

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Our Directors have confirmed that the above non-recurrent transactions were agreed to at arm's length basis on normal commercial terms which were not more favourable to the related parties than those generally available to the public and were not to the detriment of our minority shareholders.

10.1.2 Recurrent Related Party Transactions

Save as disclosed below, we have not entered into any other recurrent related party transaction of a revenue or trading in nature which are necessary for our day-to-day operations and in our ordinary course of business with certain related parties which involves the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them ("Recurrent Transactions") for FPE 2007, FYE 2008, FYE 2009, FYE 2010 and FPE 2011. Our Directors are of the opinion that such Recurrent Transactions were negotiated on and agreed at arm's length basis, 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.

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
Insas Technology	Inari Technology	Dato' Thong Kok Khee, Dato' Wong Gian Kui and Dr Tan Seng Chuan, the Directors of Inari are Directors of Insas Technology.	Comprises the following services rendered by Insas Technology to Inari Technology: (i) Network repair costs; (ii) Rework and quality costs charges; (iii) Purchase of raw material; (iv) Packing charges; (v) Engineering cost and (vi) Administrative expenses.	111	19	948	507	169
		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						

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	FYE 2011 RM'000	FPE 2011 RM'000
Insas Technology	Simfoni	interest under Section 6A the Act.		-	-	-	6	1	1
			Management fees charged by Insas Technology						
			Accounting fees charged by Insas Technology						2
Megapolitan Management Services Sdn Bhd ("MMSSB")	Inari	MMSSB is a subsidiary of Insas Berhad.	Secretarial services	-	-	-	-	1	1
		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 Mr Oh Seong Lye are Directors of Inari and also Directors of Insas Berhad. Dato' Thong Kok Khee is a major shareholder of Insas Berhad.							
	Inari Technology Simfoni			-	1	1	1	1	1
Vigtech Labs Sdn Inari	Inari	Vigtech Labs Sdn Bhd is a Network repair and maintenance		-	-	1	1	1	-
					101	32	74	74	33

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Transacting Parties	Companies Within the Group	Interested Related Parties	Nature of Transaction	<----- Value of transaction ----->					FPE 2011 RM'000
				FPE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000	FYE 2011 RM'000	
Bhd	Technology	subsidary company of Insas Technology.	services rendered by Vigtech Labs Sdn Bhd to Inari Technology.	-	100	32	-	5	
		Dato' Wong Gian Kui, a Director of Inari is also a Director of Vigtech Labs Sdn Bhd.	Purchase of property, plant and equipment from Vigtech Labs Sdn Bhd.						
Vigsys Sdn Bhd	Inari Technology	Vigsys Sdn Bhd is a subsidiary company of Insas Technology.	Sale of manufacturing services of HSDPA modems and routers to Vigsys Sdn Bhd.	-	25	21	7	-	
		Dr Tan Seng Chuan, a Director of Inari is also a Director of Vigsys Sdn Bhd.	Purchase of raw materials from Vigsys Sdn Bhd.	-	-	47	9	-	
Langdale E3 Pte Ltd	Inari Technology	Langdale E3 Pte Ltd is a subsidiary company of Insas Technology.	Sale of packing materials by Langdale E3 Pte Ltd to Inari Technology.	-	-	-	243	12	
		Dato' Thong Kok Khee, Dato' Wong Gian Kui and Dr Tan Seng Chuan, the Directors of Inari are Directors of Langdale E3 Pte Ltd.							
Simfoni	Inari Technology	Dato' Wong Gian Kui and Dr Tan Seng Chuan are Directors of Inari and Simfoni.	Rental income of Plant 3 received by Simfoni from Inari Technology.	-	-	493	1,267	534	

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
Ceedtec Sdn Bhd	Inari Technology	At the material time of transaction, Simfoni was a wholly-owned subsidiary of Insas Technology.	Rental deposits of Plant 3 received by Simfoni from Inari Technology	-	-	219	47	-
	Inari Technology	Ho Phon Guan is a Director of Inari and a substantial shareholder of Ceedtec Sdn Bhd.	Provision of manufacturing services to Ceedtec Sdn Bhd.	-	-	3	16	6
Avago Malaysia *	Inari Technology	Ooi Boon Chye, a Director of Inari is also a Director of Avago Malaysia.	Provision of manufacturing services to Avago Malaysia. Kindly refer to Section 6.1 for further details of our services to Avago Malaysia.	20,734	100,028	123,162	154,623	80,097
			Rental security and utilities deposit of Plant 8 received by Avago Malaysia from Inari Technology	-	-	-	-	234

Note:

* Avago Malaysia is deemed an interested party starting from FYE 2010 onwards due to its subscription of RCPS-A on 9 March 2010. Disclosure on transactions made between Avago Malaysia and Inari Technology for FPE 2007, FYE 2008 and FYE 2009 are merely for referencing purposes.

In the ordinary course of business, we enter into Recurrent Transactions, including but not limited to the above, with persons which are considered related party as defined in the Listing Requirements. Our Directors would ensure that any future Recurrent Transactions will be negotiated on and agreed to 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.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

The abovesaid recurrent related party transactions are expected to continue in the future as part of our Group's ordinary course of business.

As provided under the Listing Requirements, in order to mitigate any potential conflict of interest arising from such Recurrent Transactions, our Board may seek the approval from our non-interested shareholders for a mandate to continue to enter into such Recurrent Transactions at the next general meeting of the Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such Recurrent Transactions in our ordinary course of business without the need to convene numerous general meetings to approve such Recurrent Transactions as and when they are entered into.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, amongst others, monitor any Recurrent Transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any Recurrent Transaction entered into by us.

[The rest of this page is intentionally left blank]

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

10.2 Interest in Similar Business

Save as disclosed below, as at the LPD, none of our Directors or substantial shareholders have any interest, direct or indirect, in other businesses or corporations carrying on a similar or related trade as our Group, or are the customers and/or suppliers of the Group.

Ooi Boon Chye is a representative director of our substantial shareholder, Avago Malaysia which is principally involved in the provision of contract manufacturing services and related research and development services of optoelectronics and semiconductor/sub-assemblies on behalf of its related companies. He does not have any direct equity interest in Inari and in addition, he is not involved in the day-to-day operations of our Group. His appointment in Inari is on a "Non-Executive" basis. Our Board does not foresee any material conflict of interest or business competition that may arise from the above. As Avago Malaysia is our largest customer, our Board foresee that the appointment of Ooi Boon Chye to our Board will further strengthen the working relationship between our Group and Avago Malaysia.

Kindly also refer to Section 10.1.2 above for transactions with customers and/or suppliers where our Directors or substantial shareholders have any interest in. Our Board is of the opinion that the said interest in our customers and/or suppliers do not give rise to a conflict of interest situation as these customers and/or suppliers are not EMS providers.

