5
"Plant A"	:	Industrial premise comprising a single storey warehouse/ manufacturing facility leased by Inari Technology with a built up area of 3,623 sq m situated at No 17, Jalan Kampung Jawa, Kawasan Perindustrian Bayan Lepas, Fasa 3, 11900 Bayan Lepas, Penang. The lease agreement was entered into on 6 December 2010 and is effective for a period of three (3) years commencing 1 December 2010
"Private Placement"	:	Issuance of 62,614,000 new Shares in conjunction with our IPO in the following manner: (i) 26,154,000 new Shares by way of private placement to identified investors; and (ii) 36,460,000 new Shares by way of private placement to identified Bumiputera investors approved by MITI
"Promoters"	:	Comprising collectively, Insas Technology, Macronion and Ho Phon Guan
"Public Issue Shares" or "IPO Shares"	:	83,000,000 new Shares to be made available for application pursuant to the Public Issue, subject to the terms and conditions of this Prospectus
"Public Issue"	:	Public issue of 83,000,000 new Shares at the IPO Price payable in full upon application subject to the terms and conditions of this Prospectus
"RCPS-A"	:	Redeemable convertible preference shares in Inari Technology (Class A) subscribed by Avago Malaysia which were converted into ordinary shares of RM1.00 each in Inari Technology on 5 August 2010

DEFINITIONS

"RCPS-H"		Redeemable convertible preference shares in Inari Technology (Class H) subscribed by Ho Phon Guan which were converted into ordinary shares of RM1.00 each in Inari Technology on 5 August 2010
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"SC"	:	Securities Commission Malaysia
"Share(s)" or "Inari Share(s)"	:	Ordinary shares of RM0.10 each in Inari
"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time, and any re-enactments thereof
"Simfoni"	:	Simfoni Bistari Sdn Bhd
"South Korea"	:	Republic of Korea
"sq m"	:	Square meters
"sq ft"	:	Square feet
"Underwriter"	:	M&A Securities, our underwriter
"Underwriting Agreement"	:	The underwriting agreement dated 3 June 2011 entered into between Inari and M&A Securities pursuant to the IPO
"USA" or "US"	:	United States of America
"USD"	:	United States Dollars

Technical Glossary

"Bluetooth"	:	An open wireless technology standard for exchanging data over short distances (using short wavelength radio transmissions) from fixed and mobile devices
"Box-Build"	:	An assembly/manufacturing process for the production of end-use electronic devices
"Class 10K cleanroom"	:	Clean room controlled with quantity of sizes of 0.5 µm particles shall not exceed 10,000 count in flow rate of 0.1 feet^3 / minute per testing point
"Class 100K cleanroom"	:	Clean room controlled with quantity of sizes of 0.5 µm particles shall not exceed 100,000 count in flow rate of 0.1 feet^3 / minute per testing point
"COB"	:	Chip-on-Board. A semiconductor assembly process wherein the microchip or die is directly mounted on and electrically interconnected to its final circuit board

DEFINITIONS

"DC"	:	Direct current, an electric current that flows in one direction steadily
"EMS"	:	Electronic Manufacturing Services, a term used for companies that design, test, manufacture, distribute and provide other services for electronic component assembly
"ESD"	:	Electrostatic discharge, an electric current, such as a spark that is triggered when the potential difference a threshold value
"GPS"	:	Global positioning system, a space-based global navigation satellite system that provides reliable location and time information
"HSDPA"	:	High-Speed Downlink Packet Access, an enhanced 3G (third generation) mobile telephony communications protocol
"IC"	:	Integrated Circuit, a miniaturised electronic circuit that has been manufactured in the surface of a thin substrate of semiconductor material
"in"	:	Inch
"ISO"	:	International Organisation for Standardisation
"Kanban"	:	A production concept related to lean and just-in-time production.
"LED"	:	Light emitting diode, a semiconductor light source
"MCOB"	:	Multiple-Chip-on-Board. A semiconductor assembly process wherein multiple microchips or dies are directly mounted on and electrically interconnected to its final circuit board
"mil"	:	thousandth of an inch
"mm"	:	millimetres
"NPI"	:	New product introduction
"ODM"	:	Original design manufacturer
"OEM"	:	Original equipment manufacturer
"PCB"	:	Printed circuit board, used to mechanically support and electrically connect electronic components using conductive pathways, tracks or signal traces etched from copper sheets laminated onto a non-conductive substrate
"PCBA"	:	Printed circuit board assembly
"PDA"	:	Personal digital assistant, a mobile device which functions as a personal information manager
"Poka-yoke"'	:	A Japanese term that means "fail-safe" or "mistake-proofing".

DEFINITIONS

"PVC"	:	Polyvinyl Chloride, a thermoplastic polymer
"QA"	:	Quality Assurance
"QC"	:	Quality Control
"QFN"	:	Quad Flat No-Lead, a packaging method to physically and electrically connect ICs to PCBs
"QMS"	:	Quality management system
"R&D"	:	Research and development
"RF"	:	Radio Frequency, an electromagnetic wave frequency between audio and infrared
"SiP"	:	System in Package. A package or module that has number of ICs enclosed in
"SMT"	:	Surface Mount Technology. A method for constructing electronic circuits in which the components are mounted directly onto the surface of PCBs
"TAP"	:	Technical advisory panel
"um"	:	Micrometer
"WiFi"	:	Wireless Fidelity. A trademark of the Wi-Fi Alliance that manufacturers may use to brand certified products that belong to a class of wireless local area network devices based on the IEEE (Institute of Electrical and Electronics Engineers) 802.11 standards

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Company No.: 1000809-U

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name (Designation)	Address	Profession	Nationality
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP *(Independent Non-Executive Chairman)*	No. 5, Jalan 5, Taman Tun Abdul Razak, Ampang Jaya, 68000 Ampang, Selangor	Director	Malaysian
Dato' Thong Kok Khee *(Non-Independent Non-Executive Director)*	74, Jalan Setiakasih, Damansara Heights, 50490 Kuala Lumpur	Director	Malaysian
Dato' Wong Gian Kui *(Non-Independent Non-Executive Director)*	Lot 26, Mont' Kiara Residence, Changkat Suria 1, 6, Jalan Kiara 2, 50480 Mont' Kiara, Kuala Lumpur	Director	Malaysian
Dr Tan Seng Chuan *(Managing Director)*	C-05, Pangsapuri Bayou, Jalan Peranginan, Leisure Farm, 81560 Gelang Patah, Johor	Director	Malaysian
Ho Phon Guan *(Executive Director)*	2-4-5, Lorong Delima 13, Mutiara View, 11700 Gelugor, Penang	Director	Malaysian
Mai Mang Lee *(Executive Director)*	1-27-E, Greenlane Park, Solok Tembaga, 11600 Penang	Director	Malaysian
Tan Lee Pang s/o Hum Beng *(Executive Director)*	68, Tkt Kancil Satu, Taman Hwa Seng, Alma, 14000 Bukit Mertajam, Penang	Director	Singaporean
Ooi Boon Chye *(Non-Independent Non-Executive Director)*	FS27-2, 1 Persiaran Gurney, Georgetown, 10250 Penang	Director	Malaysian
Rajendran Velayuthan *(Independent Non-Executive Director)*	38, Jalan USJ 5/1K, 47610 Subang Jaya Selangor	Director	Malaysian
Oh Seong Lye *(Independent Non-Executive Director)*	29, Jalan SS2/39, 47300 Petaling Jaya, Selangor	Director	Malaysian

1. CORPORATE DIRECTORY

Name (Designation)	Address	Profession	Nationality
Foo Kok Siew *(Independent Non-Executive Director)*	5, Jalan Tijani 4, Tijani 2 South, Bukit Tunku, 50480 Kuala Lumpur	Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Foo Kok Siew	Chairman	Independent Non-Executive Chairman
Rajendran Velayuthan	Member	Independent Non-Executive Director
Oh Seong Lye	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	Chairman	Independent Non-Executive Chairman
Dr Tan Seng Chuan	Member	Managing Director
Oh Seong Lye	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	Chairman	Independent Non-Executive Chairman
Dato' Thong Kok Khee	Member	Non-Independent Non-Executive Director
Oh Seong Lye	Member	Independent Non-Executive Director

REGISTERED OFFICE : No. 45-5, The Boulevard,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Telephone number: 03-22848311

1. CORPORATE DIRECTORY

HEAD OFFICE	:	No. 51, Hilir Sungai Keluang 4, Bayan Lepas Free Industrial Zone Phase 4, 11900 Bayan Lepas, Penang Telephone number: 04-6456618
EMAIL ADDRESS AND WEBSITE	:	Email address: info@inariberhad.com Website: http://www.inariberhad.com
COMPANY SECRETARIES	:	**Chow Yuet Kuen (MAICSA 7010284)** **Yau Jye Yee (MAICSA 7059233)** No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur Telephone number: 03-22848311
AUDITORS & REPORTING ACCOUNTANTS FOR THE LISTING	:	**SJ Grant Thornton (AF 0737)** **Chartered Accountants** Level 11, Faber Imperial Court, Jalan sultan Ismail, P.O Box 12337, 50774 Kuala Lumpur, Malaysia Telephone number: 03-26924022
SOLICITORS FOR THE LISTING	:	**Teh & Lee** A-3-3 & A-3-4, Northpoint Offices, Mid Valley City, No.1, Medan Syed Putra Utama, 59200 Kuala Lumpur Telephone number: 03-22832800
PRINCIPAL BANKER	:	**EON Bank Berhad** No.58 & 60, Taman Sri Tunas, Jalan Tengah, Bandar Bayan Baru, 11950 Bayan Lepas, Penang Telephone number: 04-6452881

1. CORPORATE DIRECTORY

INDEPENDENT VALUER	:	**Henry Butcher Malaysia (Penang) Sdn Bhd** No. 142-M, Jalan Burma 10050 Penang Telephone number: 04-2298999
INDEPENDENT MARKET RESEARCHER	:	**Dun & Bradstreet (D&B) Malaysia Sdn Bhd** Block C-17-02, 3 Two Square No. 2, Jalan 19/1 46530 Petaling Jaya Selangor Darul Ehsan Telephone number: 03-79666866
ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	**M&A Securities Sdn Bhd** No. 45-3,The Boulevard, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur Telephone number: 03-22842911
ISSUING HOUSE	:	**Equiniti Services Sdn Bhd** *(formerly known as MIDF Consultancy and Corporate Services Sendirian Berhad)* Level 8, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Telephone number: 03-21660933
SHARE REGISTRAR	:	**Megapolitan Management Services Sdn Bhd** No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur Telephone number: 03-22848311
INDEPENDENT ADVISER	:	**Public Investment Bank Berhad** 25th Floor, Menara Public Bank, 146, Jalan Ampang, 50450 Kuala Lumpur Telephone number: 03-21669382
LISTING SOUGHT	:	**ACE Market of Bursa Securities**

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2. INFORMATION SUMMARY

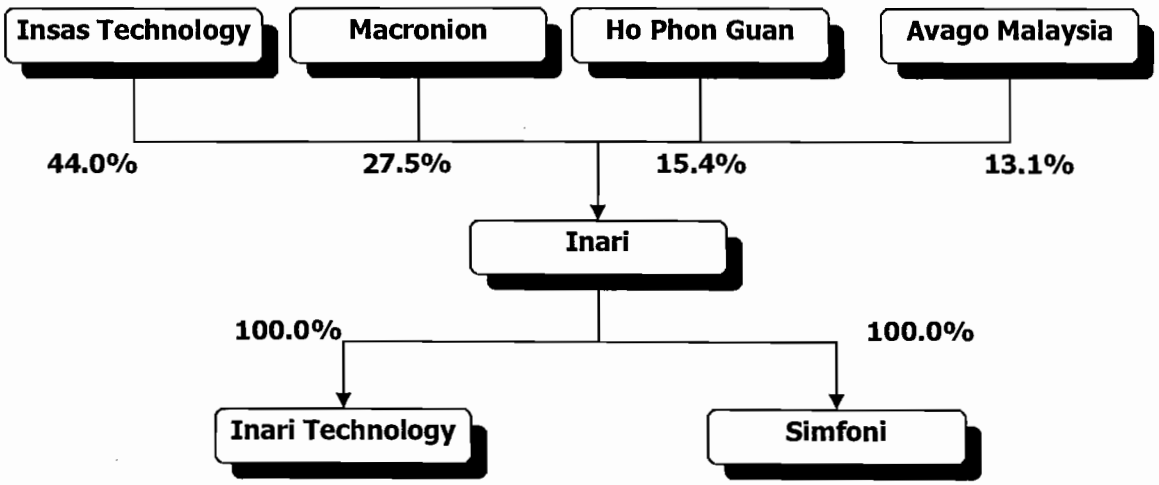
The information contained in this section is intended only to be a summary of some salient information relating to us and our IPO, and the information concerned is derived from and should be read in conjunction with the full text of this Prospectus. You should read and understand the whole Prospectus prior to deciding whether or not to invest in our Shares.

2.1 History and Business

We were incorporated in Malaysia on 5 May 2010 as a public limited company under the name of Inari Berhad. Our principal activity is that of investment holding.

Our Group is an EMS provider principally involved in semiconductor packaging, which comprises back-end wafer processing, package assembly and RF final testing for the semiconductor industry.

Our Group structure as at the LPD and prior to our IPO is diagrammatically summarised below:



The main activities of our Group are summarised below:

Subsidiaries	Principal Activities
Inari Technology	Principally involved in semiconductor packaging, which comprises back-end wafer processing, package assembly and RF final testing for wireless microwave telecommunication semiconductor products.
Simfoni	Property investment holding

As at the date of this Prospectus, we do not have any associated company.

The primary market in which we service is the wireless RF and microwave telecommunication semiconductor market. Presently, we believe that we are one of the largest one-stop EMS providers in Malaysia providing DC and RF wafer testing, wafer back grinding, wafer sawing, wire bonding substrate molding, substrate sawing and RF testing for the semiconductor industry. Our hybrid packaging process encompasses fine-pitch SMT, die attach, wire bonding, substrate molding and substrate sawing.

2. INFORMATION SUMMARY

From FPE 2007 to FYE 2010, we achieved continuous growth in revenue and profitability. Our total revenue increased from approximately RM22.04 million in FPE 2007 to approximately RM154.80 million in FYE 2010. During the same period, our net profit increased from approximately RM0.55 million in FPE 2007 to approximately RM15.15 million in FYE 2010. For FPE 2011, we registered revenue and PAT of RM80.42 million and RM7.35 million, respectively.

Details on our history and business overview are set out in Sections 5 and 6 of this Prospectus, respectively.

2.2 Competitive Strengths

Described below are our competitive strengths, which we believe allows our Group to compete effectively in the industry that we are operating in.

2.2.1 Strategic Partnership with Affiliates

Our Group has benefited as a member of Insas Technology group of companies which has strong IT operations in Malaysia and overseas. This affiliation has produced synergies as Insas Technology has established strong working relationships with many MNCs. Insas Technology has provided us with strong business development support for our growth and expansion of our business over the years.

2.2.2 Strong Relationship with Machinery Manufacturers

Our production processes require the use of advanced machinery and equipment. We source our advanced machinery and equipment from reputable local and international machine manufacturers.

2.2.3 Experienced Management Team and Dedicated Skilled Workers

Our top management plays vital roles in our success, as they each have extensive experience in the semiconductor packaging industry, ranging between 10 and 30 years individually. Their strategic planning and direction, and technology transfers have given us the competitive advantage to compete effectively with our competitors.

2.2.4 Fully Equipped Infrastructure

We are operating from two (2) fully-equipped factories in Malaysia providing comprehensive semiconductor packaging services to our local and international MNCs. Our production capacity has grown year-on-year to produce more than 360 million IC chips per annum currently.

2.2.5 Offering Comprehensive EMS Solutions

Our Group possesses a vertical integration plant whereby we have the flexibility to cater for the entire back-end value chain of semiconductor packaging processes.

2.2.6 Market Recognition and Quality of Products and Services

Our strong market presence in both the international and local markets is based on our ability to produce and provide first-class quality products and services and to meet or exceed our customers' expectations and requirements.

2. INFORMATION SUMMARY

2.2.7 Competitive Pricing

We endeavour to work closely with our customers to identify opportunities to reduce costs. Internally, our Group re-engineered our business processes to better manage the various cost drivers. Appropriate internal and external benchmarking activities are undertaken periodically to determine our performance and cost structures vis-à-vis our peers in the industry.

2.2.8 Focus on Customer Service

Our Group's ability to provide high quality of products and services and meeting prompt delivery dates has helped us gain customers' support and loyalty over the years.

2.2.9 Established Track Records

Our Group places priority in establishing a good rapport and strategic relationship by providing high quality, prompt delivery and competitively priced products and services to our customers.

2.2.10 Strategic Partnership with Avago

We are one of Avago's main EMS companies in Malaysia and we consider Avago as our business partner. Avago's wireless communications market segment recorded revenue of USD622 million in 2009, up 18.7% from 2008. Our partnership with Avago has strengthened our business performance and position in the semiconductor industry.

Details on our competitive strengths are set out in Section 6.16 of this Prospectus.

2.3 Future Plans and Strategies

Our future plans and strategies are as follows:-

2.3.1 Increase Customer Base

We have been in the semiconductor packaging business for more than three (3) years and we have built a very strong corporate brand and image in the semiconductor industry through the provision of high quality products and services as well as providing comprehensive back-end semiconductor packaging for our existing OEM customers.

2.3.2 Expand Operations

According to the IMR report, the global unit shipments of cellular phones reached 1.2 billion units in 2009 and it is expected to attain 1.6 billion units in 2014. We will upgrade old machinery and equipment and acquire new units to cater to the expected business growth and the expansion of our products and services.

2.3.3 Expand R&D

We have been, and will continue to place strong emphasis on our R&D activities. With technology rapidly advancing in the electronics industry, we anticipate demand for more precision and sophisticated electronic components and parts. Our ability to improve our technical capabilities is crucial to stay competitive in the markets.

2.3.4 Setup a TAP

We will establish a TAP as part of our R&D plan. The purpose of the TAP is to allow our Group to obtain the latest market and technological information in the semiconductor industry to enable us to plan our future R&D and production activities and investments more effectively.

2.3.5 Working Closely with Our OEMs

Worldwide, there is a growing trend for EMS companies to work together to fulfil the demands of the OEMs. In the late 1990s, EMS companies had largely focused on PCB fabrication, leaving system assembly to the contract manufacturers. Lately, EMS companies have ventured into other parts of the value chain, stretching from design to system assembly, test, delivery and logistics, warranty and repair, network services, software and silicon design, and customer service. Hence, by outsourcing the complete production process, the OEMs can then concentrate their resources on branding and marketing of the final products in the global market place. Thus, our Group aims to work closely with our OEMs and to assist them in achieving better efficiency in their value chain.

2.3.6 Providing More Complementary Services

Recognising the fact that the OEMs increasingly prefer to deal with as few EMS companies as possible in today's competitive business world, we are contemplating to offer more products and services to be supplied as a bundle to the OEMs. We have already ventured into the provision of semiconductor packaging (back-end wafer processing, package assembly and RF final testing), so as to complement our existing electronic component products for the telecommunications market.

2.3.7 Increase Market Exposure

To mitigate the dependency on a single market, our R&D division is working toward process innovation to develop new chip products to increase our market exposure in the electronic industry. We are also planning to venture into the illumination market by producing LED products

2.3.8 Construction of New Manufacturing Facility

We intend to construct a new manufacturing facility (Plant 5) to cater for our business growth as well as to expand and further develop our core competencies in the semiconductor industry within 12 months from the Listing.

Details on our future plans and strategies are set out in Section 6.17 of this Prospectus.

2.4 Promoters, Substantial Shareholders, Directors and Key Management Personnel

Our Promoters, substantial shareholders, Directors and key management personnel are as follows:-

Name	Designation
Promoters	
Insas Technology	-
Macronion	-
Ho Phon Guan	Executive Director

2. INFORMATION SUMMARY

Name	Designation
Substantial shareholders	
Insas Technology	-
Macronion	-
Ho Phon Guan	Executive Director
Avago Malaysia	-
Directors	
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	Independent Non-Executive Chairman
Dato' Thong Kok Khee	Non-Independent Non-Executive Director
Dato' Wong Gian Kui	Non-Independent Non-Executive Director
Dr Tan Seng Chuan	Managing Director
Ho Phon Guan	Executive Director
Mai Mang Lee	Executive Director
Tan Lee Pang s/o Hum Beng	Executive Director
Ooi Boon Chye	Non-Independent Non-Executive Director
Rajendran Velayuthan	Independent Non-Executive Director
Oh Seong Lye	Independent Non-Executive Director
Foo Kok Siew	Independent Non-Executive Director
Key Management Personnel	
Tan Joo Hung	General Manager – Finance
Tan Boon Kiat	Operations Manager – New Product Introduction
Lim Eng Ann	Financial Controller
Cheang Fook Tuck	Senior Operations Manager – Final Test
Chai Eng Leng	Head – Quality Assurance
Niuh Jit Aun	Head – Corporate Affairs
Chew Kong Hoong	Manager – R&D

2. INFORMATION SUMMARY

Details of our Promoters, substantial shareholders, Directors and key management personnel are set out in Section 8 of this Prospectus.

2.5 Financial Highlights

The proforma figures are provided for illustrative purposes only and should be read in conjunction with the proforma financial information set out in Section 11.1 of this Prospectus, Accountants' Report and its accompanying notes and assumptions in Section 11.2 of this Prospectus and the management discussion and analysis of financial conditions and results of operations as set out in Section 12 of this Prospectus.

2.5.1 Proforma Consolidated Income Statements

The following table sets forth an extract of the proforma consolidated income statements for the past FPE/FYEs 30 June 2007 to FPE 2011 which have been prepared for illustration purposes on the assumption that the current structure of the Group existed throughout the FPE/FYEs under review.

	<---------- Audited ---------->				Unaudited	Audited
	FPE 2007	FYE 2008	FYE 2009	FYE 2010	FPE 2010@	FPE 2011
	13 months	<------ 12 months ------>			<----- 6 months ---->	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	22,040	100,232	123,357	154,800	78,019	80,418
Gross profit	3,392	16,673	19,563	34,590	14,235	18,085
PBT	545	8,980	12,588	15,826	6,726	7,791
PAT	545	7,885	11,458	15,151	6,438	7,345
No. of Shares assumed to be in issue ('000)*	248,609	248,609	248,609	248,609	248,609	248,609
Gross EPS (RM)	0.22	3.61	5.06	6.37	^5.41	^6.27
Net EPS (RM)	0.22	3.17	4.61	6.09	^5.18	^5.91

Notes:

@ *The statement of comprehensive income for FPE 2010 is unaudited and is included for comparison purpose only.*

^ *Annualised to 12 months for comparison purposes.*

* *Based on the number of Shares in issue upon completion of the Acquisitions but before the Public Issue.*

There were no exceptional or extraordinary items during the periods under review. Our audited financial statements for the past financial years/periods have not been subjected to any audit qualification except for the financial statements of Simfoni for the FPE 2007 which contained a modified opinion with an emphasis on Simfoni's ability to continue as a going concern in view of the net loss incurred and Simfoni's net liabilities position.

2. INFORMATION SUMMARY

Detailed information on our proforma consolidated income statements is set out in Section 11.1 of this Prospectus.

2.5.2 Proforma Consolidated Balance Sheet

The proforma consolidated balance sheets as set out below are provided for illustrative purposes only to show the effects on the consolidated balance sheet of our Group as at 31 December 2010 had the Public Issue and utilisation of proceeds been completed on that date.

	As at 31 December 2010 RM'000	After Public Issue and utilisation of proceeds * RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	34,788	52,288
Deferred tax assets	1,540	1,540
	36,328	53,828
Current assets		
Inventories	11,978	11,978
Trade receivables	18,003	18,003
Other receivables, deposits and prepayments	2,329	2,329
Cash and bank balances	18,091	22,581
	50,401	54,891
TOTAL ASSETS	86,729	108,719
EQUITY AND LIABILITIES		
Share capital	24,861	33,161
Share premium	1,750	24,240
Retained profits	12,015	10,765
Total equity	38,626	68,166
Non-current liabilities		
Borrowings	5,644	5,644
Deferred tax liabilities	852	852
	6,496	6,496
Current liabilities		
Trade payables	7,928	7,928
Other payables and accruals	31,100	23,550
Borrowing	1,853	1,853
Provision for taxation	726	726
	41,607	34,057
Total liabilities	48,103	40,553
TOTAL EQUITY AND LIABILITIES	86,729	108,719
No. of ordinary shares in issue ('000)	248,609	331,609
Net assets (RM'000)	38,626	68,166

2. INFORMATION SUMMARY

	As at 31 December 2010 RM'000	After Public Issue and utilisation of proceeds * RM'000
Net assets per share (RM)	0.16	0.21

Note:

* *After the completion of the Public Issue and utilisation of proceeds from the Public Issue, details which are set out in Section 3.10 herein.*

Detailed information on our proforma consolidated balance sheet is set out in Section 11.2 of this Prospectus.

2.5.3 Proforma Consolidated Cash Flow Statement

The proforma consolidated cash flow statements for the FPE 2011 as set out below are provided for illustrative purposes only and are based on the assumption that the current structure of our Group existed throughout the financial period under review and adjusted for the Public Issue and the utilisation of proceeds.

	1.7.10 to 31.12.10 (6 months) RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	7,791
Adjustments for:-	
Allowance for slow moving inventories	194
Depreciation	6,464
Interest expense	460
Interest income	(8)
Gain on foreign exchange - unrealised	40
Property, plant and equipment expensed off	3
Operating profit before working capital changes	14,944
Decrease in inventories	550
Decrease in receivables	3,450
Increase in payables	513
Cash generated from operations	19,457
Income tax paid	(910)
Interest received	8
Interest paid	(460)
Net cash from operating activities	18,095
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	
- Though existing working capital	(4,767)
- Through Utilisation of Proceeds	(17,500)
Net cash used in investing activities	(22,267)
Balance carried forward	(4,172)

2. INFORMATION SUMMARY

	1.7.10 to 31.12.10 (6 months) RM'000
Balance brought forward	(4,172)
CASH FLOW FROM FINANCING ACTIVITIES	
Dividend paid	(154)
Payment of listing expenses	(2,000)
Proceed from issuance of shares	31,540
Repayment of finance lease payable	(543)
Repayment of hire purchase payable	(9)
Repayment of industrial hire purchase payable	(125)
Repayment of term loan	(751)
Repayment of the remaining Debt Settlement	(7,550)
Net cash from financing activities	20,408
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,236
Effects of changes in exchange rates	(792)
CASH AND CASH EQUIVALENTS AT BEGINNING	7,137
CASH AND CASH EQUIVALENTS AT END	22,581

2.5.4 Dividend Policy

Our Board intends to pay dividends of up to 40% of our future net profits to our shareholders in each financial year after considering a number of factors, including our level of cash and retained earnings, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions and other factors considered relevant by our Board, including our expected financial performance. Our Board may also consider paying special dividends to our shareholders as and when our Group's financial position permits.

Further details of our dividend policy are set out in Section 12.16 of this Prospectus.

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2. INFORMATION SUMMARY

2.6 Principal Statistics Relating to our IPO

The following statistics relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

IPO Price	**RM0.38**

Issue of 83,000,000 IPO Shares for subscription by:

• Malaysian Public via balloting	10,000,000
• Identified investors via private placement	62,614,000
• Eligible Directors, employees and persons who have contributed to the success of our Group	10,386,000
Total enlarged issue and paid-up share capital after Listing	331,608,700
Market capitalisation at our IPO Price	**RM126,011,306**

The IPO Price is payable in full upon Application, subject to the terms and conditions of this Prospectus. The basis of arriving at our IPO Price is set out in Section 3.7 of this Prospectus.

2.7 Utilisation of Proceeds

The total estimated gross proceeds to be raised by our Company from the Public Issue of RM31.54 million shall be utilised in the following manner:-

Utilisation of Proceeds	**RM'000**
1. Capital expenditure	17,500
2. General working capital	4,490
3. Repayment of debt under the Debt Settlement	7,550
4. Estimated listing expenses	2,000
Total	**31,540**

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 3.10 of this Prospectus.

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2. INFORMATION SUMMARY

2.8 Risk Factors

Before applying for our IPO Shares, you should carefully consider the following material risk factors in addition to the other information contained elsewhere in this Prospectus.

(a) Risks relating to our Group:-

- Dependency on the Electronics/Semiconductor Industry.
- Dependency on Avago.
- Dependency on Experienced Management and Key Personnel.
- Competition.
- Shortage of Skilled Labour and Dependence on Supply of Foreign Labour.
- Production/Operational Risks.
- Foreign Currency Exchange Fluctuation.
- Rapid Technological Change.
- Fluctuation in Raw Material Prices.
- Decline in End User Demand.
- Production Delay.
- Product Defects.
- Factory Building Not in Compliance with Certificate of Fitness Code.

(b) Risks relating to the investment in our Shares:-

- No prior market for our Shares.
- Failure / delay in or abortion of the Listing.
- Dividend payment.
- Continued control by Promoters.
- Trading Price and Volume of our Shares.
- Underwriting risk.

(c) Other risks:-

- Political and economic risks.
- Forward-looking / prospective statements.

For a more detailed commentary, please refer to Section 4 of this Prospectus.

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3. PARTICULARS OF OUR IPO

3.1 Introduction

This Prospectus is dated 28 June 2011.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Form with the ROC. Neither the SC nor the ROC takes any responsibility for its contents.

We have also obtained the approval from Bursa Securities on 23 February 2011, for, *inter-alia*, our admission to the Official List of the ACE Market of Bursa Securities and for permission to deal in and for the listing and quotation for all our Shares on the ACE Market of Bursa Securities.

Our Shares will be admitted to the Official List of the ACE Market of Bursa Securities and an official quotation will commence after, *inter-alia*, the receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been issued and despatched to all the successful applicants. Admission to the Official List of the ACE Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares and/or our IPO.

Pursuant to Section 14(1) of the Depository Act, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the Central Depositories Act and Depository Rules. We will not issue share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of our issued and paid-up share capital must be in the hands of 200 public shareholders, each holding not less than 100 Shares upon admission to the ACE Market of Bursa Securities. We expect to meet the public shareholding requirement at the point of Listing. If we fail to meet the said requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation are authorised or lawful to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

3. PARTICULARS OF OUR IPO

You must have a CDS account when applying for the IPO Shares. In the case of an application by way of Application Form, you must state your CDS account number in the space provided in the Application Form. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for our IPO Shares. In the case of an application by way of Electronic Share Application, you shall furnish your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

This Prospectus can also be viewed or downloaded from the website of Bursa Securities at *www.bursamalaysia.com*.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

3.2 Opening and Closing of Application period

The application period will open at 10.00 a.m. on 28 June 2011 and will remain open until at 5.00 p.m. on 7 July 2011 or such further period or periods as our Directors and the Underwriter may in their absolute discretion mutually decide. Late applications will not be accepted.

Our Directors and Underwriter may in their absolute discretion mutually decide to extend the closing date and time for application of our IPO to any later date or dates. In the event the closing date for application is extended, we will advertise the notice of the extension in a widely-circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the application for our IPO Shares, allotment of our IPO Shares and Listing would be extended accordingly.

3.3 Important Tentative Dates

Events		Date
Opening of Application for our IPO Shares	:	28 June 2011
Closing of Application for our IPO Shares	:	7 July 2011
Tentative Balloting Date	:	11 July 2011
Tentative Allotment Date	:	18 July 2011
Tentative Listing Date	:	19 July 2011

These dates are tentative and are subject to changes which may be necessary to facilitate the implementation procedures. Our Directors and the Underwriter may, in their absolute discretion, mutually decide to extend the closing date of the application to a further date or

dates. Should the closing date of the application be extended, the dates for the balloting, allotment of IPO Shares and the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities would be extended accordingly. Any change to the closing date of the application will be advertised in widely circulated English and Bahasa Malaysia newspaper in Malaysia.

3.4 Details of our IPO

The public issue of 83,000,000 IPO Shares, representing approximately 25.03% of the enlarged issued and paid-up share capital, is offered at our IPO Price and is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares shall be allocated in the following manner:-

(i) Malaysian Public

10,000,000 Shares, representing 3.02% of our enlarged issued and paid-up share capital, will be made available for application by the Malaysian Public, to be allocated via ballot.

(ii) Private Placement

62,614,000 Shares, representing 18.88% of our enlarged issued and paid-up share capital, will be placed out to the following:

- 26,154,000 Shares by way of private placement to identified investors; and
- 36,460,000 Shares by way of private placement to identified Bumiputera investors approved by MITI.

(iii) Eligible Directors, employees and persons who have contributed to the success of our Group

10,386,000 Shares, representing 3.13% of our enlarged issued and paid-up share capital, will be reserved for our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations.

Up to 20,386,000 IPO Shares available for application by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group will be underwritten while the 62,614,000 IPO Shares reserved under the Private Placement will not be underwritten and will be placed out by M&A Securities, our placement agent. Please refer to Section 3.11 and 3.12 of this Prospectus for further details on the underwriting and placement arrangements.

In the event of an under-subscription under the Pink Form Allocations, the unsubscribed IPO Shares will be made available to the Malaysian public. Any IPO Shares which are not taken up by the Malaysian Public will be made available for application by identified investors via private placement if the private placement is oversubscribed and vice versa. Any further IPO Shares not subscribed for will be made available for subscription by our Underwriter as specified in the Underwriting Agreement as set out in Section 3.12 of this Prospectus.

The basis of allocation for our IPO Shares shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants in view of broadening our shareholding base to meet the public spread requirements and to establish a liquid and

3. PARTICULARS OF OUR IPO

adequate market in the Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

There is no over-allotment or 'greenshoe' option that will result in an increase in the amount of IPO Shares.

We have allocated 10,386,000 IPO Shares to the eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations as follows:

Category	**No. of persons/ corporations**	**No. of IPO Shares allocated**
Eligible Directors	1	90,000
Eligible employees	617	7,496,000
Persons who have contributed to the success of our Group	47	2,800,000
Total	**665**	**10,386,000**

The criteria of allocation for the abovementioned IPO Shares to our eligible Directors and employees (as approved by our Board) are based on, *inter-alia,* the following:

(i) Full time employee of at least 18 years of age;
(ii) Job position; and
(iii) Length of service.

Our IPO Shares to be allotted to the persons who have contributed to the success of our Group shall be based on their length of relationship with us and their contribution and support to our Group, as approved by our Board. The persons who have contributed to the success of our Group include business contacts, suppliers and customers.

Details of the proposed allocation to our Directors are as follows:

Name	**Designation**	**No of IPO Shares allocated**
Dr Tan Seng Chuan	Managing Director	90,000
Total		**90,000**

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3. PARTICULARS OF OUR IPO

3.5 Share Capital

	No. of Shares	Par Value RM	Issued and paid-up RM
Authorised share capital	500,000,000	0.10	50,000,000
Issued and fully paid-up			
As at the date of this Prospectus	248,608,700	0.10	24,860,870
To be issued pursuant to the Public Issue	83,000,000	0.10	8,300,000
Enlarged issued and paid-up share capital upon Listing	**331,608,700**	**0.10**	**33,160,870**
Market capitalisation *(based on our IPO Price and the enlarged issued and paid-up share capital upon Listing)*			**RM126,011,306**

Our IPO Price is payable in full upon application.

We have only one (1) class of shares, being ordinary shares of RM0.10 each, all of which rank pari-passu amongst one another. Our IPO Shares will rank pari-passu in all respects with our existing issued and paid-up ordinary shares including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Company, in accordance with our Articles of Association.

Each shareholder shall be entitled to vote at any of our general meeting in person or by proxy or by attorney or by other duly authorised representative. On a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and in the case of a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held. A proxy may but need not be a member of our Company and the provisions of Section 149(1)(b) of the Act shall not apply to our Company.

3.6 Purposes of our IPO

The purposes of our IPO are as follows:-

(a) to obtain the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities;

(b) to enable our Group to raise funds for the purposes specified in Section 3.10 herein;

(c) to enable us to gain access to the capital market to raise funds for our future expansion and growth;

(d) to provide an opportunity for the Malaysian Public, our eligible Directors, employees and persons who have contributed to the success of our Group to participate in our equity and continuing growth; and

(e) to enable our Group to gain recognition through its listing status and further enhance our corporate reputation and image which is aimed at expanding our customer base.

3.7 Basis of Arriving at our IPO Price

Our IPO Price was determined and agreed upon by us and M&A Securities, as the Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:-

(a) The net PE Multiple of about 8.32 times based on our net EPS of approximately 4.57 sen for the FYE 2010 and our enlarged issued and paid-up share capital upon Listing of 331,608,700 Shares;

(b) Our proforma consolidated NA per Share as FPE 2011 after the Public Issue is RM0.21 based on our proforma audited consolidated NA as at FPE 2011 of approximately RM68.17 million and our enlarged issued and paid-up share capital upon Listing of 331,608,700 Shares;

(c) Our operating and financial history as elaborated in Sections 5, 6, 11 and 12 of this Prospectus; and

(d) The prospects and future plans of our Group as outlined in Section 6.17 of this Prospectus.

However, you should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares being traded. You should form your own views on the valuation of our IPO Shares before deciding to invest in them.

You are reminded to carefully consider the risk factors as set out in Section 4 of this Prospectus and form your own views on the valuation of our Shares before deciding to invest in our Shares.

3.8 Total Market Capitalisation

Based on our IPO Price and our enlarged issued and paid-up share capital comprising 331,608,700 Shares upon Listing, our total market capitalisation is RM126,011,306.

3.9 Dilution

Dilution is the amount by which our IPO Price to be paid pursuant to the Public Issue exceeds the NA per Share immediately after IPO. Our proforma consolidated NA per Share as at FPE 2011 before adjusting for the gross proceeds to be raised from the Public Issue and based on the issued and fully paid-up share capital as at the date of this Prospectus of 248,608,700 Shares was RM0.16.

3. PARTICULARS OF OUR IPO

Pursuant to the Public Issue, our proforma consolidated NA per Share as at FPE 2011 after adjusting for the utilisation of gross proceeds to be raised from the Public Issue and based on the enlarged issued and paid-up share capital upon Listing of 331,608,700 Shares would have been RM0.21.

This represents an immediate increase in the proforma consolidated NA per Share to our existing shareholders of RM0.05, and an immediate dilution in the proforma consolidated NA per Share of RM0.17 to our new public investors. The following table illustrates such dilution on a per Share basis:-

	RM
IPO Price	0.38
Our proforma consolidated NA per Share as at FPE 2011 before taking into account the Public Issue	0.16
Increase in the proforma consolidated NA per Share attributable to existing shareholders	0.05
Our proforma consolidated NA per Share as at FPE 2011 after taking into account the Public Issue	0.21
Dilution in the proforma consolidated NA per Share to our new public investors	0.17
Dilution in the proforma consolidated NA per Share as a percentage of our IPO Price	44.7%

The following table shows the average effective cost per Share paid by our existing shareholders for Shares acquired by them for the past three (3) years prior to the date of this Prospectus as well as new investors who subscribe for the Shares pursuant to our IPO:-

Shareholders	**No. of Shares received**	**Total Consideration RM**	**Average Effective Cost per Share RM**
Insas Technology	*102,512,900	10,251,290	0.10
	#7,000,000	2,450,000	0.35
Subtotal	**109,512,900**	**12,701,290**	**0.12**
Macronion	*68,341,867	6,834,187	0.10
Ho Phon Guan	*38,191,043	3,819,104	0.10
Avago Malaysia	*32,562,890	3,256,289	0.10
Total	**248,608,700**	**26,610,870**	**0.11**

	No. of IPO Shares	**Total Consideration RM**	**Average Effective Cost per Share RM**
New investors from the Public Issue	83,000,000	31,540,000	0.38

Notes:

* *Issued pursuant to the Acquisitions.*
\# *Issued pursuant to the Debt Settlement.*

On 21 September 2010, Insas Technology was allotted 7,000,000 Shares pursuant to the Debt Settlement at an issue price of RM0.35 per Share. The new Shares allotted was for part settlement of RM2,450,000 out of a total of RM10,000,000 owing by Simfoni to Insas Technology. The said issue price was based on our indicative IPO price at the time the Debt Settlement was formalised.