Our Board has proposed to undertake the following measures to mitigate any possible conflict of interest that may potentially arise as a result of our Directors' or substantial shareholders' interests in these businesses or corporations:-

- (a) To safeguard our interest and to avoid a potential conflict of interest situation, our Audit Committee will, amongst others, monitor any transaction which we will enter into with our Directors or substantial shareholders and/or persons connected with them; and
- (b) All our Directors and substantial shareholders are required to declare and disclose any transaction in which they are deemed interested and such transactions must be subject to the scrutiny of the Audit Committee. In addition, our Directors and substantial shareholders have given their undertakings that all business transactions entered into between our Group and themselves and/or persons connected with them shall be negotiated on and agreed at arm's length basis, 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.

[The rest of this page is intentionally left blank]

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

10.3 Other Transactions

10.3.1 There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past three (3) FYE 2008 to 2010 and FPE 2011.

10.3.2 Save as disclosed below and in Section 10.1.1, there were no outstanding loans (including guarantees of any kind) made to/by us to or for the benefit of a related party in respect of the past three (3) FYE 2008 to 2010 and FPE 2011.

- (i) Insas Berhad, the holding company of Insas Technology, our substantial shareholder had extended corporate guarantees to EON Bank Berhad for banking facilities extended to Inari Technology. The corporate guarantee amounts to RM8.08 million (as at 31 December 2010). In conjunction with the Listing, Inari had applied to EON Bank Berhad to discharge the said corporate guarantee.

10.3.3 Save as disclosed below, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within the past three (3) FYE 2007 to 2010 and FPE 2011, acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us:-

- (i) Simfoni (then a wholly-owned subsidiary of Insas Technology) entered into a tenancy agreement with Inari Technology on 1 December 2009, to lease Plant 3 for a term of two (2) years from 20 December 2008, with a monthly rental of RM88,950. The tenancy agreement has an option to renew for a new two (2) years term at the rental to be mutually agreed upon.
- (ii) Inari Technology had on 1 November 2008 entered into an equipment lease agreement with Insas Technology for the lease of equipments used for its EMS operations. The total lease amount was RM3.3 million for a total lease term of two (2) years. The lease has expired on 31 October 2010. Inari Technology has opted to exercise the option to purchase the equipments pursuant to the terms of the lease agreement.
- (iii) 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.

10.3.4 Save as disclosed below, the Inari Group has not entered into any transactions with M&A Securities, the Adviser, Underwriter and Placement Agent for the Listing:

- (i) Agreement dated 19 January 2010 between Inari Technology and M&A Securities for the appointment of M&A Securities as the Adviser to the Inari Group for the Listing and the appointment of M&A Securities as Inari's Sponsor pursuant to the Listing Requirements.
- (ii) Underwriting agreement dated 3 June 2011 between Inari and M&A Securities for the underwriting of 20,386,000 IPO Shares to be issued pursuant to the Public Issue.

Upon completion of the Listing, Insas Technology will hold 109,512,900 Inari Shares, representing 33.02% of the enlarged issued and paid-up share capital of Inari. Insas Technology and M&A Securities are related companies, by virtue of both companies being subsidiaries of Insas Berhad. Dato' Wong Gian Kui, our Non-Independent Non-Executive Director is a common director of Insas Technology and M&A Securities.

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

The interest disclosed above does not give rise to a situation of conflict of interest and accordingly, M&A Securities confirms that there are no existing or potential conflicts of interest in its capacity as Adviser for the Listing.

In addition, the following is to be noted:

- (i) none of the IPO Shares to be placed out as disclosed under Section 3.4 (ii) of this Prospectus will be placed to Insas Berhad and persons connected to them in compliance with the Listing Requirements;
- (ii) the pricing of the IPO Shares will be market driven after considering the demand and supply for the said shares and market sentiments at the point of the Public Issue; and
- (iii) save for the professional fees, placement and underwriting fees as well as the repayment of debt under the Debt Settlement, the listing proceeds are proposed to be used for various applications of which M&A Securities/Insas Berhad will not be deriving any benefit therefrom.

In view of the relationships between Inari and M&A Securities as mentioned above. Public Investment Bank Berhad ("PIVB") has been appointed by our Board on 19 August 2010 as the independent adviser to express an opinion as to whether:

- (a) Inari's application to Bursa Securities ("Inari Application") in relation to the Listing complies with the Listing Requirements and all relevant legislation and guidelines issued by regulatory authorities; and
- (b) the Prospectus of Inari complies with the Prospectus Guidelines issued by the SC.

The opinion formed by PIVB (as extracted from their letter dated 24 September 2010 submitted to Bursa Securities) is as follows:

"During the course of our review of the Inari's Application, we noted that one of its factory building, namely, Plant 1 (as defined in the Draft Prospectus), was originally approved for a two (2) storey building by Majlis Perbandaran Pulau Pinang. However, it was discovered that the previous owner of Plant 1 had extended the building into a 3-storey building without prior consent from the necessary authorities. As such, Plant 1 is not in compliance with the certificate of fitness issued and Inari had submitted an application to Majlis Perbandaran Pulau Pinang for the ratification of the said extension. However, the relevant matter has been disclosed in Sections 4.1.13, 5.7.1 and 5.7.2 of the Draft prospectus.

Save for the above, we are of the opinion that:

- (a) the Inari Application complies with the ACE Market Listing Requirements and all relevant legislation and guidelines issued by regulatory authorities; and
- (b) the Draft Prospectus complies with the Prospectus Guidelines."

10. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

It is pertinent to note that in arriving at above opinion by PIVB:

- (i) PIVB had relied on the information and documents provided to PIVB or which are made available to PIVB, including the information contained in the Inari Application, information contained in the Prospectus, information/documents provided to PIVB by Inari and M&A Securities and publicly available information in deriving at its opinion;
- (ii) PIVB has not independently verified the information provided for its reasonableness, reliability, accuracy and/or completeness and have not undertaken independent investigation into the business of Inari Group. In this regards, PIVB had relied on Inari and its management to take due care to ensure that all information, documents and representations provided to PIVB by Inari and M&A Securities are accurate, valid and complete in all aspects.
- (iii) The scope of work of PIVB does not involved the conduct an audit in accordance with prevailing auditing standards adopted by the Malaysian Institute of Accountants."

10.4 Declarations by the Advisers

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus and save as disclosed in Section 10.3.4 above, there is no existing or potential conflict of interest in its capacity as the Adviser, Underwriter and Placement Agent for the Listing.
- (b) Teh & Lee has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for the Listing.
- (c) SJ Grant Thornton has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for the Listing.
- (d) Henry Butcher Malaysia (Penang) Sdn Bhd has given its written confirmations that, as at the date of this Prospectus, there is no existing or potential conflict of interests in their capacity as the Independent Valuer for the Listing.
- (e) Dun & Bradstreet (D&B) Malaysia Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for the Listing.
- (f) Public Investment Bank Berhad has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Independent Adviser for the Listing.

[The rest of this page is intentionally left blank]

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

The following sections set out the summary of our Group's proforma financial statements. The proforma consolidated financial information of our Group are prepared based on our audited consolidated financial statements. The proforma consolidated financial information as contained herein are presented for illustrative purposes to show the aggregate results of our Group and on the assumption that our Group structure had been in existence throughout the periods under review.

Our proforma consolidated financial statements have been compiled based on the bases and accounting policies consistent with those currently adopted by our Group which are set out in the notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.2 of this Prospectus. The financial statements used in the preparation of our proforma consolidated financial statements were prepared in accordance with applicable Financial Reporting Standards in Malaysia. Any adjustments which were dealt with when preparing our proforma consolidated financial statements have been highlighted and disclosed in Section 11.2 of this Prospectus. In this respect, you should read the summary of our proforma financial information which have been presented below together with the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.2 of this Prospectus.

11.1 Historical financial Information

11.1.1 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. The proforma consolidated income statements are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions set out in Section 11.2 of this Prospectus.

	<----- Audited ----->				Unaudited FPE	Audited
	FPE 2007 13 months RM'000	FYE 2008 <----- 12 months -----> RM'000	FYE 2009 12 months RM'000	FYE 2010 12 months RM'000	2010@ <----- 6 months -----> RM'000	FPE 2011 6 months RM'000
Revenue	22,040	100,232	123,357	154,800	78,019	80,418
Less: Cost of sales	(18,648)	(83,559)	(103,794)	(120,210)	(63,784)	(62,333)
Gross profit	3,392	16,673	19,563	34,590	14,235	18,085
Other income	11	18	3,814	114	1,816	8
Earnings before interest, taxation and depreciation#	1,093	11,287	22,135	30,575	14,119	14,707
Depreciation	(429)	(1,825)	(8,653)	(13,477)	(6,854)	(6,464)
Interest expense	(119)	(500)	(967)	(1,298)	(545)	(460)
Interest income	-	18	73	26	6	8
PBT	545	8,980	12,588	15,826	6,726	7,791
Taxation	-	(1,095)	(1,130)	(675)	(288)	(446)
PAT	545	7,885	11,458	15,151	6,438	7,345

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

	<----- Audited ----->				Unaudited	Audited
	FPE 2007 13 months RM'000	FYE 2008 RM'000	FYE 2009 <----- 12 months -----> RM'000	FYE 2010 RM'000	FPE 2010@ <----- 6 months -----> RM'000	FPE 2011 RM'000
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
Gross profit margin (%)	15.39	16.63	15.86	22.34	18.25	22.49
PBT margin (%)	2.47	8.96	10.20	10.22	8.62	9.69
PAT margin (%)	2.47	7.87	9.29	9.79	8.25	9.13

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.

After taking into account the following expenses:

	Administrative expense RM ('000)	Other operating expense RM ('000)
FPE 2007	2,739	-
FYE 2008	7,211	-
FYE 2009	9,607	215
FYE 2010	17,101	479
FPE 2010	8,713	30
FPE 2011	9,787	55

There were no exceptional or extraordinary items during the financial period/years under review. Our audited financial statements for the past financial period/years 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 of matter on Simfoni's ability to continue as a going concern in view of the net loss incurred and Simfoni's net liabilities position.

Notes to the Proforma Consolidated Income Statements:

- (a) The proforma consolidated income statements have been prepared based on the audited financial statements of Inari and its subsidiaries, using the bases and accounting policies consistent with those adopted in the audited financial statements, after giving effect to the proforma adjustments which are considered appropriate.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

- (b) The audited financial statements of Inari and its subsidiaries for the respective financial period/years under review have been prepared in accordance with applicable Financial Reporting Standards in Malaysia.

11.1.2 Proforma Consolidated Balance Sheets

The proforma consolidated balance sheets as set out below are provided for illustrative purposes only to show the effects on the consolidated balance sheets of our Group as at 31 December 2010 had the Public Issue and utilisation of proceeds been completed on that date. The proforma consolidated balance sheets are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions set out in the ensuing pages and in Section 11.2 of this Prospectus.

	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
	<u>36,328</u>	<u>53,828</u>
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
	<u>50,401</u>	<u>54,891</u>
TOTAL ASSETS	<u><u>86,729</u></u>	<u><u>108,719</u></u>
EQUITY AND LIABILITIES		
Share capital	24,861	33,161
Share premium	1,750	24,240
Retained profits	12,015	10,765
Total equity	<u>38,626</u>	<u>68,166</u>
Non-current liabilities		
Borrowings	5,644	5,644
Deferred tax liabilities	852	852
	<u>6,496</u>	<u>6,496</u>
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
	<u>41,607</u>	<u>34,057</u>
Total liabilities	<u>48,103</u>	<u>40,553</u>
TOTAL EQUITY AND LIABILITIES	<u><u>86,729</u></u>	<u><u>108,719</u></u>

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

	As at 31 December 2010 RM'000	After Public Issue and utilisation of proceeds * RM'000
No. of ordinary shares in issue ('000)	248,609	331,609
Net assets (RM'000)	38,626	68,166
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.*

11.1.3 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. The proforma consolidated cash flow statement should be read in conjunction with the accompanying notes and assumptions set out in Section 11.2 of this Prospectus.

	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	(4,767)
- Through existing working capital	(17,500)
- Through Utilisation of Proceeds	(22,267)
Net cash used in investing activities	(44,534)
Balance carried forward	(4,172)

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

	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	<u>20,408</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,236
Effects of changes in exchange rates	(792)
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>7,137</u>
CASH AND CASH EQUIVALENTS AT END	<u><u>22,581</u></u>

[The rest of this page is intentionally left blank]

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

11.2 Reporting Accountants' Letter on Proforma Consolidated Financial Information

(Prepared for inclusion in this Prospectus)



REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in this Prospectus)

7 June 2011

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

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Dear Sirs,

INARI BERHAD PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We report on the proforma consolidated financial information of Inari Berhad ("Inari") and its subsidiaries, Inari Technology Sdn. Bhd. ("Inari Technology") and Simfoni Bistari Sdn. Bhd. ("Simfoni"), collectively referred to as "the Group" as set out in this Prospectus, which we have stamped for the purpose of identification. The proforma consolidated financial information has been prepared for illustrative purpose only on the basis of assumptions as set out in this Prospectus and after making certain adjustments to show what :

- (a) the financial results of the Group for the financial period/years ended ("FPE/FYE") 30 June 2007 to 31 December 2010 would have been, if the Group structure as at the date of this Prospectus had been in place since the beginning of the financial period/years reported thereon;
- (b) the financial position of the Group as at 31 December 2010 would have been, if adjusted for the Public Issue and the Utilisation of Proceeds; and
- (c) the cash flows of the Group for the FPE 31 December 2010 would have been if the Group structure as at the date of this Prospectus had been in existence throughout the FPE 31 December 2010, adjusted for the Public Issue and Utilisation of Proceeds.

It is the sole responsibility of the Directors of Inari to prepare the proforma consolidated financial information in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission.

It is our responsibility to form an opinion, as required by the Prospectus Guidelines as to the proper compilation of the proforma consolidated financial information, and to report our opinion to you.

In providing this opinion we are not updating or refreshing any report or opinion previously made by us on any financial information used in the compilation of the proforma consolidated financial information, nor do we accept responsibility for such report or opinion beyond that is owed to those to whom the report or opinion were addressed by us at the date of issue.

Our work consisted primarily of comparing the proforma consolidated financial information with the audited financial statements of Inari and its subsidiaries for the FPE 30 June 2007, FYE 30 June 2008 to 30 June 2010 and the FPE 31 December 2010, considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the Directors/Officers of Inari. Our work involved no independent examination of any of the underlying financial information.