Apart from the Shares received by our Directors/substantial shareholders pursuant to the Acquisitions and Debt Settlement, there is no material acquisition of any existing Shares that involved cash in our Company by our Directors, senior management, substantial shareholders or persons connected with them, or in which they have the right to acquire, during the past three (3) years prior to the date of this Prospectus.

3.10 Utilisation of Proceeds

The estimated gross proceeds arising from the Public Issue of RM31.54 million shall accrue entirely to us and are planned to be utilised within 3 to 12 months from the date of the Listing in the following manner:-

Utilisation of Proceeds	Time frame	Notes	RM'000
1. Capital expenditure	12 months	*i.*	17,500
2. General working capital	12 months	*ii.*	4,490
3. Repayment of debt under the Debt Settlement	9 months	*iii.*	7,550
4. Estimated listing expenses	3 months	*iv.*	2,000
Total			**31,540**

Notes:-

(i) We intend to construct our new manufacturing facility (Plant 5) to cater for our business growth as well as to expand and further develop our core competencies in the semiconductor industry. Plant 5 will be built within the vacant land area of Plant 3 within 12 months from the Listing.

The new manufacturing facility will be a 3-storey building with a total built up area of approximately 5,351 sq m. Plant 5 will be utilised to house our new manufacturing lines and also the transfer and expansion of the R&D office and facilities from Plant 3. The manufacturing lines will be used to cater for both Avago's new products, and non-Avago customers (includes the planned production of LED based products, PCBA and Box-Build for consumer and business market solutions). There will also be a R&D facility and a failure analysis laboratory.

The estimated cost of construction of our new manufacturing facility is expected to amount to RM5.5 million whilst the estimated cost of purchase of new machinery and equipment is expected to amount to RM9.0 million.

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We are also investing approximately RM3 million to acquire/upgrade our new/existing machinery and equipment to further increase our existing production by between 15% and 20%.

(ii) These proceeds will be utilised for our Group's day-to-day operations to support our existing business operations in the following manner:

Details	***RM/Proportion***
R&D related activities	*0.10 million/ 2%*
Payment to our suppliers/utilities/consumable	*0.40 million/ 9%*
Payment of salaries and operating expenses	*0.50 million/ 11%*
Purchase of materials	*3.49 million/ 78%*

(iii) As part of the terms of the sale and purchase agreement entered into between Inari and Insas Technology for the acquisition of the entire issued and paid-up share capital of Simfoni, Inari undertook to repay Simfoni's debt pursuant to the Debt Settlement. At the point of acquisition, the said outstanding debt amounted to RM10.0 million. The RM10.0 million was utilised for the acquisition of Plant 3 in December 2008. The agreed interest for the said outstanding debt is fixed at 8% per annum, payable on a monthly basis and calculated based on the amount outstanding.

In compliance of the terms of the acquisition, Inari had on 21 September 2010 allotted 7,000,000 Shares to Insas Technology for the part settlement of RM2.45 million owing by Simfoni to Insas Technology.

Listing proceeds amounting to RM7.55 million is allocated for repayment of the said outstanding debt of RM7.55 million. Nevertheless, it is our intention to repay the said outstanding debt via bank borrowings (to be secured at a later date) instead of utilising proceeds from our IPO.

In the event we are able to secure the necessary bank borrowings (to repay the said outstanding debt), the allocated RM7.55 million will be utilised for general working capital purposes of our Group in the following manner:

(i) To pay for salaries and other operating expenses amounting RM3.0 million; and

(ii) To pay for the purchase of raw materials of RM4.55 million.

The effective interest savings is estimated to be at RM604,000 per annum (based on the effective interest rate of 8% per annum). The maturity date of the said debt is 20 September 2011.

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(iv) The estimated expenses incidental to the Listing to be borne by the Company are as follows:-

Estimated Listing Expenses	***RM'000***
Professional fees	*900*
Fees payable to the authorities	*200*
Underwriting, placement and brokerage fees	*400*
Printing and advertising fees	*300*
Contingencies	*200*
Total	***2,000***

The amount allocated of RM2.0 million is based on the estimated cost for the Listing. If the actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital. Conversely, if the actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital.

3.11 Brokerage, Placement and Underwriting Commission

Brokerage is payable by us in respect of our IPO Shares which are made available for application by the Malaysian Public at the rate of 2.0% of our IPO Price in respect of successful applications which bear the stamp of either M&A Securities, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

The placement fee is payable by us to M&A Securities, our placement agent at a rate of 1.5% of our IPO Price in respect of the number of IPO Shares successfully placed out.

The Underwriter has agreed to underwrite up to 20,386,000 IPO Shares, the details of which are set out in Section 3.4 of this Prospectus. The underwriting commission is payable by us at the rate of 2.0% of our IPO Price in respect of the 20,386,000 IPO Shares to be underwritten.

3.12 Salient Terms of the Underwriting Agreement

We have entered into the Underwriting Agreement with M&A Securities, to underwrite up to 20,386,000 IPO Shares as set out in Section 3.4 of this Prospectus.

The following salient terms are reproduced from the Underwriting Agreement. The numbering references used in this section shall have the numbering references as ascribed thereto in the Underwriting Agreement.

"4. **Conditions Precedent For Underwriting**

4.1 **Conditions Precedent:** The several obligations of the Underwriter under this Agreement shall further be conditional upon: -

(a) **Bursa Securities, SC & CCM:** the acceptance of the listing proposal from Bursa Securities, the clearance of registrable prospectus from SC and the lodgement of registrable prospectus with the CCM respectively together with copies of all documents required under Section 42 of the Act prior to the issuance of the Prospectus to the public;

(b) **Issuance of Prospectus:** the issuance of the Prospectus (including advertisement of the Prospectus and all other procedures, requirements, letters and documents) required under Section 42 of the Act to the public within three (3) months from the date hereof or such extension as consented by the Underwriter;

(c) **Material Adverse Condition:** there having been, as at any time hereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of the Company and its subsidiaries (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the IPO Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in **Clauses 3.1 and 3.2** if they are repeated on and as of the Closing Date;

(d) **No Prohibition:** the issue, offering and subscription of the IPO Shares in accordance with the provisions hereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);

(e) **Approvals:** all necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;

(f) **Payment of Expenses:** the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in **Clause 13**;

(g) **Resolutions:** the delivery to the Underwriter prior to the date of registration of the Prospectus of (i) a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the Directors of the Company and the shareholders in general meeting approving this agreement, the Prospectus, the Public Issue and authorising the execution of this agreement and the issuance of the Prospectus; (ii) a certificate dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in **Clause 4.1(c);**

(h) **Report & Confirmation:** the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board of Directors of the Company as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this agreement that will adversely affect the performance or financial position of the Company or its subsidiaries nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in **Clause 3** as though they have been given and/or made on such date; and

(i) **Listing & Quotation:** the Underwriter being satisfied that the Company will, following completion of the Public Issue be admitted to the official list and its issued and paid-up share capital listed and quoted on the ACE Market of Bursa Securities without undue delay.

4.2 **Non-Fulfilment of Conditions Precedent:** In the event any of the conditions set forth in **Clause 4.1** are not satisfied by the Closing Date, the Underwriter shall thereupon be entitled but not bound to terminate this agreement by notice given to the Company not later than three (3) market days after the Closing Date and upon such termination the Company and the Underwriter shall be released and discharged from their obligations save for the Company's obligations pursuant to **Clause 3.3 and 13** and none of the parties shall have a claim against the other save for antecedent breaches by the Company and claims arising therefrom. Each party shall in such event return any and all moneys paid to the other under this agreement within seventy-two (72) hours of the receipt of such notice (except for monies paid by the Company for the payment of the expenses as provided in **Clause 13**). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under this agreement.

14. Termination, Lapse of Agreement or Force Majeure

14.1 **Events of Termination:** Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time on or before the allotment and issuance of the IPO Shares, terminate and cancel and withdraw its commitment to underwrite the underwritten shares if: -

(a) **Breaches in Representations, Warranties or Undertakings:** there is any breach by the Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to this agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company's Group, the success of the Public Issue, or the distribution of the IPO Shares; or

(b) **Information Withheld:** there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company's group and the success of the Public Issue, or the distribution of the IPO Shares; or

(c) **Material and/or Adverse Changes:** there shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of the Company or any of its subsidiaries; or

(d) **Force Majeure:** there shall have occurred, happened or come into effect any of the following circumstances: -

(i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company or any of its subsidiaries and the success of the Public Issue, or the distribution of the IPO Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms;

(iii) if in the reasonable opinion of the Underwriter that the success of the Public Issue is seriously and/or materially jeopardised by the FTSE Bursa Securities Kuala Lumpur Composite Index falling below 1,000 points and remain below 1,000 points for three (3) consecutive Market Days at any time between the date of this Agreement and up to and including the Closing Date; or

(iv) in the event of national disorder, outbreak of war or the declaration of a state of national emergency:

(e) **Failure to Perform Obligations**: there is failure on the part of the Company to perform any of their respective obligations herein contained.

(f) **Material omission:** any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or

(g) **Adverse effect:** any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on the Company pursuant to the indemnities contained under this agreement.

14.2 **Underwriter Obligations Discharged:** Upon such notice(s) being given under **Clause 14.1**, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby this agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of this agreement, except that the Company shall remain liable in respect of its obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees pursuant to **Clause 11.3** hereof, and for any antecedent breach, and its undertaking to indemnify the Underwriter pursuant to the provisions of **Clause 3.3**."

4. RISK FACTORS

Notwithstanding the prospects of our Group as outlined in this Prospectus, you should carefully consider the following risk factors (which may not be exhaustive) that may have a significant impact on our future performance, in addition to all other relevant information contained elsewhere in this Prospectus, before making an application for our IPO Shares.

4.1 Risks Relating to Our Group

We are exposed to certain risks in the electronics/semiconductor industry. These risks include, without limitation, the following:

4.1.1 Dependency on the Electronics/Semiconductor Industry

Our Group is primarily dependent on the semiconductor segment of the electronics industry. All our revenue was generated from the aforementioned industry. As an EMS provider offering semiconductor packaging used in wireless communication devices such as mobile phones and networking products, our financial health is closely linked to the electronics industry.

Over the last few years, we have been upgrading our technical and production capabilities to extend our product and service range to cater for different application markets. We started from offering basic assembly services to our current comprehensive semiconductor packaging services to other OEM manufacturers which are not in competition with Avago, our key customer.

We are currently working on securing projects with new customers who are in line with our Group's objectives of diversifying our revenue streams, thereby reducing our dependency on a single industry as well as increasing profit margins through continuous R&D activities to enhance production efficiency and cost reduction.

Notwithstanding the aforesaid, there is no assurance that any change to the above factors will not have a material adverse effect on our Group's business and financial conditions.

4.1.2 Dependency on Avago

Most of our revenue comes from our key customer, Avago (through its wholly-owned subsidiary, Avago Technologies) who accounted for 99.9% of our total revenue in FYE 2010 and 99.6% for FPE 2011. Thus, we are overly dependent on Avago. We are competing with other EMS companies in Malaysia to provide semiconductor packaging services to Avago and our ability to supply our products and services to Avago is vital to our Group's performance and financial condition. If we lose our key customer or if our key customer chooses to reduce or terminate orders, our Group's operating result will be materially and adversely affected.

Nevertheless, our position and reliance on the continued ordering of products from Avago is mitigated based on the following:-

(i) Avago competes in four (4) key target markets, namely wireless communications, wireless infrastructure, industrial and automotive electronics. In the wireless communications market segment, Avago provides RF amplifiers, filters, modules and LEDs for mobile phones. A majority of Avago's manufacturing operations are outsourced; choosing to maintain an efficient global supply chain while adopting a low-cost operating model. Currently, we offer a comprehensive semiconductor packaging services, including back-end wafer processing, package assembly and RF final testing as well as failure analysis to Avago.

4. RISK FACTORS

(ii) Companies in the semiconductor industry for packaging services are typically dependent on a few key MNCs to generate a large portion of their sales. This is mainly due to the fact that these companies are able to provide value added services to the MNCs, which minimise the points of contact for the MNCs during the procurement process. Instead of dealing with many vendors, the points of contact are concentrated into a few major vendors which have track records of meeting their stringent requirements.

(iii) The technologies in wireless microwave telecommunication semiconductor products are constantly evolving. Therefore, the need for our expertise in developing more sophisticated and miniaturised ICs has become essential. Our Group has been, and still is one of Avago's main EMS companies since it started outsourcing its semiconductor packaging services to external contract manufacturers.

(iv) Our business relationship with Avago goes back to the early days of our incorporation, and since then, our manufacturing contract with Avago has never been disrupted. In fact, over the years, we have fostered a solid relationship with Avago. As a testimony to our strong business relationship, we are able to obtain long term and repeat orders from Avago. Furthermore, our manufacturing contract with Avago has recently been extended on 1 May 2010 for another three (3) years ending 2013.

(v) Both Avago and Inari Technology rely on each other. Avago relies to an extent on our supply of IC chips and we are likewise dependent on Avago's sales. In FYE 2010, as an indication of the significance of Inari Technology to Avago's key wireless communications division, Inari Technology was awarded the Excellent Manufacturing and Outsourcing Support on Wireless Semiconductor Division (WSD) Products Award for Year 2009 by Avago.

The relationship between our Group and Avago was further strengthened in March 2010 with Avago's subscription of 1.215 million RCPS-A in Inari Technology. The RCPS-A were converted into ordinary shares of RM1.00 each in Inari Technology on 5 August 2010.

Based on the above, we expect our appointment as an EMS company for Avago to continue in the future without disruption. Nevertheless, we wish to highlight that there are prohibitions by Avago for the Group to supply to other parties under the following situations:

(i) the devices/products manufactured are competing with Avago's products;

(ii) the customers/parties are competing with Avago;

(iii) the technologies used are developed by Avago;

(iv) the intellectual property to be used are owned by Avago; and

(v) the equipments/machineries to be used are consigned by Avago.

The conditions to be met before tendering for Avago's manufacturing contract are as follows:

(i) Inari must have the personnel with technical expertise and experience in the relevant field for the manufacture of Avago's products;

(ii) Inari must have a production facility located near to Avago with sufficient floor space; and

(iii) Inari must have sufficient financial backing from its investors/shareholders.

The associated risks implied while setting the price for sale to Avago are as follows:

(i) Accuracy of forecasted production volume. The forecasted volume impacts Inari's fixed cost allocation. However, Inari will negotiate a revision in the price for sale if there is a significant variance between initial quote (forecast) and actual production volume.

(ii) High capital commitment. Once the capacity of the existing consigned equipment (from Avago) is fully utilised, Inari will need to acquire additional equipment to increase its output. This will result in higher equipment cost to Inari. However, Inari has the right to impute an agreed cost of the new equipment into the pricing of the products.

(iii) Risk of fluctuation in exchange rate. This is in view that some of the local expenditure and indirect materials purchased are paid in RM but imputed in USD when setting the price for sale to Avago.

To further mitigate the risk of over dependence on a single customer, we have expanded our market coverage by increasing our customer base as well as other products and services, in order to cater for other application markets in the semiconductor industry in 2010. Currently, other customers under our portfolio are VigSys Sdn Bhd, NewICT (M) Sdn Bhd, Wi2Wi Inc., Ceedtec Sdn Bhd, Duolabs SpA and SILQ Sdn Bhd.

Although we seek to limit the dependency on our key customer, no assurance can be given that the new and existing customers will continue to use our Group's products and services or continue to maintain their relationships with us.

4.1.3 Dependency on Experienced Management and Key Personnel

Our Board recognises and believes that our Group's continued success depends, to a significant extent, on the abilities and continuing efforts of our Executive Directors as well as our key management and key technical personnel. The loss of any Executive Director, key management, and/or key technical personnel could adversely affect our Group's continued ability to compete in the industry.

Thus, we recognise the importance of our Group's ability to attract and retain our key management and technical personnel, and have in place remuneration packages which are on par with the industry standards for employees, especially for key management and technical personnel as well as providing a good working environment which promotes productivity and loyalty. Efforts are made to continuously attract new skilled personnel to strengthen our existing team. In addition, most of our Executive Directors and key management and technical personnel have been with us since our establishment.

Although we seek to limit the dependence on key management and technical personnel through the efforts mentioned above, there is no assurance that any change in the key management and technical personnel structure will not have a material adverse effect on our Group's future performance.

4.1.4 Competition

We are operating in a highly competitive industry and the components which we are manufacturing for use in the wireless communications market are subjected to rapid technological changes. If our manufacturing capabilities fail to keep abreast with the rapid

changes in the product specifications and stringent quality requirements, our customers may terminate orders to us which will materially and adversely affect our Group's performance and financial condition.

Over the years with persistent hard work and a positive focus, our Group and its personnel have successfully carved our reputable track record in servicing MNCs in the semiconductor industry. These are results from our good service, continuous R&D efforts and continuous upgrading of new manufacturing technologies, machines and equipment as well as the practice of stringent QMS.

Although no assurance is given that our Group is able to maintain our market position in the electronics/semiconductor industry, our Directors are confident that our Group can sustain our position in view of our reputation among our OEM customers as well as our technical know-how and industry knowledge, particularly in back-end wafer processing, package assembly and final testing.

We believe that the competition from existing companies and new entrants can be mitigated, to a certain extent, as our Group can leverage on our competitive strengths to defend our market position.

We also believe that the impact of new entrants is limited by the numerous barriers to entry such as long period of required audits, established track record, design and technical skills, steep learning curves and economies of scale.

Although we seek to continue to adopt appropriate strategies to remain competitive, there can be no assurance that competition from existing competitors and/or new entrants will not have a material adverse effect on our performance.

4.1.5 Shortage of Skilled Labour and Dependence on Supply of Foreign Labour

The nature of our business is such that it is highly dependent on the availability of skilled labour. In Malaysia, there is a shortage of skilled labour for the electronics/semiconductor industry. In addition, the semiconductor packaging industry is also labour intensive and we may experience difficulty in attracting employees to work in our manufacturing facilities. We are also dependent on the supply of foreign labour. As at LPD, our Group has 1,323 employees, of which 739 are foreign workers. These foreign workers, which account for approximately 55.9% of the total workers of our Group, are mainly involved in shop-floor manufacturing. More than half of the foreign workers are employed on a contractual basis. The foreign workers are mainly sourced from Indonesia, Nepal, Myanmar and Vietnam.

In view of the above, any review of policies in relation to foreign labour by the Government may adversely affect our Group's operations. To mitigate the risk of possible disruptions to the operations due to a shortage of foreign labour, we have adopted measures to ensure the retention of foreign workers by providing training, competitive remuneration, housing and amenities and a harmonious working environment. Nevertheless, no assurance can be given that any changes in immigration and labour policies by the Government in respect of foreign labour will not affect our Group's operations.

4.1.6 Production/Operational Risks

Our Group's revenue is dependent on our production process running smoothly and efficiently. Our Group's daily operations are susceptible to events of emergency such as explosion, fire, flood, energy crisis, health crisis, sabotage, civil commotion and natural

disasters. Our Management is aware of the adverse consequences arising from such events which could cripple our business operations.

We have taken precautions to minimise risks of fire outbreaks by installing fire hydrants, fire extinguishers, and sprinklers throughout our factories, and training our employees in basic fire-fighting techniques. Our Group also has a dedicated maintenance team to conduct regular maintenance on our machinery and equipment, and our staffs are trained to solve the majority of the production interruptions in which we may face.

A further precautionary step is to ensure that we have adequate insurance coverage for our operations. We have taken up fire insurance policies for our office equipment, plants, machinery, premises and all-risks policies for our machines. The insurance policies and coverage are reviewed by our Group on a yearly basis.

However, despite all the precautions we have taken to limit these risks, there is no assurance that these production/operational risks will not materially affect our Group's business and/or the insurance coverage our Group has taken would be comprehensive enough to reflect the replacement cost of the assets or any consequential loss our Group may suffer.

4.1.7 Foreign Currency Exchange Fluctuation

A large portion of our Group's revenue is derived from exports and is denominated in USD. As such, we are exposed to foreign currency exchange losses or gains arising from timing differences. Any appreciation or depreciation of foreign currencies against the RM will result in our Group incurring foreign currency exchange gains or losses due to fluctuations in the exchange of foreign currencies to RM. Foreign currency exchange fluctuations may also result in translation gains or losses on our Group's financial result which is denominated in foreign currency whilst RM is our Group's reporting currency. Any such translation of gains or losses will be recorded as translation reserves or deficits as part of our Group's shareholders' funds.

The risk of foreign currency exchange fluctuations is, to a certain extent, mitigated by the managed float mechanism adopted by Bank Negara Malaysia on the RM vs. USD conversion rate since the de-pegging of the RM. This may prevent extreme fluctuation of the RM vis-à-vis USD. If the need arises, we will also use hedging techniques such as forward foreign exchange contracts to mitigate the risk of foreign currency exchange fluctuations.

Nevertheless, there can be no assurance that any foreign currency exchange fluctuation will not impact the revenue and earnings of our Group significantly.

4.1.8 Rapid Technological Change

Our Group, as both a technology user and provider, cannot avoid the risk associated with the obsolescence and rapid advancements in technology. Our future depends on our ability to adopt increasingly sophisticated technology. We have to deal with the ever-advancing needs and requirements by customers, adoption of new manufacturing processes and use of the latest machinery and equipment in our operations to run more efficiently than our competitors. As an ISO-certified company and to ensure the maintenance of our status, our Group will need to comply with the latest quality requirements revised from time to time. As part of our Group's efforts to mitigate this risk, our Group undertakes efforts which include on-going R&D, provision of staff training in line with new technologies and the pursuit of technological innovation.

Although our Group seeks to limit the risk associated with rapid technological change, there is no assurance that it will not impact on our business.

4. RISK FACTORS

4.1.9 Fluctuation in Raw Material Prices

The raw materials used by our Group are wafer, PCB/substrate, passive/active components and gold wire. We acquire most of raw materials from local and overseas suppliers. We are exposed to fluctuations in raw materials prices which may have adverse impact on our financial results. The cost and availability of raw materials used to manufacture our products are important to our business. Any increase in the raw materials price may affect our profit margin if we are unable to pass on the cost to our customers.

Nevertheless, our Board believes that the volatility of our raw material cost is manageable, as our supply orders are based on production orders and not long-term supply contracts. Generally, most of our products are sold based on the production forecast and the amount of raw materials are purchased using the same forecast. We do not take open positions in raw material purchases. As such, the impact of the price movement of our raw materials, if any, would be minimal, since the fluctuation in cost of raw materials would be passed on to our customers within the same or next cycle of orders.

Notwithstanding the above, no assurance can be given that any fluctuation in raw material prices will not affect the future profitability of our Group.

4.1.10 Decline in End User Demand

The SiP packages manufactured by us are mainly used in wireless application devices such as mobile phones, PDA, GPS devices, WiFi devices and Bluetooth products. The demand for such products will have an effect on the demand for SiP packages.

During the past few years, we have seen growing demand for these devices, especially mobile phones and smartphones. According to the IMR report, the global unit shipments of cellular phones reached 1.2 billion units in 2009 and it is expected to attain 1.6 billion units in 2014. We do not foresee any decline for the demand of wireless communication and consumer electronics products during the next few years.

Although there is a positive trend in demand for wireless microwave telecommunication products, there is no assurance that the demand will continue to be positive and that any decline in demand will impact on our business.

4.1.11 Production Delay

We are currently operating at 85% capacity on average. Any production interruptions caused by events such as power outages and machine downtime will cause production delays and affect our delivery schedules.

We have implemented proper production planning procedures to ensure smooth operations. Our production planning division will forecast our production for the next six (6) months on rolling basis, of which first three (3) months are secured. Through this method, we are able to allocate the necessary resources to meet our customers' production schedules.

To mitigate machine downtime, we carry out scheduled maintenance on the machinery and equipment to ensure they are operating efficiently and effectively. We also have a team of technical staff with the relevant skills to provide immediate repair in case there is any machine downtime. During the last 12 months, we have not experienced any significant machine break down which has resulted in a major production delay.

4. RISK FACTORS

Although we take precautions in the maintenance of our machinery and equipment, nevertheless, there can be no assurance that the machinery and equipment will not break down and impact the revenue and earnings of our Group.

4.1.12 Product Defects

The SiP packages manufactured by us are mainly used in wireless application devices such as mobile phones and network products. A SiP package is miniature in size and requires careful handling during the manufacturing process. As an ISO certified and approved EMS company, we have a stringent quality policies and procedures to ensure all the products manufactured by us are of highest quality and with near zero defect.

As such, we conduct 100% inspection and failure analysis on the final products and ensure they have zero defects before we deliver them to our customers. In addition, we have a strict ESD programme and control procedures to prevent SiP package failure through handling. After the products are tested, they are packed, sealed in proper packaging and stored in a secure facility.

With strict implementation of our quality policies, controls, procedures and programmes, we have not experienced any product defect which has materially and adversely affected our Group's reputation in the semiconductor packaging industry since our inception.

In spite of our stringent quality policies, controls, procedures and programmes, there can be no assurance that we can guarantee the products manufactured by us have no defects and impact the revenue and earnings of our Group.

4.1.13 Factory Building Not in Compliance With Certificate of Fitness Code

Our first factory, Plant 1, was originally approved for a two (2) storey building by Majlis Perbandaran Pulau Pinang. However, it was discovered that Plant 1's previous owner had extended the building into a 3-storey building without prior consent from the necessary authorities. As such, our Plant 1 is not in compliance with the certificate of fitness issued.

To mitigate this risk, we had on 16 August 2010 submitted an application to Majlis Perbandaran Pulau Pinang for the ratification of the said extension. There has been no material non-compliance with current statutory requirements, land rules or building regulations in respect of the landed properties owned/leased by our Group. In addition, none of the above land has breached any land-use condition or permissible land-use. Nevertheless, there can be no assurance that the authorities will not impose penalties to our Group as prescribed by the relevant laws should our application be rejected.

4.2 Risks Relating to the Investment in Our Shares

4.2.1 No Prior Market for Our Shares

Prior to our Listing, there was no public trading for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. Our IPO Price of RM0.38 per Share was determined after taking into consideration a number of factors including but not limited to our historical earnings, prospects and future plans, our financial and operating history and the market value of our assets. There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market of Bursa Securities upon or subsequent to the Listing or that an active market for our Shares will develop and continue upon or subsequent to the Listing.

4. RISK FACTORS

The price at which our Shares will trade on the ACE Market of Bursa Securities after our IPO may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions.

4.2.2 Failure / Delay in or Abortion of the Listing

The Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:-

(a) The identified investors fail to subscribe for the portion of the Private Placement Shares allocated to them pursuant to the Private Placement;

(b) The Underwriter exercising its rights pursuant to the Underwriting Agreement discharging itself from the obligations therein; and

(c) We are unable to meet the public shareholding spread requirement, which is at least 25% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon the completion of our IPO and at the point of Listing.

In this respect, we will exercise our best endeavour to comply with the various regulatory requirements, including, *inter-alia,* the public shareholding spreads requirement in paragraph (c) above. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of the Listing.

In the event of the failure of the Listing, we will return in full without interest, monies paid by the investors in respect of all applications.

4.2.3 Dividend Payment

Our Company, an investment holding company, derives its income mainly from dividends received from our subsidiary companies. Hence, our ability to pay future dividend and our ability to sustain our dividend policy in the future are largely dependent on the performance of our subsidiary companies. In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, availability of distributable reserves and tax-exempt profits/tax credits, future expansion plans, loan covenants and compliance with regulatory requirements.

4.2.4 Continued Control by Promoters

Upon Listing, the Promoters will collectively hold a total of approximately 65.15% of our enlarged issued and paid-up share capital. Depending on how they choose to vote and because of their shareholdings, these shareholders will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities. Nevertheless, as a step towards good corporate governance, we have appointed four (4) Independent Non-Executive Directors and set up an Audit Committee to ensure that, inter-alia, all future transactions involving related parties are entered into at arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders.

4. RISK FACTORS

4.2.5 Trading Price and Volume of our Shares

The trading prices and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed shares.

Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of the Group have no direct correlation with the performance of securities listed on Bursa Securities.

4.2.6 Underwriting risk

Up to 20,386,000 IPO Shares are to be underwritten by the Underwriter. The underwriting commission is payable by our Group for our IPO Shares for the unsubscribed portion of our IPO Shares reserved for Malaysian Public and eligible Directors, employees and persons who have contributed to the success of our Group. However, the agreement of the Underwriter to underwrite up to 20,386,000 IPO Shares should not be taken as an indication of the merits or assurance of the value of our IPO Shares.

4.3 Other risks

4.3.1 Political and economic risks

The performance of our Group is correlated to the overall economic and political conditions both domestically and internationally, as it is largely dependent on the performance of the electronics industry.

Like all other business entities, adverse developments in political, economic and regulatory conditions in Malaysia could unfavourably affect our financial position and business prospects. These risks include, among others, risks of war, changes in economic conditions, changes in interest rates and unfavourable changes in government policies such as introduction of new regulations, import duties and tariffs.

Our Group has taken efforts to diversify our range of services and markets, improve on our marketing and distribution strategies as well as pre-empting certain regulations to mitigate any possible adverse impact on our Group from any adverse development in political, economic and regulatory authorities.

Whilst we strive to continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political, economic and regulatory factors will not materially affect our operations, financial performance and future prospects.

4. RISK FACTORS

4.3.2 Forward-Looking / Prospective Statements

Certain statements in this Prospectus are based on historical data which may not be reflective of future results and others are forward-looking in nature that are based on assumptions and subject to uncertainties and contingencies which may or may not be achievable. Whether such statements would ultimately prove to be accurate depends upon a variety of factors that may affect our businesses and operations, and such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, plans, performances and achievements, expressed or implied, by such prospective statements. Although we believe that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such prospective statements or expectations will prove to be correct in the future. Any deviation from the expectations may have a material adverse effect on our business and financial performance.

The above is not an exhaustive list of challenges we are currently facing or that may develop in the future. Additional risks whether known or unknown, may in the future have a material adverse effect on us and/or our Shares.

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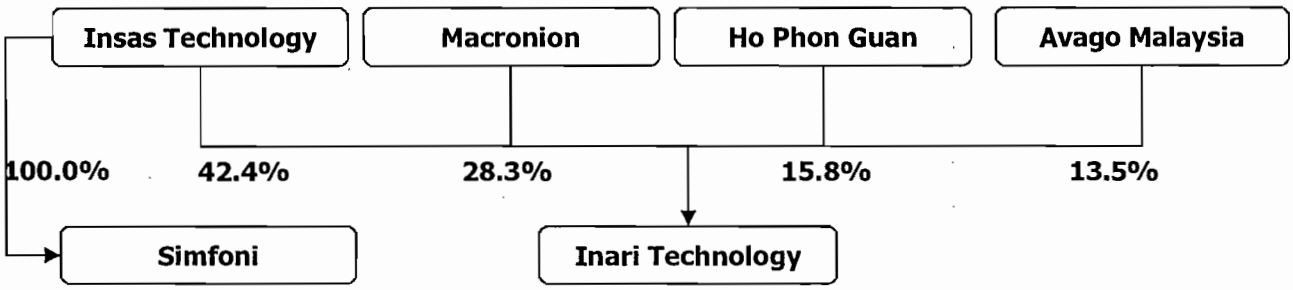
5. GENERAL INFORMATION ON OUR GROUP

5.1 Incorporation and History

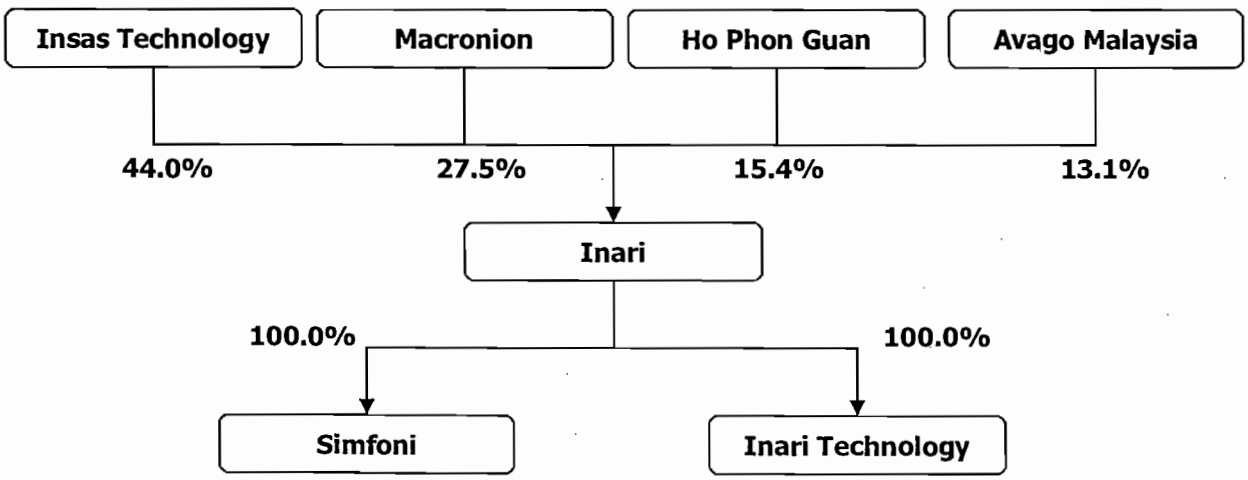
Inari was incorporated in Malaysia on 5 May 2010 under the Act as a public limited company under the name Inari Berhad (Company No.: 1000809-U). Inari is an investment holding company, whilst its wholly-owned subsidiary companies, Inari Technology and Simfoni, are involved in the provision of the following services:

- semiconductor packaging, which comprises back-end wafer processing, package assembly and RF final testing for wireless microwave telecommunication semiconductor products; and
- to acquire and to manage land, buildings and other properties of our Group.

In September 2010, our Group undertook a re-organisation. Our Group structure prior to the re-organisation is as follows:



Our Group structure as at the LPD (after the re-organisation) and prior to our IPO is diagrammatically summarised below:



Our main operating subsidiary, Inari Technology was founded by Macronion, Ho Phon Guan and Insas Technology in June 2006 as an EMS company principally involved in semiconductor packaging, which comprises back-end wafer processing, package assembly and RF final testing for the semiconductor industry. Inari Technology was then a 51% owned subsidiary company of Insas Technology. Further details on our start-up history is set out in Section 12.1.2 of this Prospectus.

5. GENERAL INFORMATION ON OUR GROUP

In July 2006, we commenced operations in our first factory (ie Plant 1) situated at Bayan Lepas, Penang Free Industrial Zone offering SMT assembly, PCBA and Box-Build services to produce satellite TV cards for small OEM customers in the European markets.

In late 2006, we were invited to participate in a qualifying process to become an approved oursourcing partner of Avago through its wholly owned subsidiary company, Avago Malaysia to offer hybrid semiconductor packaging services for the production of IC packaging (also referred as SiP packaging) for Avago's wireless semiconductor products.

On 21 December 2006, we entered into a manufacturing agreement with Avago Technologies and started our semiconductor packaging operations. Our appointment as Avago's main EMS manufacturer was primarily due to the timing of our establishment to capture Avago's outsourcing business, production capability and capacity as well as our reputation in producing high quality products.

Avago is a NASDAQ listed company and a global leader in the design, develop and supply of an extensive range of analog, mixed-signal and optoelectronic components and subsystems. Avago's product portfolio, which comprises approximately 7,000 products, are categorised into optoelectronics, wireless technologies, fiber optics and networking components and sold in four (4) primary industries, namely, industrial and automotive electronics, wired infrastructure, wireless communications, and consumer and computing peripherals. Avago's products are found in cellular phones, consumer appliances, data networking and telecommunications equipment, enterprise storage and servers, factory automation, displays, optical mice and printers. Avago recorded an annual net turnover of approximately USD2.0 billion in 2010, of which 38% are from wireless communication segment *(Source: Avago's website: http://www.avagotech.com and annual report 2010).* To date, we are a main contract manufacturer of Avago for its wireless communication segment worldwide. We have grown together with Avago over the years, and have built a strong and stable working relationship with Avago. Further details on the background of Avago are set out in Section 12.1.4 of this Prospectus.

In March 2010, Avago Malaysia became a shareholder in Inari Technology by subscribing to 1.215 million RCPS-A in Inari Technology as part of its strategy to secure its supply chain for its wireless semiconductor products. The RCPS-A was converted into ordinary shares of RM1.00 each in Inari Technology on 5 August 2010.

It is common for OEM and EMS companies in the semiconductor industry to compare roadmaps over a two-to-three year timeframe, due to the fast moving nature of semiconductor technology. By investing into Inari Technology, a strategic alliance or partnership is formed and over a period of time, bonding between the senior management of the two (2) companies is established. In turn, due to the equity relationship, Avago feels less constrained to share its confidential and sensitive information with Inari, in terms of both market information and product technological advances. This working relationship, for mutual benefits, is similar to the *keiretsu* business model, albeit slightly modified. The investment also speaks volumes about Avago's confidence about the present technological capability and potential of Inari in the electronics/semiconductor industry. This is particularly so in the case of a MNC investing into a domestic company, such as Inari Technology. Lastly, through a board representation, Avago is also able to participate in critical and important decision-making processes at the strategic level of our Company, which may affect its interests in the electronics/semiconductor industry.

Back in late 2006, we began the assembly of COB and MCOB ICs for Avago's wireless microwave telecommunication semiconductor products. In 2007, we ventured into fine-pitch (i.e., more precise, miniaturise and sophisticated) SMT assembly service for Avago due to rapid technological changes and the high demand for hybrid assembly in semiconductor

packaging. In April 2007, we leased a second factory (Plant 2) situated in the Bayan Lepas Free Industrial Zone to increase our SMT assembly capacity and to start our fine-pitch SMT assembly operation. Plant 2 is a single storey factory building with built up area of 836 sq m situated in Bayan Lepas, Penang.

In late 2007, we explored and started offering additional vertically integrated services to Avago such as back-end wafer processing including DC/RF wafer probing, wafer back-grinding, wafer sawing, auto vision inspection and die preparation. We believe we are one of the leading EMS companies in the South East Asia Region who is capable of offering large scale wafer RF testing/probing activity.

In 2008, we established a R&D division with the objectives of enhancing our semiconductor manufacturing technologies and processes, reducing cost, shortening time-to-market of our products as well as developing new SiP packaging products for different application markets.

Despite the economic slowdown in late 2008 and early 2009, we continued to expand our business by venturing into DC and RF testing operations. In 2009, we leased a third factory (Plant 3) with a land area of 8,332 sq m from Simfoni (which was still a wholly-owned subsidiary of Insas Technology) to house the DC and RF testing operations. Subsequently, we shifted our SMT operation from Plant 2 to Plant 3 to improve the flow of materials. By successfully establishing the DC and RF testing operations, we have become a one stop QFN packaging provider for the semiconductor industry. In June 2010, we discontinued all operations in Plant 2 and terminated the then existing lease agreement for Plant 2.

To value add to our key services offered to the semiconductor industry, we offer additional vertically integrated services to our customers such as wafer sort, DC/RF wafer probing, wafer sawing, auto vision and die preparation since 2008. Details of our current capabilities are set out in Sections 6.3.2 and 12.1.3 of this Prospectus.