Chartered Accountants
Member firm of Grant Thornton International Ltd

11. PROFORMA HISTORICAL FINANCIAL INFORMATION





In our opinion :

- (a) the proforma consolidated financial information of Inari as set out in the accompanying note which are provided for illustrative purposes only, has been prepared based on the audited financial statements of Inari and its subsidiaries for the FPE 30 June 2007, FYE 30 June 2008 to 30 June 2010 and the FPE 31 December 2010 and in accordance with applicable approved Financial Reporting Standards ("FRSs") in Malaysia and is presented on a basis consistent with both the format and accounting policies normally adopted by Inari and its subsidiaries and after taking into account adjustments appropriate for the purposes of the proforma consolidated financial information as set out in the accompanying notes; and
- (a) that the adjustments made in the preparation of the proforma consolidated financial information are appropriate for the purposes of preparing the proforma consolidated financial information.

This letter has been prepared for the purpose of inclusion in this Prospectus issued in connection with Inari's Public Issue of 83,000,000 ordinary shares of RM0.10 each at an issue price of RM0.38 per ordinary share pursuant to the listing of and quotation for the entire issued and paid-up share capital of Inari on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied on for any other purposes.

Yours faithfully,


SJ Grant Thornton
No. AF : 0737
Chartered Accountants


Dato' N.K. Jasani
No. : 708/03/12 (J/PH)
Chartered Accountant

Kuala Lumpur

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

INARI BERHAD (Company No. 1000809-U)

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. Introduction

The proforma consolidated financial information, comprising the proforma consolidated statements of comprehensive income for the FPE 30 June 2007, FYE 30 June 2008 to 30 June 2010 and the FPE 31 December 2010, the proforma consolidated statements of financial position as at 31 December 2010, and the proforma consolidated statement of cash flows for the FPE 31 December 2010, have been prepared for inclusion in this Prospectus in connection with Inari's Public Issue of 83,000,000 ordinary shares of RM0.10 each at an issue price of RM0.38 per ordinary share pursuant to the listing of and quotation for the entire issued and paid-up share capital of Inari on the ACE Market of Bursa Malaysia Securities Berhad.

2. Listing Scheme

- (i) Acquisition of the entire equity interest in Inari Technology comprising 9,015,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM24,160,860 by Inari which was fully satisfied by the issuance of 241,608,600 new ordinary shares of RM0.10 each in Inari at par;
- (ii) Acquisition of the entire equity interest in Simfoni comprising 2 ordinary shares of RM1.00 each, for a total purchase consideration of RM1,000,000 by Inari which was fully satisfied by cash;

The purchase consideration for the acquisition of Inari Technology and Simfoni was arrived at on a willing buyer-willing seller basis after taking into consideration the audited net assets of Inari Technology and Simfoni as at 31 March 2010 and after fair value adjustments on their land and buildings. The acquisitions were completed on 21 September 2010.

- (iii) Inari assumed the amount owing by Simfoni to Insas Technology Berhad amounting to RM10,000,000 out of which RM2,450,000 was satisfied by the issuance of 7,000,000 new ordinary shares of RM0.10 each in Inari at an issue price of RM0.35 per ordinary share and the balance of RM7,550,000 to be settled with the proceeds from the Public Issue ("Debt Settlement"). The issuance of shares pursuant to the Debt Settlement was completed on 21 September 2010; and
- (iv) Public Issue of 83,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.38 per ordinary share and Utilisation of Proceeds. ("Public Issue and Utilisation of Proceeds").

Upon completion of the Public Issue, Inari's entire enlarged issued and paid-up share capital of 331,608,700 ordinary shares of RM0.10 each will be listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.

3. Basis of preparation

3.1 The proforma consolidated financial information has been prepared to illustrate what :

- (a) the financial results of the Group for the FPE 30 June 2007, FYE 30 June 2008 to 30 June 2010 and the FPE 31 December 2010 would have been if the Group structure as at the date of this Prospectus had been in existence throughout the financial periods/years under review;
- (b) the financial position of the Group as at 31 December 2010 would have been, if adjusted for the Public Issue and the Utilisation of Proceeds; and

Stamped for the purpose of identification on:
07 JUN 2011
SJ Grant Thornton

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

INARI BERHAD (Company No. 1000809-U)

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. Basis of preparation (cont'd)

3.1 The proforma consolidated financial information has been prepared to illustrate : (cont'd)

- (c) the cash flows of the Group for the FPE 31 December 2010 would have been if the Group structure as at the date of this Prospectus had been in existence throughout the FPE 31 December 2010, adjusted for the Public Issue and the Utilisation of Proceeds.

The Acquisitions are accounted for in the proforma consolidated financial information using the purchase method of accounting.

3.2 The proforma consolidated financial information has been prepared for illustrative purposes based on the audited consolidated financial statements of Inari for the FPE 31 December 2010 and the audited financial statements of Inari Technology and Simfoni for the FPE 30 June 2007, FYE 30 June 2008 to 30 June 2010 and the FPE 31 December 2010.

3.3 For the purpose of the preparation of this proforma consolidated financial information, the audited financial statements of Simfoni for the FPE 30 June 2007 and FYE 30 June 2008 were converted to comply with applicable FRSs in Malaysia of which conversion did not have any material financial effect on its audited financial statements. All the audited financial statements of Inari Technology for the financial periods/years under review comply with FRSs.

The financial statements of Inari Technology and Simfoni for all the financial periods/years under review have been reported without any audit qualification or modification except for the financial statements of Simfoni for the FPE 30 June 2007 which contained a modified opinion with an emphasis of matter on Simfoni's ability to continue as a going concern in view of the net loss incurred and Simfoni's net liabilities position.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

INARI BERHAD (Company No. 1000809-U)

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**4. Proforma Consolidated Statements of Comprehensive Income**

The following table sets forth the proforma consolidated statements of comprehensive income for the past financial periods/years ended 30 June 2007 to 31 December 2010 which have been prepared for illustration purposes on the assumption that the current structure of the Group existed throughout the financial periods/years under review.