In 2009, we expanded into PCBA and Box-Build operations with products such as wireless broadband networking devices (i.e. HSDPA modems and routers) and universal remote control devices for our OEM customers.

In 2010, Inari acquired Simfoni in preparation for the IPO. Simfoni was incorporated in Malaysia on 18 February 2003 as a private limited company under the Act. It was a dormant company until the acquisition by Insas Technology of all its equity interest on 21 July 2008. Simfoni is a special purpose vehicle company utilised by Insas Technology as its property investment arm to manage the lease income and other management services fees rendered from its properties. Simfoni completed the acquisition of Plant 3 at a cost of RM9.5 million in December 2008 which was subsequently leased to Inari Technology. Plant 3 was acquired from Sanmatech Sdn Bhd.

In December 2010, we further expand our production capacity by leasing a manufacturing facility factory cum warehouse, Plant A, from Avago Malaysia. Plant A has a built up area of approximately 3,623 sq m and houses our R&D, NPI and SMT business units. As a result, we are able to increase production capacity in Plant 3 to cater for additional sales to Avago. The leasing of Plant A also allowed us to free up production floor space (in Plant 3) to cater for new potential customers.

Our continuous commitment in producing high quality products has indeed been acknowledged when Avago awarded Inari Technology with the Excellent Manufacturing and Outsourcing Support on Wireless Semiconductor Division (WSD) Products 2009 Award in 2010. This prestigious award is only given to contract manufacturers who successfully maintain excellent supplier offerings such as strong technical supports, quality products and services, quick responsiveness in customers' requests, prompt delivery, competitive pricing

and meeting customers' business and environment objectives. Inari Technology is proud to be one of the four (4) Avago Technologies' worldwide contract manufacturers, including some world-class companies, to receive this award. With this recognition, it further demonstrates our ability to meet the high standard requirements of being a world-class manufacturer and we believe we will remain as Avago's key contract manufacturers of its wireless communication segment for the foreseeable future.

Despite our relatively short history, we have been able to position ourselves as one of Malaysia's leading EMS companies who is capable of providing comprehensive semiconductor packaging services, including PCBA, Box-Build operations and failure analysis systems, with a revenue turnover of more than RM150 million in FYE 2010 after four (4) years in operations. The primary market in which we service is the wireless microwave telecommunication market. Presently, our customers include Avago, VigSys Sdn Bhd, NewICT Marketing (M) Sdn Bhd, Wi2Wi Inc., Ceedtec Sdn Bhd, Duolabs SpA and SILQ (Malaysia) Sdn Bhd.

Since our inception, we have established, implemented and maintained a QMS and an environmental management system. Our stringent quality management policies and objectives enable us to maintain a high standard of quality in the products and services that we offer. In recognition of our quality systems, we were awarded ISO 9001:2000 and ISO 14001:2004 certifications by SGS United Kingdom Limited and SGS (Malaysia) Sdn Bhd in 2006 and 2007 respectively.

In 2007, our wholly-owned subsidiary, Inari Technology obtained the Pioneer Status from MITI, which enabled us to enjoy a 70% tax exemption on our profits for (5) years ending 2012.

5.2 Share Capital

Our authorised share capital is RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each, of which 248,608,700 Shares have been issued and fully paid-up as at the date of this Prospectus. Upon completion of the Public Issue, our enlarged issued and paid-up share capital will be increased to RM33,160,870 comprising 331,608,700 Shares.

The movements in our issued and paid-up share capital since the date of our incorporation are set out below:-

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration/ Types of Issue	Resultant Issued and Paid-up Share Capital RM
5 May 2010	70	0.10	Subscribers' shares	7
24 July 2010	30	0.10	Cash	10
20 September 2010	241,608,600	0.10	Issued pursuant to the acquisition of Inari Technology	24,160,870
21 September 2010	7,000,000	0.10	Issued pursuant to the Debt Settlement	24,860,870

5. GENERAL INFORMATION ON OUR GROUP

5.3 Acquisitions

In preparation for the listing of our Company on the ACE Market of Bursa Securities we undertook the Acquisitions. Under the Acquisitions, our Company had entered into the two (2) separate sale and purchase agreements, respectively to acquire Inari Technology and Simfoni.

5.3.1 Acquisition of Inari Technology

On 20 September 2010, Inari had entered into a sale and purchase agreement with the Inari Technology Vendors for the acquisition of the entire issued and paid-up share capital of Inari Technology from the Inari Technology Vendors for a total purchase consideration of RM24,160,860. The purchase consideration was satisfied via the issuance of 241,608,600 Shares at the issue price of RM0.10 per Share on 20 September 2010. Immediately thereafter, Inari Technology became a wholly-owned subsidiary of Inari.

In accordance with the terms of the acquisition, the then existing 100 Shares were transferred to Insas Technology.

The purchase consideration of RM24,160,860 was at a willing-buyer willing-seller basis, after taking into consideration:

(a) The audited NA of Inari Technology as at 31 March 2010 of RM18,531,336;

(b) Fair value adjustments taking into account the revaluation surplus (from the revaluation of Plant 1 and net of deferred tax) amounting to RM664,856;

(c) The conversion of RCPS-H and RCPS-A held by Ho Phon Guan and Avago Malaysia respectively amounting to RM4,610,925; and

(d) The future prospects of the enlarged Inari Group.

5.3.2 Acquisition of Simfoni

On 21 September 2010, Inari had entered into a sale and purchase agreement with Insas Technology for the acquisition of the entire issued and paid-up share capital of Simfoni from Insas Technology for a cash consideration of RM1,000,000. Immediately thereafter, Simfoni became a wholly-owned subsidiary of Inari.

The purchase consideration of RM1,000,000 was arrived at on a willing-buyer willing-seller basis after taking into consideration:

(a) The audited NA of Simfoni as at 31 March 2010 of RM256,702; and

(b) Fair value adjustments taking into account the revaluation surplus (from the revaluation of Plant 3 and net of deferred tax) amounting to RM965,385.

As part of the terms of the acquisition of Simfoni, Inari undertook to repay all debts owing by Simfoni to Insas Technology. At the point of acquisition (on 21 September 2010), the debt owed by Simfoni to Insas Technology amounted to RM10.0 million. The debt owed of RM10.0 million was advanced by Insas Technology to Simfoni for the acquisition of Plant 3 in December 2008. On 21 September 2010, Insas Technology was allotted 7,000,000 Shares pursuant to the Debt Settlement at an issue price of RM0.35 per Share. The new Shares allotted was for part settlement of RM2,450,000 out of a total of RM10,000,000 owing by

Simfoni to Insas Technology. The said issue price was based on our indicative IPO price at the time the Debt Settlement was formalised.

In addition, under the terms of the acquisition of Simfoni, all PAT of Simfoni from 31 March 2010 up to 21 September 2010 shall accrue to Insas Technology and Inari shall pay and/or cause Simfoni to declare and pay such PAT by way of dividend or otherwise to Insas Technology within 60 days after 21 September 2010.

The outstanding debt of RM7.55 million is expected to be repaid via borrowings from financial institution(s) to be secured by Simfoni. However, in the event Simfoni is not able to secure such bank borrowings, the outstanding debt of RM7.55 million shall be repaid via proceeds from our IPO.

Upon securing the necessary bank borrowings, the allocated RM7.55 million will be utilised for general working capital purposes of our Group in the following manner:

(i) To pay for salaries and other operating expenses amounting RM3.0 million; and

(ii) To pay for the purchase of raw materials of RM4.55 million.

5.4 Listing Scheme

In conjunction with the Listing, we shall implement the following:

(i) Public Issue

Pursuant to the Public Issue, we shall issue 83,000,000 IPO Shares at the IPO Price to be allocated in the following manner:

(a) 10,000,000 Shares made available to the Malaysian Public;

(b) 62,614,000 Shares by way of private placement to identified investors in the following manner:

  (i) 26,154,000 new Shares by way of private placement to identified investors; and

  (ii) 36,460,000 new Shares by way of private placement to identified Bumiputera investors approved by MITI; and

(c) 10,386,000 Shares made available to our eligible Directors, employees and persons who have contributed to the success of our Group.

(ii) Listing

Upon completion of the Public Issue, our Company shall list its entire enlarged issued and paid-up share capital of RM33,160,870 comprising 331,608,700 Shares on the ACE Market of Bursa Securities.

5. GENERAL INFORMATION ON OUR GROUP

5.5 Subsidiary Companies

All of our subsidiary companies are wholly-owned by our Company. As at the date of this Prospectus, we do not have any associated companies. Details of our subsidiary companies are summarised as follows:-

Company/ Company No.	Date/ Place of Incorporation	Authorised Share Capital (RM)	Issued and Paid-up Share Capital (RM)	Equity Interest %	Principal Activity
Inari Technology/ 736090-U	1 June 2006 Malaysia	10,000,000	9,015,000	100.00	Semiconductor packaging, which comprises back-end wafer processing, package assembly and RF final testing for wireless microwave telecommunication semiconductor products
Simfoni/ 606332-A	18 February 2003 Malaysia	100,000	2	100.00	Property investment holding

5.5.1 Inari Technology

(a) History and business

Inari Technology was incorporated in Malaysia under the Act on 1 June 2006 as a private limited company under its present name. The principal activities of Inari Technology are in the provision of semiconductor packaging, which comprises back-end wafer processing, package assembly and RF final testing for wireless microwave telecommunication semiconductor products.

(b) Share capital

Inari Technology's present authorised share capital is RM10,000,000 comprising 9,600,000 ordinary shares of RM1.00 each, 300,000 RCPS-H of RM1.00 each and 10,000,000 RCPS-A of RM0.01 each, of which 9,015,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of Inari Technology since its incorporation are as follows:-

Ordinary Shares

Date of Allotment	No. of shares Allotted	Par Value RM	Consideration/ Types of Issue	Resultant Issued and Paid-up Share Capital RM
01.06.2006	2	1.00	Subscribers' shares	2
08.08.2006	189,298	1.00	Cash	189,300

5. GENERAL INFORMATION ON OUR GROUP

Date of Allotment	No. of shares Allotted	Par Value RM	Consideration/ Types of Issue	Resultant Issued and Paid-up Share Capital RM
08.08.2006	410,700	1.00	Settlement of shareholders' advances	600,000
11.09.2006	1,900,000	1.00	Cash	2,500,000
31.03.2007	5,000,000	1.00	Cash	7,500,000
05.08.2010	300,000	1.00	Conversion of RCPS-H	7,800,000
05.08.2010	1,215,000	1.00	Conversion of RCPS-A	9,015,000

RCPS-H held by Ho Phon Guan

Date of Allotment	No. of RCPS-H Allotted	Par Value RM	Consideration/ Types of Issue	Resultant Issued and Paid-up Share Capital RM
07.08.2008	300,000	1.00	Cash	300,000
05.08.2010	(300,000)	1.00	Conversion of RCPS-H into ordinary shares	-

RCPS-A held by Avago Malaysia

Date of Allotment	No. of RCPS-A Allotted	Par Value RM	Consideration/ Types of Issue	Resultant Issued and Paid-up Share Capital RM
09.03.2010	1,215,000	0.01	Cash	1,215,000
05.08.2010	(1,215,000)	0.01	Conversion of RCPS-A into ordinary shares	-

(c) Substantial shareholders and Directors

Inari Technology is a wholly-owned subsidiary company of Inari and its Directors are Dato' Thong Kok Khee, Dato' Wong Gian Kui, Dr Tan Seng Chuan, Ho Phon Guan, Mai Mang Lee, Tan Lee Pang s/o Hum Beng and Ooi Boon Chye.

(d) Subsidiary and associated companies

As at the date of this Prospectus, Inari Technology does not have any subsidiary or associated company.

5.5.2 Simfoni

(a) History and Business

Simfoni was incorporated in Malaysia under the Act on 18 February 2003 as a private limited company under its present name. The principal activity of Simfoni is property investment holding.

(b) Share Capital

Simfoni's present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up. The movements in issued and paid-up share capital of Simfoni since its incorporation are as follows:-

Date of Allotment	No. of shares Allotted	Par Value RM	Consideration/ Types of Issue	Resultant Issued and Paid-up Share Capital RM
18 February 2003	2	1.00	Subscribers' shares	2

(c) Substantial shareholders and Directors

Simfoni is a wholly-owned subsidiary company of Inari and the Directors are Dato' Wong Gian Kui, Dr Tan Seng Chuan and Gan Ban Tian.

(d) Subsidiary and associated companies

As at the date of this Prospectus, Simfoni does not have any subsidiary or associated company.

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5. GENERAL INFORMATION ON OUR GROUP

5.6 Major Approvals and Licences

The details of major approvals and licences granted to or held by us are as follows:-

Issuing Authority/ Company	Date of Issue (Renewal)	Date of Expiry	Nature of Approval/ Licenses	Equity and/or Major Conditions Imposed	Compliance
MITI Inari Technology	07.11.2007	Nil	Manufacturing License (Licence No. A016375/ Serial No. A025339)	The products must be wireless microware telecommunication filters and wireless home broadcast digital TV card (DTVC) (i) The company is encouraged to, as far as possible, ensure that the composition of board of directors to reflect the equity structure of a company. MITI shall be informed of any election or change of board members. (ii) For local sales, the company has to, as far as possible, engage the services of Malaysian citizens, including the selection of distributor companies owned by Malaysian citizens, where at least 30% of the company's market sales in this country shall be distributed through Bumiputera distributors. (iii) MITI must be informed of any sale of shares in the company. (iv) Any proposal of the company to increase the production capacity or diversify its approved productions must obtain the approval of the MITI.	Complied/ To be complied

5. GENERAL INFORMATION ON OUR GROUP

Issuing Authority/ Company	Date of Issue (Renewal)	Date of Expiry	Nature of Approval/ Licenses	Equity and/or Major Conditions Imposed	Compliance
Royal Malaysian Custom, Pulau Pinang Inari Technology	08.01.2007	Nil	Letter of approval to register a new factory in the Free Industrial Zone (KE.PB(99)966/01-229(13))	(i) 80% of the total product is ready for export and 20% are allowed to be sold in the local markets. Local market is subject to duty / tax at that time. (ii) The company shall notify the Royal Malaysian Custom in writing when one of the following occurs within 14 days:- • Changes in the board of directors of the company • Resolution approved for winding up of the company • Order made for the winding up of the company • Appointment of liquidator or receiver • Companies involved in any civil cases, bankruptcy, discontinuation, closure of the company and other	Complied
Atomic Energy Licensing Board Inari Technology	20.04.2001	19.04.2013	License to buy, possess, use, manage, store, import and export radioactive apparatus (License No. LPTA/A/1305/ Serial No. 008487)	(i) The licencee shall ensure that only the person who is responsible for the license or radiation standard protection officer that may deal with the Board. (ii) Licencee shall explain to the radiation standard protection officers and supervisors with regard to their respective responsibilities. (iii) Licencee shall comply with and implement the radiation protection programs that have been adopted by the Board.	Complied

5. GENERAL INFORMATION ON OUR GROUP

Issuing Authority/ Company	Date of Issue (Renewal)	Date of Expiry	Nature of Approval/ Licenses	Equity and/or Major Conditions Imposed	Compliance
				(iv) Licencee shall follow the rules of Radiation Protection (Basic Safety Standards) Regulations 1988.	
MITI Inari Technology	15.01.2009	31.01.2012	Pioneer Status for 5 years to manufacture Wireless Telecommunication Filters and Wireless Home Broadcast Digital TV Card (DTVC) (Pioneer Certificate No. 3181)	(i) Value added of the product must achieve at least 30%. (ii) The number of staff in management, technical and supervision must comprise at least 15% of total employment of the company.	Complied

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5. GENERAL INFORMATION ON OUR GROUP

5.7 Properties of Our Group

5.7.1 Land and Buildings

The summary of the information on the material land and buildings owned/leased by our Group is set out below:-

Registered Owner	Description	Tenure/ Expiry of Lease	Age of Building (Years)	Category of Land Use/ Land Area	Built-up Area	Audited NBV as at 31.12.2010 RM	Market value * RM	Date of Issuance of Certificate of Fitness for Occupation
Properties owned by our Group								
Inari Technology	**Plant 1^** (i) Industrial premise comprising a 3-storey factory with guard house situated at No. 5, Hilir Sungai Keluang 3, Bayan Lepas Free Industrial Zone Phase 4, 11900 Bayan Lepas, Penang. (Lot No. 12361 held under title No. Pajakan Negeri 5856 within Mukim 12, District of Barat Daya, Pulau Pinang)	60 years lease expiring on 29 May 2051	13	Industrial use 2,089 sq m	1,625 sq m	1,801,867	2,700,000	4 July 2001
	(ii) Vacant industrial land adjoining No. 5, Hilir Sungai Keluang 3, Bayan Lepas Free Industrial Zone Phase 4, 11900 Bayan Lepas, Penang (Lot No. 17331 held under title No. H.S.(D) 23157 within Mukim 12, District of Barat Daya, Pulau Pinang)	60 years lease expiring on 14 May 2051	-	Industrial use 4,047 sq m	-	1,714,420	1,900,000	-
Total:						**3,516,287**	**4,600,000**	

5. GENERAL INFORMATION ON OUR GROUP

Registered Owner	Description	Tenure/ Expiry of Lease	Age of Building (Years)	Category of Land Use/ Land Area	Built-up Area	Audited NBV as at 31.12.2010 RM	Market value * RM	Date of Issuance of Certificate of Fitness for Occupation
Simfoni	**Plant 3** Industrial premise comprising a 3-storey factory-cum- office block with guard house situated at No. 51, Hilir Sungai Keluang 4, Bayan Lepas Free Industrial Zone Phase 4, 11900 Bayan Lepas, Penang (Lot No. 12359 held under title No. Pajakan Negeri 5885 within Mukim 12, District of Barat Daya, Pulau Pinang)	60 years lease expiring on 16 January 2054	12	Industrial use 8,332 sq m	6,406 sq m	10,221,019	11,700,000	3 June 1998
Property leased by Inari Technology								
Avago Malaysia	**Plant A #** Industrial premise comprising a single storey warehouse/ manufacturing situated at No 17, Jalan Kampung Jawa, Kawasan Perindustrian Bayan Lepas, Fasa 3, 11900 Bayan Lepas, Penang (Lot No. 17005 held under title No. Pajakan Negeri 6764 within Mukim 12, Jalan Kampung Jawa, Kawasan Sungai Kluang, Fasa 3, Kawasan Perindustrian Bebas Bayan Lepas, Pulau Pinang)	60 years lease expiring on 14 May 2051	4	Industrial use 3,623 sq m	3,623 sq m	-	-	17 June 2010

5. GENERAL INFORMATION ON OUR GROUP

Notes:-

* *Market values are based on the valuation conducted by the independent valuer, Henry Butcher Malaysia (Penang) Sdn Bhd. Kindly refer to Section 14 of this Prospectus for further details.*

^ *Plant 1 was originally approved for a 2 storey building. However, the factory has been extended into a 3 storey building by its previous owner without prior consent from the necessary authorities. We had on 16 August 2010 submitted an application to Majlis Perbandaran Pulau Pinang for the ratification of the said extension. As at the LPD, the said application is still pending approval.*

There are also three (3) unapproved structures on Plant 1, namely the covered side passageways, waste disposal store and lean-to sheds. No application has been made to Majlis Perbandaran Pulau Pinang for the ratification of these unapproved structures. These structures will be removed by December 2011 in conjunction with the construction of Plant 5, which is expected to be completed in 2012.

Inari is committed to rectify the unapproved structures as set out in Section 9.1.1 (i) of the Prospectus ("Condition") by 22 February 2012. However, Inari has been informed by its architect that the building plan ratification approval is only expected to be received by May 2012. Thereafter Inari shall make the necessary application(s) to obtain the certificate of fitness for occupation. In the event Inari failed to rectify the unapproved structures by 22 February 2012, Inari shall seek an extension of time from Bursa Securities to comply with the Condition no later than 14 days before 22 February 2012.

\# *Inari Technology had on 6 December 2010 entered into a tenancy agreement with Avago Malaysia for the lease of Plant A from Avago Malaysia for a term of three (3) years commencing from 1 December 2010 at a monthly rental of RM58,500.*

Save as disclosed above, to the best of our Directors' knowledge and belief, there is no material non-compliance with current statutory requirements, land rules or building regulations in respect of the landed properties owned/leased by our Group. In addition, none of the above land has breached any land-use condition or permissible land-use.

The net surplus on revaluation of the Plant 1 and Plant 3 amounting to RM1.63 million has not been incorporated in the latest audited financial statements of Inari Technology and Simfoni for FYE 2010.

The above valuations do not require the approval of the SC.

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5.7.2 Regulatory Requirements and Environmental Issues

To the best of our Directors' knowledge and belief, save as disclosed in Section 5.7.1 above, there are no regulatory requirements and/or major environmental issues which may affect our Company's operations arising from the utilisation of our assets.

Kindly refer to Section 6.6 of this Prospectus on details relating to our environment management.

5.7.3 Material Capital Expenditures and Divestitures

Save as disclosed below, there were no other material capital expenditures (including interests in other corporations) made by us for the past three (3) financial years:-

	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
Leasehold land and buildings	9	10,352	-
Renovation	589	2,120	109
Plant and machinery	-	700	-
Production equipment	5,787	19,164	5,272
Office equipment, electrical installation, furniture & fittings	1,038	2,788	1,108
Motor vehicles	58	-	73
Capital work-in-progress	38	-	-
Total	**7,519**	**35,124**	**6,562**

The above material capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. There were no material capital divestitures by our Group for the past three (3) financial years.

Save for our planned capital expenditures relating to our expansion plans as set out in Section 6.17 of this Prospectus, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

5.7.4 Material Plans to Construct, Expand or Improve Facilities

There has been a rapid growth in the mobile phone market in the last few years. According to the IMR report, the global unit shipments of cellular phones reached 1.2 billion units in 2009 and it is expected to attain 1.6 billion units in 2014. We will upgrade old machinery and equipment and acquire new units to cater to the expected business growth and the expansion of our products and services.

Hence, we are investing approximately RM3 million (from proceeds of the IPO) to acquire/upgrade our new/existing machinery and equipment to further increase our existing production capacity by between 15% to 20%. We will source our machinery and equipment from reputable machinery and equipment manufacturers from Japan, South Korea, Hong Kong and Singapore.

In addition, we intend to construct our new manufacturing facility within the vacant land area of Plant 3 within 12 months from the Listing.

5. GENERAL INFORMATION ON OUR GROUP

The new manufacturing facility will be a three (3) storey building with a total built up area of approximately 5,351 sq m. It will be used to house amongst others, the production of medical sensor products and for the planned production of LED products.

The estimated cost of construction of our new manufacturing facility is expected to amount to RM5.5 million whilst the estimated cost of purchase of new machinery and equipment is expected to amount to RM9.0 million. The said costs will be finance via proceeds from the IPO.

Save as disclosed above, we do not have immediate plans to construct, expand or improve our existing facilities.

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6. BUSINESS OVERVIEW

6.1 Principal Activities and Products

This section outlines our principal activities as well as the range of products which are manufactured by us.

6.1.1 Principal Activities

Our Group comprises Inari, Inari Technology and Simfoni. Our subsidiary companies' activities are described below.

Inari Technology

Inari Technology is an EMS company principally involved in back-end semiconductor packaging, which comprises back-end wafer processing, package assembly and RF final testing for the electronics/semiconductor industry. The final product which is derived from our back-end semiconductor packaging is called SiP packaging. Presently, Avago is our key customer (having contributed more than 90% of our total revenue in the last three (3) financial years) and we supply our SiP packaging primarily for its wireless communication segment. Hence, we are servicing the wireless microwave telecommunication semiconductor segment primarily, a vertical market in the semiconductor industry. However, our capability is not limited to the wireless microwave telecommunication semiconductor segment; we are also capable of manufacturing the entire range of semiconductor products for other segments of the semiconductor industry.

Our semiconductor packaging services are described in further detail below.

1. Back-End Wafer Processing

We offer back-end wafer processing services (also referred as wafer sort), which encompass the processes of manufacturing semiconductors on Silicon and Gallium Arsenide ("GaAs") wafers. Our back-end wafer processing services comprise the following processes:

(i) DC & RF raw wafer testing – wafer probe;
(ii) Wafer back-grinding;
(iii) Wafer sawing; and
(iv) Wafer inspection.

Based on our knowledge, only a handful of EMS companies in the Malaysian semiconductor packaging industry offer wafer sort processing as it requires high initial capital outlay and expertise. We ventured into back-end wafer processing in 2007 and we have established a track record with internationally recognised product quality through our business relationship with Avago.

Our wafers (also known as chips on the fabbed wafers) are mostly sourced from Avago (on consignment basis). Our back-end wafer processing and assembly operations are carried out in highly controlled clean room environment to ensure consistent high quality in our products and services offered.

6. BUSINESS OVERVIEW

2. Package Assembly

We offer assembly in the form of QFN packages. Our assembly processes comprise two (2) primary assemblies, namely SMT and MCOB/COB assemblies for semiconductor packaging, which are subdivided into the following processes:

(i) Die attach;
(ii) Plasma cleaning;
(iii) Wire bonding;
(iv) Moulding;
(v) Laser marking; and
(vi) Package sawing.

Our assembly processes use advanced technology to place multiple ICs and passive components into a single package. We are able to integrate a variety of die technologies and discrete components using our assembly processes. The devices assembled by us are typically used in RF and wireless applications in mobile phones, PDA, GPS devices, WiFi devices and Bluetooth products.

Through our R&D efforts with Avago, we have successfully achieved the ability and competency level to provide fine-pitch SMT assembly service for very small components measuring 0.4 mm by 0.2 mm (0.01" by 0.005" – also termed as 01005).

3. Final-Test and Final Packaging

Complementing our package assembly services, we offer a full range of final-test services. Inari Technology specialises in wafer "DC & RF" testing and finished goods RF testing on the SiP packages manufactured by us. Our competence in final-test services is in RF final testing.

Inari Technology has advanced test machinery, test handlers and test equipment for performance testing, recording and cataloguing as well as measuring RF signals in the SiP packages we produce. All products manufactured by us are tested for functionality and quality. We have a high speed final-test system with the capacity of testing up to 50 million units of ICs per month.

In our final-test service division, we also offer failure analysis services for board level to package level/die using various failure analysis tools and equipment such as energy-dispersive X-ray spectroscopy, X-ray, scanning acoustic microscopy, X-ray fluorescence and cross section. We provide high speed and accurate root cause analysis and findings using our failure analysis methodology and procedures.

Final packaging is a step in the chip production process in which the chip is either encased in plastic, ceramic or other forms of packaging; or mounted directly onto a PCB. The packaging will allow for power dissipation, physical and chemical protection of the chips, and provide the connections to the PCB.

The packaged chips are then tested for parametric and dynamic functionalities. The testing process screens out defective chips resulting from chemical or structural irregularities that degrade the product, weak chip devices and non-conformance to the functional specifications. The testing is carried out using automated test equipment which can handle high volume production.

6. BUSINESS OVERVIEW

4. Other Activities

Aside from semiconductor packaging services, we are also involved in PCBA and Box-Build services. We have successfully manufactured various networking devices, such as HSDPA modems and routers for our OEM customers. Currently, the network devices that are manufactured by us are for VigSys Sdn Bhd (a wholly-owned subsidiary of Insas Technology) and they are branded under Vigsys. Additionally, we have also manufactured and exported wireless home broadband digital TV cards for our customer in Italy, and universal remote controls for our end customer in Europe. The universal remote controls are manufactured for NewICT Marketing (M) Sdn Bhd.

Simfoni

Simfoni is a property investment company which was established to acquire and manage Plant 3. Simfoni completed its acquisition of the said property in 2008 and subsequently rented it to Inari Technology for its manufacturing operations and expansions. Simfoni has no other activity apart from letting its property and providing management services to Inari Technology.

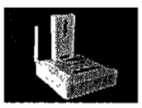
6.1.2 Principal Products

The principal products/services of our Group are categorised into three (3) primary segments, namely:

(i) SiP/QFN;

(ii) PCBA and Box-Build; and

(iii) Universal Remote Controls.

Product Categories	Picture	Customers	Application Market
SiP/QFN		Avago	RF mobile applications
PCBA and Box-Build		Vigsys Sdn Bhd	Wireless modems
Universal Remote Controls		NewICT Marketing (M) Sdn Bhd	Remote Controls

Avago is our key customer. A majority of our products manufactured and distributed are QFN SiP packages. Since inception, we have manufactured IC chips of various miniature sizes, ranging from 2 mm x 1.6 mm to 8 mm x 5 mm.

6. BUSINESS OVERVIEW

6.2 Key Achievements and Milestones

We have achieved numerous milestones since our inception and some of the major milestones are listed below:

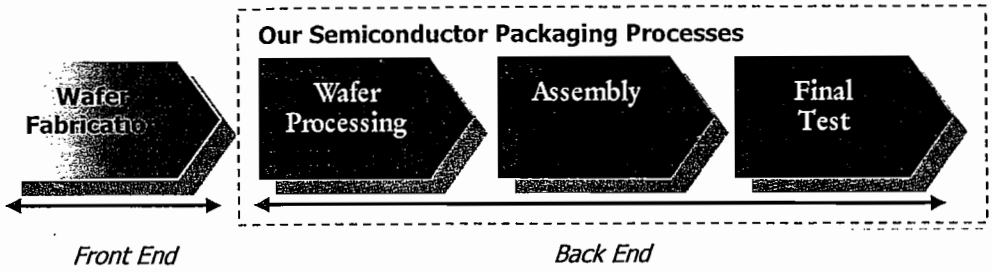
Year	Key Achievement Milestones
2006	▪ Incorporation of Inari Technology. ▪ Inari Technology set up its first factory and commence its operation in SMT assembly, PCBA and Box-Build services for several OEM customers in the European markets. ▪ Inari Technology was awarded ISO 9001:2000 certification by SGS United Kingdom Limited and SGS (Malaysia) Sdn Bhd. ▪ Inari Technology secured a manufacturing contract from Avago Technologies to offer semiconductor packaging services started with COB and MCOB assembly services.
2007	▪ Inari Technology obtained a Pioneer Status from MITI. ▪ Inari Technology set up a second factory to commence fine-pitch SMT assembly service for Avago. ▪ Inari Technology was awarded ISO 14001:2004 certification from SGS United Kingdom Limited and SGS (Malaysia) Sdn Bhd. ▪ Inari Technology commenced back-end wafer processing services including DC/RF wafer probing, wafer back-grinding, wafer sawing, auto vision inspection and die preparation.
2008	▪ Inari Technology established its R&D division to carry out R&D activities to enhance manufacturing technologies and processes as well as develop new products for different markets. ▪ Simfoni acquired a factory land and building at Plot 51, Phase 4, Bayan Lepas Free Industrial Zone and subsequently leased it to Inari Technology as its third factory. ▪ Inari Technology set up a third factory to conduct fine-pitch SMT assembly and wafer processing services.
2009	▪ Inari Technology commenced DC and RF testing services in our third factory. ▪ Inari Technology expanded its PCBA and Box-Build operations with products such as wireless broadband networking devices (i.e., HSDPA modems and routers) for other OEM customers.
2010	▪ Avago Malaysia subscribed for 1.215 million RCPS-A in Inari Technology. The RCPS-A were subsequently converted to ordinary shares. ▪ Inari Technology applied for the ISO13485 certification for its medical sensor products. ▪ Inari acquired 100% equity interest in Inari Technology and Simfoni. ▪ Inari Technology was awarded the Excellent Manufacturing and Outsourcing Support on Wireless Semiconductor Division Products 2009 Award by Avago.
2011	▪ Inari Technology leased Plant A from Avago Malaysia to house its R&D, NPI and SMT business units

6. BUSINESS OVERVIEW

6.3 Business Operation Process

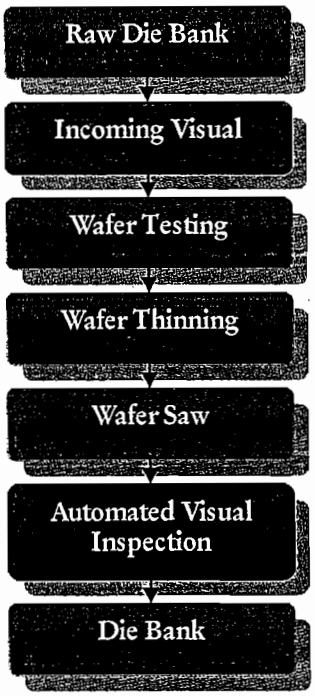
Our Group's back-end semiconductor packaging processes are outlined below:-

Our Back-End Semiconductor Packaging Process Flowchart:



6.3.1 Back-End Wafer Processing

Back-End Wafer Processing Flowchart:



The back-end wafer processing for Inari Technology begins with the receiving of the raw wafer from the supplier. Raw wafers are wafers that have been fabricated with ICs also known as dies. The raw wafers are visually inspected for any gross mechanical defect at 50 times magnification before being sent for wafer testing. Our in-house wafer testing includes both DC and RF testing. The test instruments are able to measure the current, voltage, frequency, signal and noise levels. All probed data (after testing) are stored in the wafer map.

6. BUSINESS OVERVIEW

Upon completion of testing, the wafers are sent for thinning. Wafer thinning is the process of grinding the back side of the wafer to the correct wafer thickness prior to assembly. This is also referred to as "wafer grinding". We also have an auto wafer thickness measuring machine which measures and records the wafer thickness before and after the thinning process.

Following on from the wafer grinding process, the wafers are sent for mounting and sawing. Wafer mounting is the process of providing support to the wafer to facilitate the processing of the wafer from wafer saw through die attach.

Wafer saw follows wafer mounting and is the step where the wafer is cut into individual die for assembly in IC packages. We have various types of sawing machines (ranging from single to dual spindle) which can basically handle up to 8 inch wafers with 55 micron "saw street". Details are as follows:

(i) The frame-mounted wafer is automatically aligned into position for cutting;

(ii) The wafer is then cut through its thickness according to the programmed die dimensions using a resin-bonded diamond blade rotating at very high revolutions per minute; and

(iii) The wafer then goes through a cleaning process using high pressure deionised water sprayed on the rotating work piece and dried by air-blowing.

Once the wafers have been sawn, they are sent for auto visual inspection, where each individual die is inspected through a powerful microscope which feeds the visuals into a computer system to ensure that each die is in proper working condition. Upon completion of this task, the wafers are kept in the desiccators at the die bank, to be transferred to the assembly section when ready. All the desiccators are purged with nitrogen as to prevent oxidation.

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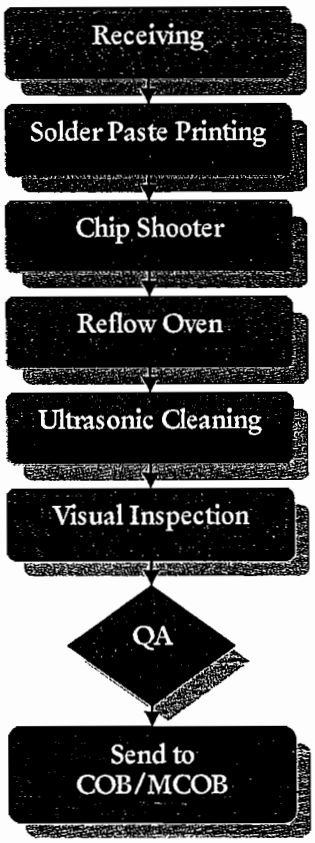
6.3.2 SMT Assembly Process

SMT Assembly Process Flowchart:



The process begins with solder paste printing, where the solder paste is printed on the PCB through a stencil which matches the component pattern layout. The components are mounted onto the printed paste and then conveyed into the reflow soldering oven. Inside the oven, the temperature of the board and all the components are gradually and uniformly raised until a stage where the temperature is high enough to melt the solder particles in the solder paste, joining the component leads terminations to the solder pads on the PCB. The surface tension of the molten solder helps keep the components in place and automatically aligns the components on their pads during the reflow stage and upon solidification forms a reliable and strong solder joint.

After soldering, the PCBs are sent for ultrasonic cleaning to remove flux residues and any stray solder balls that could short-circuit closely spaced component leads.

Finally, the PCBs are visually inspected for visual defects such as missing, misaligned components and solder bridging. After this the PCBs are then sent to quality assurance (QA) for sampling inspection and finally to the COB assembly department for the next process.

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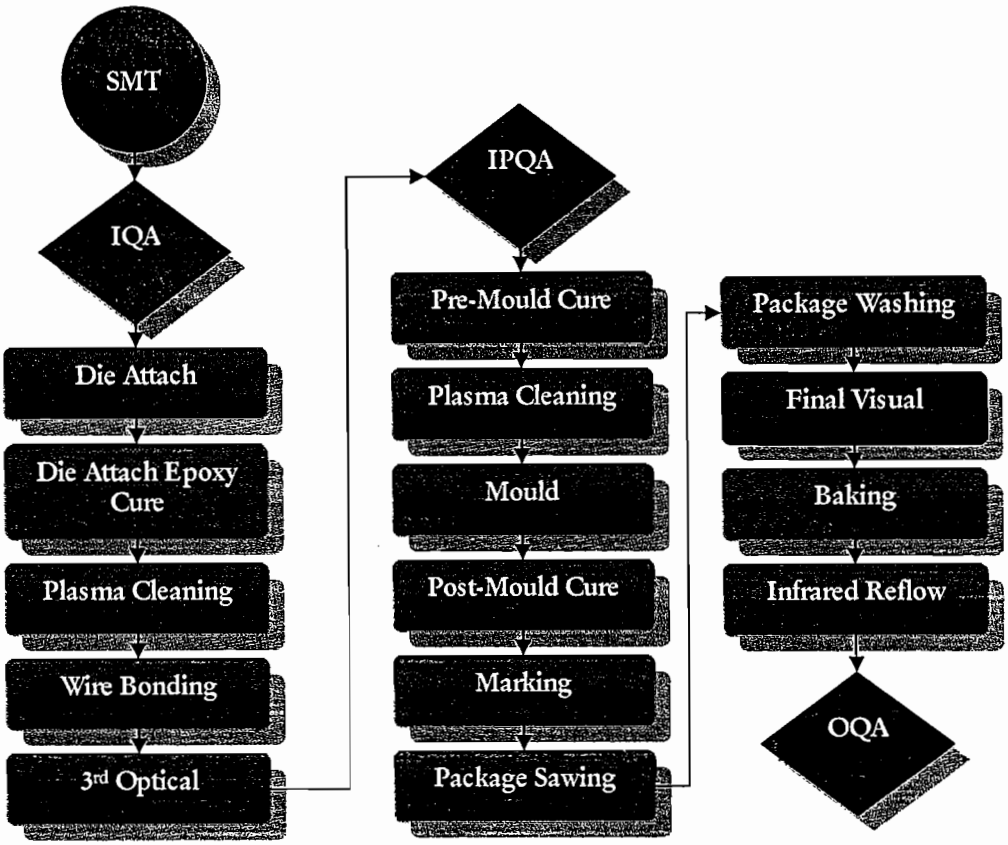
6.3.3 COB and MCOB Assembly Processes

COB and MCOB Assembly Processes Flowchart:



Notes:

IQA – incoming quality assurance
IPQA – in-process quality assurance
OQA – outgoing quality assurance

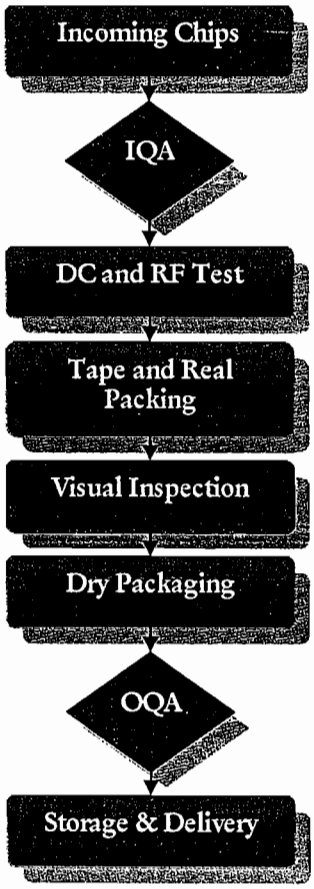
The first step in the COB/MCOB assembly process is known as the die attach. This is the process of attaching the die onto the substrate using an epoxy. After the die is affixed to the substrate, it is baked to cure the epoxy, which will then hold the die in place permanently. However, this process may generate some form of organic contamination due to epoxy out-gasing and it may deposit on top of the die bond pads and potentially causing poor adhesion between ball bond and bond pad at the subsequent wire bonding process. Plasma cleaning is used to clean the die surface to remove contaminants by means of ion bombardment on the targeted surface. The use of plasma is an industry recognised way to clean any surface effectively without using hazardous solvents.