	Audited				Unaudited	Audited
	1.6.06 to 30.6.07 13 months RM'000	1.7.07 to 30.6.08 RM'000	1.7.08 to 30.6.09 12 months RM'000	1.7.09 to 30.6.10 RM'000	1.7.09 to 31.12.09 @ 6 months RM'000	1.7.10 to 31.12.10 RM'000
Revenue	22,040	100,232	123,357	154,800	78,019	80,418
Less : Cost of sales	(18,648)	(83,559)	(103,794)	(120,210)	(63,784)	(62,333)
Gross profit	3,392	16,673	19,563	34,590	14,235	18,085
Other income	11	18	3,814	114	1,816	8
Earnings before interest, taxation and depreciation	1,093	11,287	22,135	30,575	14,119	14,707
Depreciation	(429)	(1,825)	(8,653)	(13,477)	(6,854)	(6,464)
Interest expense	(119)	(500)	(967)	(1,298)	(545)	(460)
Interest income	-	18	73	26	6	8
Profit before taxation	545	8,980	12,588	15,826	6,726	7,791
Taxation	-	(1,095)	(1,130)	(675)	(288)	(446)
Profit after taxation, representing total comprehensive income for the financial period/year	545	7,885	11,458	15,151	6,438	7,345
No. of ordinary shares of RM0.10 each assumed to be in issue ('000) ^(b)	248,609	248,609	248,609	248,609	248,609	248,609
Gross earnings per share (Sen)	0.22	3.61	5.06	6.37	^5.41	^6.27
Net earnings per share (Sen)	0.22	3.17	4.61	6.09	^5.18	^5.91
Gross profit margin (%)	15.39	16.63	15.86	22.34	18.25	22.49
Profit before tax margin (%)	2.47	8.96	10.20	10.22	8.62	9.69
Profit after tax margin (%)	2.47	7.87	9.29	9.79	8.25	9.13

@ The statement of comprehensive income for FPE 31 December 2009 is unaudited and is included for comparison purpose only.

^ Annualised to 12 months for comparison purposes.

Stamped for the purpose of identification on:

07 JUN 2011

SJ Grant Thornton

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

INARI BERHAD (Company No. 1000809-U)

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.1 Notes and Assumptions to the Proforma Consolidated Statements of Comprehensive Income

- (a) The proforma consolidated statements of comprehensive income for the financial period/years ended 30 June 2007 to 30 June 2010 only reflects the financial results of Inari Technology and Simfoni as Inari was only incorporated on 5 May 2010.
- (b) Based on the number of shares in issue after the Acquisitions and Debt Settlement but before Public Issue.
- (c) There were no exceptional or extraordinary items in all the financial periods/years under review.
- (d) The proforma consolidated financial results for all the financial periods/years have been adjusted to eliminate inter-company transactions under the current Group structure.

[The rest of this page is intentionally left blank]

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

INARI BERHAD (Company No. 1000809-U)

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**5. Proforma Consolidated Statements of Financial Position**

The proforma consolidated statements of financial position as set out below are provided for illustrative purposes only to show the effects on the consolidated statement of financial position of Inari Berhad as at 31 December 2010 had the Public Issue and the Utilisation of Proceeds been completed on that date.

	NOTE	Audited Group RM'000	Proforma After Public Issue and Utilisation of Proceeds RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	5.1.2	34,788	52,288
Deferred tax assets		1,540	1,540
		<u>36,328</u>	<u>53,828</u>
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	5.1.3	18,091	22,581
		<u>50,401</u>	<u>54,891</u>
TOTAL ASSETS		<u>86,729</u>	<u>108,719</u>
EQUITY AND LIABILITIES			
Share capital	5.1.4	24,861	33,161
Share premium	5.1.5	1,750	24,240
Retained profits	5.1.6	12,015	10,765
Total equity		<u>38,626</u>	<u>68,166</u>
Non-current liabilities			
Borrowings		5,644	5,644
Deferred tax liabilities		852	852
		<u>6,496</u>	<u>6,496</u>
Current liabilities			
Trade payables		7,928	7,928
Other payables and accruals	5.1.7	31,100	23,550
Borrowing		1,853	1,853
Provision for taxation		726	726
		<u>41,607</u>	<u>34,057</u>
Total liabilities		<u>48,103</u>	<u>40,553</u>
TOTAL EQUITY AND LIABILITIES		<u>86,729</u>	<u>108,719</u>
No. of ordinary shares in issue ('000)		248,609	331,609
Net assets (RM'000)		38,626	68,166
Net assets per share (RM)		0.16	0.21

Stamped for the purpose of identification on:

07 JUN 2011

SJ Grant Thornton

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

INARI BERHAD (Company No. 1000809-U)

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**5.1 Notes and Assumptions to the Proforma Consolidated Statements of Financial Position**

5.1.1 The proforma consolidated statements of financial position of Inari have been prepared for illustrative purposes based on the assumption that the following transactions were effected on 31 December 2010:

Proforma

Proforma incorporates the effects of the Public Issue of 83,000,000 new ordinary shares of RM0.10 each at the issue price of RM0.38 per ordinary share and the Utilisation of Proceeds from the Public Issue as follows :

Utilisation of Proceeds	RM'000
Purchase of property, plant and equipment	17,500
Repayment of the remaining Debt Settlement	7,550
Payment of listing expenses *	2,000
Working capital	4,490
	<u>31,540</u>

* The listing expenses are estimated at RM2 million of which RM0.75 million is estimated to be incurred for the Public Issue and RM1.25 million for the listing exercise of Inari. The listing expenses in relation to the Public Issue are set-off against the share premium account whereas the listing expenses in relation to the listing exercise will be expensed to the profit or loss.

5.1.2 Property, plant and equipment

The movement in property, plant and equipment is as follows:

	RM'000
As per Audited Group	34,788
Purchase through Utilisation of Proceeds	17,500
As per Proforma	<u>52,288</u>

5.1.3 Cash and bank balances

The movements in the cash and bank balances are as follows :

	RM'000
As per Audited Group	18,091
Add: Proceeds from Public Issue	31,540
Less: Payment of listing expenses	(2,000)
Purchase of property, plant and equipment	(17,500)
Repayment of the remaining debt pursuant to the Debt Settlement	(7,550)
As per Proforma	<u>22,581</u>

Stamped for the purpose of identification on:

07 JUN 2011

SJ Grant Thornton

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

INARI BERHAD (Company No. 1000809-U)

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**5.1 Notes and Assumptions to the Proforma Consolidated Statements of Financial Position (Cont'd)****5.1.4 Share capital**

The movement in the share capital is as follows :

	Share capital	
	Number of ordinary shares of RM0.10 each '000	Amount RM'000
As per Audited Group	248,609	24,861
Issuance of shares pursuant to Public Issue	83,000	8,300
As per Proforma	<u>331,609</u>	<u>33,161</u>

5.1.5 Share premium

The movements in share premium are as follows :

	RM'000
As per Audited Group	1,750
Issuance of shares pursuant to Public Issue	23,240
Less: Listing expenses	<u>(750)</u>
As per Proforma	<u>24,240</u>

(a) Share premium of RM0.28 is arrived at based on the issue price of RM0.38 per ordinary share of RM0.10 each.

(b) Estimated listing expenses pertaining to the Public Issue will be set-off against share premium.

5.1.6 Retained profits

The movement in retained profits is as follows :

	RM'000
As per Audited Group	12,015
Less: Listing expenses	<u>(1,250)</u>
As per Proforma	<u>10,765</u>

Estimated listing expenses pertaining to the listing exercise will be expensed to the profit or loss.

Stamped for the purpose of identification on:

07 JUN 2011

SJ Grant Thornton

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

INARI BERHAD (Company No. 1000809-U)

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5.1 Notes and Assumptions to the Proforma Consolidated Statements of Financial Position (Cont'd)

5.1.7 Other payables and accruals

The movement in other payables and accruals is as follows :

	RM'000
As per Audited Group	31,100
Less : Repayment of the remaining debt as part of the Debt Settlement	<u>(7,550)</u>
As per Proforma	<u>23,550</u>

[The rest of this page is intentionally left blank]

11. PROFORMA HISTORICAL FINANCIAL INFORMATION**NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****6. Proforma Consolidated Statement of Cash Flows**

The proforma consolidated statement of cash flows for the FPE 31 December 2010 as set out below is provided for illustrative purposes only and is based on the assumption that the current structure of the Group existed throughout the financial period under review adjusted for the Public Issue and the Utilisation of Proceeds.