The next stage is the wire bonding process which is the process of providing electrical connection between the substrate and the external circuits of the semiconductor device using very fine bonding wires (usually gold or aluminium). The connection or bonding is achieved using ultrasonic vibration under certain thermal environment so as to trigger diffusion process between two (2) different types of metal. Generally, it is a form of welding. After wire bonding process, the material is then sent for the third optical inspection whereby visual inspection under certain magnification is carried out using a microscope with the purpose to screen out defects from COB processes.

After completing COB processes ie. die attach and wire bonding, the chips are then sent down to MCOB processes with moulding as its first main process. During moulding, the chips are encapsulated in optimised temperature and pressure using epoxy moulding compound. Then, the chips are sent into the box oven for curing. The whole purpose of the moulding process is to provide the chips with a certain level of protection in accordance to the industry standard set by the Joint Electron Devices Engineering Council. The next step is the Marking process for putting identification, traceability and distinguishing marks on the top package surface of an IC. The information marked on the IC package are the device name, company logo, date code, and lot identification. During marking process, laser beam is shot onto each IC's, resulting in permanent engraving of marking instruction onto the top surface of the moulded IC package. The package is then sent for sawing in order to singulate moulded panel into final individual units.

6.3.4 Final Testing Processes

Final Testing Process Flowchart:



Notes:
IQA – *incoming quality assurance*
OQA – *outgoing quality assurance*

The last phase of our semiconductor packaging comprises the final testing processes, which consists of final quality control before the chips are actually shipped to our customers. Our final testing processes are divided into four (4) different divisions, which are Power Amplifier Module ("PA"), Thin Film Bulk Acoustic Resonator ("FBAR"), Multi-Market ("MM") and Millimetre-Wave ("mmWave").

(i) PA – consists of power amplifier, which is an electronic amplifier used to amplify low power RF signal into a larger signal strength, usually for driving the antenna of a transmitter.

(ii) FBAR – is a device consisting of piezoelectric material sandwiched between two (2) electrodes and acoustically isolated from the surrounding medium. FBAR devices are usually used as RF filters for wireless applications such as mobile phone.

(iii) MM – MM products are mainly Low Noise Amplifiers ("LNA"). LNA is a type of amplifier that is usually used at the front-end of a radio receiver circuit. It is used to amplify very weak signal while adding as little noise as possible.

(iv) mmWave – mmWave are extremely high frequency products comprises devices such as low noise amplifier and power amplifier.

All the products are tested using an integrated test system which comprises mainly Power Supply, Spectrum Analyser, Network Analyser, and Signal Generator connected to a computer which will run the test programme. Descriptions of these testing systems are as follow:

(i) Power Supply - supply voltage and current source to the device under test ("DUT").

(ii) Spectrum Analyser - used to measure and examine the spectral composition of some electrical, acoustic, or optical waveform.

(iii) Network Analyser - used to measure the network parameters (e.g. s-parameters) of electrical networks.

(iv) Signal Generator - used to generate electronic signals into the DUT.

An automatic pick and place handler is also used to mechanically pick and place the DUT into the test system. We are currently using two (2) types of handlers sourced from SRM Integration (M) Sdn Bhd and Exis-Tech Sdn Bhd. All the handlers are incorporated with Tape and Reel process. The IC that passes the electrical test will go into the Tape and Reel process. Tape and Reel is the process of packing the assembled IC by loading them into individual pockets comprising what is known as a pocket tape or carrier tape. The units are sealed in the carrier tape with a cover tape by heat or pressure. The carrier tape is wound around a reel for convenient handling and transport. These reels are dust-free and compatible with a clean room environment. After they are packed, visual inspection is conducted to ensure the ICs are properly sealed within the tape.

The assembled ICs are packed in moisture barrier bags according to the Moisture Sensitivity Level requirement. Vacuum sealing is also used to remove air from the moisture barrier bag and then sealing the bag in an impermeable package. This is to protect the devices from moisture as normal air contains moisture.

A Humidity Indicator Card and Desiccants are packed together with the assembled ICs to indicate the humidity conditions inside the moisture barrier bag and also to absorb the moisture that may be present inside the bag.

Subsequently, the final step of the process is to package the final product into boxes and to mark accordingly before delivery to customers. All the final products are securely kept in our lock storage area. Before the products are delivered to the customers, we will conduct another outgoing inspection to ensure that the product delivery information is correct and that it meets our Group's quality control objectives.

6.3.5 Machinery and Equipment

Many of our installed production machinery are supplied on consignment basis while the remainder are purchased outright. Our consignment machinery and equipment are mostly supplied by Avago as part of the technology transfer to us to carry out Avago's production orders. Under the consignment basis, the machineries are owned by Avago but housed in our production facilities. The consigned machineries are only to be used for the manufacturing of Avago's products. The consignment basis has allowed us to achieve the following:

(i) immediate commencement of high-volume production operations; and

(ii) better focus on our core competency ie product improvement, manufacturing process improvement and process innovation.

We also purchased machinery and equipment from our machinery suppliers to cater for additional production orders from Avago. Our suppliers are primarily from Malaysia, Japan, Belgium, South Korea and the US. The audited net book value of the machineries and equipment owned by us amounted to RM15.19 million as at 31 December 2010.

Machineries and Equipment	Description	Consigned	Owned	Total
Back-End Wafer Process				
Advance Dicing Technology UV irradiation system	Used for ultra violet cure adhesion tape	1	-	1
Fully automated wafer tape and reel machine	Used for wafer level chip scale packaging (WLCSP) tape and reel	-	1	1
Fully Automatic In-feed Surface Grinder	Used for wafer thinning	-	1	1
ICOS WI-2000 wafer inspection system	Used for wafer auto inspection	1	1	2
Scribe & Break	Used to scribe and break the wafer into dies	5	-	5
Semi automatic wafer thickness measurement system	Used for wafer thickness measurement	-	1	1
Wafer Prober	Used to test ICs	50	-	50
SMT				
Automatic Cleaning System	Used for substrate / PCB cleaning process	-	2	2
Ekra XPRT3 Printer	Used for solder printing	-	1	1
MPM UP 2000 Hie - Auto stencil wiper with	Used for solder printing	-	3	3

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Machineries and Equipment	Description	Consigned	Owned	Total
vacuum				
Purge/Zero Heat Regenerative dryer	Used for substrate drying	-	2	2
Reflow Heller	Used for solder reflow process	-	3	3
Solder Wave Machine	Used for solder wave	-	1	1
Ultrasonic Cleaning System	Used for substrate / PCB cleaning process	-	1	1
Die Attach				
Automatic Epoxy Die Bonder	Used for die attach process	47	14	61
Wire Bonding				
Automatic Wire Bonder	Used for wire bonding	70	32	102
Royce System 552 Universal Bond Shear Tester	Used for bond pull and die shear measurement	4	-	4
Mould				
Automold System	Used for molding	2	-	2
Saw				
Auto Dicing Saw	Used for saw dicing	13	18	31
Final Testing				
Test Handlers	Used to sort the IC chips in testing process	59	17	76
Reliability				
Acid decap fume hood	Used to decap IC packages samples for failure analysis	-	1	1
Focal spot X-ray System	Used for x-ray inspection and Failure Analysis	-	1	1
Metkon Grinding & Polishing Machine, Micracut 125 precision Cutter	Used for Failure Analysis	-	1	1

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Machineries and Equipment	Description	Consigned	Owned	Total
SAM-TEC Evolution II Scanning Acoustic Microscope	Used for Failure Analysis and package de-lamination	-	1	1
Vertax 130A X-ray	Used for x-ray inspection and failure analysis	-	1	1
COB/MCOB				
Plasma Machine	Used to perform substrate cleaning	3	1	4
MCOB				
Laser Mark Machines	Used for laser marking	4	-	4

The total production capacity of the machinery and equipment mentioned above is set out in Section 6.3.6 of this Prospectus.

6.3.6 Production Capacity for our EMS operations

Our EMS production operations run 24 hours a day and seven (7) days a week. The production output, capacity and utilisation of our production facilities for FYE 2010 are as follows:

Products	Annual Production Capacity* (Million)	Actual Production Output* (Million)	Percentage (%) Utilised
SiP Packaging with various chip sizes	364	297	82%
Final Testing	637	563	88%

Note:

* *Includes capacity from consigned machineries.*

We are currently operating at 85% capacity on average. Due to growing demand for our services, we plan to expand our production capacity by acquiring more machinery and equipment as well as upgrading old ones.

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6.4 Technology/Solutions

6.4.1 Technology Infrastructure

The technologies involved in the back-end semiconductor packaging are mainly back-end wafer processing, packaging assembly (SMT assembly, COB assembly and MCOB assembly) and final testing (DC and RF testing). The description of these technologies employed by us is explained below:

Back-End Wafer Processing Technology

Back-end wafer processing is a step of semiconductor device fabrication during which a wafer is prepared for packaging assembly and final testing. Back-end wafer processing typically consists of several steps such as wafer test, wafer back-grind, wafer mount and wafer saw.

Wafer testing is a process to test all individual ICs that are present on the wafer for functional defects. The wafer testing is performed using test equipment called a wafer prober. Our wafer probers are able to test the electric characteristics of each chip created on a wafer, by sorting the good or defective chips. We have high-speed wafer handling probers with super magnification function and high-specification system that provides the testing system which meets the needs for the miniaturisation of the next-generation devices and stringent testing environment.

Due to the increased demand for more complex and miniaturised ICs, thinner wafers are required. Wafer grind is commonly used to make a wafer thinner. After wafer grind, the next process is wafer mounting and this process provides support to the wafer while it is being taken from wafer saw through to die attach. During wafer mounting, the wafer and a wafer frame are simultaneously attached on a wafer or dicing tape. Wafer saw follows wafer mounting, and the wafer is cut into individual dice for assembly in IC packages.

Surface Mount Technology

SMT is a method of populating electronic circuit boards in which the components are mounted directly onto the surface of the PCBs. SMT uses flat pads on the surface of a board combined with components designed such that their connecting leads can be soldered onto the pads. This technology has replaced the conventional through hole technology where components had leads which passed through the board and which were soldered on the opposite side to the component body. The main advantages of SMT over through-hole technology are:

(i) Both sides of a circuit board can be used (which helps to reduce the size of an assembly).

(ii) Multilayer circuit boards are easier to design and make with SMT, therefore leading to a decrease in size of PCBs.

(iii) Surface mount lends itself to automated assembly and therefore, when used for volume production, can offer lower costs.

(iv) Smaller components can be used, allowing increased circuit density.

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Flip-Chip Process Technology

Flip-chip technology is gaining popularity in semiconductor packaging. In early 2010, we introduced flip-chip technology into our manufacturing processes. Flip-chip technology is a method for interconnecting semiconductor devices, in which the silicon die is directly attached to the substrate using solder bumps instead of wire bonds. This method provides the densest interconnect with the highest electrical and thermal performance.

Flip-chip technology offers a number of advantages to end-users, including:

(i) High density interconnection - Allows far higher I/O (input/output) counts than conventional packaging.

(ii) Low overall cost - Allows smaller die sizes than conventional packaging.

(iii) High thermal performance - Allows heat sink to be mounted directly to the die backside.

(iv) High speed performance - Connection routes and induction can be minimised.

(v) Small component size - Array layout and elimination of wire and mould height.

Chip-on-Board and Multiple-Chip-on-Board Assembly Processes

COB and MCOB are referred to as the semiconductor assembly processes wherein the microchip or die are directly mounted on and electrically interconnected to its final PCB alongside other components, instead of undergoing traditional assembly or packaging as an individual IC. The elimination of conventional device packaging from COB and MCOB assemblies simplifies the overall process of designing and manufacturing the final product, as well as improves its performance as a result of the shorter interconnection paths.

Advantages offered by COB and MCOB assembly processes include:

(i) reduced space requirements;

(ii) reduced cost;

(iii) better performance due to decreased interconnection lengths and resistances;

(iv) higher reliability due to better heat distribution and a lower number of solder joints;

(v) shorter time-to-market; and

(vi) better protection against reverse-engineering.

Radio Frequency Testing Technology

Our competence in the final testing service is RF testing, which is principally the testing of semiconductors for their RF transmission capabilities. RF testing equipment is used in conjunction with RF transmitters, electronic devices that create continuously varying electric current, encode sine waves, and broadcast radio waves. Most RF test equipment incorporates one or more RF meters. Examples of RF meters include RF power meters, RF field strength meters, and RF volt meters. An RF power meter measures the power of the transmitted RF signal. An RF field strength meter measures the strength of the transmitted electromagnetic

wave and an RF volt meter is used to test voltage signals which is the electrical potential difference between two points in a circuit.

Others IT-related software/applications

Apart from our semiconductor specialties and technologies, our Group has also installed advanced IT-related software/applications to ensure that we are operating effectively and efficiently.

- **Online Human Resource Management System** - to monitor, control and manage our staff payroll, human resources information (for instance headcount by sections / operations, employee's particular and its profile, and recruitment activities) and work management including overtime and attendances;

- **e-Training** - to track, monitor and manage staff training and records, and to evaluate the training competency / effectiveness;

- **Online Production Shop-Floor Control System** - a fully customised system to organise and control the overall factory resources and manufacturing process including preparing production data and workflow, equipment management, work orders management, production output and yield control, inventory control, and trace consumption of components into finished products;

- **e-Statistical Process Control System** - is a manufacturing process control system which is designed to improve our quality control with effective decision-making, root-cause analysis, improved operation and quality, improve problem management response time, enhanced customer satisfaction and better profitability;

- **e-Material Test Reporting System** – to manage, monitor, track and analyse the raw materials used by our Group. This is to ensure the quality meet its' specification and Environmental standards;

- **Online Spare Parts Control System** – to monitor and manage on spare parts usage includes life span of spare parts, machinery breakdown, spare part expenditure as well as inventory control and inventory holding costs; and

- **Enterprise Resource Planning System** - to manage our Group's financial, operational and customer relationship management. It enables better insight into our businesses.

6.4.2 Technology Capabilities

We place a high emphasis on the production of quality products. We regularly invest in high-technology machinery and R&D activities to strengthen our production capabilities and the quality of our products.

Electronic components are becoming increasingly miniaturised and more complex. At the same time, quality requirements are growing more stringent. For most markets such as communications, automotive or aerospace, the zero-defect quality of components is a necessity. One major area affecting the reliability of electronic assemblies is the solder joint quality.

In order to ensure the highest quality, we constantly undertake new and automated testing methods. We are equipped with the latest x-ray diffraction machines and failure analysis machines which provide the means necessary to inspect such components. Any defects which

show a noticeable effect on the shape of the solder joint can be detected through failure analysis. By using modern and advanced x-ray technology as well as advanced inspection software, we are able to detect imperfections beyond visual inspections.

Through our continuous effort in enhancing our technology, we have been able to improve our production capabilities to meet the complex requirements of our customers. The table below highlights our capabilities in the production processes which we offer:

Category	Description	Unit	Inari Technology Capability
Back-End Wafer Process	Wafer back-grind - Silicon wafer		Yes
	Max wafer size	in	8
	Min thickness	um	125
	Thickness accuracy	um	12.5
	Wafer DC probe		Yes
	Wafer RF probe		Yes
	Auto wafer visual and reject capture into wafer map (inkless wafer map)		Yes
	Manual wafer visual and inking		Yes
	Wafer saw - Si wafer		Yes
	Wafer saw - gallium arsenide ("GaAs") wafer		Yes
	Wafer scribe and break		Yes
	Die level tape and reel (for die sell)		Yes
SMT	Smallest SMT component		01005
	Die level SMT (gold pad)		Yes
	Smallest 01005 pad	um	175x225
Die Attach ("DA")	Thinnest die (Si and GaAs)	mil	4
	Smallest die size	mil	7.3x7.3
	Medium thermal epoxy (3-10W/mK)		Sumitomo 1295SA
	Low thermal epoxy (<3W/mK)		Ablestick 84-1LMIS
	Biggest die aspect ratio for GaAs die with 4-5 mil thickness		2:1
	Stack die capability		Yes
	Flip chip capability		Yes
Wire Bonding	Gold wire size	mil	1.0
	Al pad bonding capability		Yes
	Die to die bonding capability		Yes
	Gold ball bond, min bond pad opening for 1 mil wire	um	60 x 60
	Gold ball bond, min wire loop for 1 mil wire	um	100(Std. Bond) 60(RSSB)
	Minimum bond pad pitch for 1 mil wire	um	75(Bond pad on die)
	Gold ball bond, min bond pad opening for 0.8 mil wire	um	55 x 55
	Gold ball bond, min wire loop for 0.8 mil wire	um	85
	Minimum bond pad pitch for 0.8 mil wire	um	60
Mould	Available mould cap height	mm	0.5 and 0.6; 0.7 and 0.8
	Ultra low stress compound - for product with high internal stress		Yes
	Mould MC with void vacuum (quantity) / total mould MC quantity		Yes
	Mould MC with panel vacuum (quantity) / total mould		Yes

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Category	Description	Unit	Inari Technology Capability
	MC quantity		
Saw	Package saw accuracy	um	50
	Smallest package	mm	1.6 x 2.0
Final Testing	RF/DC Test capability		Yes
Reliability	Infrared Reflow Oven		Yes
	Unbiased Pressure Pot		Yes
Failure Analysis	X-Section / Backlap		Yes
	X-Ray		Yes
	Scanning Acoustic Microscopy		Yes

Our technology capabilities in semiconductor packaging are benchmarked against the requirements and standards, for example, of our existing key customer, Avago. Our R&D division works directly with Avago to research, test and produce more precise, miniaturise and sophisticate products to use in the new and advanced wireless microwave technology products.

6.5 Demand and Seasonality

There is seasonal demand trend for our products and services. We experience better sales during second and third quarters of the calendar year. The better sales are due to the anticipated strong demand for consumer electronics products during the Christmas/holiday period at the fourth quarter of the calendar year.

The demand for our Group's products and services is also dependent on the global economic backdrop and market trend for our products. We believe that however, that our capabilities will meet the future trends due to the fact that we are able to provide high quality products, reliable services, commitment to meet and exceed customers' requirements, and ability and willingness to change and adopt to technologies driving future market trends.

6.6 Order Backlog and Interruption in Business Operations

Currently, we are operating at approximately 85% capacity. We do experience some order backlogs when orders exceed the 100% capacity in our operations due to unforeseen circumstances such as seasonal surges in order, poor quality of incoming material batches and power outages. A typical power outage will result in a stoppage in our operations, and require few hours to power up the machinery to recommence operation. During the last 12 months, we have improved on these factors and we have not experienced any significant interruptions in our production operations. Generally, we are able to reduce our order backlog to less than 5% of forecasted production load by customers so that we are able to catch up and reduce our backlog quickly if backlog happens.

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6. BUSINESS OVERVIEW

6.7 Environmental Management

6.7.1 Environmental Policy

We recognise that a healthy and sustainable environment is very important to our global society, our economy, our business and our people. We believe that we have a responsibility to manage and leverage our resources, and the work we do in a way that promotes a healthy environment. As such, we are committed to considering environmental issues in all aspects of our business, including how we evaluate the supply of material, products and how we conduct our process operations with consideration of customers' as well as regulatory requirements.

In our commitment to ensure our products and operations comply with relevant environmental legislation and regulations, we responsibly manage the use of Restricted of Hazardous substances in our process and products based on customers' requirements. The European Union Restriction of Hazardous Substances Directive 2002/95/EC restricts the use of six (6) substances in electrical and electronic products namely lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ethers.

Our policy denotes our intention and direction with regards to environment control.

We aim to deliver green and safe products and services for the good of the environment. We are committed to provide environmentally friendly products to our customers. This is achieved through our continuous efforts to provide and improve the work processes and work environments, so as to be cleaner and safer for the customers, employees and the society.

Our environmental management system comprises the following instructions:

(i) We use only environmental-safe raw materials in our products and processes;

(ii) We establish objectives, targets and standards for continual environmental improvement;

(iii) We prevent water, air and noise pollution, reduce waste and minimise the natural consumption of natural resources;

(iv) We always comply with the relevant environmental regulations and customers requirements;

(v) We educate, train and motivate our employees to be environmentally friendly in a responsible manner; and

(vi) We encourage and influence environmental protection among our suppliers, subcontractors and their work on behalf of our Group.

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6.7.2 Environment Management System

Through our continuous efforts in providing safer working environments and environmentally friendly products, we were awarded with the ISO14001:2004 certifications from SGS United Kingdom Limited and SGS (Malaysia) Sdn Bhd in 2007. The International Standard ISO 14001:2004 sets out requirements for an Environmental Management System used to measure and document their environmental impact.

The Environmental Management System is established to conserve natural resources such as water and electricity, elimination of waste by improving process yield etc. We have successfully conserve/reuse reverse osmosis de-ionisation water discharge for our factory plant toilet flushing system, conserve electricity by reviewing facility control, recycle used carton boxes, paper and plastic by proper waste segregation and disposal in order to create awareness and involve participation from all employees.

We are aware of the importance of clean industrial effluent discharge. Therefore, we invested in a Waste Water Treatment Plant to eliminate the discharge of contaminated effluent to inland water.

We also established a proper scheduled waste management system to prevent adverse effect of pollution to environment. Scheduled waste are identified and properly segregated in schedule waste store and dispose via a licensed external collector. Inventories of such waste are tracked and report to Department of Environment.

We have a complete system of identifying Environment Aspect and Impact where the evaluation of environment aspect and impact for new and updated processes are performed by trained and qualified environment and process personnel.

We reviewed legal and other statutory requirements regularly. We have documented procedures which comply with pollution control directives on air, water and noise. Environmental monitoring e.g. air monitoring comply to Environmental Quality (Clean Air) Regulations, waste water discharge monitoring comply to Environmental Quality (Sewage and Industrial Effluent) Regulation; and area noise monitoring which comply to Factories and Machinery Act (Noise Exposure) Regulation.

Our safety and emergency response team will continuously identify areas of improvement in our Group's safety management, and provide regular training to ensure our staff can handle emergency events. Our safety training includes emergency evacuation exercises and chemical spillage control.

6.7.3 Health, Safety and Environment ("HSE")

To ensure a conducive and safe working place for our employees, we have a HSE policy in place. Our HSE policy lists out the principles governing how we conduct our business and how our employees conduct themselves in support of our HSE policy. Details are as follows:

(i) To ensure a safe healthy operation, including handling and storage products, and proper system of work;

(ii) To provide adequate information, instruction, training and supervision on safety in the workplace;

(iii) To maintain a safe environment in the workplace;

(iv) To provide adequate facilities to protect the employees' safety and health; and

(v) To comply with applicable statutory laws and regulations to our business.

6.8 Research and Development

6.8.1 Our R&D Division

Our Group's output is predominantly market-driven by the wireless microwave telecommunication market - a market where the technologies constantly evolve. As such, we are highly dependent on our continuous R&D initiatives, which cover engineering, production, testing and quality control of semiconductor packing processes.

Since the establishment of our R&D division in 2008, our R&D activities are focussed on enhancing our manufacturing process capabilities as we develop new products for new markets. R&D is crucial to our business and is the key driver for our Group's business expansion.

Our R&D division has four (4) key personnel and is headed by Tan Boon Kiat. Our R&D staff experience in the semiconductor packaging industry range between six (6) years and 20 years. The key roles and job functions of our R&D staff are listed as follows:

Name	Qualification	Year of Experience	R&D Description
Tan Boon Kiat	Bachelor of Engineering (Honours), Mechanical Engineering	20	Vast technical/process knowledge in back-end wafer processing and IC assembly as well as RF testing.
Adhnan Bin Iiyas	Bachelor In Electrical & Electronic Engineering	13	Specialise in SMT assembly for new product process development.
Teoh Boon Pin	Bachelor of Science, Physics (Honours)	6	Specialise in back-end wafer processing to define probe test setting, visual pattern creation, wafer thinning and sawing processes characterisation.
Phang Tong Hui	Higher National Diploma in Electrical & Electronic	12	Specialise in RF testing system development using Agilent test instruments; optimise test performance and troubleshooting on the performance of devices using Agilent Network Analyser and Infinium Scope.

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6.8.2 Achievements

Through our efforts in R&D, we have achieved the following in the development of new products and processes.

Year of Implementation	Achievement
2008	Assembly – Achieved 1 mil die placement accuracy for critical die attach process.
2008	Assembly – Developed 60 um pad opening wire bond capabilities.
2009	SMT – 01005 SMT components capabilities.
2009	Wafer Sort – Gallium arsenide wafer sawing
2009	Wafer Sort – Wafer level chip scale packaging test, saw; tape and reel processes
2009	Assembly – Developed coreless PCB die attach and wire bonding processes capabilities.
2009	Successful released 16 RF products into production mode on time and collaborate with our customer.

Through our R&D division, we also offer our customers New Product Introduction (NPI) services to assist them in bringing their new products to market. Our NPI services to our OEM customers include:

(i) formulating strategies for materials;

(ii) manufacturing and testing in the concept phase of a product development;

(iii) collaboration on the electrical and mechanical design of the product in meeting their cost; and

(iv) establishing quality and cycle time requirements for volume production.

Since inception, the R&D division's standard practice is to work closely and regularly with experienced technical professionals from both the supply side (machinery and equipment manufacturers) and demand side (our OEM customers). We work with the machinery and equipment manufacturers to conduct customisation works on the machinery and equipment used in our factories to improve their capabilities and efficiencies. We work with the technical professionals of our OEMs customers for data collection to achieve desirable R&D performances.

6.8.3 Planned R&D Activities

The core elements of our planned R&D activities include:

(i) Focusing our solutions on core technologies to minimise overlap and provide a clear choice for customers; and

(ii) Establishing a long term strategic vision for future products and manufacturing processes which combines our complementary pieces of technology into a common, cost-optimised architecture.

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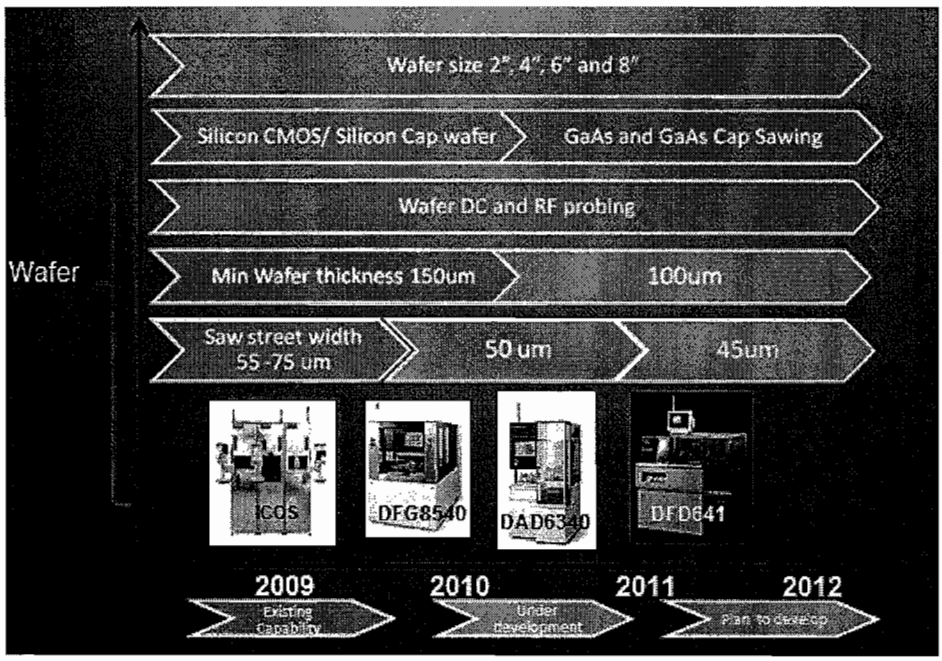
Our planned R&D activities are to improve and strengthen our main capabilities in the following processes:

(i) Back-end Wafer Processing

The challenge in back-end wafer processing is to customise and configure our machinery parameters and processes to support thinner and smaller street sawing capability to enable more gross dies per wafer. We have paved our roadmap to support and develop thinner wafer grinding with smaller saw street, as small as 45 um which is 22% smaller than our current capability. We also plan to start the development of copper pillar bump grinding and sawing processes from end of 2010.

Back-end Wafer Processing Roadmap:



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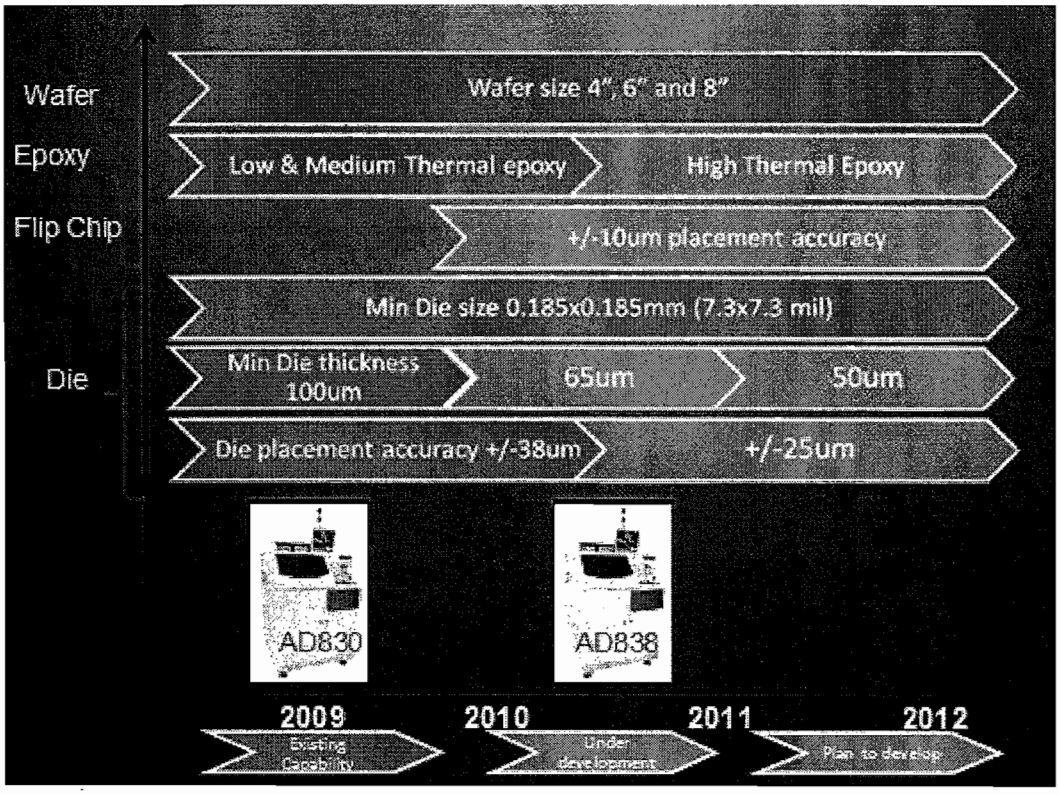
6. BUSINESS OVERVIEW

(ii) Die Attach Technology

We are committed to developing flip chip process capabilities on both assembly and SMT pick and place with 20 um placement accuracy. This development will enable our customers to simplify the die attach and wire bond processes with cost improvement and shorten the IC processing time by 10% to 15%.

Die Attach Technology Roadmap:



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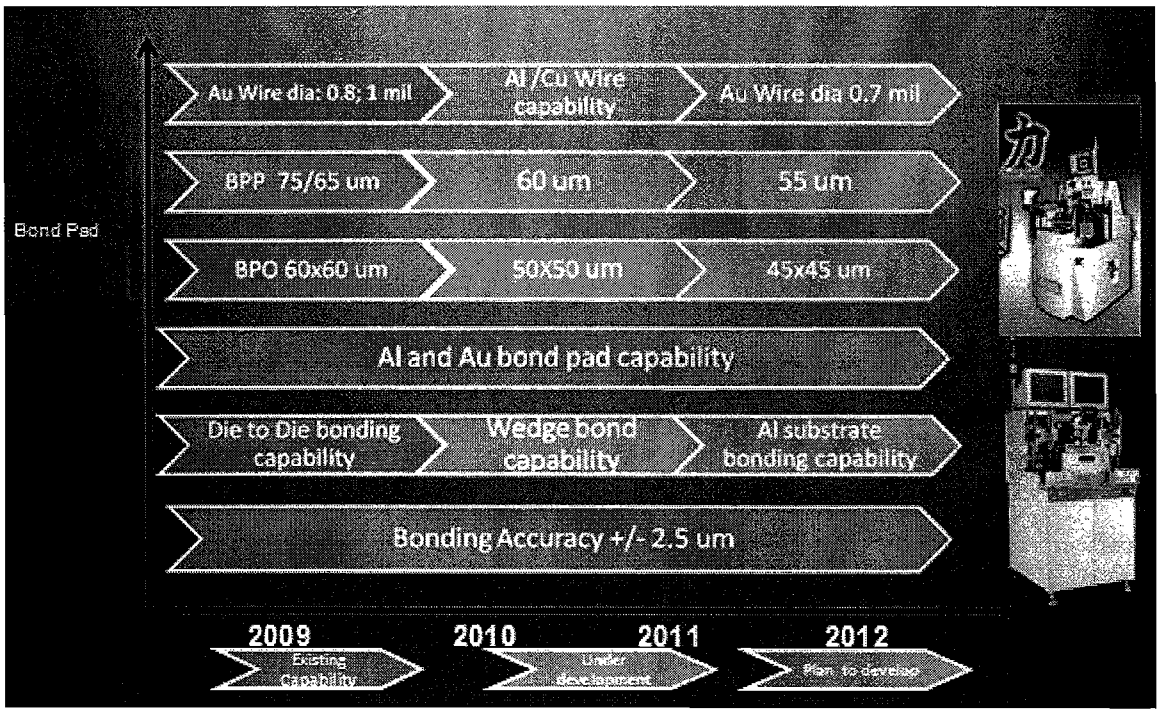
6. BUSINESS OVERVIEW

(iii) Wire Bond Technology

We are continuously improving our wire bonding process to minimise wire bond material cost, through reducing the gold wire (also known as Au Wire) diameter. The challenge we face is to minimise the bond pad opening and pitch for the small die size (which is 20% smaller than original) that is required by our customer to fit into more miniaturised sophisticated mobile RF component.

We also intend to develop copper wire bonding capability in lieu of gold wire. This is to mitigate the high price in gold in recent years. Copper is much cheaper than the gold wires we currently use but has different material properties

Wire Bond Technology Roadmap:



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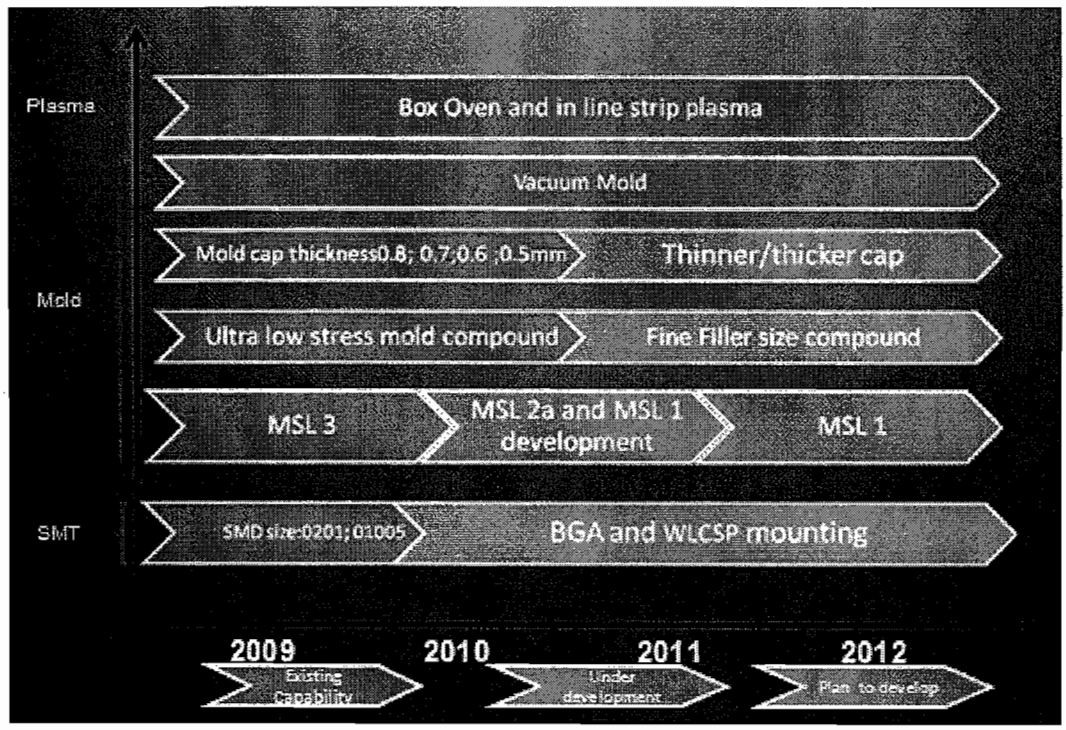
6. BUSINESS OVERVIEW

(iv) Plasma, Mould and SMT Technology

With the IC package conversion to COB flip chip process, we are continuously optimising our mould parameters to fill up the gap between the solder pad and flip chip components with smaller fillet size mould compound acquired from reputable suppliers. We have recently completed the SMT 01005 component capability and this will gives our customers options to design miniaturise SiP packaging with smaller SMT assembly components.

Plasma, Mould and SMT Technology Roadmap:



6.8.4 R&D Expenditures

The amount spent on R&D activities and their percentage shares on revenue over the last three (3) years are as follows:

	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
Revenue	100,232	123,357	154,800
R&D Expenditure	144	674	2,705
% of Revenue	0.14%	0.55%	1.75%
% R&D growth (year on year)	-	368%	301%

Our R&D expenditures comprise setting up our R&D facility to carry out R&D activities as well as salaries paid to the R&D personnel and training. To remain competitive in the market and ensure sustainable growth in the future, we plan to budget an average of 2% of revenue for future R&D activities.

The R&D expenditures budgeted will mainly be spent on R&D overheads, purchase of software and hardware, technical training for R&D staff and training for production staff on new product introduction and production processes.

Our R&D division will set up a packaging laboratory in the next two (2) years for future package development and install various state-of-the-art machinery and equipment such as die attach bonder, wire bonder with gold and copper bonding capabilities, flip-chip bonder, auto mould machine, wafer laser cut machine, wafer/package saw machine, package laser mark machine, wafer automated optical inspection machine, and wafer thinning machine for silicon and sapphire wafer.

6.9 Licenses, Permits, Registrations, Certifications and Awards

We have obtained all the necessary licenses for the operations of our businesses from the respective local and federal authorities. The licenses, permits, registrations and certifications held by our Group for our business activities are as follows:

Authority	Issued To	Type of Licence	Validity
MITI	Inari Technology	Manufacturing License (for wireless microwave telecommunication filters wireless home broadcast digital TV card)	n.a.
Royal Malaysian Custom	Inari Technology	Letter of approval to register a new factory in the Free Industrial Zone (for manufacturing activity of wireless microwave telecommunication filters and wireless home broadcast digital TV card)	n.a.
Labour Department of Penang	Inari Technology	Exemption from prohibition of night work for women employees under Section 34 of the Employment Act 1955	n.a.
SGS United Kingdom Limited	Inari Technology	ISO 14001:2004 (for Electronic Manufacturing Services in assembly of PCB using SMT COB processes and IC testing services)	21.12.2010 and remains valid subject to satisfactory surveillance audits
SGS (Malaysia) Sdn Bhd	Inari Technology	ISO 14001:2004 (for Electronic Manufacturing Services in Assembly of PCB using and COB processes and IC testing services)	21.12.2010 and remains valid subject to satisfactory surveillance audits
SGS United Kingdom Limited	Inari Technology	ISO 9001:2008 (for Electronic Manufacturing Services in Assembly of PCB using and COB processes and IC testing services)	18.01.2013
SGS (Malaysia) Sdn Bhd	Inari Technology	ISO 9001:2008 (for Electronic Manufacturing Services in Assembly of	18.01.2013

Authority	Issued To	Type of Licence	Validity
		PCB using and COB processes and IC testing services)	
Atomic Energy Licensing Board	Inari Technology	License to buy, possess, use, manage, store, import and export radioactive apparatus	19.04.2013
MITI	Inari Technology	Pioneer Status for 5 years to manufacture Wireless Microwave Telecommunication Filters and wireless home broadcast digital TV card	01.02.2007 – 31.01.2012

6.10 Quality Assurance Management

We have a QA department responsible for product quality. We have implemented quality control points at every stage of the production process, from product realisation and planning to final product delivery.

Being a reputable company and recognised brand in the semiconductor industry, the quality of our products and services is our number one priority. Quality will determine our Group's future in the semiconductor industry.

6.10.1 Quality Objectives and Policy

(i) Quality Policy

We are committed to delivering best-in-class quality services and products to our customers.

This is achieved through:

(i) QMS compliance based on ISO 9001:2008 requirement and to continually improve its effectiveness;

(ii) Compliance of customers' requirements and improve customers' satisfactions;

(iii) Cost effective manufacturing; and

(iv) On time delivery

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(ii) Quality Objectives

Our quality objectives are as follows:

(i) Achievement of 100% customer satisfaction through fulfilment of customer expectations regarding product quality according to product specifications and delivery efficiency;

(ii) Reduction in internal process rejection; and

(iii) Training of employees.

6.10.2 Quality Management System

In the semiconductor industry where technical specifications are highly complex with limited room for errors, quality control is most essential in the product manufacturing process.

We have adopted stringent internal quality management assurance policies to ensure that the products produced and services offered by us are of high quality and meet the specifications and requirements of our OEM customers. Inari Technology was awarded the ISO 9001:2008 certification in recognition of its QMS in the manufacturing and assembly of PCB using SMT and COB assembly processes by SGS United Kingdom Limited and SGS (Malaysia) Sdn Bhd in 2006. These accreditations are a testament to our Group's ability to comply with international standards and quality.

Our in-house QA team carries out internal quality audits on our QMS, in addition to an annual management review. We conduct quality inspections at various stages of the production process to facilitate corrective actions in order to eradicate any cause of deviations on their sources. We have equipped ourselves with advanced technology inspection equipment, such as high powered measurement machines, thickness measurement machines, and auto visual inspection machines to ensure that the products consistently meet the customers' requirements and specifications. Our customers also send their own QA personnel to conduct quality inspections at our Group's production floor regularly. This audit process strengthens the customers' confidence in our Group's products.

We offer a full range of semiconductor packaging services which include testing service. This testing service is a semiconductor process to check the quality of the ICs and ensure they are operative. To comply with our customers' stringent requirements, we conduct 100% inspection on the ICs we produced.

All manufactured processes and inspection control are defined in the respective product family control plan. In general, we use control plan as a management tool to identify and monitor the activity required to control the critical inputs or key outputs for a process to ensure the process will continually meet its product or service goals. Our control plan sets up control points along receiving, incoming quality control, real-time inspection, and in-process control and outgoing control processes.

6. BUSINESS OVERVIEW

Below are our QMS activities:

(i) Process control parameter and sample size, inspection or control method in respective process step, are established for crucial product control. There are procedures and work instructions established to describe detail processes and controls. These documents are registered and controlled via document control procedures.

(ii) Change control procedure is implemented whereby process changes are systematically revised and tracked, and where required, customer approval is obtained.

(iii) Quality assurance resources are made available in various control processes. We have a comprehensive audit system in place for system, product and process audit. Audits are planned in appropriate intervals to assess our processes for compliance against documented procedures and specifications.

(iv) Failure Mode and Effect Analysis is used for the respective product family to document any potential failure mode and formally documented for preventive action.

(v) Process testing and measuring equipment are properly calibrated and 'bought off' prior to release to production.

(vi) Statistical Process Control is used in critical control processes as a preventive measure to monitor process performance.

(vii) All process and QA personnel are trained and certified prior to release to operation. Training Need Analysis is performed to assess the gap between the knowledge, skills and attitudes that the people in our Group and the knowledge, skills and attitudes that they require to meet the organisation's objectives. We provide regular training to our workforce to keep their knowledge up to date. Our commitment to regular training is enhanced through our development of a customised e-Training System to keep track of upcoming training programmes and document trainings attended by employees.

(viii) Customer feedback, delivery, manufacturing process indices, internal and customer audit results are analysed and regularly reviewed during management meetings;

(ix) Key projects for continual improvements are identified and led by our respective heads of department.

(x) Full QMS review is done annually to address changes affecting system, regulatory and customers' requirements.

We are constantly seeking improvements to our QMS activities. Below are some of the precautionary measures that we have adopted to minimise the risk of production interruption and to ensure high quality output for our plants.

6.10.3 Electrostatic Discharge

ESD is one of the major causes of device failures in the semiconductor industry. To prevent any failure in the products that we produce, we have implemented an ESD programme and several control procedures. When the staffs are carrying out their work in the production floor, they must comply with operating procedures. We have electrostatic protective areas in production area where highly charged materials are prohibited in the vicinity of ESD sensitive electronics, all conductive materials are grounded, workers are grounded, and charge build-up on ESD sensitive electronics is prevented. We also use the appropriate ESD-safe packing material, conductive filaments on garments worn by assembly workers, wearing wrist straps and foot-straps to prevent high voltages from accumulating on workers' bodies, anti-static mats or conductive flooring materials to conduct harmful electric charges away from the work area, and humidity control. We also provide regular training on our procedures to all our existing and new staff.

To ensure high quality standard of products and services, we have implemented Class 10K cleanroom facilities on our Assembly and Wafer Sort production floors, and Class 100K cleanroom facilities on our Test production floor. We use nitrogen gas where required to maintain a dry environment in our production facilities.

6.10.4 Poka-Yoke

Poka-Yoke means "fail-safe" or "mistake-proofing". Our Poka-Yoke system is a lean manufacturing process that helps us avoid mistakes in our production process. Its purpose is to eliminate product defects by preventing, correcting, or drawing attention to human errors as they occur.

Our assembly, wafer sort and test operations are implemented with Poka-Yoke control systems where bar codes, jigs and fixtures, timer programme settings, alarm systems, test programme upgrades and shop-floor control etc., are used in appropriate processes.

6.10.5 6S Programme

We practise the 6S Programme i.e. 5S and Safety in our factories. Our 6S Programme seeks to improve quality through the practise of appropriate housekeeping and to promote good standard and discipline. Our 6S Programme is certified by third party i.e. Malaysia Productivity Corporation ("MPC") in April 2010. With the guidance of MPC, we had developed a complete management system to review and assess 6S implementation and enhance productivity and thus develop an excellent working culture.

6S Programme	Rules and Instructions
SEIRI (Sort)	o Identify and remove all waste, unused and damaged items from work areas
SEITON (Set in order)	o Place and return all required items to its designated place o Place and arrange all materials in storage, stable, secure and with Kanban o Place and arrange raw material on the line and staging area neatly o Practice first-in-first-out
SEISO (Shine)	o Wipe down and clean work area o Remove dust, dirt and trash from workplace

6. BUSINESS OVERVIEW

6S Programme	Rules and Instructions
SAFETY	o Emergency instructions at the workplace o Safety awareness at all times
SEIKETSU (Standardise)	o Proper Kanban for related area, material or process o Wire and cable management to prevent trip or fire
SHITSUKE (Self Discipline/Sustain)	o Eat and smoke at designated areas o Work following the standard o Adhere to safety rules and regulations o Wear proper and clean uniform and shoes

6.11 Major Customers

Our major customers (accounting for 10% or more of our revenue) of our Group for the latest three (3) financial years and FPE 2011 are as follow:

				Sales Contribution (%)			
Company Name	**Country**	**Year of Relationship**	**Product Sold**	**FYE 2008**	**FYE 2009**	**FYE 2010**	**FPE 2011**
Avago (including its subsidiaries)	US	4	Back-end wafer processing, package assembly and RF final testing	99.8	99.8	99.9	99.6
			Other Customers	***0.2***	***0.2***	***0.1***	***0.4***
			Total Sales	**100**	**100**	**100**	**100**

The bulk of our revenue comes from our key customer, Avago. Avago has contributed more than 90% of our revenue for the last three (3) financial years and FPE 2011. Therefore, we are currently very dependent on Avago for our business.

Our sales to Avago (or its subsidiaries) are governed by a development and manufacturing agreement first entered into on 21 December 2006 and renewed on 1 May 2010. Salient details are as follows:

(i) Inari shall develop and maintain a manufacturing process and production line to fulfil its obligations to manufacture in accordance to the standards and specifications as provided by Avago;

(ii) Avago shall issue an order forecast that estimates future purchase requirements for a particular product/service. Thereafter, Inari Technology will provide a quotation to Avago setting out the pricing and/or pricing formula for that particular product/service, after taking into consideration its direct and indirect manufacturing costs, industry pricing standards, level of manufacturing complexity and forecasted volume;

(iii) As and when required, Avago will issue Inari Technology a confirmed purchase order for a particular product/service based on the quotation. The said confirmed purchase order will set out inter-alia, the exact unit price and quantity, shipping destination and delivery date;

(iv) It is also agreed that Inari Technology shall aggressively work on cost reduction initiatives and to share any cost reduction with Avago (i.e. to revise the price and/or pricing formula); and

(v) The agreed payment is 45 days from the date of receipt of invoice.

Our final sales volume to Avago depends on the requirements of Avago's end clients. In the last three (3) years of operation, there were no significant deviation between the actual sales volume and the forecasted volume.

The development and manufacturing agreement is effective for a period of three (3) years unless earlier terminated in accordance with the following provisions:

(i) Either party may at any time for its sole convenience, give 180 days written notice of termination to the other party to terminate the agreement. Subject to agreement in writing between the parties, Inari may be entitled to reasonable compensation from Avago for any outstanding cost incurred for investment on equipment and machinery. Inari will not, however be compensated for work done after receipt of Avago's notice, nor for any cost incurred by Inari's vendors or subcontractors after Inari receives the notice, nor any costs Inari could have reasonably avoided; and

(ii) Either party may terminate the agreement if the other party defaults in performance of any material obligation which continues for a period of 30 days after a written notice was served to the defaulting party.

Upon termination or expiration of the agreement, all obligations of the parties shall be terminated. In the event Avago terminates the agreement under the ground of default in performance, eligible purchasers may procure products similar to the products as to which the agreement is terminated.

Notwithstanding any limitation of liability, Inari agrees to reimburse Avago for all additional cost incurred by Avago in purchasing, qualifying and testing such similar products less any cost save on account of Inari's breach.

There are prohibitions by Avago for the Group to supply to other parties under the following situations:

(i) the devices/products manufactured are competing with Avago's products;

(ii) the customers/parties are competing with Avago;

(iii) the technologies used are developed by Avago;

(iv) the intellectual property to be used are owned by Avago; and

(v) the equipments/machineries to be used are consigned by Avago.

Since early 2010, we have started to expand our customer base by securing semiconductor projects from other OEM customers in Malaysia and overseas. To date, customers under our portfolio are listed below. We will continue to diversify our revenue stream through our business development strategies.

6. BUSINESS OVERVIEW

Details of our other customers are as follows:

Customers	Country of Origin	Products and Services	Application Markets
VigSys Sdn Bhd*	Malaysia	PCBA and Box-Build	Wireless communication - modem/router
Ceedtec Sdn Bhd^	Malaysia	Electronic Product Design, PCBA and Box-Build	Wireless communication - modem/router
Duolabs SpA	Italy	Satellite TV card	TV card
NewICT Marketing (M) Sdn Bhd	Malaysia	PCBA & Box-Build	1. Remote control 2. Medical Sensor
Wi2Wi Inc.	US	RF SiP	Wireless communication – WiMAX
SILQ (Malaysia) Sdn Bhd	Malaysia	LED	Illumination

Note:

* *Vigsys Sdn Bhd is a subsidiary company of Insas Technology, our Promoter.*

^ *Ho Phon Guan, our Director and Promoter is a substantial shareholder of Ceedtec Sdn Bhd.*

6.12 Major Suppliers

The major suppliers (accounting for 10% or more of our purchases) of our Group over the last three (3) financial years and FPE 2011 are as follows:

No.	Name	Country	Purchases (RM Million)	% of Purchases	Length of Relationship	Products Purchased
2008						
1.	Marubeni ASEAN Pte Ltd	Japan	31.0	48%	2	PCB / Substrate
2.	Advanced Semiconductor Engineering (Shanghai) Inc.	China	9.0	14%	2	PCB / Substrate
2009						
1.	Marubeni ASEAN Pte Ltd	Japan	20.0	30%	3	PCB / Substrate
2.	Advanced Semiconductor Engineering (Shanghai) Inc.	China	12.5	19%	3	PCB / Substrate
2010						
1.	Advanced Semiconductor	China	13.9	21%	4	PCB / Substrate

6. BUSINESS OVERVIEW

No.	Name	Country	Purchases (RM Million)	% of Purchases	Length of Relationship	Products Purchased
	Engineering (Shanghai) Inc.					
2.	Marubeni ASEAN Pte Ltd	Japan	13.8	21%	4	PCB / Substrate
3.	Tanaka Electronics (M) Sdn Bhd	Malaysia	6.8	10%	4	Gold Wire
2011						
1.	Advanced Semiconductor Engineering (Shanghai) Inc.	China	6.3	13%	5	PCB / Substrate

Over the last three (3) FYE 2010 and FPE 2011, there were three (3) suppliers which contributed more than 10% of our Group's total cost of purchases, namely Advanced Semiconductor Engineering (Shanghai) Inc., Marubeni ASEAN Pte Ltd and Tanaka Electronics (M) Sdn Bhd (for FYE 2010 only). The major raw materials purchased from these suppliers are primarily PCB/substrate and gold wire. We have established business relationships with these major suppliers since we started our EMS business back in 2006.

We are of the view that we are not dependent on any single major supplier and our Management does not foresee that there will be any risk of over-dependency on any of the major suppliers due to the global availability of suppliers for our major raw material requirements.

6.12.1 Raw Material Source

The main raw materials used by our Group are PCB/substrate, passive/active components and indirect materials such as probe tip, wafer saw blade, gold wire, test connector, and test pin. Set-out below is a breakdown of the raw materials used by our Group, together with their respective sources of supplies.

Supplies	Country
PCB/Substrate	Japan, Taiwan, and China
Wafer Probe Tips	US
Wafer saw blade	Japan, Singapore
Passive/Active components	Japan, Singapore, and Malaysia
Gold Wire	Malaysia
Test connector, test pin	US
Test connector	US

Our raw materials are sourced from both Malaysia as well as from overseas countries, namely Taiwan, Japan, China, Singapore and the US. As these raw materials are easily available locally and globally, we have not experienced, nor do we foresee any supply problems that would adversely affect our assembly and testing operations.

We also acquire raw materials from approved vendors from our customers, with the competitive pricing and favourable terms pre-determined between our customers and suppliers. We purchase raw materials from our suppliers through purchase orders on as-

needed basis, based on our customers' purchase orders and forecasts, on a back-to-back commitment basis. This eliminates the risk of over-stocking of raw materials.

Due to the single source nature and currency fluctuations, we always negotiate and contract that fluctuations in raw materials prices (any increase in the raw materials price) which may affect our profit margin are passed on to our customers. Whereas for the indirect materials, we are able to source from multiple suppliers (whosoever provides the most competitive prices and meeting the required quality) in order to keep costs low.

Nevertheless, our Board believes that the volatility of our raw material cost is manageable, as our supply orders are based on production orders and not on long-term or open supply contracts. Generally, most of our products are sold based on the customers' production forecast and the matching amount of raw materials required is purchased. As such, the impact of the price movement of our raw materials, if any, would be minimal, since the current cost of raw materials would form part of the quotation to our customer.

Over the years, we have built strong working relationships with our suppliers as we have established good track record for our purchases and payment commitments. This has resulted in access to regular supply of raw materials at competitive prices.

The typical financial arrangement with our Group's suppliers is either cash terms or credit terms ranging between 30 and 90 days.

6.13 Business Location

We are currently operating in Malaysia only. Our business location details are listed in the table below:

Name of Plant/ Registered Owner	Address	Purpose/Description	Land Area (sq m)	Owned/ Leased
Plant 1/ Inari Technology	No. 5, Phase 4, Bayan Lepas Free Industrial Zone, 11900, Bayan Lepas, Penang, Malaysia	Plant 1/Office and Factory Used for COB and MCOB assembly operations	6,136	Owned
Plant 3/ Simfoni	No. 51, Phase 4, Bayan Lepas Free Industrial Zone, 11900, Bayan Lepas, Penang, Malaysia	Plant 3/Office and Factory Used for conducting SMT assembly, wafer sort and final testing operations	8,332	Owned
Plant A/ Avago Malaysia	No 17, Jalan Kampung Jawa, Kawasan Perindustrian Bayan Lepas, Fasa 3, 11900 Bayan Lepas, Penang	Plant A/Factory Used for conducting R&D, NPI and SMT operations	3,623	Leased

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6. BUSINESS OVERVIEW

We are currently operating from three (3) factories, situated in Bayan Lepas Free Industrial Zone where many of our customers are located. Each of the factory plant has its own operations and purpose, as described below:

Plant 1

Plant 1 is a 3-storey building and it is principally used for COB and MCOB assembly operations. Our MCOB and COB assembly services are carried out on the first and second floors of the factory, respectively. The third floor is mainly used for the storage of raw materials as well as assembled products for the next production processes.

Plant 3

Plant 3 is a 3-storey factory. The first floor of this factory is used to carry out our SMT assembly services and storage of finished products. The storage areas are installed with a security access system to ensure no unauthorised personnel have access to the premises and tamper with the final products. The second floor of the factory houses our administrative office and back-end wafer processing facility to carry out back-end wafer processes, storage of raw wafers received from customers and storage of processed wafers (die bank). The third floor is our testing facility where all the ICs manufactured by us are tested. Our failure analysis activities are also carried out in this testing facility.

Plant A

Plant A is a single storey warehouse/ manufacturing leased from Avago Malaysia in December 2010. Plant A houses our R&D, NPI and SMT business units.

6.14 BUSINESS DEVELOPMENT STRATEGIES

6.14.1 Principal Markets

We are an export-oriented EMS provider. As at FYE 2010, total revenue generated from the local market was approximately RM0.18 million, whereas approximately RM154.62 million was generated from export sales globally, representing approximately 99.9% of total sales. For FPE 2011, total revenue generated from the local market was approximately RM0.32 million, whereas approximately RM80.10 million was generated from export sales globally, representing approximately 99.6% of total sales.

6.14.2 Business Development Strategies

Our target customers are mainly OEM companies involved in wireless microwave telecommunication products. We position our services to meet the outsourcing requirements of these OEM companies, who, following global trends, contract out or out-source their manufacturing processes (from back-end wafer processing to final testing) to external EMS companies, like us.

Most of our current revenue comes from our key OEM customer and shareholder, Avago, with more than 90% of our Group's total revenue for the last three (3) financial years. Avago takes up approximately 90% of our available production capacity. Based on our Management's estimates, we expect sales to Avago (as a percentage to our total revenue) to reduce to below 90% and 80% for 2012 and 2013, respectively. These targets form the objectives of our immediate business development strategies.

6. BUSINESS OVERVIEW

Our immediate business development strategy is to enlarge our customer base, through offering our EMS to other companies in the semiconductor industry (non Avago customers).

Since inception, we have focused on building capability and capacity, alongside a stable, responsive and high quality standard for our products and services, as a strategy to bring in long term businesses and projects from existing and potential customers. The initial marketing efforts were led and managed by our key founding shareholders. The rapid ramp and growing demand of our production outputs were both a bane and boon for Inari Technology. Until early 2010, all resources within our Group were absorbed with the servicing of our key customer and shareholder, Avago. As we recognised the lack of spare capacity in our Group and the risk of over dependence on a single customer earlier, we worked on business development with the overall strategy of long-term entrenchment of our Group in the global EMS supply chain using limited mid-term marketing/sales efforts to balance our need to grow, our need for customer diversification, and our Group's finite resources and production capacity.

We recognise that the correct positioning in the business development and management of our Group has allowed us to sail through the recent 2008/2009 period of the global financial crisis years unscathed. We also recognise the need for greater focus on new customer acquisition and product diversification to maintain our margins, growth and mitigation of single customer dependency risk.

Our business development division is headed by our Managing Director, Dr. Tan Seng Chuan. While Dr. Tan is primarily responsible for our Group's new business development particularly in setting our Group's business strategy, all four (4) Executive Directors are actively involved in the sourcing and management of relationships with new and potential customers directly and through our business partner channel. More specifically, Mr. Tan Lee Pang leads the operations and existing business development discussions with our customers while Mr. Ho Phon Guan guides the underlying technologies required to service our Group's prospective and acquired customers.

As at the LPD, we have a team of five (5) business development support staff who are currently headed by our Operation Manager (NPI and Business Development Support), Mr Tan Boon Kiat.

Our marketing and sales modes/activities include:

(i) Working directly with key customer

Since Avago is our key customer, we have a dedicated team of business development and operations personnel primarily led by Mr. Tan Lee Pang to work closely with Avago to plan and manage our manufacturing services for Avago. Mr. Tan Boon Kiat leads the product development and process improvement for our Avago business.

We will continue to invest in new and improved machinery and equipment to cater for Avago's current and future business demands. We place high priority on Avago's production requirements. We work closely with Avago to ensure we are able to meet the delivery schedules of Avago. Our business from Avago is expected to be stable based on the quality and commitment of our services.

(ii) Referrals / Word-of -Mouth

We have built a reputation for the quality of our production and services in the market over the last three (3) years and we continue to position ourselves as a reputable player in the global EMS industry. Many of our new customers and prospect enquiries are now secured through referrals and by word-of-mouth. This will continue to be an important source of new businesses for our Group.

(iii) Working with Business Partners

We have business partners to help us market our products and services in the overseas markets. Our Group's business partners are AmPacific Engineering Sdn Bhd and Eutegra AG, who are responsible for our marketing activities in the North American and European markets respectively.

(iv) Participation in Trade Fairs, Conference and Exhibitions

We participate in EMS trade fairs, conferences and exhibitions globally to promote our products and services as well as to meet prospective customers. Such participation in trade fairs and exhibitions is significant as our Group is then able to demonstrate and present our full range of quality products and services to the attendees directly. Below listed out the EMS trade fairs, conferences and exhibitions participated by our Group over the last three (3) years, between 2008 and 2010.

Events	Location	Objectives	Year of Participation
Globetronics Show 2008	Singapore	To introduce Inari Technology to the EMS marketplace	2008
Productronica Show	Munich, Germany	Meeting venue with European prospects	2009
Nepcon Penang	Penang, Malaysia	Meeting venue with prospects and technology suppliers	2008, 2009 and 2010
Semicon Show	Singapore	Meeting venue with prospects and technology suppliers	2010

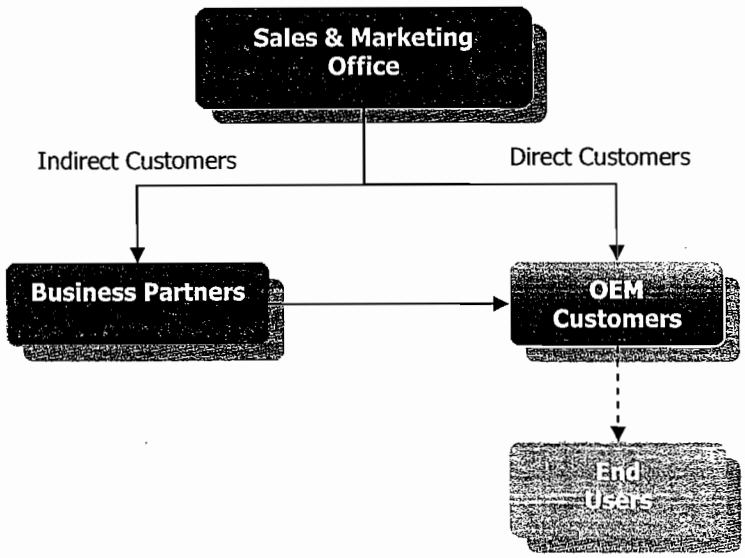
(v) Internet

We operate a website, *http://www.inariberhad.com*, which is designed to promote our Group and our products to our existing and potential customers. Our customers can search for our Group's information as well as the products and services we offer.

6.14.3 Business Partner Channel

We have both local and international OEM customers. All our sales are generated through our sales office at our headquarters in Penang. We do not use distributors in our business – instead, our marketing strategy is based on the business partner channel model to extend our market coverage to existing and new OEM customers.

Our Business Partner Channel:



Our business development strategy is to contact and offer our products and services to prospective OEMs as well as working with existing customers on new products and processes. We employ two (2) types of business development channels- the direct marketing approach and through external business partners, who may act in different roles as intermediaries, project consultants or introducers, to promote our products and services to existing and potential OEMs/customers. The business partners typically focus on markets where they have specialised skills or business relationships.

The varying roles of the business partners are the result of market requirements and supply chain complexities. The underlying objective is to maximise margins for all parties involved in the manufacturing by simplifying the supply chain complexities while maintaining high product quality.

In practice, we typically carry out direct marketing activities when dealing with local customers and work with business partners for overseas customers. Our direct marketing approach enables us to work closely with our customers to evaluate and attain a better understanding of their requirements, as well as getting direct feedback channels for continuous product and service improvement. On the other hand, the business partner channel approach allows us to stay focussed on customers' manufacturing requirements while utilising capabilities of our business partners to service the customers and extend our market coverage without the need for significant investments in marketing and related costs.

As at LPD, we have appointed two (2) business partners, namely Eutegra AG and AmPacific Engineering Sdn Bhd to promote our products and services in the European and North American markets, respectively. We have a direct working relationship with Eutegra AG. Eutegra AG has a strong marketing strength and relationship with many OEM companies in the European market. We are partnering with AmPacific Engineering Sdn Bhd through our

founding shareholder, Insas Technology, to promote our Group in the North American market. AmPacific Engineering Sdn Bhd has strong marketing presence and principal officers working in the Silicon Valley, US. We have established good working relationships with these business partners. Through our business partner channel model, we will continue to expand our market coverage and business volumes in the electronics semiconductor industry.

We intend to expand our global coverage by appointing three (3) more business partners in FYE 2011 to cover the North Asian, the South American and the Australian markets.

6.15 Employees and Training

We place great emphasis on providing a pleasant working environment for our employees; ensuring skills development across our Group and identifying employee performance improvement opportunities for career advancement. As at LPD, we have a workforce strength of 1,323 employees, of which 739 employees are Malaysian and 584 employees are foreigners.

6.15.1 Employee Segmentation

The functional distribution of our total number of employees from 30 June 2008 to LPD is as follows:

	30 June 2008	30 June 2009	30 June 2010	LPD
Management & Professional	38	44	47	56
Engineering/ Executive	57	88	92	100
Technical/ R&D	50	101	111	136
Supervisory	54	92	92	103
Admin & Clerical	33	45	45	45
Production	306	389	372	417
General Workers	12	21	22	26
Contract Workers	190	366	401	440
Total	**740**	**1,146**	**1,182**	**1,323**

These employees are responsible for the full range of work functions in our Group.

In the employee breakdown by years of service, 37.5% of the employees have less than a year's tenure with our Group, while 62.5% of our employees have been with our Group for an average of between one (1) and five (5) years. Employee breakdown by years of service as at LPD is as follows:

Category	Less than 1 Year	1 to 5 Years
Management & Professional	12	44
Engineering/ Executive	32	68
Technical/ R&D	52	84
Supervisory	7	96
Admin & Clerical	13	32
Production	167	250
General Workers	11	15
Contract Workers	202	238
Total	**496**	**827**
%	**37.5%**	**62.5%**

Our Group's employees are not represented by any union and our management enjoys a cordial relationship with our employees. We have not been engaged in any industrial disputes since our inception.

We build our operational effectiveness by providing our employees training, resources and necessary equipment to enable them to deliver good performance. We provide a working environment for employees in our Group with emphasis on good moral values and ethical behaviour.

Our Group places high priority on ensuring that there is continuity in our Group's management team so as to ensure continuity and to maintain our level of competitiveness in the industry. To achieve this, it is the policy of our Group to groom new management staff to gradually assume the responsibilities of senior management and also as part of our employees' career advancement programme. Our Group's strategy for management continuity is driven by our top management who is responsible in identifying key competencies and requirements of candidates.

6.15.2 Training and Development

We provide a series of continuous and comprehensive training and development programmes for our technical as well as the non-technical employees, which include in-house workshops and external professional training to update all the employees in our Group on their skill and knowledge. The technical employees receive the latest technical and product training from our Group's in-house and external experts while the non-technical staffs are exposed to management, communication and self development skills and basic IT knowledge etc. We also offer safety, quality and environmental management trainings, both internally and externally, to our production staff to comply with the ISO certification and other statutory requirements on a continual basis.

Below are a sample list of programmes attended by the employees of our Group over the past few years and planned/on-going for 2011.

Course Title	**Organiser**
Radiation Safety & Health	Agensi Nuklear Malaysia
X-ray Machine Training	Internal
Store and Stock Management	Malaysian Productivity Corporation
Effective Calibration System	Neville-Clarke (M) Sdn Bhd
FMM Certificate in Safety and Health Officer	Federation Manufacturer Malaysia
Seminar On Continuous Emission Monitoring System	Department of Environment
Integrating lean manufacturing approach	Malaysian Productivity Corporation
Die placement measurement point	Internal
Chemical Storage & Handling Procedure	Internal
Radiation Safety Program	Internal
6S Training	Internal

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6. BUSINESS OVERVIEW

6.16 Competitive Strengths

Described below are our competitive advantages, which we believe allow our Group to compete effectively in the industry that we are operating in.

6.16.1 Strategic Partnership with Affiliates

Our Group has benefited as a member of Insas Technology group of companies which has IT operations in Malaysia and overseas. This affiliation has produced some synergies as Insas Technology has established working relationships with business partners. Furthermore, Insas Technology has provided us with business development support through funding for our growth and expansion of our business over Inari's start-up years. This strategic partnership has enabled us to produce steady business development and growth.

6.16.2 Strong Relationship with Machinery Manufacturers

Our business relies on the accuracy and precision of the equipment we use to manufacture products to meet our customers' needs. Our production processes require the use of advanced machinery, equipment and tooling. We source our machinery and equipment from reputable local and international machine manufacturers. We work closely with our machine manufacturers to share ideas, research and knowledge in the customisation and development of the proper machinery, equipment and tooling, to achieve the precision that our manufacturing processes need.

Since our inception, we have acquired our machinery and equipment from ASM Assembly Automation Ltd, Kulicke And Soffa Global Holding Corporation, Disco Hi-Tech (Singapore) Pte Ltd, ICOS Vision Systems Pte Ltd, SRM Integration (M) Sdn Bhd, Exis Tech Sdn Bhd and Trans-Technology Pte Ltd and we continue to maintain strong relationships with these manufacturers, who have the capabilities to cater for the required machine specifications and performance.

For example, through our R&D and working relationship with the machine manufacturers, we have successfully customised our machinery and equipment to achieve the production of smaller chip sizes, (up to 1.6 mm x 2.0 mm), which we believe have positioned us ahead of our competitors.

The strong working relationship with the machine manufacturers also allow us to purchase equipments at competitive prices, favourable payment and equipment financing terms, quick turnaround of repairs and spare parts and be constantly well positioned in the semiconductor industry's cyclical demand/supply swings.

6.16.3 Experienced Management Team and Dedicated Skilled Workers

Our Executive Directors play vital roles in our success, as they each have extensive experience in the semiconductor packaging industry, ranging between 10 and 30 years individually. Their strategic planning and direction, and technology leadership have given us the competitive advantage to compete effectively with our competitors.

Our Board also believes that a capable and dedicated senior management team is a key factor to the successful operations of our Group. All heads of division are tasked to carry out their duties to ensure all operations within their scope meet our Group's objectives. The heads of division ensure that all employees make good use of their skills, carry out new staff training as well as to support our Group's growing business operations. Since a good working environment is essential for human resource development, the senior management team encourages new staff to learn their roles and job functions as fast as they can while receiving

on-the-job training. Within all divisions, the heads of department are expected to stay in constant communication and collaboration, which allows for all departments and designated employees to be updated on the latest technical, operational and quality control matters in our Group so that commensurate action can be effected within the shortest time.

6.16.4 Fully Equipped Infrastructure

Our Group began servicing customers in the semiconductor industry in 2006 from a single factory. Today, we are operating from two (2) fully-equipped factories in Malaysia providing comprehensive semiconductor packaging services to our local and international MNCs. Our production capacity has grown year-on-year to producing more than 360 million IC chips per annum currently. We have invested significantly into high quality machinery and equipment as well as providing training for and hiring skilful employees knowledgeable in the semiconductor industry.

6.16.5 Offering Comprehensive EMS Solutions

Our Group possesses a vertically integrated operation whereby we have the flexibility to cater for the entire back-end value chain of semiconductor packaging processes. In addition, one of our main competitive offerings is our ability to provide comprehensive EMS solutions, unlike some of our competitors which focus on only one (1) or two (2) areas of the required processes. With our vertically integrated process capabilities, we are in a better position to serve as a one-stop solution centre for our customers as well as being able to price our products and services competitively. In the industry, EMS companies who are able to offer the entire gamut of support services in a particular area are preferred as they can assist to improve resource allocation/efficiency, integrate technical solutions, reduce risk for customers and deliver better quality performance.

6.16.6 Market Recognition and Quality of Products and Services

We place heavy emphasis on the quality of the products and services we offer. We believe our strong market presence in both the international and local markets is based on our ability to produce and provide first-class quality products and services and to meet or exceed our customers' expectations and requirements. We have implemented a stringent QMS for the before, during and upon completion of our production processes.

From time to time, our OEM customers visit our facilities to audit and inspect our production activities to ensure we are in compliance with its requirements. In addition, the OEM customers who are MNCs also conduct their own audits of our production systems. Although not direct customers of our Group, these MNCs have approved our production facilities and recognised the quality of the products and services from us.

In July 2010, Avago presented us with the Excellent Manufacturing and Outsourcing Support on Wireless Semiconductor Division Products Award for Year 2009. This is testimony to our ability to meet the high standards of being a world-class manufacturer in addition to being competitive in the semiconductor industry.

6.16.7 Competitive Pricing

We endeavour to work closely with our customers to identify opportunities to reduce costs. Our Group is constantly re-engineering our business processes to better manage the various cost drivers. Appropriate internal and external benchmarking activities are undertaken periodically to determine our performance and cost structures vis-à-vis our peers in the industry. These measures have contributed significantly towards lowering our production costs, thus allowing our Group to price our products and services at attractive and

competitive levels. This has enabled our Group to retain our customers as evidenced by our relationship with our long-term customers since inception.

6.16.8 Focus on Customer Service

Our Group's ability to provide high quality of products and services and meeting prompt delivery dates has helped us gain customers' support and loyalty over the years. Our commitment to customer service is evidenced by our Group's ability to secure and retain OEMs, such as Avago, VigSys Sdn Bhd, NewICT Marketing (M) Sdn Bhd and Wi2Wi Inc, as our customers.

The ability to meet tight delivery schedules is critical as any delay from Inari's production will cause knock-on effects further down the supply chain, ultimately affecting the production schedules of our OEM customers. Our Group has put in place an efficient and proven planning process and team to meet the tight deadlines set by our customers.

6.16.9 Established Track Records

Our Group places priority in establishing a good rapport and strategic relationship by providing high quality, prompt delivery and competitively priced products and services to our customers. We view our customers as business partners, in order to create win-win business relationships.

We have also continuously strived to surpass requirements of our customers, by paying close attention to customer feedback and working in tandem with the customers' requirements to improve on product quality and to reduce production cost, as well as to achieve timely delivery.

6.16.10 Strategic Partnership with Avago

We are one of Avago's main EMS companies in Malaysia and we consider Avago as our business partner. Avago's wireless communications market segment recorded revenue of USD796 million in 2010, up 28% from 2009 (*source: Avago's Annual Report, 2010*). Consequently, the demand for our products has also grown, as reflected in our revenue growth of 25.5% in 2010, as compared to 2009. Our partnership with Avago has strengthened our business performance and position in the semiconductor industry.

Our joint NPI efforts and investments help improve our competitiveness and keep abreast with the latest technology changes in the wireless communication markets. Our business relationship with Avago is further strengthened through Avago's investment in our Group. On 1 May 2010, we extended our manufacturing contract with Avago Technologies for a further period of three (3) years.

To our knowledge, Inari is the only EMS company in Malaysia with strategic relationship with Avago (i.e. equity participation by Avago).

6.17 Prospects and Future Plans

Overall, our growth is not only in terms of physical capacity expansion, but also in terms of our ability to meet the expanding needs of our customers, both existing and potential. We have the capability to respond to changes in technology in both product development and quality improvement to meet the challenges in the semiconductor industry.

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Our future plans for the next three (3) years are summarised below:

Year	Future Plan
2011	▪ Expand production capacity, by acquiring new die attach, wire bond, SMT pick and place, moulding and various machines and to upgrade of our existing machinery and equipment ▪ Construction of new factory ▪ Set up a TAP ▪ Commence pre-mass production for LED products
2012	▪ Continue expand on our production capacity, by acquiring more die attach, wire bond, SMT pick and place, moulding and various machines ▪ Increase customer base – e.g : medical products ▪ Commence production of assembly services for LED products ▪ To expand R&D activities
2013	▪ Continue expand on our production capacity, by acquiring more die attach, wire bond, SMT pick and place, moulding and various machines ▪ Commence production of assembly services for medical sensor products ▪ Increase customer base

6.17.1 Expand Operations

There has been a rapid growth in the mobile phone market in the last few years. According to the IMR report, the global unit shipments of cellular phones reached 1.4 billion units in 2010 and it is expected to attain 1.6 billion units in 2014. We plan to upgrade existing machinery and equipment and acquire new ones to cater to the expected business growth and the expansion of our products and services.

Hence, we are investing approximately RM3.0 million to acquire/upgrade our new/existing machinery and equipment to further increase our existing production by between 15% and 20%. It will be funded via proceeds from the IPO. We will source our machinery and equipment from reputable machinery and equipment manufacturers from Japan, South Korea, Hong Kong and Singapore.