	1.7.10 to 31.12.10 (6 months) RM'000
Cash flows 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	<u>14,944</u>
Decrease in inventories	550
Decrease in receivables	3,450
Increase in payables	<u>513</u>
Cash generated from operations	19,457
Income tax paid	(910)
Interest received	8
Interest paid	<u>(460)</u>
Net cash from operating activities	18,095
Cash flows from investing activities	
Purchase of property, plant and equipment	
- Through existing working capital	(4,767)
- Through Utilisation of Proceeds	<u>(17,500)</u>
Net cash used in investing activities	(22,267)
Cash flows 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	<u>(7,550)</u>
Net cash from financing activities	<u>20,408</u>
Net increase in cash and cash equivalents	16,236
Effects of changes in exchange rates	(792)
Cash and cash equivalents at beginning	<u>7,137</u>
Cash and cash equivalents at end	<u><u>22,581</u></u>

11. PROFORMA HISTORICAL FINANCIAL INFORMATION

11.3 Capitalisation and Indebtedness

The following information shall be read in conjunction with the Reporting Accountants' letter on proforma consolidated financial information and Accountants' Report set out in Sections 11.2 and 13 of this Prospectus.

The following table shows our Group's cash and bank balances, capitalisation and indebtedness based on our proforma financial position as at 31 December 2010, and as adjusted for the net proceeds from our IPO and proposed utilisation of the proceeds from our IPO:

	<-----Proforma Group ----->	
	As at 31 December 2010 RM'000	After the Public Issue and utilisation of proceeds RM'000
Deposits, cash and bank balances	18,091	22,581
Indebtedness		
<i>Current</i>		
Advances from Insas Technology	7,550	-
Hire purchase payable	3	3
Industrial hire purchase payable	264	264
Term loan	1,586	1,586
<i>Non-current</i>		
Industrial hire purchase payable	689	689
Term loan	4,955	4,955
Total indebtedness	15,047	7,497
Shareholders' equity	38,626	68,166
Total capitalisation and indebtedness	53,673	75,663

Our borrowings as at 31 December 2010 comprise advances from Insas Technology, hire purchase, industrial hire purchase and term loan amounting to RM15.05 million. The term loan has been fully drawn and being promptly serviced according to monthly schedules.

The term loan facility was obtained from a licensed bank in Malaysia and is secured by a legal charge over our Group's assets and corporate guarantee provided by Insas Berhad. Upon completion of the Listing, we shall seek the bank's consent to discharge the corporate guarantee provided by Insas Berhad.

Save as disclosed above as well as for the hire purchase, industrial hire purchase (which are secured against the relevant assets), the other indebtedness are not guaranteed by a third party and are unsecured.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING MANAGEMENT'S DISCUSSION AND SEGMENTAL ANALYSIS OF THE AUDITED RESULTS OF INARI FOR THE PAST FPE/FYES 30 JUNE 2007 TO 2010 AND FPE 2011 AND OUR UNAUDITED FINANCIAL INFORMATION FOR FPE 2010 SHOULD BE READ IN CONJUNCTION WITH OUR PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND THE RELATED NOTES THEREON FOR THE PAST FPE/FYES 30 JUNE 2007 TO 2010 AND FPE 2011 INCLUDED IN SECTION 11 OF THIS PROSPECTUS.

THIS DISCUSSION AND ANALYSIS CONTAINS DATA DERIVED FROM THE AUDITED FINANCIAL STATEMENTS OF OUR GROUP AS WELL AS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. YOU SHOULD ALSO CAREFULLY CONSIDER THE RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCES AS SET OUT IN SECTION 4 OF THIS PROSPECTUS.

12.1 Overview of Our Operations

12.1.1 Introduction

We are an EMS provider providing services from semiconductor packaging to complete Box-Build products. Presently, most of our revenue is derived from semiconductor packaging. Through our subsidiary company, Inari Technology, we provide contract manufacturing services which comprise COB/MCOB assembly, back-end wafer processing, and RF final testing for wireless microwave telecommunication semiconductor products. Our semiconductor packaging is mainly focused on the "system-in-package" (SiP) semiconductor packaging.

We operate in the semiconductor packaging industry, which is a sub-sector of the semiconductor industry. Our main client and revenue source is Avago (via its wholly owned subsidiary, Avago Technologies) which is involved in the design, develop and supply of wireless IC packaging, IC devices and networking components catered for networking products, telecommunication systems and personal mobile devices, such as Smartphones. We are an important contract manufacturer to Avago in the South-East Asia region for its key microwave communications division.

Our revenue increased from RM22.04 million in FPE 2007 to RM154.80 million in FYE 2010, representing a CAGR of 91.51%. Correspondingly, our PAT grew from RM 0.55 million in FPE 2007 to RM15.15 million in FYE 2010, representing a CAGR of 202.93%. For FPE 2011, we registered revenue and PAT of RM80.42 million and RM7.35 million, respectively.

For FYE 2010, we derive 99.9% of our revenue from our key client, Avago. We have been able to retain and secure manufacturing contracts from Avago due to our strategic long-term relationship with them, experienced management team and skilled labour, well equipped manufacturing facility and our comprehensive semiconductor packaging services (i.e. a complete supply chain).

Our Board is of the opinion that the synergistic relationship that our Group has with Avago enhances volume-cost efficiency and allows Avago to maintain a higher level of planning, throughput and quality control over its manufacturing partners. Moving forward, we expect Avago to continue our key client relationship during the next few years. On 1 May 2010, we extended our manufacturing contract with Avago Technologies for a further period of three (3) years. Avago's operation in Malaysia is located in Bayan Lepas, Penang, which is in close proximity to our current operating locations, namely Plant 1, Plant 3 and Plant A.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our PAT margins recorded in FPE 2007 was 2.47% and subsequently improved to 9.79 % and 9.13% in FYE 2010 and FPE 2011 respectively. The improvement in our PAT margins was due to our continuous efforts to streamline and improve manufacturing and testing processes amidst higher volumes which have resulted in time-savings, higher yield and high standard of quality products and reduction in cost. Our new manufacturing processes are developed in-house by our R&D team. For FYE 2009 and FYE 2010, our R&D expenses amounted to RM0.7 million and RM2.7 million, respectively. Our R&D expenses for FPE 2011 amounted to RM0.9 million.

Our total assets for FPE 2011 amounted to RM86.73 million (based on the proforma consolidated financial information as disclosed in Section 11.1 herein). We were able to operate without heavy commitment in capital expenditures because many of our testing and key assembly equipments were consigned by Avago.