As part of our business expansion plan, we plan to invest RM7.5 million (financed from internally generated funds) to acquire new machinery in order to increase our existing production capacity by about 20% in 2012 for both Avago and non-Avago businesses. In addition, RM9.0 million (financed from IPO proceeds) is expected to be invested to acquire new machinery for new businesses, mainly for non-Avago customers in 2011 and 2012. These new machineries will be housed at Plant 5.

6.17.2 Construction of New Manufacturing Facility

We intend to construct a new manufacturing facility (Plant 5) to cater for our business growth as well as to expand and further develop our core competencies in the semiconductor industry. Plant 5 will be built within the vacant land area of Plant 3 within 12 months from the Listing.

The new manufacturing facility will be a 3-storey building with a total built up area of approximately 5,351 sq m. Plant 5 will be used to house our new manufacturing lines and

also the transfer and expansion of the R&D office and facility from Plant 3. The manufacturing lines will be used to cater for both Avago's new products, and non-Avago customers (includes the planned production of medical sensor products, LED based products, PCBA and Box-Build for consumer and business market solutions). Alongside the R&D facility will be a failure analysis laboratory.

The estimated cost of construction of our new manufacturing facility is expected to amount to RM5.5 million whilst the estimated cost of purchase of new machinery and equipment for Plant 5 is expected to amount to RM9.0 million. It will be funded through the proceeds from the IPO.

6.17.3 Set up a TAP

We will establish a TAP as part of our R&D plan. The purpose of the TAP is to allow our Group to obtain the latest market and technological information in and around the semiconductor industry to enable us to plan our future R&D, production activities and investments more effectively. The TAP will consist of four (4) to six (6) international members with expertise in the related fields and they will conduct meetings on a yearly with our senior management team.

The meeting will breakdown into three (3) sessions. In the first session, our senior management will present to the TAP on the milestones of our past R&D activities, and product and business developments achieved in the last six (6) months. In the second session, the experts will evaluate our achievement as well as providing advice and new ideas for our future R&D direction. In the final session, we will fix planned R&D activities for our Group to follow in the next 12 months before another round of TAP meeting. During the intervening 12 months period, the senior management may engage directly with individual TAP member for advice or consultancy work.

Beside the appointed TAP, our R&D team has engaged Eutegra AG as our technical advisor to act as the path finder in term of technology roadmap with the objective of capture the niche ICs/SiP market segment in the European market.

6.17.4 Increase Market Exposure

To mitigate the dependency on a single market, our R&D division is working toward process innovation to develop new chip products to increase our market presence in other vibrant sectors of the electronics industry. We are also applying for the ISO13485 certification from SGS United Kingdom Limited for the production of medical sensor products. These medical sensor products include blood temperature sensor devices used for monitoring blood temperature changes during blood transportions.

We expect the approval to be around fourth quarter of 2011 and we plan to commence production of medical devices by second quarter of 2012. These medical sensor products are for non-Avago clients and are intended for export.

We are also planning to venture into the illumination market by producing LED products. We are working with MNCs to offer our assembly services for LED products which shall include die attach manufacturing services and wire bond manufacturing services. These processes are to be done in a class 10K clean room. We estimate the R&D will be completed before end of 2011 and we can start production during 2012. These LED products are for non-Avago clients and are intended for both the overseas and local market.

6.17.5 Expand R&D

We have been, and will continue to place strong emphasis on our R&D activities. With technology rapidly advancing in the electronics industry, we anticipate demand for more precision and sophisticated electronic components and parts. Our ability to improve our technical capabilities is crucial to stay competitive in the markets.

As part of our R&D expansion, we plan to explore other processes in the semiconductor value chain.

6.17.6 Increase Customer Base

Major OEMs prefer to work with EMS companies that possess proven track records and are able to provide high quality products and services. We have been in the semiconductor packaging business for more than three (3) years and we have built a strong corporate brand and image in the semiconductor industry through the provision of high quality products and services as well as providing comprehensive back end semiconductor packaging for our existing OEM customers. This is evidenced by our repeated business with our main customer (Avago) and new OEM customers such as NewICT Marketing (M) Sdn Bhd, Wi2Wi Inc. and SILQ (Malaysia) Sdn Bhd.

We intend to further expand our market presence in the semiconductor business by securing new projects from new and existing customers.

We intend to invest about RM25.0 million during 2011 and 2012 for new businesses by building a new factory (Plant 5), adding about 50 units of die attach, wire bond, SMT pick-and-place equipment, moulding and various other machines. Out of RM25.0 million, RM17.5 million will be financed through IPO proceeds and the remaining will be financed through internally generated funds (with minimum bank financing such as hire purchase and term loan).

Summary is as follows:

Details	**Estimated cost (RM million)**	**Year**
To upgrade existing production capacity	3.0	2011
To increase production capacity	7.5	2012
Construction of Plant 5	5.5	2011/2012
Purchase of new machinery for new business	9.0	2011/2012
Total	**25.0**	

6.17.7 Working Closely with Our OEMs

Worldwide, there is a growing trend for EMS companies to work together to fulfil the demands of the OEMs. In the late 1990s, EMS companies had largely focused on PCB assembly and Box-Build products. Since then, EMS companies have ventured into other parts of the value chain and into semiconductor assembly, stretching from design to system assembly, test, delivery and logistics, warranty and repair, network services, software and silicon design, and customer service. Hence, with the option and by outsourcing the complete

production process, the OEMs can then concentrate their resources on design, branding and marketing of the final products in the global market place. Thus, our Group aims to work closely with our OEMs and to assist them in achieving better efficiency in their value chain.

6.17.8 Providing More Complementary Services

Recognising the fact that the OEMs increasingly prefer to deal with as few EMS companies as possible in today's competitive business world, we are contemplating to offer more products and services to be supplied as a bundle to the OEMs. We have already ventured into the provision of semiconductor packaging (back-end wafer processing, package assembly and RF final testing), so as to complement our existing electronic component products for the telecommunications market. Furthermore, there is a growing demand for smartphones in the telecommunications market, and our Group aims to capitalise on this aspect. By furnishing these complementary services to the OEMs, the latter are able to deal with fewer vendors. The supply chain is also flattened and the finished goods from point-of-origin to point-of-consumption shortened. The speedy time to market alleviates product obsolescence, due to the short product lifecycles of many electronic products in the market place.

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7. INDUSTRY OVERVIEW

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10 JUN 2011

The Board of Directors
Inari Berhad
No. 45-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Dear Sirs,

EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT ("EXECUTIVE SUMMARY") FOR INARI BHD ("INARI" OR THE "COMPANY")

This Executive Summary has been prepared for inclusion in the Prospectus to be dated 28 JUN 2011 pursuant to the listing of Inari on the ACE market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of The Electronics Manufacturing Services Industry in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, government literatures, in-house databases, Internet research and online databases.

Dun & Bradstreet (D&B) Malaysia Sdn Bhd ("D&B Malaysia") has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, D&B Malaysia acknowledges that if there are significant changes affecting the contents of the Executive Summary after the issue of the Prospectus and before the issue of securities, then D&B Malaysia has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

The Executive Summary is highlighted in the following sections.

Yours faithfully,
for and on behalf of
DUN & BRADSTREET (D&B) MALAYSIA SDN BHD

TAN SZE CHONG
Managing Director

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EXECUTIVE SUMMARY

1.1 INTRODUCTION

The principal customer of Inari Technology Sdn Bhd is Avago Technologies (Malaysia) Sdn Bhd, which is a subsidiary of Avago Technologies Limited, a leading designer and manufacturer of III-V analogue semiconductor devices. III-V refers to elements from those groups in the periodic table of chemical elements, and their examples are gallium arsenide, gallium nitride and indium phosphide. III-V semiconductor materials have higher electrical conductivity, enabling faster speeds and tend to have better performance characteristics than conventional silicon in applications such as RF and optoelectronics. The products of Avago Technologies Limited are geared primarily for four (4) markets: wireless communications, wired infrastructure, industrial and automotive electronics, and consumer and computing peripherals. The applications for the products include cellular phones, consumer appliances, data networking and telecommunications equipment, enterprise storage and servers, factory automation, displays, optical mice and printers. In the case of the wireless communications markets, the major end-customers are LG Electronics Inc; and Samsung Electronics Company, Limited.

The competitors to Avago Technologies Limited range from large, international companies offering a wide range of semiconductor products to smaller companies specialising in narrow markets. In the wireless communications market, the primary competitors are Hittite Microwave Corporation, RF Micro Devices, Inc; Skyworks Solutions, Inc; and TriQuint Semiconductor, Inc. In terms of ranking by revenues, Avago Technologies Limited achieved the highest position for the latest FYE.

Based on the segmented revenues from the latest financial statements among these five (5) competing companies, Avago Technologies Limited was estimated to command a market share of 23.1% in the wireless communications market, in 2010.

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Table 1: Rankings by Revenue

Company	FYE	Revenue (USD Million)	Segmented Revenue in Wireless Communications (USD Million)
Avago Technologies Limited	31/10/10	2,093.0	796.0
RF Micro Devices, Inc.	03/04/10	978.4	800.5
Skyworks Solutions, Inc.	01/10/10	1,071.9	1,071.9
TriQuint Semiconductor, Inc	31/12/10	878.7	579.9
Hittite Microwave Corporation	31/12/10	244.3	198.1
Total			3,446.4

Source:

D&B Malaysia

Avago Technologies Limited has a nearly 50-year history of innovation dating back to its origins within Hewlett Packard. It is able to apply its expertise to develop front-end modules for 3G wireless cellular phones. Its development of film bulk acoustic resonator ("FBAR") micro-electro mechanical systems filter products and their adoption by customers have provided it with a leadership position in the code division multiple access cellular phone market. In addition, the company is expected to be a significant contributor to front end modules in next generation 3G cellular phones.

It is able to provide the wireless market with a broad variety of RF semiconductors, including monolithic microwave integrated circuit filters and duplexers using its proprietary FBAR technology, front end modules that incorporate multiple die into multi-function RF devices, diodes and discrete transistors. Also, its expertise in amplifier design, FBAR technology and module integration capability enables it to offer industry-leading efficiencies in RF transmitter applications, including an integrated optical finger navigation device to replace the mechanical trackball on certain high-end cellular phones. This is also supported by its proprietary gallium arsenide processes which are critical to the production of power amplifier and low noise amplifier products.

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Avago Technologies Limited maintains design and product development resources around the world. It has two (2) design centres in the US, four (4) in Europe and five (5) in Asia. As a result, it has developed an extensive portfolio of intellectual property that currently includes more than 5,000 US and foreign patents and patent applications. Through leveraging this intellectual property portfolio, it is able to integrate multiple technologies and create component solutions that target growth opportunities. The semiconductor industry is characterised by companies holding large numbers of patents, copyrights, trade marks, and trade secrets. As a result, it has been able to develop specialty process technologies that provide differentiated product performance, are difficult to replicate and create entry barriers for potential competitors. Hence, through these strengths, it is able to sustain itself in the wireless market, as well as in the foreseeable future.

Avago Technologies Limited recognises that its ability to compete successfully in the market depends on elements both within and outside of its control, including industry and general economic trends. During the past periods of downturns in the industry, competition in the market in which it operates intensifies as the competing companies reduced prices in order to combat overcapacity and high inventory levels. It also recognised that many of its competitors have greater financial and other resources with which to withstand similar adverse economic or market conditions in the future. Some of its competitors are well-established, have substantially greater market share and manufacturing, financial, R&D and marketing resources to pursue development, engineering, manufacturing, marketing and distribution of their products. In addition, both current and perspective customers for its products evaluate its capabilities against the merit of its competing companies.

It is expected that competition in the market is anticipated to further increase as the existing competing companies improved or expand their product offerings. In addition, companies not currently in direct competition with it may introduce competing products in the future. As the products are often building block semiconductors providing functions that in some cases can be integrated into more complex ICs, it also faces competition from IC manufacturers, as well as customers that develop their own IC products. The competitive landscape is changing as a result of an increasing trend of consolidation in the industry, and this is expected to continue.

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The fast pace of technological developments and the increasingly extensive applications of electronics in the world today will provide tremendous opportunities for the electronics industry to develop further. It was once predicted that the electronics industry would grow larger than the automobile, steel and aerospace industries combined. The industry itself is moving very fast, generating a constant stream of new and more complex devices. In return, this generates a constant stream of challenges and opportunities to companies along the supply chain, including both the OEMs and EMS companies. The Asian region is home to some huge and fast-growing markets. The OEMs are establishing more and more production facilities there, virtually obliging international EMS companies to follow.

In the case of Inari Technology Sdn Bhd, it is an EMS company supplying semiconductor SiP packaging to the OEMs, which in turn sell them as RF semiconductors to the cellular phone manufacturers, as well as network products manufacturers. Finally, these manufacturers incorporated these RF semiconductors into the RF module during the production process of the cellular phones and network products.

It is quite common for EMS companies such as Inari Technology Sdn Bhd, to rely heavily on a single customer for the majority of their revenues, particularly in the early years, prior to expanding their customer base. The sales are guaranteed within a captive market in a set time span, with little marketing expenses involved. Eventually, the EMS companies are able to diversify their base of customers over a period of time. This strategic and symbiotic relationship assists to ensure greater efficiencies among both the OEMs and EMS companies, through very close interactions. In return, the EMS companies would continue to benefit from the outsourcing processes of the OEMs. Meanwhile, the OEMs is given the flexibility and do not need to ramp up their production capacities and inventory exposure, when there is a sudden surge in orders, through outsourcing the work to the EMS companies. This outsourcing model is advantageous for OEMs which lack the resources to engage in vertically integrated manufacturing.

7. INDUSTRY OVERVIEW

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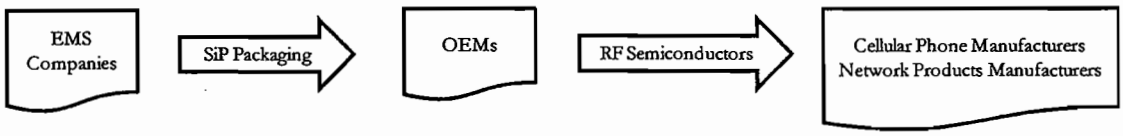
Figure 1: Industry Supply Chain for RF Semiconductors



Source: D&B Malaysia

Semiconductor manufacturing may be defined as the process of producing a silicon wafer from pure silicon, fabricating the IC onto the silicon wafer, followed by assembling the fabricated wafer onto a package and finally testing the chip for proper functioning.

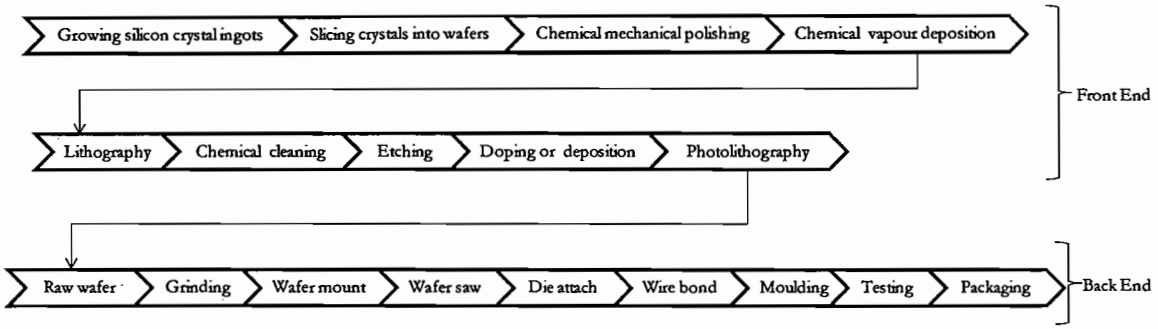
Typically, semiconductor manufacturing comprises the following steps:

- Production of silicon wafers from very pure silicon ingots;
- Fabrication of ICs onto these silicon wafers;
- Assembly of every IC on the wafer into a finished product / device;
- Testing and back-end processing of the finished product/device.

The first two (2) steps form the front end side of semiconductor manufacturing and the latter two (2) steps form the back end side of semiconductor manufacturing. In particular, Inari Technology Sdn Bhd is involved in back end wafer processing, package assembly and RF final testing services in the back end side of the semiconductor industry.

7. INDUSTRY OVERVIEW

Figure 2: Semiconductor Value Chain



Source: D&B Malaysia

1.2 PRODUCT / SERVICE DEFINITION

EMS is a term used for contract manufacturing companies that design, test, manufacture, distribute and provide return/repair services for electronic component and assemblies for the OEMs. In return, the OEMs sell the products under its own brand names.

Semiconductor packaging, encompassing both test and assembly, is the process of enclosing the IC chip in the package. It refers to the connection of the IC to the PCB. Another function of packaging is to provide the desired mechanical and environmental protection so as to ensure reliability and performance. The semiconductor industry manufactures a very wide variety of ICs that have different packaging requirements. Packaging attributes that are taken into consideration when choosing a package type for a particular semiconductor device include size, lead count, power dissipation, field operating conditions and cost.

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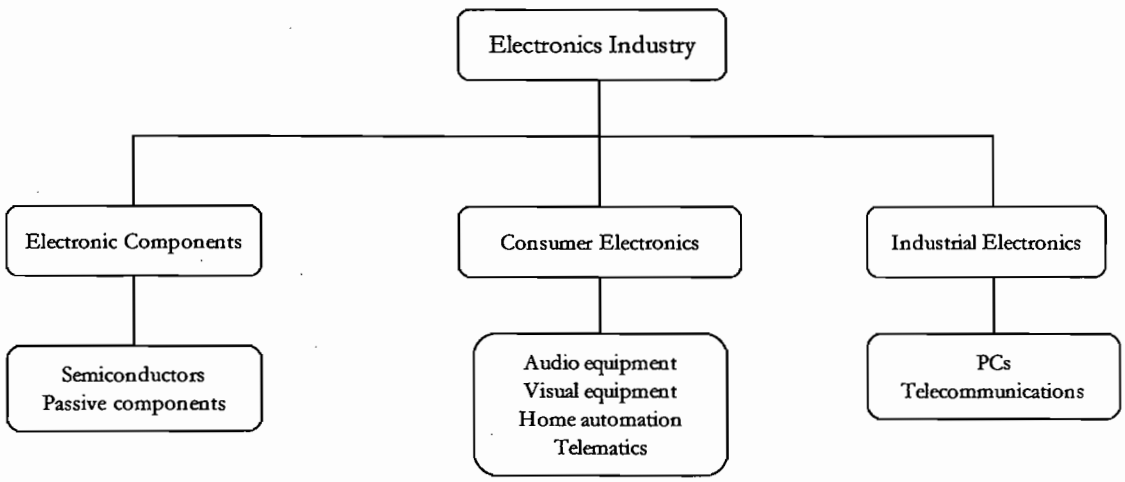
SiP is a combination of multiple active electronic components of different functionality, assembled in a single unit that provides multiple functions associated with a system or sub-system. A SiP may optionally contain passives, micro electromechanical systems, optical components and other packages and devices.

1.3 DIFFERING SEGMENTS

Since the early seventies, the electronics industry in Malaysia has been dominated by the production of electronic components, which accounted for between 80% and 85% of output. However, there has been a shift in the composition of the industry since 1990, due an increased emphasis placed on both consumer electronics and industrial electronics. Nonetheless, the electronic components segment still accounted for the largest portion of the electronics industry in the country. The years spent in the learning curve has made Malaysia one (1) of the world's leading locations for semiconductor test and assembly. As the electronics industry is very wide, it can be further subdivided into three (3) segments, namely, electronic components, consumer electronics and industrial electronics. Inari Technology Sdn Bhd is competing in the semiconductor segment.

Figure 3: Segmentation of Electronics Industry



Source: D&B Malaysia

1.3.1 Electronic Components

The electronic components segment covers the manufacture of semiconductors and passive components such as capacitors, inductors, resistors, relays, connectors, coils, transformers, magnets, quartz crystals and oscillators. All semiconductors are active components. Others include amplifiers and switches. Active components have the ability to produce gain, or amplify a signal, while passive components do not. A discrete device is a single semiconductor device such as a transistor or a diode mounted in the individual package; as opposed to an "integrated" device which would be a transistor acting as an element of an integrated circuit. Electronic components usually end up as embedded parts in both consumer electronics and industrial electronics.

A semiconductor is a material with an electrical conductivity that is intermediate between that of an insulator and a conductor. Semiconductors are made of a solid crystalline material formed into a simple diode or many ICs. A simple diode is an individual circuit that performs a single function affecting the flow of electrical current. On the other hand, an IC combines two (2) or more diodes.

In the past, semiconductor manufacturers or integrated device manufacturers used a business model whereby they owned and controlled all the processes and equipment in the vertical market segment required to design, develop, produce, test, assemble and ship devices to their customers. This model requires a large amount of capital and human resources and hence, tends to favour the large, well-established companies.

In recent years, a new model has emerged, for a number of reasons, which segments all these different operations among many companies along the value chain. This model is called the subcontract manufacturing model. In this new model, there are two (2) main subdivisions, the design house that implements the IC design part and the foundry that does the fabrication, and which more often than not, outsource the testing and assembly of the IC.

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1.3.2 Consumer Electronics

The consumer electronics segment includes the manufacture of audio and visual equipment such as television sets, radios, in-car entertainment systems, compact discs and digital versatile discs players, hi-fi systems, home theatre systems, set-top boxes, video cameras and digital cameras. The local manufacturing of consumer electronics started in the 1970s with the establishment of a number of European and Japanese establishments to produce audio / visual products. The operations were then labour-intensive and the raw materials, parts and components were mainly imported.

However, in view of globalisation forces and stiff competition from the lower cost countries such as China, Thailand and Indonesia, consumer electronics companies in Malaysia had undergone major restructuring and rationalisation exercises in the 1990s. The operations were reorganised to produce higher value-added products and to move up the value-added chain such as design, product and process R&D activities, after-sales service and distribution activities. Most consumer electronics production involves assembly operations, and hence, a strong and efficient supply chain is needed.

Most of the work conducted on consumer electronics in the country involves the assembling and testing of the final product prior to their shipment. Changes in the market demand for consumer electronics towards both convenience and miniaturisation have led to an increase in the usage of plasma and thin film transistors - liquid crystal display for applications such as in cellular phones, televisions and computers. The latest emerging technology developments in the field of consumer electronics are focussed on digital home systems such as home automation, and telematics, or automotive electronics.

1.3.3 Industrial Electronics

As the name implies, industrial electronics involves a wide spectrum of products. Due to the wide diversity of products, industrial electronics can be further segmented into computers and telecommunications.

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Personal computers ("PCs") first appeared in the early 1970s and it has revolutionised a wide range of applications during the last decade. It has closely followed the evolution of the IC technology. Both the processing speed and storage capability of the PCs have increased the productivity of office staff many folds. The vast increase in the capability of PCs has been due mainly to both automation and miniaturisation and the technology is still evolving.

The telecommunication products manufactured in Malaysia include telephones, cellular phones, walkie-talkies, switching equipment, transmission equipment, mobile communications equipment, private automatic branch exchange systems, answering machines, radio communications equipment, broadcasting equipment, satellite receivers, satellite dishes, descrambler units and modulators.

The modernisation of the telecommunications infrastructure in Malaysia and the surrounding region has provided excellent opportunities for the development of the telecommunications industry. The continuous technological upgrading has created opportunities in the manufacturing of switching equipment, transmission equipment and devices, radio base stations and digital wireless transceivers. New and emerging telecommunications technologies such as broadband networks and Bluetooth are expected to enhance the usage of wireless communications. At the same time, new hardware and Internet appliances such as multi-functional cellular phones, global positioning systems and hand-held gaming devices have created the demand for wireless networking enhancement. Since the turn of the century, there has been a trend towards the manufacturing of communications and networking equipment in Malaysia.

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1.4 SUBSTITUTE SERVICES AND PRODUCTS

Outsourcing is not a new concept for the OEMs. In the 1970s, the manufacturing of electronic products was outsourced to contract manufacturers. Cost reduction, complex manufacturing processes, shorter product life cycle, and reduced time-to-market posed problems for the OEMs. All these factors encourage OEMs to use the manufacturing, assembling, supply chain management and after sales service expertise from the EMS companies. By leveraging the services of EMS providers, the OEMs were able to focus on R&D activities and business development strategies, as well as tackle manufacturing complexities.

The services offered by the EMS companies for the OEMs provide attributes such as greater flexibility, improved cost-effectiveness, reduced cycle time, reduced time-to-market, and higher quality. Achieving these objectives depends on both OEMs and EMS providers to synchronise their operational activities. Such collaborative attitude can enable OEMs to respond more quickly to changing market scenarios in an efficient way. In cases where OEMs are outsourcing a greater number of functions, the partnerships with EMS companies may grow stronger due to their heightened dependence on the latter. Furthermore, the ability of EMS companies to offer design services will also further strengthen their relationships with their customers. The OEMs can also eliminate the need to ramp-up or ramp-down their workforce and operations, in tandem with industry cycles.

Hence, there is no substitute to the EMS industry, unless the OEMs wish to undertake the manufacturing activities themselves. Cost reduction is the most important driver behind the outsourcing trend. However, OEMs have been continuously evaluating the advantages and disadvantages of manufacturing their products on an in-house basis.

SiP has evolved as an alternative approach to system-on-chip ("SoC") for electronics integration because this technology provides advantages over SoC in many market segments. In particular SiP provides more integration flexibility, faster time-to-market, lower R&D cost, and lower product cost than SoC for many applications. SiP is not a replacement for high level, single chip, silicon integration but should be viewed as complementary to SoC. For some very high volume applications, SoC will be the preferred approach.

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1.5 INDUSTRY PLAYERS, COMPETITION AND POSITIONING

Inari Technology Sdn Bhd is an EMS company principally involved in the manufacturing of semiconductor SiP packaging to the OEMs, which in turn supply them as RF semiconductors to the global production networks of the electronics industry. Inari Technology Sdn Bhd's semiconductor packaging contributed 99.9% of the group's revenues for FYE 2010.

The SiP packaging market in Malaysia is dominated by four (4) major players and besides Inari Technology Sdn Bhd, they are Unisem (M) Bhd, Carsem (M) Sdn Bhd, and Globetronics Sdn Bhd. They are also the closest comparable competitors to Inari Technology Sdn Bhd. Based on the latest publicly available financial statements, in terms of revenue and PBT margin, Inari Technology Sdn Bhd is ranked number 3 (three). However, in terms of return on total assets, Inari Technology Sdn Bhd achieved the highest position among the closest comparable competitors. According to the management of Inari Technology Sdn Bhd, it managed to achieve these positions due to a combination of factors such as a good supply chain, relatively low internal cost structure and having a different product mix (Inari Technology Sdn Bhd is relatively stronger in RF wafer probing and testing). This is a notable achievement since its relatively short inception from June 2006.

Table 2: Rankings by PBT Margin

Company	FYE	Revenue (RM'000)	PBT (RM'000)	PBT Margin (%)
Globetronics Sdn Bhd*	31/12/09	128,362.9	20,686.9	16.1
Unisem (M) Bhd	31/12/10	1,395,078.0	193,289.0	13.9
Inari Technology Sdn Bhd	30/06/10	154,800.0	15,273.0	9.9
Carsem (M) Sdn Bhd^	30/06/10	993,704.8	19,507.1	1.9

Notes:

^ = *a subsidiary of Hong Leong Industries Bhd*

* = *a wholly-owned subsidiary of Globetronics Technology Bhd*

Source: Companies Commission of Malaysia, management of Inari Technology Sdn Bhd

7. INDUSTRY OVERVIEW

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Table 3: Rankings by Return on Total Assets

Company	FYE	PAT (RM '000)	Total Assets (RM '000)	Return on Total Assets (%)
Inari Technology Sdn Bhd	30/06/10	14,754.0	67,892.0	21.7
Carsem (M) Sdn Bhd^	30/06/10	66,007.1	974,052.7	6.8
Unisem (M) Bhd	31/12/10	182,958	1,835,750.0	10.0
Globetronics Sdn Bhd*	31/12/09	19,786.9	N. A.	N. A.

Notes:

N. A. = Not Available

^ = a subsidiary of Hong Leong Industries Bhd

** = a wholly-owned subsidiary of Globetronics Technology Bhd*

Source: Companies Commission of Malaysia, management of Inari Technology Sdn Bhd

Inari Technology Sdn Bhd possesses the ability to utilise technologies such as hybrid multi-chip packaging, and mixed technologies in COB and surface mount processes. In particular, mixing logic and analogue dies (also known as hybrid multi-chip packaging) in a single SiP can be challenging.

Hybrid multi-chip packaging is used to meet the demands for higher performance and further miniaturisation. The advantages of hybrid multi-chip packaging include the following:

- improved performance;
- higher integration density;
- lower power consumption;
- mixed signal applications; and
- lower costs.

Inserting several dies into the same package allows much faster introduction of the product into the market. Time-to-market is of great importance since the highest profit margins are always achieved in the early stages of the product life cycle.

COB is a technology that utilises wire bonding to connect large scale integrated circuits directly to PCBs. Designing the COB process assembly sequence is critical, particularly for applications where die products and surface mount components are combined on a single substrate. However, the merging of mixed technologies such as COB into mainstream surface mount processes usually entailed acquiring the specialised knowhow through considerable "hands-on experimentation" and a relatively long learning curve. In other words, the assembly process must be very precise and stable. The ability to master this technology translates into the ability to achieve better, more precise and cleaner signals, as well as more accurate RF semiconductor devices, with less noise as well as electromagnetic interference and radio frequency interference.

1.6 MARKET SHARE

The principal products that Inari Technology Sdn Bhd is manufacturing are classified under HS code 8529 90900 for trade recording purposes. Inari Technology Sdn Bhd operates in a free industrial zone ("FIZ") and as a contract manufacturer, its products are sold to OEMs in the FIZs which then export them; and hence, for the purpose of this report, Inari Technology Sdn Bhd's sales can be considered as exports. Only export-oriented companies are allowed to operate in a FIZ. In 2010, the Department of Statistics reported that exports under this code amounted to RM2.1 billion, As Inari Technology Sdn Bhd supplied RM156.7 million worth of products under this code for the calendar year 2010, it export market share was registered at 7.6% in the same year.

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1.7 LEGISLATIONS, INCENTIVES AND POLICIES

1.7.1 Legislations

Under the Factories and Machinery Act, 1967, any employees in the factory exposed to a wet or dusty process, to noise, heat or any poisonous, corrosive or other injurious substance which is likely to cause bodily injury to them, may be provided with suitable and adequate personal protective clothing and appliances. They include goggles, gloves, leggings, caps, foot wear and protective ointment or lotion. Both the foundations and floors of the factory shall be of sufficient strength to sustain the loads for which they are designed; and no foundation or floor shall be overloaded.

The EMS companies are also subjected to the Occupational Safety and Health Act, 1994. This Act is enforced by the Ministry of Human Resources under the Department of Occupational Safety and Health. Under this Act, the employer has a duty to protect the safety, health and welfare of all his employees. The Act requires the employer to:

- provide and maintain plant or equipment and systems of work that are safe and without risks to health;
- make arrangements for ensuring safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant;
- provide information, instruction, training and supervision as is necessary to ensure the safety and health of the workers; and
- maintain his place of work to ensure it is safe and without risks to health.

The employer shall also ensure that no worker shall be employed at any machine or in any process, being a machine or any process liable to cause bodily injury, unless he has been fully instructed as to the dangers likely to arise in connection therewith and the precautions to be observed. The worker must receive sufficient instruction in work at the machine or process; or is under adequate supervision by a person who has knowledge and experience of the machine or process.

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Lastly, both effective and suitable provision shall be made for securing and maintaining adequate ventilation by the circulation of fresh air in every part of the factory and for rendering harmless, so far as practicable, all gases, fumes, dust and other impurities that may be injurious to health arising in the course of any process or work carried on in the factory.

The back end semiconductor processes produce spent cleaning solutions, spent solvents, and spent epoxy. Realising the potential danger posed by improper management of toxic and hazardous wastes, the government has extended many efforts since 1979 to identify possible options and the necessary measures for their proper management. These include the identification, classification and quantification of the various types of toxic and hazardous wastes generated and their treatment and disposal.

The Environmental Quality Act, 1974 was enacted on 22 March 1974, to prevent, abate and control pollution and enhance the environment. As the Department of Environment encountered and experienced various deficiencies over the years, a comprehensive review was carried out to address these shortcomings. A new regulation, namely the Environmental Quality (Scheduled Wastes) Regulations 2005 was enacted and came into force on 15 August 2005. The major change in the 2005 Regulation is that scheduled wastes are now categorised based on type of waste rather than the source or origin of the wastes. New provisions instituted include the special management of waste, limiting the amount and duration of waste storage, recovery of scheduled wastes, conduct of training for persons handling scheduled wastes and improvement in the labelling requirements.

Scheduled wastes are now categorised under five (5) groups:

- Metal and metal-bearing wastes;
- Wastes containing principally inorganic constituents which may contain metals or organic materials;
- Wastes containing principally organic constituents which may contain metals and inorganic materials;
- Wastes which may contain either inorganic or organic constituents; and

- Other wastes.

1.7.2 Incentives

Most export-oriented companies are situated in the FIZs. Other than minimal customs facilities, the FIZs enable export-oriented companies to enjoy duty free import of raw materials, component parts, machinery and equipment required directly in the manufacturing process, as well as minimal formalities in exporting their finished products. Companies can be located in the FIZs when their entire production or not less than 80% of their products are meant for export; or their raw materials and components are mainly imported. Nevertheless, the government encourages companies located in the FIZs to use local raw materials and components.

Under the Promotion of Industrial Investments Act 1986, Inari Technology Sdn Bhd has been granted pioneer status by MITI, with a tax exemption of 70% on statutory income for a period of five (5) years. This is for the production of wireless microwave telecommunication filters and wireless home broadcast digital television cards. Eligibility for pioneer status is based on certain priorities, including value-added of 30% and the level of managerial, technical and supervisory staff achieving at least 15% of total manpower.

In order to reduce the cost of doing business caused by interruptions in the power supply, companies which incur capital expenditure on equipment to ensure the quality of power supply, are eligible for accelerated capital allowance for a period of two (2) years which allows the companies to write off the capital expenditure within two (2) years, i.e. an initial allowance of 20% and an annual allowance of 80%.

1.7.3 Policies

During the Tenth Malaysia Plan 2011-2015, the government will focus its resources towards prioritising specific national key economic areas as part of the strategy towards greater specialisation. The E&E industry has been identified as one (1) of the national key economic areas. Efforts will be intensified to move the E&E industry up the value chain through effective public-private partnerships. Opportunities in automation, miniaturisation, digitisation and multimedia applications will be pursued, and specialisation in semiconductors, embedded systems, optoelectronics, RF and wireless will be promoted. The government will focus on developing key enablers such as upskilling existing talent and increasing supply of relevant talent, strengthening the R&D system, growing the domestic vendor base and establishing the infrastructure.

Under Third Industrial Master Plan 2006-2020, the electronics industry is envisaged to continue to grow and contribute significantly to industrial progress and transformation. The MNCs will continue to assume a significant role in increasing the technology level of the industry, in tandem with the global trend in miniaturisation and convergence of technologies in multifunctional product. Testing activities will be part of the development of the entire semiconductor value chain. Towards realising the objectives and targets set for the electronics industry, seven (7) strategic thrusts have been established and they are as follows:

- Strengthening and deepening the semiconductor industry:
  The semiconductor industry will be further strengthened through the establishment of a fully developed semiconductor cluster covering the north-western corridor in the peninsula, including Penang, Perak, Kulim High Technology Park and the neighbouring industrial areas of Kedah;

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- Deepening and widening the development of the information and communications technology ("ICT") industry:

  The industrial electronics segment will be further developed through the enhancement of the ICT value chain. The value chain, presently centred around the Multimedia Super Corridor in the Klang Valley, will be progressively expanded to designated areas around the country;

- Intensifying R&D and design activities:

  Measures will be introduced to promote the specialisation of R&D activities and the creation of centres of excellence among existing R&D centres in the public universities and research institutes, so as to facilitate the development of new and emerging technologies;

- Promoting the application of new and emerging technologies:

  The application of new and emerging technologies like nanotechnology, micro electromechanical systems, photonics, wireless technologies and advanced display technologies will be encouraged to improve the competitiveness of domestic companies;

- Integrating the industry into regional and global supply chain networks:

  Measures will be undertaken to nurture the existing domestic companies with the growth potential to expand and integrate into the regional and global supply chain networks, as well as become major producers on their own;

- Making available a sufficient supply of highly skilled and innovative workforce:

  There will be undertakings in the development of the required human resources in the industry, so as to ensure that skilled personnel and a qualified workforce will be readily available; and

- Strengthening the institutional support for the development of the electronics industry: Institutional support include the formulation of a standardised quality control management system, management and disposal of scheduled wastes and strengthening the role of industry associations, so as to further develop the industry.

Under the Economic Transformation Programme ("ETP"), the electrical and electronics ("E&E") industry has been identified as one (1) of the National Key Economic Areas ("NKEAs"). An NKEA is defined as a driver of economic activity that has the potential to directly and materially contribute a quantifiable amount of economic growth to the Malaysian economy. The government realises that it needs to focus on a limited number of sectors and geographies in order to achieve the goal of becoming a high income nation. The NKEAs were chosen on the basis of their contribution to high income, sustainability and inclusiveness. An initial set of 12 potential NKEAs have been identified, comprising 11 industries and one (1) geographic area.

1.8 DEMAND AND SUPPLY CONDITIONS

1.8.1 Demand

Both form factor and technology-driven integration have been the prime events in RF semiconductors. The products need to have high performing and low power consuming attributes, occupy low footprint, and can also support multiple air interface standards, apart from the value-adding applications such as global positioning system and Bluetooth. Wireless communications has evolved from the days of voice only to both voice and data communication. Hence, to meet the requirements of these services, RF semiconductor suppliers need to gear themselves to supply high efficiency products at an acceptable cost.

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The drive toward modularisation is on the rise as the market demands compact integrated product modules. The cellular phone industry is moving toward a complete radio solution where one (1) module will have integrated in it all the functions that are comprised in the RF portion. Apart from performance and power characteristics, the ease of design and the flexibility to interface are the other notable factors propelling RF semiconductor manufacturers to enhance their product offerings.

The major RF semiconductor devices utilised in cellular phones are as follows:

- RF switches;
- RF filters;
- Power amplifiers; and
- RF transceivers.

The RF switch, which is used for band selection, encompasses antenna switches and transmit-receive switches that are used in the RF front end of a handset. The antenna switch is connected to a common antenna, which provides signal isolation between the different frequency bands for a multi-band system. The transmit-receive switch performs signal isolation between the transmit and receive signals.

Filters include bandpass filters, intermediate filters and duplexers. The bandpass filter aids the duplexer in attenuating the first image noise and filters other undesired responses of the receiver. On the transmit side, the RF filter suppresses unwanted frequencies, attenuates noise and assists in avoiding receiver desensitisation. Meanwhile, the function of the intermediate filters is to attenuate the out-of-band frequencies in the signals emerging at the output of the two (2) mixers. Finally, the duplexer's primary function is to isolate the transmit and receive paths in the input diplexer.

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The power amplifier is a very important component in the RF portion of any cellular phone. Its' primary function is to provide the required output power level and transmit the signal amplification as needed at the antenna output port. The power amplifier also serves to maintain the integrity of the input signal. For maintaining the output power at the desired range, the power amplifier must provide sufficient gain. As the data capabilities of cellular phones gain more importance, and cellular phones with embedded data communication functionality increase in number, the demand for more powerful power amplifiers becomes more acute.