12.1.2 Start-up History

Our Group was founded by the Promoters namely Macronion, Ho Phon Guan and Insas Technology with the incorporation of Inari Technology on 1 June 2006. On 21 December 2006, we entered into a manufacturing contract with Avago Technologies. The said contract was valid for a term of three (3) years and we have extended our manufacturing contract with Avago Technologies (on 1 May 2010) for a further period of three (3) years until 2013. We started our manufacturing operations in Plant 1, which was purchased on 31 August 2006.

With Plant 1, we started with the assembly of SiP for wireless microwave telecommunication semiconductor products. Due to demand for precision hybrid assembly in semiconductor packaging, we ventured into fine-pitch SMT assembly service. To house the new SMT assembly line, we leased a factory (known as Plant 2) from 2007 to June 2010.

Despite the economic slowdown in late 2008 and early 2009, we set up our DC and RF testing operations in 2009. By venturing in DC and RF testing operations, we became a one stop QFN packaging provider.

Our DC and RF testing operations were set up in Plant 3 during early 2009. Concurrently, we also shifted our SMT operations from Plant 2 to Plant 3 to improve manufacturing flow and improve the supply chain logistics. Plant 2 became dormant and we relinquished our lease arrangement in June 2010.

In March 2010, Avago (through Avago Malaysia) subscribed for 1.215 million RCPS-A in our subsidiary, Inari Technology.

On 5 May 2010, Inari was incorporated to facilitate the IPO. As part of the IPO, we acquired Inari Technology and Simfoni on 20 September 2010 and 21 September 2010, respectively. Further details on the Acquisitions are set out in Section 5.3 herein.

In December 2010, we further expand our production capacity by leasing a manufacturing facility factory cum warehouse, Plant A, from Avago Malaysia which houses our R&D, NPI and SMT business units.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

12.1.3 Our Capabilities

We specialise in back-end semiconductor packaging, which comprises back-end wafer processing, COB/MCOB assembly and RF final testing for wireless microwave telecommunication semiconductor products to local and international MNCs. Our semiconductor packaging is also referred to as SiP packaging.

We offer a wide range of hybrid-manufacturing processes. Our major capabilities include:

- Fine-pitch (0201) SMT with Ball Grid Array (BGA) packaging;
- Back-end Wafer process;
- Raw Wafer DC and RF testing;
- Wafer back-grinding;
- Automatic wafer inspection;
- Wafer sawing;
- Die-attach and wire bonding;
- Plasma cleaning;
- Substrate molding;
- Package sawing;
- RF testing in finished goods;
- PCBA and Box-Build;
- Products failure analysis; and
- R&D services.

In 2008, we established our R&D division to carry out R&D to enhance the manufacturing technologies and processes as well developing new products/services for different markets, develop new and to miniaturise specification standards of the SiP packaging. Through our R&D efforts and advanced technologies, we now have the capability of producing multi-dice packaging in a small and precise form factor, as small as 1.6 mm x 2.0 mm.

We also offer PCBA and Box-Build services for wireless broadband networking devices, such as HSDPA modems and routers for our OEM customers. In year 2006, we secured manufacturing orders from Doulab Inc. (from Italy) to manufacture Wireless Home Broadband Digital TV Cards (DTVC). Since year 2007, we have manufactured HSDPA modems and routers for VigSys Sdn Bhd and Ceedtec Sdn Bhd. We also manufacture universal remote controls for NewICT Marketing (M) Sdn Bhd.

We have also invested in Failure Analysis systems and equipment. Failure Analysis is core to the diagnosis of any failure in the products we produce and as a continuous improvement tool. With our failure analysis capability, we are able to ensure that the products we produce are of highest quality, reliability and operability.

[The rest of this page is intentionally left blank]

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

12.1.4 Dependence on Avago

Over the last four (4) FPE/FYEs, sales to Avago amounted to an average of 99.5% of our Group's total revenue. As such, we are significantly dependent on Avago.

Background on Avago

Avago is a global leader in the design, develop and supply of an extensive range of analog interface components and opto-electronic components. Avago's product portfolio comprise approximately 7,000 products, which are categorised into opto-electronics, wireless technologies, fiber optics and networking components in four (4) primary markets such as industrial and automotive electronics, wired infrastructure, wireless communications, and consumer and computing peripherals. Its products in these target markets include smartphone, 3G devices, cellular phones, consumer appliances, data networking and telecommunications equipment, enterprise storage and servers, factory automation, displays, optical mice and printers. Presently, we are only manufacturing for Avago's wireless semiconductor communication division segment. The major products in its wireless communication segment include RF amplifiers, FBar filters, RF filters, RF front end modules, power amplifiers optical finger navigation, LED flash, proximity sensors, and GPS. The major application markets which these products are catered for include voice data communications, camera phone, keypad and display backlighting, backlighting control and wireless base stations.

Avago's headquarters is located in San Jose, USA. Its primary locations include San Jose, US and Singapore. Avago was listed in on NASDAQ stock exchange on 6 August 2009. In 2009, it recorded an annual net turnover of approximately USD1.5 billion, of which 42% are from its wireless communication division.

Avago's main clients include OEMs such as Brocade Communications System, Cisco System, Hewlett-Packard Company, International Business Machines Corp, LG Electronics, Siemens, Motorola, Sony Ericsson, Mitsubishi, Canon, Microsoft, Primax, and Samsung Electronics Co.

Before Avago became the largest privately-held independent semiconductor company in the world, it was a business entity of Hewlett-Packard. In 1999, Hewlett-Packard's semiconductor division became Agilent Technologies Semiconductor Products Group ("Agilent"). Subsequently, Agilent spun off its semiconductor operations in December, 2005 as Avago. (*Source: www.avagotech.com, extracted on 9 September 2010*)

Our relationship with Avago

Avago first started to outsource its manufacturing operations in the late nineties. This was done to reduce production costs and to shorten production lifecycle. By leveraging on the services of EMS providers, Avago was able to focus on R&D activities and business development strategies, as well as tackle manufacturing complexities.

In 2006, Avago started to downsize and discontinue its test and assembly operations in its factory in Malaysia. Concurrently, we were contracted by Avago to assume its test and assembly operations.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the semiconductor industry, it is not uncommon for OEMs to rely heavily on single/a few EMS providers and the OEMs often have very long term business relationships with the EMS companies. This relationship allows the OEMs to minimise the points of contact for the OEMs during the manufacturing process. Instead of dealing with many vendors, the points of contacts are concentrated into a few main EMS which have the track record of meeting their stringent manufacturing requirements.

As such, new entrants in the EMS industry will find it difficult to penetrate the market as most existing EMS providers has a proven track record and long working relationships with their respective OEMs.