The main purpose of a RF transceiver is to receive and transmit the desired signals, while at the same time rejecting undesired (spurious) signals that can be present at the receiver input, or that may be generated at the various signal processing stages.

The RF semiconductor segment is witnessing a huge wave toward integration. The universal demand for smaller cellular phones is compelling manufacturers to minimise the size of component parts, and hence the board space occupied by the RF module. This calls for high levels of integration, with the discretes and passives being progressively integrated into chips and multi-chip compact modules.

The increasing number of wireless standards and the coexistence of many standards in any region create the need for multi-mode multi-band cellular phones that can provide service to customers across different frequencies and bands. With the increase in proportion of multi-mode and multi-band handsets, there is a corresponding increase in the number of RF components that go into a handset. For instance, to cater to multiple frequencies, additional filters need to be incorporated in the front-end. Hence, this ultimately results in an increase in the output of the RF semiconductors, and the associated SiP packaging.

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Cellular phones have become both a status symbol and fashionable device to consumers. The product life cycle for cellular phones is also getting shorter, as consumers opt for more feature-rich devices. Along with decreasing average selling prices, these factors boost the cellular phone replacement market. In addition, the mobile penetration rate has already surpassed 100% in some countries, as some consumers take a second connection for personal use. Global unit shipments of cellular phones reached 1.4 billion units in 2010 and are expected to attain 1.6 billion units in 2014. The growing popularity of smart phones has also driven the overall cellular phone market. Some consumers are also turning in their older generation cellular phones and replacing them with smart phones. Smart phones fall under a category of cellular phones that provide advanced capabilities beyond a conventional cellular phone.

Table 4: Global Unit Shipments of Cellular Phones

Year	Unit Shipment (Million Units)	% Growth
2010	1,388.2	14.6
2009	1,211.0	-0.9
2008	1,220.0	6.0
2007	1,150.0	16.0
2006	990.8	21.0

Source: D&B Malaysia

1.8.2 Supply

Inari Technology Sdn Bhd is involved in the manufacturing of SiP packaging, which is used mainly for the RF semiconductor market. The Department of Statistics does not gather any industry statistics for SiP packaging nor RF semiconductors per se; but rather for semiconductor devices as a whole.

Further analysis of the industry statistics revealed that the semiconductor devices are segmented into unit shipments of products such as semiconductors, electronic transistors and ICs.

7. INDUSTRY OVERVIEW

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Table 5: Ex-Factory Sales of Semiconductor Devices (RM '000)

Year	Value	% Growth
2010	42,715,391	-5.5
2009	45,212,584	12.7
2008	40,132,169	-13.9
2007	46,595,446	-4.2
2006	48,620,918	10.4
2005	44,032,793	-

Source: Department of Statistics

Table 6: Production (Unit Shipment) of Semiconductor Devices

Year	Semiconductors		Electronic Transistors		Integrated Circuits	
	Million	% Growth	Million	% Growth	Million	% Growth
2010	17,997	20.9	33,968	16.1	38,007	63.3
2009	14,885	-27.5	29,271	-6.6	23,279	-24.3
2008	20,520	-7.5	31,346	1.5	30,752	-8.4
2007	22,192	26.3	30,888	5.2	33,558	-5.4
2006	17,569	34.1	29,357	6.5	35,455	18.4
2005	13,101	-	27,559	-	29,949	-

Source: Department of Statistics

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Specifically, the principal products that Inari Technology Sdn Bhd is manufacturing are classified under HS code 8529 90900 for trade purposes. After experiencing rapid increases in 2007 and 2008, exports under this code registered a contraction of over 2% in 2010 following a decline of over 22% in 2009. Imports under this HS code also recorded declines in 2008 and 2009. However, imports rebounded by over 28% in 2010. A substantial proportion of semiconductors imported into the country are processed and / or incorporated into another product, before being re-exported. In other words, some value added activities are conducted on these products before they are being re-exported. The contractions occurred due to the recent global financial crisis, which also affected the semiconductor industry. In 2010, unit shipment of semiconductor devices appears to have recovered from the global decline, in tandem with the global economic recovery. This is expected to continue over the short and medium term.

Table 7: Trade of Semiconductor Devices (RM Million)

Year	HS Code 8529 90900			
	Import	% Growth	Export	% Growth
2010	2,018.4	28.9	2,056.8	-2.33
2009	1,566.4	-50.6	2,105.9	-22.8
2008	3,170.2	-24.4	2,727.7	20.2
2007	4,191.5	14.5	2,269.6	14.6
2006	3,660.5	20.4	1,980.8	-15.6

Notes:

HS code 8529 90900: Parts suitable for use or principally with apparatus such as transmission, television cameras, digital cameras, and video camera recorders; radar apparatus, radio navigational aid apparatus and radio remote control apparatus; reception apparatus for radio broadcasting; and monitors and projectors

Source: Department of Statistics

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Converging markets and technology advancements are driving paradigm shifts in the electronics market and there is now a continuous stream of multifunctional new products coming out to address the changing demands of the consumer. This has led to the increasing development of functional, modular components or SiP which brings together many test and assembly technologies to create highly integrated products. SiP has rapidly penetrated most major electronics market segments such as consumer electronics, cellular phones, automotive, computing, networking, communications, medical electronics etc. Attributes such as time-to-market, size, power requirements and cost have resulted in the strongest initial penetration in cellular phones.

1.9 INDUSTRY RELIANCE AND VULNERABILITY TO IMPORTS

Wafers for RF applications are manufactured in Malaysia, by SilTerra Malaysia Sdn Bhd. Depending on the contracts, some OEMs also sourced the wafers and then supplied them to the EMS companies involved in test and assembly activities. Hence, these EMS companies do not rely and are not vulnerable to imports of wafers. Although there were some plant shutdowns in the past, the majority are the older fabs which are less economical and underutilised, due to the older technology involved. Over the medium term, the global semiconductor industry has reached agreement to start a 450-mm pilot line by 2012. The 450 mm wafer size is attractive to semiconductor manufacturers since the total silicon surface area and the number of printed die is more than double that of a 300-mm wafer which is presently used in the industry. This would assist to ensure sufficient supply of wafers to the market.

1.10 PROSPECTS AND OUTLOOK OF THE INDUSTRY

The future growth of the electronics industry in Malaysia will be influenced by the advancement of technologies, particularly in semiconductors. The further integration of technologies will enable companies to develop greater product functionalities and enhanced performance and system management. Malaysia is anticipated to benefit from the growth in demand for semiconductors from both the developed and emerging economies, as a result of the further integration of existing semiconductor companies into the global production networks. The need to sustain competitiveness will compel the OEMs to outsource their manufacturing process to the most cost efficient EMS companies.

7. INDUSTRY OVERVIEW

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Semiconductor technology lies at the heart of the amazing revolution we are witnessing in computing, communications, consumer electronics, transportation and health care. This revolution is enabled by designing and building successive generations of chips that perform an ever increasing number of functions, run faster, and cost less. The development of the IC package is a dynamic technology. Applications that were unattainable only a few years ago are today common place thanks in part to advances in package design. From mobile telecommunications and satellite broadcasting to aerospace and automotive applications, each imposes its own individual demands on semiconductor packaging.

In the telecommunications market, streamlining RF applications into packaging to operate at super-high frequency shall continue to break barriers over the next several years, with more and more portable functions integrated for higher individual productivity levels. This is anticipated to increase the demand for RF semiconductors and in return, the associated semiconductor packaging. Hence, the participation of Inari Technology Sdn Bhd in the EMS industry catering to RF semiconductors is likely to succeed, and has the potential for profitable operations and wealth creation. It also has the adequate resources to realise its potential, as it has a sustainable position in the industry, with respect to its competitiveness. Besides being integrated into the global production networks, the OEMs also prefer to outsource their manufacturing processes. Hence, the EMS companies will need to be present along the supply chain of the semiconductor industry.

7. INDUSTRY OVERVIEW

Decide with Confidence

1.11 THE GLOBAL ECONOMY

In 2010, the global economic recovery continued to strengthen at varying paces across regions, largely attributed to sustain fiscal stimulus and accommodative monetary policies worldwide. This was further supported by better economic performance in emerging economies, particularly China and India. In 2010, emerging and developing economies posted strong growth, supported by consumption and investment activities. Meanwhile, the major advanced economies grew at a moderate pace, despite large public debts and high unemployment. Lower consumer spending in the US and fiscal austerity measures in the Euro areas affected by the sovereign debt crisis are likely to impact growth. However, strong growth in Asia, particularly China, India and the ASEAN economies as well as oil producing countries will provide the impetus for global growth.

The World Trade Organization projected global trade growing at 6.5% in 2011 after expanding 14.5% in 2010, mainly supported by economic recovery of emerging markets such as China and Brazil. With China's exports growing at 28% in 2010, it will continue to be one the drivers of global trade. Nevertheless, volatile oil prices, and persistent unemployment in developed economies could pose a challenge to continued growth in global trade.

Prospects for the global economy remain favourable in 2011 with continued improvements in global trade and investment, particularly in emerging and developing countries. In addition, enhanced post-crisis policy coordination, ongoing regulatory reform of the international financial system and efforts to further liberalise trade and investment are expected to facilitate private sector driven growth. However, challenges to the global growth momentum remain. These include the high level of public debt and unemployment rate as well as constrained bank lending in developed economies and tightening of monetary policies in several emerging Asian economies to contain inflationary pressures. The unrest in the Middle East and the earthquake in Japan have moderated global trade momentum.

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Table 8: Global Real GDP Growth, 2002-2011[f]

Growth (%)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011f
World GDP	3.1	4.0	5.3	4.8	4.9	5.2	3.0	-0.6	5.0	4.2
US	1.6	2.5	3.9	3.1	2.9	2.0	0.4	-2.6	2.8	3.5-4.2
Japan	0.3	1.4	2.7	1.9	2.2	2.4	-1.2	-5.2	3.9	2.0
Euro area *	0.9	0.8	2.0	1.5	2.8	2.4	0.6	-4.1	1.7	1.5

Notes:

** = Indicates member countries of the Euro area (Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia, Spain)*
f = forecast

Source: Bank Negara Malaysia, Ministry of Finance

1.12 THE MALAYSIAN ECONOMY

The Malaysian economy is projected to expand between 5% and 6% in 2011, mainly driven by domestic demand and supported by a favourable external sector. The strong economic fundamentals will continue to propel the growth momentum of domestic demand. Private investment activity, which turned positive in 2010, is envisaged to contribute significantly to economic growth. Private consumption is expected to strengthen in view of low unemployment and increasing disposable household income. Growth prospects are also premised on firm prices of major commodities, which will spur rural household spending in 2011. With the private sector spearheading growth, public expenditure is expected to moderate, reflecting the government's commitment towards prudent fiscal management.

7. INDUSTRY OVERVIEW

Decide with Confidence

On the supply side, growth is expected to be broad-based with positive contribution from all sectors in the economy, with the services sector remaining the major contributor to GDP. The manufacturing sector is expected to expand in line with strong investment and consumption activities. The agriculture sector is projected to increase, supported by higher output and firm prices of commodities. In addition, the mining sector is envisaged to grow, on account of higher natural gas production. The construction sector is also expected to grow stronger with the expansion of non-residential properties and the revival of residential construction activities as well as acceleration of major civil engineering projects.

Table 9: Annual Change in Real GDP by Sector, 2002-2011[f] (2000 prices)

Growth (%)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011f
GDP	5.4	5.8	6.8	5.0	5.8	6.2	4.6	-1.7	7.2	5.0-6.0
Agriculture	2.9	6.0	4.7	2.6	5.4	1.4	4.0	0.4	1.7	4.5
Manufacturing	4.1	9.2	9.6	5.3	7.1	3.1	1.3	-9.4	11.4	6.7
Mining	4.4	6.1	4.1	-1.3	-2.7	2.0	-0.8	-3.8	0.2	2.9
Construction	2.3	1.8	-0.9	-1.8	-0.5	4.7	2.1	5.8	5.2	4.4
Services	5.8	4.2	6.4	6.7	7.3	9.6	7.2	2.6	6.8	5.3

Notes:

f = forecast

Source: Bank Negara Malaysia, Ministry of Finance

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1.13 THE MANUFACTURING SECTOR IN MALAYSIA

The manufacturing sector is poised for strong growth in 2010, based on the observed momentum of recovery since the end of 2009. Broad-based expansion is expected across all clusters, reflecting improved external demand and strengthening domestic demand. The E&E cluster is projected to turn around with the pick-up in global demand for electronics, particularly with the return of corporate information technology spending, where upgrade and replacement of software and equipment were held back during the global downturn. The chemical industry is expected to improve in tandem with the E&E, automotive and household markets, while demand for hygiene and medical products will continue to support the rubber products industry. Meanwhile, the consumer-related cluster is expected to move in line with the strengthening of domestic demand, particularly private consumption. Also, the performance of the construction-related cluster will be influenced by anticipated higher domestic construction activity and infrastructure projects in the region.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.1 Promoters and Substantial Shareholders

The profiles of our Promoters and substantial shareholders and their respective shareholdings in our Company before and after the IPO are set out below.

8.1.1 Shareholdings

		<--------- Before IPO --------->				<--------- After IPO--------->			
		<-- Direct -- >		<-- Indirect -->		<---Direct -- >		<-- Indirect -->	
Name	**Nationality/ Place of Incorporation**	**No. of Shares held**	**%**	**No. of Shares held**	**%**	**No. of Shares held**	**%**	**No. of Shares held**	**%**
Insas Technology	Malaysia	109,512,900	44.05	-	-	109,512,900	33.02	-	-
Macronion	Malaysia	68,341,867	27.49	-	-	68,341,867	20.61	-	-
Ho Phon Guan	Malaysian	38,191,043	15.36	-	-	38,191,043	11.52	-	-
Avago Malaysia	Malaysia	32,562,890	13.10	-	-	32,562,890	9.82	-	-
Insas Berhad	Malaysia	-	-	109,512,900	#44.05	-	-	109,512,900	#33.02
Dato' Thong Kok Khee	Malaysian	-	-	109,512,900	@44.05	-	-	109,512,900	@33.02
Mai Mang Lee	Malaysian	-	-	68,341,867	*27.49	-	-	68,341,867	*20.61
Tan Lee Pang s/o Hum Beng	Malaysian	-	-	68,341,867	*27.49	-	-	68,341,867	*20.61

Notes:

* *Deemed interest by virtue of his substantial shareholding in Macronion pursuant to Section 6A of the Act.*

\# *Deemed interest by virtue of its substantial shareholding in Insas Technology pursuant to Section 6A of the Act.*

@ *Deemed interest by virtue of his substantial shareholding in Insas Technology (via Insas Berhad) pursuant to Section 6A of the Act.*

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.1.2 Profiles

Save as disclosed below, the profiles of the Promoters and substantial shareholders of our Group are set out in Section 8.2.2 of this Prospectus.

(a) Insas Technology

Insas Technology was incorporated on 29 August 1994 as a private limited company under the name of Intralec Technology Sdn Bhd in Malaysia under the Act. On 17 February 1997, the company changed its name to Insas Technology Sdn Bhd. The company converted to a public company and assumed its present name on 12 May 2004.

Insas Technology is an investment holding company. Its subsidiary and associated companies are involved in the following business activities:

(i) manufacture of wireless microwave telecommunication products, wireless broadcast cards and provision of electronic manufacturing services;

(ii) design, manufacture and trading of smart card modules and related products including, secure memory cards, microprocessor cards, contactless cards and custom specific multi-chip-modules;

(iii) design and trading of multimedia and electronic products;

(iv) manufacture and distribution of mobile wireless and fixed line broadband solution, devices and related peripherals

(v) provision of voice call services and trading in all related products; and

(vi) distribution of hardware and software and related services and maintenance.

As at the LPD, Insas Technology's authorised share capital is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each.

The Directors and their respective shareholdings in Insas Technology are as follows:

		<---- Direct ---->		<--- Indirect ---->	
Name	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Dato' Thong Kok Khee	Malaysian	-	-	5,000,000*	100
Dato' Wong Gian Kui	Malaysian	-	-	-	-
Dr Tan Seng Chuan	Malaysian	-	-	-	-

Note:

* *Deemed interest by virtue of his substantial shareholding in Insas Berhad, the holding company of Insas Technology pursuant to Section 6A of the Act.*

The substantial shareholders and their respective shareholdings in Insas Technology are as follows:

		<---- Direct ---->		<--- Indirect ---->	
Name	**Nationality/ Place of Incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
Insas Berhad	Malaysia	5,000,000	100	-	-
Dato' Thong Kok Khee	Malaysian	-	-	5,000,000*	100

Note:

* *Deemed interest by virtue of his substantial shareholding in Insas Berhad, the holding company of Insas Technology pursuant to Section 6A of the Act.*

(b) Macronion

Macronion was incorporated in Malaysia under the Act on 22 February 2005 as a private limited company.

The company principal activity is the trading in industrial machineries and related products. Other than its equity holdings in our Group, it has no other subsidiary or associated companies.

As at the LPD, Macronion's authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

The Directors and their respective shareholdings in Macronion are as follows:

		<---- Direct ---->		<--- Indirect ---->	
Name	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Mai Mang Lee	Malaysian	100,000	20.00	-	-
Beh Boon Kiang	Malaysian	42,634	8.53	-	-
Tan Lee Pang s/o Hum Beng	Singaporean	170,571	34.11	-	-
Lee Yook Siong	Malaysian	42,643	8.53	-	-
Fam Kwee Hin	Malaysian	42,643	8.53	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

The substantial shareholders and their respective shareholdings in Macronion are as follows:

		<---- Direct ---->		<--- Indirect ---->	
Name	**Nationality/ Place of Incorporation**	**No. of shares**	**%**	**No. of shares**	**%**
Mai Mang Lee	Malaysian	100,000	20.00	-	-
Tan Lee Pang s/o Hum Beng	Singaporean	170,571	34.11	-	-
EHG Capital Sdn Bhd	Malaysia	51,500	10.30	-	-
Ho Phon Guan	Malaysian	50,000	10.00	-	-
Beh Boon Kiang	Malaysian	42,643	8.53	-	-
Fam Kwee Hin	Malaysian	42,643	8.53	-	-
Lee Yook Siong	Malaysian	42,643	8.53	-	-

(c) Avago Malaysia

Avago Malaysia was incorporated in Malaysia under the Act as Jumbo Portfolio Sdn Bhd on 26 July 2005 as a private limited company. The company changed its name to its present name on 30 September 2005.

The company's principal nature of business is the provision of contract manufacturing services and related research and development services of optoelectronics and semiconductor/sub-assemblies on behalf of its related companies.

Avago Malaysia has no subsidiary or associated company.

As at the LPD, Avago Malaysia's authorised share capital is RM670,100,000 comprising 670,100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM111,178,482 comprising 111,178,482 ordinary shares of RM1.00 each.

Avago Malaysia is wholly-owned by Avago Technologies General IP (Singapore) Pte. Ltd, which in turn is ultimately owned by Avago.

The Directors of Avago Malaysia are Lim Lee Eam, Douglas Richard Bettinger, Ooi Boon Chye and Paridah Binti Mohamad

(d) Ho Phon Guan

The profile of Ho Phon Guan is set out in Section 8.2.2 herein.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.1.3 Changes in the Promoters and substantial shareholders' shareholdings in our Company since our incorporation

The changes in our Promoters and substantial shareholders' respective shareholdings since our incorporation up to the LPD as well as after IPO are as follows:

	<---- As at incorporation ---->				<---- As at LPD ---->				<-------- After IPO^ -------->			
	<-- Direct -->		<-- Indirect -->		<-- Direct -->		<-- Indirect -->		<-- Direct -->		<-- Indirect -->	
Promoters/ Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Insas Technology	-	-	-	-	109,512,900	44.05	-	-	109,512,900	33.02	-	-
Macronion	-	-	-	-	68,341,867	27.49	-	-	68,341,867	20.61	-	-
Ho Phon Guan	-	-	-	-	38,191,043	15.36	-	-	38,191,043	11.52	-	-
Avago Malaysia	-	-	-	-	32,562,890	13.10	-	-	32,562,890	9.82	-	-
Insas Berhad	-	-	-	-	-	-	109,512,900	#44.05	-	-	109,512,900	#33.02
Dato' Thong Kok Khee	-	-	-	-	-	-	109,512,900	@44.05	-	-	109,512,900	@33.02
Mai Mang Lee	-	-	-	-	-	-	68,341,867	*27.49	-	-	68,341,867	*20.61
Tan Lee Pang s/o Hum Beng	-	-	-	-	-	-	68,341,867	*27.49	-	-	68,341,867	*20.61
Sek Yean Nee	70	70.00	-	-	-	-	-	-	-	-	-	-
Tan Joo Hung	30	30.00	-	-	-	-	-	-	-	-	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Notes:

^ *Assuming all the Pink Form Allocations are fully subscribed by the eligible Directors and employees.*

* *Deemed interest by virtue of his substantial shareholding in Macronion pursuant to Section 6A of the Act.*

\# *Deemed interest by virtue of its substantial shareholding in Insas Technology pursuant to Section 6A of the Act.*

@ *Deemed interest by virtue of his substantial shareholding in Insas Technology (via Insas Berhad) pursuant to Section 6A of the Act.*

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.1.4 Persons Exercising Control over the Corporation

Save for our Promoters, namely, Insas Technology, Macronion and Ho Phon Guan, we are not aware of any other person who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

8.2 Directors

The profiles of our Directors and their respective shareholdings in our Company before and after the IPO are set out below:-

8.2.1 Shareholdings

		<---------- Before IPO ---------->				<---------- After IPO^ ---------->			
		<--- Direct --- >		< ---Indirect--- >		<-- Direct --- >		< --Indirect--- >	
Name	Designation/ Nationality	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	Independent Non-Executive Chairman/ Malaysian	-	-	-	-	-	-	-	-
Dato' Thong Kok Khee	Non-Independent Non-Executive Director / Malaysian	-	-	109,512,900	#44.05	-	-	109,512,900	#33.02
Dato' Wong Gian Kui	Non-Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-
Dr Tan Seng Chuan	Managing Director/ Malaysian	-	-	-	-	90,000	0.03	-	-
Ho Phon Guan	Executive Director/ Malaysian	38,191,043	15.36	-	-	38,191,043	11.52	-	-
Mai Mang Lee	Executive Director/ Malaysian	-	-	68,341,867	*27.49	-	-	68,341,867	*20.61
Tan Lee Pang s/o Hum Beng	Executive Director/ Singaporean	-	-	68,341,867	*27.49	-	-	68,341,867	*20.61

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Designation/ Nationality	<---------- Before IPO ----------> <--- Direct --- > No. of Shares held	%	< ---Indirect--- > No. of Shares held	%	<---------- After IPO^ ----------> <-- Direct --- > No. of Shares held	%	< --Indirect--- > No. of Shares held	%
Ooi Boon Chye	Non-Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-
Rajendran Velayuthan	Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-
Oh Seong Lye	Independent Non-Executive Director / Malaysian	-	-	-	-	-	-	-	-
Foo Kok Siew	Independent Non-Executive Director / Malaysian	-	-	-	-	-	-	-	-

Notes:

^ *Assuming all the Pink Form Allocations are fully subscribed by the eligible Directors and employees.*

* *Deemed interest by virtue of his substantial shareholding in Macronion pursuant to Section 6A of the Act.*

\# *Deemed interest by virtue of his indirect substantial shareholding in Insas Technology (via Insas Berhad) pursuant to Section 6A of the Act.*

8.2.2 Profiles

The profiles of our Directors are as follows:

Y.A.M Tengku Puteri Seri Kemala Pahang, Tengku Hajjah Aishah Bte Sultan Haji Ahmad Shah, DK (II), SIMP, a Malaysian, aged 54, is our Independent Non-Executive Chairman. She was appointed as the Chairperson of Insas Berhad on 12 November 1986. She graduated with a Diploma in Business Administration from Dorset Institute, UK in 1980 and has been a Director of TAS Industries Sdn Bhd since 15 August 1990. TAS Industries Sdn Bhd is an investment holding and property development company in Kuala Lumpur.

Dato' Thong Kok Khee, a Malaysian, aged 57, is our Non-Independent Non-Executive Director. He is a representative Director of Insas Berhad, our substantial shareholder. Dato' Thong was appointed to the Board of Inari Technology on 25 July 2007.

Dato' Thong is also the Executive Deputy Chairman cum Chief Executive Officer of Insas Berhad. A graduate from the London School of Economics, UK, Dato' Thong has worked in the financial services industry from 1979 up to 1988. He worked for Standard Chartered Merchant Bank Asia Limited in Singapore between October 1982 to June 1988 and his last held position was the Director of its Corporate Finance Division.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Dato' Wong Gian Kui, a Malaysian, aged 52, is our Non-Independent Non-Executive Director. He is a representative Director of Insas Berhad, our substantial shareholder. He is also the Non-Independent Non-Executive Director of Insas Berhad and was an Executive Director of Insas Berhad from 1993 to 2009. He is an Accountant by profession and has been a member of the Malaysian Institute of Accountants since 1988 and of the Malaysian Institute of Certified Public Accountants since 1985. Dato' Wong was previously attached to Harun, Oh & Wong, a member of Horwath International firm of public accountants in Malaysia from 1981 to 1990 and Stoy Hayward London, Chartered Accountants from 1990 to 1991. Dato' Wong was appointed to the Board of Inari Technology on 30 August 2006.

Dr Tan Seng Chuan, a Malaysian, aged 56, is Managing Director and is in charge of our Group's new business development and risk management. He is also an Executive Director of Insas Berhad. Dr Tan graduated with First Class Honours in Mechanical Engineering from the Imperial College, UK in 1978. Dr Tan also obtained a Masters and PhD in Engineering Science in 1981 and 1983, respectively, from Harvard University, US. Dr Tan has vast experience in the IT industry. As an IT consultant, Dr Tan has worked on leading edge software and hardware development projects with many companies in the global IT industry including with Nixdorf Computers AG, Mastercard International, Inc., and Port of Singapore (PSA), before assuming the role of Executive Director as Insas Berhad in 1997. Dr Tan was appointed to the Board of Inari Technology on 30 August 2006.

Ho Phon Guan, a Malaysian, aged 56, is our Executive Director and is in charge of our Group's technologies and customer relations. He graduated with a Bachelor of Science (Hons) in Electrical and Electronics Engineering Degree from Thames Polytechnic, London in 1978, a Masters of Science in Industrial Management from the University of Birmingham, UK in 1979 and a Master of Business Administration from the University of Santa Clara, California, US in 1985.

Mr Ho has more than 30 years industrial experiences in the semiconductor manufacturing and assembly, hard disk drive manufacturing and PCBA contract manufacturing, where he has held various key engineering and managerial positions in a number of MNCs including Hewlett Packard Malaysia (currently known as Avago), Readrite Malaysia Sdn Bhd, Kobe Precision Technology Sdn Bhd and MCMS Sdn Bhd (currently known as Plexus Manufacturing Sdn Bhd). Mr Ho was appointed to the Board of Inari Technology on 9 August 2006.

Mai Mang Lee, a Malaysian, aged 52, is our Executive Director and he is in charge of our Group's facilities, equipments and government matters. He graduated from Institut Teknoloji Butterworth, Pulau Pinang with an Engineering Diploma in Mechanical Engineering in 1980 and holds an MS Eng, UK (Society of Engineers) from the Society of Engineers issued in 1979. After graduation, he worked at Intel Technologies' testing plant for five (5) years. He also spent 23 years in electronics manufacturing related companies such as Motorola and Sony. Mr Mai was appointed to the Board of Inari Technology on 1 June 2006.

Tan Lee Pang s/o Hum Beng, a Singaporean, aged 45, is our Executive Director and he is in charge of our Group's manufacturing operations. He graduated from the Vocational & Industrial Training Board, Singapore in 1991 and Southern Pacific University, US with an Executive Masters in Business Administration in 2004. He has worked with companies like Singatronics Ltd (1988 to 1989), UIC Electronics Pte Ltd (1989 to 1992), JIT Electronic Pte Ltd (1993 to 1995), Swarm Electronic Pte Ltd (1995 to 1997), Aterm Electronic Sdn Bhd (1997 to 1999) and Polar Twin Advance Sdn Bhd (1999 to 2006). He has extensive hands-on experience in engineering and maintenance of wave-soldering, auto-insertion and SMT assemblies which enables him to effectively run our SMT operations successfully. Mr Tan was appointed to the Board of Inari Technology on 9 August 2006.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Ooi Boon Chye, a Malaysian, aged 57, is our Non-Independent Non-Executive Director. Mr Ooi is a representative director from Avago Malaysia, our substantial shareholder. He graduated with a Bachelor of Business Administration Degree from the University of Phoenix, Arizona, US in 1992, as well as an affiliate certificate from Chartered Institute of Management Accountants, in UK in 1977.

He is the Senior Vice President of Global Operations for Avago. Based in Singapore, he is responsible for all of Avago's worldwide manufacturing operations, including supply chain and supplier relationships, product testing and packaging activities.

Prior to joining Avago in 2009, he was the Senior Vice President of worldwide operations at Xilinx Inc (2003 to 2009), where he was responsible for all worldwide manufacturing operations. Prior to Xilinx Inc., he was the Vice President of Intel's Corporate Technology Group and Vice President of Intel's Systems Manufacturing Group (1976 to 2002). In that role, he led Intel's Systems Manufacturing Group's worldwide plant operations, and was responsible for managing the company's supply chain processes, inventory control and contract electronic manufacturers.

Rajendran Velayuthan, a Malaysian, aged 55 is our Independent Non-Executive Director. He graduated from the University of Malaya in 1977 with a Bachelor of Science Degree majoring in Physics and has 30 years experience in the electronics industry. He was the Chief Technical Officer for the Alif R&D Sdn Bhd from 2006 to 2010. Currently, does not hold any executive position in Alif R&D Sdn Bhd. In 2006, Alif R&D Sdn Bhd won the MSC-APICTA Award for "Best in Research and Development" where he was listed as an inventor for several granted and pending patents.

Oh Seong Lye, a Malaysian, aged 63, is our Independent Non-Executive Director. He was appointed to the Board of Insas Berhad on 18 March 2009. He is a London trained Chartered Accountant. He is also a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian of institute Accountants and a member of the Institute of Certified Public Accountants of Singapore. He graduated with a Master of Business Administration from United Business Institute, a Brussels-based business school in 2007. He worked for SGV-Kassim Chan from 1975 to 1976 and with Overseas Union Bank Ltd in 1977 before starting his accounting practice, Terence Oh & Associates (AF 0029) in 1978 and has been in public practice ever since. He was the Executive Chairman and International Liaison Partner when his partnership firms, Yusof, Oh & Siva (AF 0007) (1982-1986) and Harun, Oh & Wong (AF 0570) (1986-1992) were members of Horwath International until 1992. His firm was the external auditor and tax agents for two major banks, several other financial institutions and insurance companies and other substantial private enterprises. He had also personally undertaken large receivership and liquidation assignments, and conducted, together with foreign partners, market and financial feasibility studies for several organisations involved in the hospitality business and tourism industries. He was previously a Director of MWE Holdings Berhad and MESB Berhad, which are listed on the Main Market of Bursa Securities and was also a past Honorary Secretary-General of the Malaysian Association of Tour and Travel Agents and the founder/promoter and first Honorary Secretary of the Malaysian Association of Rubber Gloves Manufacturers.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Foo Kok Siew, a Malaysian, aged 50, is our Independent Non-Executive Director. He holds a Bachelor of Economics Degree from Monash University, Melbourne. He started his career as a Credit Analyst with Chase Manhattan Bank, Kuala Lumpur in year 1985 before being involved in Corporate Finance activities for the Bank's clients in Malaysia and Indonesia.

During his past employment, he held positions with various corporations such as the Second Vice President of Chase Manhattan Bank, Kuala Lumpur (1985 to 1992), Director of Corporate Finance at Carr Indosuez Asia Limited, Hong Kong, a wholly-owned subsidiary of Banque Indosuez (1992 to 1995), Executive Director of Insas Berhad (1995 to 1999), Executive Director of HLG Capital Berhad (1998), Managing Director of Platinum Capital Sdn Bhd (1999 to 2001), Non-Independent Executive Director and Chief Executive Officer of Kejora Harta Berhad (2001 to 2003), Chief Executive Director of Alliance Investment Bank Berhad (2004 to 2006), Director and Chief Executive Officer of Platinum Equity Partners Sdn Bhd (since 2006) and Independent Non-Executive Director of Hiap Teck Venture Berhad (2010).

8.2.3 Directors' Remuneration and Benefits

The aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group for the FYE 2010 and the financial year ending 30 June 2011 is as follows:

Director	FYE 2010 (RM)	Financial year ending 30 June 2011 (RM)
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	-	0 – 50,000
Dato' Thong Kok Khee	50,001-100,000	50,001-100,000
Dato' Wong Gian Kui	50,001-100,000	50,001-100,000
Dr Tan Seng Chuan	500,001-550,000	350,001-400,000
Ho Phon Guan	450,001-500,000	350,001-400,000
Mai Mang Lee	450,001-500,000	350,001-400,000
Tan Lee Pang s/o Hum Beng	450,001-500,000	350,001-400,000
Ooi Boon Chye	-	-
Rajendran Velayuthan	-	0 – 50,000
Oh Seong Lye	-	0 – 50,000
Foo Kok Siew	-	0 – 50,000

The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits of our Directors, must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.2.4 Board Practices/Directors' Terms of office

According to our Articles of Association, all the Directors shall retire from office at the first Annual General Meeting and at each subsequent Annual General Meeting, one-third of the Directors for the time being, or, if their number is not three (3), or a multiple of three (3), then the number nearest to one-third (1/3) with a minimum of one (1) shall retire from office and be eligible for re-election. Accordingly, all our Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. An election of Directors shall take place each year.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next Annual General Meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

In connection thereto, all the Directors shall retire from office at the first Annual General Meeting and shall then be eligible for re-election.

All our Directors were only appointed to the Board on 21 September 2010 and have served for less than one year as at the date of this Prospectus.

8.3 Relevant Committees

8.3.1 Audit Committee

The main functions of the Audit Committee include the following:-

(a) to review with the auditors the nature and scope of the audit plans, their audit reports, major findings and their evaluations of our accounting system and internal controls;

(b) to review our quarterly and annual financial statements before submission to our Board, focusing in particular on any change in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standards and other regulatory or legal requirements;

(c) to consider the appointment and reappointment of the external auditors and matters relating to their resignation;

(d) to review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;

(e) to review the assistance given by us or our employees to the auditors; and

(f) to perform such other functions as may be requested by our Board.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

The members of the Audit Committee are as follows:-

Name	Designation	Directorship
Foo Kok Siew	Chairman	Independent Non-Executive Chairman
Rajendran Velayuthan	Member	Independent Non-Executive Director
Oh Seong Lye	Member	Independent Non-Executive Director

8.3.2 Remuneration Committee

The main functions of the Remuneration Committee include the following:-

(a) providing assistance to our Board in determining the remuneration of Directors and certain senior management personnel;

(b) providing assistance to our Board in discharging responsibilities relating to, amongst others, compensation strategy, management development and other compensation arrangements; and

(c) ensuring corporate accountability and governance in respect of our Board remuneration and compensation functions.

The members of the Remuneration Committee are as follows:-

Name	Designation	Directorship
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	Chairman	Independent Non-Executive Chairman
Dr Tan Seng Chuan	Member	Managing Director
Oh Seong Lye	Member	Independent Non-Executive Director

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.3.3 Nomination Committee

The main functions of the Nomination Committee include the following:-

(a) identifying and recommending to our Board, candidates for directorships of our Company and Directors as members of the relevant Board committees;

(b) evaluating the effectiveness of our Board and the relevant Board committees; and

(c) ensuring an appropriate framework and succession planning for our Board.

The members of the Nomination Committee are as follows:-

Name	Designation	Directorship
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	Chairman	Independent Non-Executive Chairman
Dato' Thong Kok Khee	Member	Non-Independent Non-Executive Director
Oh Seong Lye	Member	Independent Non-Executive Director

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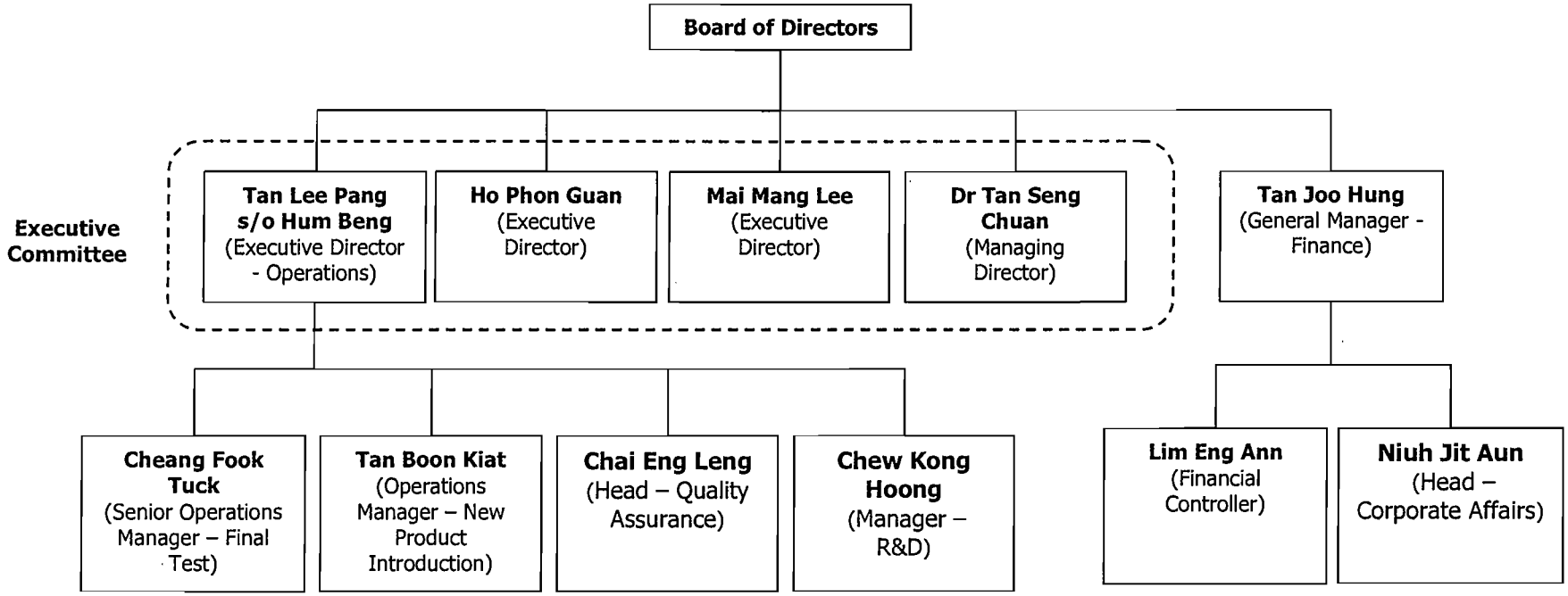
8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.4 Key Management Personnel

8.4.1 Management Structure



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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

The responsibilities of the Executive Committee is to manage the business, financial performance and strategy of our Group and to make decisions on behalf of the Board where permitted.

The salient terms of reference of the Executive Committee are set out below:

(i) To review our operations, business and financial performance on a fortnightly basis;

(ii) To raise and resolve in a timely manner normal operational and extraordinary business issues affecting our Group which cannot be resolved by our management;

(iii) To discuss business strategies and plans to be recommended to our Board, and to consider and if thought fit, to approve business development projects and expansion plan;

(iv) To review specific human resource policies (after consultation with our management where appropriate).

(v) To approve or to make recommendations on introduction of new products and processes which are complementary to our existing business and the introduction of new designs;

(vi) To make recommendations on the formulation and implementation of long-term strategies, business plans and an operational plans for our Group;

(vii) To review and recommend changes in the overall organisational structure of our Group; and

(viii) To approve the establishment of bank accounts and to approve or recommend the acceptance of credit facilities or the creation of any encumbrance over the assets of our Group.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.4.2 Shareholdings

The direct and indirect interests of our key management and technical personnel in our Company before and after the IPO are as follows:

		<---------- Before IPO --------->				<---------- After IPO ^---------->			
		<-- Direct -- >		< --Indirect-- >		<-- Direct -- >		< --Indirect-- >	
Name	Designation/ Nationality	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Dr Tan Seng Chuan	Managing Director/ Malaysian	-	-	-	-	90,000	0.03	-	-
Ho Phon Guan	Executive Director/ Malaysian	38,191,043	15.36	-	-	38,191,043	11.52	-	-
Mai Mang Lee	Executive Director/ Malaysian	-	-	68,341,867	*27.49	-	-	68,341,867	*20.61
Tan Lee Pang s/o Hum Beng	Executive Director/ Singaporean	-	-	68,341,867	*27.49	-	-	68,341,867	*20.61
Tan Joo Hung	General Manager – Finance/ Malaysian	-	-	-	-	300,000	0.09	-	-
Tan Boon Kiat	Operations Manager – New Product Introduction/ Malaysian	-	-	-	-	200,000	0.06	-	-
Lim Eng Ann	Financial Controller/ Malaysian	-	-	-	-	160,000	0.05	-	-
Cheang Fook Tuck	Senior Operations Manager – Final Test/ Malaysian	-	-	-	-	160,000	0.05	-	-
Chai Eng Leng	Head – Quality Assurance/ Malaysian	-	-	-	-	-	-	-	-
Niuh Jit Aun	Head – Corporate Affairs/ Malaysian	-	-	-	-	-	-	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Designation/ Nationality	<---------- Before IPO ---------> <-- Direct -- > No. of Shares held	%	< --Indirect-- > No. of Shares held	%	<---------- After IPO ^----------> <-- Direct -- > No. of Shares held	%	< --Indirect-- > No. of Shares held	%
Chew Kong Hoong	Manager – R&D/ Malaysian	-	-	-	-	-	-	-	-

Notes:

^ *Assuming all the Pink Form Allocations are fully subscribed by the eligible Directors and employees.*

* *Deemed interest by virtue of his substantial shareholding in Macronion pursuant to Section 6A of the Act.*

8.4.3 Profile

Save for the profiles of our Directors, which are disclosed in Section 8.2.2 of this Prospectus, the profiles of the other key management and technical personnel of our Group are as follows:

Tan Joo Hung, a Malaysian, aged 42, is the General Manager - Finance of our Group. He earned his Bachelor of Commerce Degree (Majoring in Accounting) from the Nelson Marlborough Institute of Technology, New Zealand. He joined Inari Technology on April 2007 and is responsible for the finance and costing, human resources, logistic and administration operations of our Group. He has a wide knowledge in corporate policies making and corporate strategy planning in both electronics and semiconductor industries. He was also involved in several business mergers and acquisitions of businesses involved in electric power converter manufacturing, Cathode Ray Tube (CRT) monitor manufacturing and SMT services in Taiwan, Indonesia and the People's Republic of China. Prior to joining Inari Technology, he was the Financial Controller in Polar Twin Advance (M) Sdn Bhd for more than six (6) years. He has more than 15 years working experience in the semiconductor industry and has held various senior financial management positions in companies involved in the semiconductor industry.

Tan Boon Kiat, a Malaysian, aged 44, is the Operations Manager – New Product Introduction of our Group. He graduated with a Bachelor of Engineering Degree (Hons) in Mechanical Engineering from Teesside University of Middlesborough, UK in 1992. He started his career with AMD Semiconductor Inc as a Process Engineer in 1992 and joined the Hewlett Packard group in 1996 and was promoted to Equipment Section manager in 1997. He held the Production and Engineering Manager posts in Agilent Technologies (M) Sdn Bhd and Avago Malaysia from year 2000 to 2007. Mr Tan has accumulated extensive experience in IC/RF semiconductor assembly, wafer sort and final testing while attached to MNCs in Penang for the past 16 years. He joined Inari Technology on 10 December 2007.

Lim Eng Ann, a Malaysian, aged 46, is the Financial Controller of our Group. He joined Inari Technology in March 2009 and is responsible for the accounts and finance operations of Inari Technology. He graduated with a Diploma in Management Accounting from Tunku Abdul Rahman College, Malaysia in 1989. He is an associate member of Chartered Institute of Management Accountants, UK and presently a member of the Malaysia Institute of Accountants. He has more than 21 years experience in the accounting field. Prior to joining Inari Technology in 2009, he has held various management positions in several MNCs over the last 21 years, including Mizuno (China) Corporation, Teleplan Technology Services Sdn Bhd and Solectron Malaysia Sdn Bhd.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Cheang Fook Tuck, a Malaysian, aged 50, is the Senior Operations Manager – Final Test of our Group. Mr Cheang joined Inari Technology in October 2009 and is responsible for the overall Final Test division. He graduated with a Diploma in Electronic Engineering from the Federal Institute of Technology, Malaysia in 1982. He has more than 26 years experience in semiconductor manufacturing and operations. Prior joining Inari Technology, Mr. Cheang has held various management and technical positions in several MNCs over the last 24 years, including Carsem (M) Sdn Bhd and Integrated Device Technology (M) Sdn Bhd. His experience covers front-end and back-end final testing, wafer probing production, failure analysis and many other semiconductor related processes.

Chai Eng Leng, a Malaysian, aged 46, is the Head – Quality Assurance of our Group. Mr Chai joined Inari Technology in March 2011 and is responsible for the overall QMS of Inari Technology. He graduated with a Degree in Science from the National University of Singapore in 1989. Prior joining Inari Technology, Mr Chai has held various management and technical positions in several MNCs over the last 20 years, including Entegris (M) Sdn Bhd, Applied Materials (AMAT) South-East Asia, Chartered Semiconductor Singapore and Seagate(Recording Media Operations) Singapore. He has more than 20 years experience in disk media and semiconductor manufacturing and operations. Mr Chai is a certified Six Sigma Black Belt professional (certified by the Six Sigma Academy) and has led numerous quality improvement projects utilising the Six Sigma methodology.

Niuh Jit Aun, a Malaysian, age 39, is Head - Corporate Affairs for our Group. Mr Niuh joined Inari in April 2011 and is responsible for the Group's corporate affairs, which include the Group's strategic planning and investor relations functions. He graduated from the University of Kentucky, the US, with a Bachelor of Science in Electrical Engineering in 1996 and obtained his Executive Master of Science in Finance from the City University of New York, the US, in 2006. He started his career in 1996 as a Senior Officer in the Corporate Banking Department of Overseas Union Bank (Malaysia) Berhad, the Malaysian subsidiary of Overseas Union Bank Limited, a Singapore-based banking group. In 2004, he joined AmInvestment Bank Berhad as a Manager in the Corporate Services Department which oversaw the corporate planning functions of the AmBank Group. Prior to joining Inari, he was employed by EON Bank Berhad as a Senior Manager in the Bank's Strategic Planning Department.

Chew Kong Hoong, a Malaysian, aged 45, is the Manager – R&D of our Group. Mr Chew joined Inari Technology in October 2010 and is responsible for our R&D division. He graduated with a Bachelor Degree in Industrial Technology from University Science Malaysia (Universiti Sains Malaysia) in 1991. He has 5 years experience in semiconductor assembly process engineering and more than 12 years experience in semiconductor R&D process and package development. Prior to joining Inari Technology, Mr Chew has held various management and technical positions in several MNCs and semiconductor industry over the last 20 years, including AMD (M) Sdn Bhd, AIC semiconductor Sdn Bhd and Avago Technology (M) Sdn Bhd. His experience covers R&D in semiconductor process and package development, front-end and back-end semiconductor assembly, organic and ceramic substrate development and Finite Element Analysis (FEA) in semiconductor packages.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.5 Principal Activities Performed Outside our Group

Save as disclosed below, none of our Directors has any directorship and/or business activities performed outside our Group at present and in the past five (5) years up to the LPD.

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	Insas Berhad	Investment holding and provision of management services	-	Independent Non-Executive Director
	Insas Pacific Rent-A-Car Sdn Bhd	Car rental services	-	Non-Executive Director
	Xotapoint Sdn Bhd	Provision of sales and services for mobile wireless and fixed line broadband solutions and devices and related peripherals, provision of voice call, data and multimedia products and services and provision of smartcard software and system integration	-	Non-Executive Director
	Premium Realty Sdn Bhd	Dormant	-	Non-Executive Director
	Landasan Sinar Sdn Bhd	Investment holding	-	Non-Executive Director
	T.A.S Industries Sdn Bhd	Investment holding	-	Executive Director
	Firmar Plastic Industries Sdn Bhd	Plastic products manufacturer	-	Chairman
	JB Point Sendirian Berhad	Dormant	-	Director
	T.A.S Construction Sdn Bhd	Dormant	-	Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	T.A.S Kurnia Sdn Bhd	Investment holding	-	Alternate Director
	T.A.S Leisure Sdn Bhd	Restaurant business	-	Chairman
	T.A.S-Vest Sdn Bhd	Restaurant business	-	Chairman
	Transmission Mewah Sdn Bhd	Construction business	-	Director
	Tindakan Mewah Sdn Bhd	Construction business	-	Chairman
	Takas Supply & Resources Sdn Bhd	Oil & gas industry service provider	-	Director
	Takas Great Sdn Bhd	Mining services	-	Director
	Jelam Resources Sdn Bhd	Dormant	-	Director
	Regal Shine Sdn Bhd	General trading, land & property investment, investment holding	-	Director
	Hipeace Sdn Bhd	Dormant	-	Director
	Central Water Management & Technology Sdn Bhd	Dormant	-	Director
	Institute Tengku Ampuan Afzan	Community, social and personal services	-	Director
	Totalspread Sdn Bhd	Planters, poultry farmers and general merchant	-	Director
	Selesa Health Farm Sdn Bhd	Golf Club, health farm and resort operations	-	Director
	Anugerah Kembara Sdn Bhd	Dormant	-	Director
	Selintang Makmur Sdn Bhd	Dormant	-	Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Warna Vista Sdn Bhd	Records and cassettes selling	-	Director
	Westfield Sdn Bhd	Real Estate Operations	-	Director
Dato' Thong Kok Khee	Insas Berhad	Investment holding and provision of management services	- ^	Executive Deputy Chairman cum CEO
	Insas Credit and Leasing Sdn Bhd	Credit, leasing and other related financing activities	-	Executive Director
	Insas Plaza Sdn Bhd	Investment holding, investment trading and property trading/property investment	-	Executive Director
	M & A Capital Corporation Sdn Bhd (In Liquidation)	Investment holding	-	Non-Executive Director
	M & A Futures Sdn Bhd	Futures broking	-	Non-Executive Director
	Cellar One Sdn Bhd	Wine merchant	-	Executive Director
	Kesan Mawar Sdn Bhd	Investment holding	-	Executive Director
	Segar Raya Development Sdn Bhd	Real property and housing developer	-	Non-Executive Director
	Premium Yield Sdn Bhd	Investment holding	-	Non-Executive Director
	Insas Property Management Sdn Bhd	Property and Project Management	-	Non-Executive Director
	Lifestyle Foods Sdn Bhd	Operating Foods and Beverages Restaurant	-	Non-Executive Director
	Melium Aseana Sdn Bhd	Trading of Asian made products	-	Non-Executive Director
	Magxo Sdn Bhd	Mobile virtual network operations	-	Non-Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Gleneagles Medical Centre (Kuala Lumpur) Sdn Bhd	Development and investment in medical centres	-	Non-Executive Director
	Immobilaire Holdings Sdn Bhd	Investment holding	-	Executive Director
	Baktihan Sdn Bhd	Property development	-	Executive Director
	Metro Sierra Sdn Bhd	Housing developers	-	Non-Executive Director
	Insas Mobile Sdn Bhd	Dormant	-	Non-Executive Director
	Good Life Foods Sdn Bhd	Restaurant operator	-	Non-Executive Director
	Insas Properties Sdn Bhd	Investment holding and property investment	-	Non-Executive Director
	Melium Holdings Sdn Bhd	Investment holding	-	Non-Executive Director
	Parkfair Development Sdn Bhd	Property and project management	-	Non-Executive Director
	Hastanas Development Sdn Bhd	Property development	-	Non-Executive Director
	Melium Sdn Bhd	Retailing high fashion product	-	Non-Executive Director
	Insas Pacific Rent-A-Car Sdn Bhd	Car rental services	-	Executive Director
	Valencia Homes Sdn Bhd	Property development	-	Non-Executive Director
	Dome Cafe Sdn Bhd	Restaurant operator	-	Non-Executive Director
	Insas Construction Sdn Bhd	Construction, landscaping, renovation and other related works	-	Non-Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Insas Technology Berhad	Investment holding, provision of information technology consultancy services, provision of management services and trading of electronic and telecommunication related products	-	Non-Executive Director
	Winfields Development Sdn Bhd	Investment holding and rental of properties	-	Executive Director
	Cool Inspirations Sdn Bhd	Dormant	-	Non-Executive Director
	J & C Pacific Sdn Bhd	Provision of total communication services, solutions and products	-	Non-Executive Director
	Taren Capital Corporation Sdn Bhd (In Members' Voluntary Winding Up)	Investment Trading	-	Non-Executive Director
	Gleneagles Hospital (Kuala Lumpur) Sdn Bhd	Investment and management of a private hospital	-	Non-Executive Director
	Academy of Nursing (M) Sdn Bhd	Provision of educational programmes and training courses for healthcare and related fields	-	Non-Executive Director
	M&A Securities (HK) Ltd	Provision of stock broking services	-	Non-Executive Director
	Montego (S) Pte Ltd	Investment holding, investment trading and investment and rental of properties	-	Non-Executive Director
	Southgroup Investment Limited	Investment holding	-	Non-Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Montego Assets Limited	Investment holding and trading	-	Non-Executive Director
	Pan Asian Asset Inc	Investment trading	-	Non-Executive Director
	M&A Financial Services Inc	Investment holding and provision of credit and related financing activities	-	Non-Executive Director
	Brickfields Properties Pty Ltd	Property development	-	Non-Executive Director
	Insas Technology Pte Ltd	Investment holding	-	Non-Executive Director
	Micromodule Pte Ltd	Design, manufacture, distribute, sales, maintenance and other supporting activities related to manufacture of equipment, sub assemblies semi and finished products for all type of semiconductor products and equipment	-	Non-Executive Director
	Langdale E3 Pte Ltd	Provision telecommunication services such as voice over internet protocol (VOIP) services, electronic components sourcing and distribution and sale of routs and modems for wireless and broadband network	-	Non-Executive Director
	Inter-Capital Holding Pte Ltd	Investment holding and trading in shares, stocks and other financial instruments	-	Non-Executive Director
	Inter-Capital Investment Pte Ltd	Investment holding and trading in shares, stocks and other financial instruments	-	Non-Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Jackpine Investments Limited	Share dealing	-	Non-Executive Director
	Asian Atlantic Holdings Ltd	Investment holding and share trading	-	Non-Executive Director
	M&A Investment International Limited	Investment holdings and share dealing	-	Non-Executive Director
	Richmond Limited	Investment holding	-	Non-Executive Director
	Worldwide Corporation (HK) Limited	Investment holding	-	Non-Executive Director
	Winfields Development Pte Ltd	Property investment, rental of properties, investment holdings and trading of shares, bonds and other financial instruments	-	Executive Director
	M&A Investment Pte Ltd	Investment holding and trading in shares, stocks and other financial instruments	-	Non-Executive Director
	M&A Capital Corporation Pte Ltd	Investment holding and trading in shares, stocks and other related financial instruments	-	Non-Executive Director
	Morricone Pte Ltd	Investment holding	-	Non-Executive Director
	Dufield Pte Ltd	Investment holding company		Non-Executive Director
	Portworth Pte Ltd	Investment holding	-	Non-Executive Director
	Jackpine (Singapore) Pte Ltd	Investment holding and trading		Non-Executive Director
	Immobillaire Holdings Pte Ltd	Investment trading	-	Non-Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
Dato' Wong Gian Kui	Insas Berhad	Investment holding and provision of management services	-	Non-Independent Non-Executive Director
	Teraju Usaha Sdn Bhd	Provision of consultancy and advisory services	-	Non-Executive Director
	Insas Credit and Leasing Sdn Bhd	Credit, leasing and other related financing activities	-	Executive Director
	Insas Corporate Services Sdn Bhd	Provision of management services	-	Non-Executive Director
	Insas Plaza Sdn Bhd	Investment holdings, invetment trading and property trading/property investment	-	Executive Director
	Diffusion Fashions Sdn Bhd	Retailer of shoes, handbags and belts activities	-	Non-Executive Director
	Advance Pacific Sdn Bhd	Trading securities and investment holdings	-	Non-Executive Director
	Maxcourt Enterprise Sdn Bhd	Investment holdings and trading in securities	-	Non-Executive Director
	M & A Capital Corporation Sdn Bhd (In Liquidation)	Investment holding	-	Non-Executive Director
	Dasar Perwira Sdn Bhd	Trading in quoted securities and investment holding	-	Non-Executive Director
	M & A Futures Sdn Bhd	Futures broking	-	Non-Executive Director
	Cafe One Sdn Bhd	Investment holding	-	Non-Executive Director
	Landasan Sinar Sdn Bhd	Investment holding	-	Non-Executive Director
	Segar Raya Development Sdn Bhd	Real property and housing developer	-	Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Premium Yield Sdn Bhd	Investment holding	-	Non-Executive Director
	Insas Property Management Sdn Bhd	Property and project management	-	Executive Director
	Melium Aseana Sdn Bhd	Trading of Asian made products	-	Non-Executive Director
	Magxo Sdn Bhd	Mobile virtual network operations	-	Non-Executive Director
	Delta Crest (M) Sdn Bhd	Property Investment	-	Director
	True Acres Sdn Bhd	Dormant	-	Director
	Sengenics Sdn Bhd	Provide microarray products and associated services for cutting-edge genetic-based research and clinical diagnostics	-	Non-Executive Director
	J & C Pacific Sdn Bhd	Provision of total communication services, solutions and products	-	Non-Executive Director
	Gleneagles Medical Centre (KL) Sdn Bhd	Development and investment in medical centre	-	Non-Executive Director
	Tanda Perwira Sdn Bhd	Investment holding	-	Non-Executive Director
	Noble Builders Sdn Bhd	Dormant	-	Non-Executive Director
	Gryphon Asset Management Sdn Bhd	Fund management and investment holding	-	Non-Executive Director
	Premium Realty Sdn Bhd	Dormant	-	Non-Executive Director
	Metro Sierra Sdn Bhd	Housing developers	-	Executive Director
	Insas Mobile Sdn Bhd	Dormant	-	Non-Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Insas Properties Sdn Bhd	Investment holding and property investment	-	Executive Director
	Island Cafe Sdn Bhd	Restaurant operator	-	Non-Executive Director
	Melium Holdings Sdn Bhd	Investment holding	-	Non-Executive Director
	Parkfair Development Sdn Bhd	Property and project management	-	Non-Executive Director
	Hastanas Development Sdn Bhd	Property development	-	Executive Director
	Vigtech Labs Sdn Bhd	Design and development of software and web applications and provision of communication and networking services	-	Non-Executive Director
	Insas Pacific Rent -A-Car Sdn Bhd	Car rental services	-	Non-Executive Director
	Melium Sdn Bhd	Retailing high fashion products	-	Non-Executive Director
	Valencia Homes Sdn Bhd	Property development	-	Executive Director
	Dome Cafe Sdn Bhd	Restaurant operator	-	Non-Executive Director
	M&A Securities Sdn Bhd	Stockbroking	-	Non-Independent Non-Executive Director
	Fancy Connections Sdn Bhd	Retailer of high fashion products	-	Non-Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Insas Technology Berhad	Investment holding, provision of information technology consultancy services, provision of management services and trading of electronic and telecommunication related products	-	Non-Executive Director
	Dellmax Harvest Sdn Bhd	Dormant	-	Non-Executive Director
	Winfields Development Sdn Bhd	Investment holding and rental of properties	-	Non-Executive Director
	Gleneagles Hospital (Kuala Lumpur) Sdn Bhd	Investment and management of a private hospital	-	Non-Executive Director
	Academy of Nursing (M) Sdn Bhd	Provision of educational programs and training courses for healthcare and related fields	-	Non-Executive Director
	Fadason Holdings Sdn Bhd	Housing developer		Director
	Arasjati Holdings Sdn Bhd	Property development		Director
	M&A Securities (HK) Limited	Stockbroking	-	Non-Executive Director
	Montego (S) Pte Ltd	Investment holding, investment trading and investment and rental of properties	-	Non-Executive Director
	Southgroup Investment Limited	Investment holding	-	Non-Executive Director
	Montego Asset Limited	Investment holding and trading	-	Non-Executive Director
	Pan Asian Asset Inc	Investment trading	-	Non-Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	M&A Financial Services Inc	Investment holding & provision of credit & related financing activities	-	Non-Executive Director
	Media Lang Ltd	Sale of multimedia & electronic products	-	Non-Executive Director
	Insas Technology Pte Ltd	Investment holding	-	Non-Executive Director
	Micromodule Pte Ltd	Design, manufacture, distribute, sales, maintenance and other supporting activities related to manufacture of equipment, sub assemblies semi and finished products for all type of semiconductor products and equipment	-	Non-Executive Director
	Langdale E3 Pte Ltd	Provision of telecommunication services	-	Non-Executive Director
	Inter-Capital Holdings Pte Ltd	Investment holding and trading in shares, stocks and other financial instruments	-	Non-Executive Director
	Inter-Capital Investments Pte Ltd	Investment holding and trading in shares, stocks and other financial instruments	-	Non-Executive Director
	Jackpine Investments Limited	Shares dealing	-	Non-Executive Director
	Asian Atlantic Holding Limited	Investment holding and shares trading	-	Non-Executive Director
	M&A Investment International Limited	Investment holding and shares trading	-	Non-Executive Director
	Richmond Limited	Investment holding	-	Non-Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Worldwide Corporation (HK) Limited	Investment holding	-	Non-Executive Director
	Winfields Development Pte Ltd	Property investment, investment holding, rental of properties and trading of shares, bonds and other financial instruments	-	Non-Executive Director
	Brickfields Properties Pty Ltd	Dormant	-	Non-Executive Director
	Brickfields Management Pty Ltd	Financial management	-	Non-Executive Director
	M&A Investment Pte Ltd	Investment holding and trading in shares, stocks and other financial instruments	-	Non-Executive Director
	M&A Capital Corporation Pte Ltd	Investment holding and trading in shares, stocks and other financial instruments	-	Non-Executive Director
	Morricone Pte Ltd	Investment holding	-	Non-Executive Director
	Dufield Pte Ltd	Investment holding		Non-Executive Director
	Portworth Pte Ltd	Investment holding	-	Non-Executive Director
	Jackpine (Singapore) Pte Ltd	Investment holding		Non-Executive Director
	VCM Technology S'pore (Pte) Ltd	Manufacturers and dealers in computers, computer components and peripherals equipment	-	Non-Executive Director
Dr Tan Seng Chuan	Insas Berhad	Investment holding and provision of management services	-	Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Insas Mobile Sdn Bhd	Dormant	-	Managing Director
	Insas Pacific Rent-A-Car Sdn Bhd	Rental of cars	-	Non-Executive Director
	Insas Technology Berhad	Investment holding, provision of consultancy services and management services	-	Managing Director
	Langdale System Sdn Bhd	Computer trading and software consultation	-	Managing Director
	Magxo Sdn Bhd	Mobile virtual network operations	-	Managing Director
	Premium Realty Sdn Bhd	Dormant	-	Non-Executive Director
	Vigsys Sdn Bhd	Manufacturing and distribution of mobile wireless and fixed line broadband solution, devices and related peripherals	-	Managing Director
	Xotapoint Sdn Bhd	Provision of sales and services for mobile wireless and fixed line broadband solutions and devices and related peripherals, provision of voice call, data and multimedia products and services and provision of smartcard software and system integration	-	Managing Director
	Xota Communications Sdn Bhd	Provision of information technology consultancy services and voice call services and related products	-	Managing Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Sengenics Sdn Bhd	Provide microarray products and associated services for cutting-edge genetic-based research and clinical diagnostics	-	Non-Executive Director
	J & C Pacific Sdn Bhd	Provision of total communication services, solutions and products	-	Non-Executive Director
	RPSE Sdn Bhd	Other iron and steel industries	-	Director
	Silikon Sdn Bhd	General trading	-	Director
	Telemoney Sdn Bhd	Dormant	-	Director
	Vigcashlimited LLC	Dormant	-	Director
	Insas Technology Pte Ltd	Investment holding	-	Executive Director
	Micromodule Pte Ltd	Smartcard manufacturer	-	Director
	Langdale E3 Pte Ltd	Telecommunication services and electronic components sourcing, sale of broadband products and related peripherals	-	Executive Director
	Roset Limousine Services Pte Ltd	Limousine services	-	Non-Executive Director
	Winfields Development Pte Ltd	Property investment, investment holding, rental of properties and trading of shares, bonds and other financial instruments	-	Non-Executive Director
Ho Phon Guan	Macronion	Trading in machinery and equipment	-	-
	CeedTec Sdn Bhd	Electronic design services	-	Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	CeedTec Technology Sdn Bhd	Original design manufacturer	-	Director
	Mywave Sdn Bhd	Software development	-	Director
	GL Scientific Sdn Bhd	General trading	-	Director
Mai Mang Lee	Macronion	Trading in machinery and equipment	-	Director
	Akey Sdn Bhd	Construction and trading	-	Director
	Datamac Engineering Sdn Bhd	Dormant	-	Director
	Datamac Sdn Bhd	Electronics trading	-	Director
Tan Lee Pang s/o Hum Beng	Macronion	Trading in machinery and equipment	-	Director
	Aterm Electronics Sdn Bhd	Dormant	-	Director
Ooi Boon Chye	PMC Sierra Malaysia Sdn Bhd	Semiconductor provider for networking	-	Director
	Avago Malaysia	Manufacturing and assembly of semiconductor devices	-	Managing Director
Rajendran Velayuthan	Alif R&D Sdn Bhd	Research and design of telecommunication systems	-	Director
Oh Seong Lye *	Insas Berhad	Investment holding and provision of management services	-	Independent Non-Executive Director
	Mutiara Hati Sdn Bhd	Property Investment	-	Non-Executive Director
	Pansamson Travel & Tour Sdn Bhd	Travel and tours agency	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Name	Company	Principal activities	Involvement other than as a Director and/or shareholder (either past or present)	Position Held
	Genting Melati Sdn Bhd	Dormant	-	Non-Executive Director
	Ace Vision Comm Sdn Bhd	Provision of mobile telecommunication, network activities and services	-	-
Foo Kok Siew	Platinum Equity Partners Sdn Bhd	Investment holding	-	Managing Director
	Hiap Teck Venture Berhad	Investment and property holdings	-	Independent Non-Executive Director
	Platinum Retail Sdn Bhd	Retail operations	-	Director
	Platinum Capital Sdn Bhd	Investment holding	-	Director
	Multiswift Sdn Bhd	Investment holding	-	Director

Notes:

* *The financial statements of Simfoni for the FPE 2007 and FYE 2008 was audited by Messrs Terence Oh & Associates, a firm owned by Oh Seong Lye. Simfoni was acquired by Insas Technology on 21 July 2008 and at the point of acquisition, Simfoni has not commenced any operations.*

Subsequent to the acquisition of Simfoni by Insas Technology on 21 July 2008, the financial statements of Simfoni for FYE 2009 and FYE 2010 were audited by Messrs Grant Thornton.

^ *Pursuant to Section 6A of the Act, Dato' Thong Kok Kee is also deemed to have an interest in all equity holdings held by Insas Berhad in all other companies (including its subsidiaries and associates).*

Involvement in other business activities outside our Group by our Directors may give rise to a conflict of interest situation with our business. On matters or transactions requiring the approval of our Board, Directors who are deemed interested or conflicted in such matters shall be required to abstain from deliberations and voting on the resolutions relating to these matters or transactions. Their involvement in other business activities is not expected to affect their contributions and responsibilities to our Group.

8.6 Involvement of Executive Directors and Key Management Personnel

The involvement of our Executive Directors in other principal business activities is set out in Section 8.5 of this Prospectus.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

As at the LPD, none of our key management personnel are involved in any other principal business activities.

8.7 Relationships or Associations

Save as disclosed below, there is no family relationship or association between our Promoters, substantial shareholders, Directors and key management personnel:

(i) Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP, Dato' Thong Kok Khee, Dato' Wong Gian Kui, Dr Tan Seng Chuan and Oh Seong Lye are Directors of Insas Berhad, the holding company of Insas Technology, a Promoter and substantial shareholder of Inari.

(ii) Mai Mang Lee and Tan Lee Pang s/o Hum Beng are Directors and shareholders of Macronion, a Promoter and substantial shareholder of Inari.

(iii) Ooi Boon Chye is the Director of Avago Malaysia, a substantial shareholder of Inari.

8.8 Service Agreements

There are no existing or proposed service agreements between the companies within our Group and our Directors or key management personnel.

8.9 Declarations from the Promoters, Directors and Key Management Personnel

As at the LPD, none of our Promoters, Directors or key management personnel is or has been involved in any of the following events (whether in or outside Malaysia):-

(a) a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel (save for our Directors namely, Dato' Thong Kok Khee and Dato' Wong Gian Kui who are also Directors of M & A Capital Corporation Sdn Bhd which is undergoing liquidation);

(b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(d) any judgment that was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(e) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.10 Benefits Paid or Intended to be Paid

Save for the salaries, bonuses, allowances and dividend, there have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.

9. APPROVALS AND CONDITIONS

9.1 Approvals and Conditions

9.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 23 February 2011, approved our admission to the Official List of the ACE Market and the listing of and quotation for the entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities.

The approval from Bursa Securities was subjected to the following conditions:

No.	Details of conditions imposed	Status of compliance
(i)	For properties identified as Lot 12361 and 17331, Mukim 12, district of Barat Daya, Penang (No. 5, Hilir Sungai Keluang 3, Bayan Lepas Free Industrial Zone Phase 4, 11900 Bayan Lepas, Penang), Inari is required to: (a) Rectify the following unapproved structures erected on the subject property within twelve (12) months from the date of this letter: (i) Second floor extension on the detached factory; (ii) Side covered passageway; (iii) Waste disposal store; and (iv) Lean-to sheds; (b) Make half yearly announcements on the status of the above rectifications;	To be complied.
(ii)	Submission of the following information in respect of the moratorium on the shareholdings of promoters to Bursa Depository: (a) Name of shareholders; (b) Number of shares; and (c) Date of expiry of the moratorium for each block of shares;	Complied.
(iii)	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied.
(iv)	Make the relevant announcements pursuant to Rules 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied.
(v)	Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid-up share capital of Inari on the first day of listing;	To be complied.

9. APPROVALS AND CONDITIONS

No.	Details of conditions imposed	Status of compliance
(vi)	Any directors of the Company that have not attended the Mandatory Accreditation Programme, must do so prior to listing of the Company; and	Noted.
(vii)	Inari to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission is completed.	To be complied.

9.1.2 SC

The SC had, vide its letter dated 28 October 2010, informed that they have no objection on our application under the equity requirement for public companies for our Listing.

The approval from the SC was subjected to the following conditions:

No.	Details of conditions imposed	Status of compliance
(i)	Inari is to allocate 36,460,000 new Shares to Bumiputera public investors to be recognised by MITI, upon listing on the ACE Market. In the event that Inari/MITI is unable to allocate the Shares to potential Bumiputera investors, the unsubscribed Shares shall be offered to Bumiputera public investors via balloting;	Complied.
(ii)	Inari is to allocate 10,000,000 new Shares to public investors, of which 5,000,000 Shares will be allocated to Bumiputera public investors via balloting; and	Complied.
(iii)	Inari/M&A Securities is required to inform the SC upon completion of the Listing.	To be complied.

The SC had vide its letter dated 30 November 2010 approved Inari's application seeking relief from disclosing certain salient terms of the manufacturing agreement dated 1 May 2010 entered into between Inari Technology and Avago Technologies as well as making the said terms available for public inspection. The said relief was approved in accordance with Section 235(3) of the CMSA.

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9. APPROVALS AND CONDITIONS

9.1.3 MITI

MITI had, vide its letter dated 14 April 2011, informed that they have no objection for Inari to implement the Proposed Listing subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(i)	Private placement of 62,614,000 new Shares at the IPO Price in the following manner: (a) 26,154,000 new Shares to identified investors; and (b) 36,460,000 new Shares to identified Bumiputera investors approved by MITI.	Noted.
(ii)	Public offering of 20,386,000 new Shares at the IPO Price in the following manner: (a) 10,000,000 new Shares made available to the Malaysian public whereby at least 50% or 5,000,000 new Shares will be issued to Bumiputera public investors via a Bumiputera public ballot; and (b) 10,386,000 new Shares will be issued to the eligible Directors, employees and persons who have contributed to the success of Inari.	Noted.
(iii)	Listing of the entire issued and paid-up share capital of Inari on the ACE Market comprising 331,608,700 Shares with a paid-up share capital of RM33,160,870. (a) subject to the approval of the SC.	Complied.

9.2 Moratorium on Shares

In accordance with Rule 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Promoters as follows:

(i) The moratorium applies to the entire shareholdings of our Promoters for a period of 6 months from the date of our admission to the ACE Market of Bursa Securities ("First 6-Month Moratorium");

(ii) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that the Promoters' aggregate shareholdings amounting to 45% of our issued and paid-up ordinary share capital remain under moratorium for a further 6 months ("Second 6-Month Moratorium"); and

(iii) On expiry of the Second 6-Month Moratorium, the Promoters may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of those Shares held under moratorium.

9. APPROVALS AND CONDITIONS

Details of our Promoters, who will be subject to the abovesaid moratorium are set out below:

	Moratorium shares during the First 6-Month Moratorium*		Moratorium shares during the Second 6-Month Moratorium	
Promoters	**No. of Shares**	**%**	**No. of Shares**	**%**
Insas Technology	109,512,900	33.00	75,752,705	22.83
Macronion	68,341,867	20.59	47,204,067	14.22
Ho Phon Guan	38,191,043	11.51	26,378,743	7.95
Total	**216,045,810**	**65.15**	**149,335,515**	**45.00**

The moratorium, which has been fully accepted by the abovementioned Promoters, is specifically endorsed on the share certificates representing their respective shareholdings which are under moratorium to ensure that our Company's share registrar does not register any transfer not in compliance with the restrictions imposed by Bursa Securities. In compliance with the restrictions, Bursa Depository will, on our share registrars' instructions in the prescribed forms, ensure that trading of these Shares are not permitted during the moratorium period.

Throughout the moratorium period, the shareholders of both Insas Technology (up to Insas Berhad) and Macronion (up to and including the ultimate individual shareholders) are not allowed to dispose their shareholdings in the said companies.

The endorsement affixed on the share certificates is as follows:

"The shares comprised herein are not capable of being sold, transferred or assigned for a period determined by Bursa Securities ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of the Bursa Securities during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

Note:

* *Dr Tan Seng Chuan, our Managing Director is also a Director of Insas Technology, our Promoter. Dr Tan has been allocated 90,000 Shares under the Pink Form Allocations. In the event he fully subscribes for the said allocation, the entire 90,000 Shares will also be subject to the First 6-Month Moratorium.*

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10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

10.1 Related Party Transactions

Save as disclosed below, there are no transactions, existing or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them which are significant in relation to the business of our Company and our subsidiary companies.

10.1.1 Non-Recurrent Related Party Transactions

Save as disclosed below, we have not entered into any non-recurrent related party transactions with our Directors, substantial shareholders, key management personnel and/or persons connected with them for FPE 2007, FYE 2008, FYE 2009, FYE 2010 and FPE 2011:-

				<--------- Value of transaction ---------->				
Transacting Parties	**Companies Within the Group**	**Interested Related Parties**	**Nature of Transaction**	**FPE 2007 RM'000**	**FYE 2008 RM'000**	**FYE 2009 RM'000**	**FYE 2010 RM'000**	**FPE 2011 RM'000**
Insas Technology	Inari Technology	Dato' Thong Kok Khee, Dato' Wong Gian Kui and Dr Tan Seng Chuan, the Directors of Inari are also Directors of Insas Technology. Dato' Thong Kok Khee is a substantial shareholder of Insas Berhad. By virtue of Dato' Thong Kok Khee's interest in the shares of Insas Berhad, he is also deemed interested in the shares of its related corporation to the extent that Insas Berhad has an interest under Section 6A the Act.	Advances from Insas Technology to Inari Technology for working capital and capital expenditure purposes. These advances carried interest rates at 6%, 10% and 8% per annum for FPE 2007, FYE 2008 and FYE 2009, respectively.	*5,250	*1,949	^2,601	-	-
			Interest expenses paid on advances from Insas Technology.	119	448	422	304	-
			Repayment of advances to Insas Technology by Inari Technology.	-	-	2,549	7,251	-
			Equipment lease rentals paid by Inari Technology to Insas Technology for the leasing of	-	-	961	1,545	543

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Transacting Parties	Companies Within the Group	Interested Related Parties	Nature of Transaction	<--------- Value of transaction ----------> FPE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000	FPE 2011 RM'000
			machineries. The equipment lease facility carried an interest rate at 4.28% per annum.					
			Interest expenses paid on equipment lease.	-	-	149	110	9
Macronion	Inari Technology	Ho Phon Guan, Mai Mang Lee and Tan Lee Pang s/o Hum Beng, the Directors and shareholders of Inari, are also the substantial shareholders of Macronion. Mai Mang Lee and Tan Lee Pang s/o Hum Beng are Directors of Macronion.	Advances from Macronion to Inari Technology for working capital and capital expenditure purposes. These advances carried interest rates at 10% and 8% per annum in FYE 2008 and FYE 2009, respectively.	-	*1,020	^1,734	-	-
			Interest expenses paid on advances from Macronion.	-	32	30	69	-
Ho Phon Guan	Inari Technology	Ho Phon Guan, a Director and shareholder of Inari, is also the substantial shareholder of Macronion.	Advances from Ho Phon Guan to Inari Technology for working capital and capital expenditure purposes. These advances carried interest rates at 10% and 8% per annum in FYEs 2008 and 2009	-	*450	^765	-	-

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Transacting Parties	Companies Within the Group	Interested Related Parties	Nature of Transaction	<--------- Value of transaction ----------> FPE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000	FPE 2011 RM'000
			respectively					
			Interest expenses paid on advances from Ho Phon Guan.	-	19	13	30	-
Insas Technology	Simfoni	Dato' Wong Gian Kui and Dr Tan Seng Chuan are Directors of Inari and Insas Technology.	Advances from Insas Technology to Simfoni for the acquisition of Plant 3. These advances carried interest rates between 4.9% to 8% per annum.	-	-	^9,825	^1,172	-
			Interest expenses paid on advances from Insas Technology.	-	-	259	-	169
			Repayment of advances to Insas Technology by Simfoni.	-	-	-	1,333	2,114
			Fees charged by Insas Technology for the provision of consultation services relating to the acquisition of Plant 3 by Simfoni.	-	-	-	130	-
M&A Securities	Inari Technology	Dato' Wong Gian Kui is a Director for both Inari Technology and M&A Securities.	Advisory fees relating to the Listing.	-	-	-	-	170

Notes:

* *Short term advances*
^ *Long term advances*