The relationships between our senior management personnel with Avago are as follows:

Name/Designation	Details of relationship
Ho Phon Guan - Executive Director (Customer relation and technical support)	Ho Phon Guan, our founder was employed as a senior manager in Hewlett Packard from 1980 to 1996. Today, that business division is Avago's Wireless Semiconductor Division
Tan Lee Pang s/o Hum Beng - Executive Director (Operations)	Tan Lee Pang, our co-founder was employed as an operations manager and business unit manager in Polar Twin Advance Sdn Bhd (a former contract manufacturer to Avago) ("Polar Twin Advance") since 1998.
Ung Choon Keong - former General Manager (Operations)	Ung Choon Keong was the General Manager (Operations) of Inari from 2007 to 2009. Prior to this he was employed as an operations manager in Agilent from 1996 to 2003.
Beh Boon Kiang - former General Manager (Marketing)	Beh Boon Kiang was the General Manager (Marketing) of Inari from 2006 to 2009. Prior to this he was employed as an operations manager in Polar Twin Advance from 1999 to 2006.
Tan Joo Hung - General Manager (Finance)	Prior to his engagement as the General Manager (Finance) in Inari, Tan Joo Hung was employed as the Financial Controller of Polar Twin Advance from 2002 to 2006.
Tan Boon Kiat - Senior Operation Manager (NPI/R&D)	Prior to his engagement with Inari, Tan Boon Kiat was employed as an operations manager in Avago from 1996 to 2007.

Our business relationship with Avago started shortly after our incorporation, and since then, our long term manufacturing contract with Avago Technologies has not been disrupted.

In March 2010, Avago Malaysia subscribed to 1.215 million RCPS-A in our subsidiary, Inari Technology which was fully converted to Inari Shares on 5 August 2010.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Competition from other Contract Manufacturers

Although we have fostered a close working relationship with Avago, there is no certainty that we will continue to prevail as Avago's main EMS and there are no agreements in place barring Avago from contracting other EMS providers.

Over the years, we have successfully carved a niche EMS market. These are results from our continuous R&D efforts and continuous upgrading of new manufacturing technologies, machines and equipment as well as the practice of stringent QC management policies.

Although no assurance is given that our Group is able to maintain our market position in the semiconductor market, our Directors are confident that our Group can sustain our position in view of our reputation among our OEM customers and our technical know-how and industry knowledge, particularly in wafer sort, assembly and testing activities required in the semiconductor market.

Our Board's Opinion

Our Board is of the opinion that this synergistic relationship between Avago and us, coupled with joint R&D 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 and its extension of our manufacturing contract for another three (3) years. Based on the above, we expect our appointment as a main EMS to Avago to continue without disruption in future years.

To mitigate the risk of over dependence on a single customer, we have expanded our customer base as well as products and services to cater for other application markets in the semiconductor industry in 2010. In April 2010, we signed a manufacturing contract with a local R&D company – NewICT Sdn Bhd to produce universal remote controls for its Europe based customers. Presently, our customers include Avago, VigSys Sdn Bhd, NewICT Marketing (M) Sdn Bhd, Wi2Wi Inc., Ceedtec Sdn Bhd, Pac Tech Asia Sdn Bhd, Doulab Inc and SILQ (Malaysia) Sdn Bhd.

12.1.5 Our Business Model

Due to our initial start-up and limited capital and human resources, we started our business operations in 2006 in part with the consignment-of-equipment model, a common practice in the EMS industry. Avago owned and supplied many of the equipment used for production of their parts as part of the technology transfer and pricing model to us to carry out Avago's manufacturing requirements.

Apart from supplying 90% of the equipment and machinery needed for COB/MCOB and back-end wafer sorting process initially, Avago also supplied all the semiconductor wafers on consignment basis. Our Group was careful in its purchase of manufacturing equipment and most of its resources were concentrated on working capital as we increased production volumes and improved production flow amidst reducing manufacturing costs.

Consignment manufacturing can be best thought of as "partial" outsourcing, often used to begin production of electronic components when dealing with a new EMS company. Under this model, Avago maintains some portion of the overall

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

manufacturing supply chain in-house – typically, materials management, purchasing and/or system assembly (box and build). Avago is also responsible for purchasing, shipping and receiving materials, sort and package them for production and deliver them to the EMS company for assembly. This model is beneficial to Inari as Inari does not need incur heavy investments on raw materials and machineries.

As at the LPD, there are 269 consigned machines used for the production of Avago's products. These machines belong to Avago.

In 2008, we adopted turnkey models for our COB/MCOB assembly and back-end wafer processing whereby we took on additional responsibility such as purchasing, shipping and receiving materials, sort and packaging for delivery to end customer.

Turnkey model describes the model in which the EMS company provides a complete / one-stop EMS solution for all manufacturing and supply chain service, from source parts / component (such as raw PCB, electronics components, indirect materials and other materials to be used in production), then provide materials management and kitting services to the customer, inventory financing, logistic management (such as warehousing and shipping support to end customer), quality management and control, to manage its capital investment and manufacturing capacity planning. Turnkey model is a total cost management model from front to back-end services. In addition to offering enhanced process, quality assurance and delivery capabilities, turnkey manufacturing helps reduce overall production costs by lowering or eliminating many of the supply-chain and overhead costs associated with the manufacturing process.

The turnkey model allowed us to manage and control the manufacturing cycle more effectively and efficiently. Our services covered the entire range of EMS processes which include material planning, storage, assembly, engineering, compliance, testing and shipment of finished goods. However, we do not utilise the turnkey model for customised processes eg. final testing, which are specific to the customer's product design and test parameters. There is no fixed ratio between the use of the consignment and turnkey model in our operations as this ratio varies depending on the requirements of our customers change.

Under our turnkey model, we continued to utilise existing consigned equipment/machine from Avago. However, when the capacity for these consigned equipment/machine are fully utilised, we acquired new equipment/machine. These additional equipment/machine acquired by us can also be used to manufacture for different customers whereas consigned equipment can only be used for the owner's products.

The business model chosen for a specific product is based on the following considerations:

Consignment Model:

- (i) typically used for new products where demands are not proven;
- (ii) where heavy initial capital investments (in machineries) are required; and
- (iii) the production involves the use of special equipment i.e. in RF Testing.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Turnkey Model:

- (i) typically used when the demand for the product is stable;
- (ii) where we are required to acquire additional machineries to increase production i.e. when the existing consigned equipments/machineries are at full capacity;

Typically for the consignment model, we impute 3% to 4% of material holding cost into the total unit price of the manufactured product, and 4% to 6% as repair and maintenance costs for the consigned equipment and machinery.

Under the turnkey model, we include direct material costs which can comprise up to 60% of the total unit price of the manufactured product, resulting in an increase in revenue figures.

12.1.6 Recent Developments

The following information provides an update on certain developments relating to our Group which have occurred after 31 December 2010.

12.1.6.1 Unaudited consolidated financial statements for the 9-months financial period ended 31 March 2011

Based on the unaudited consolidated financial statements for the 9-months financial period ended 31 March 2011, our revenue was RM76.96 million, of which 99.61% was derived from sales to Avago.

During the same period, we achieved gross profit of RM17.13 million and net profit before tax of RM15.22 million. Gross profit margin was 22.26% and net profit before tax margin was 19.78%. Cash and bank balances stood at RM15.32 million. The unaudited net assets of our Company as at 31 March 2011 is RM41.26 million.

12.1.6.2 Events subsequent to our audited consolidated financial statements for the FPE 2011

There were no significant events subsequent to our audited consolidated financial statements for the FPE 2011.

12.1.7 Factors Affecting our Results of Operations

12.1.7.1 Sales Volume and Pricing

Sales to Avago (or its subsidiaries)

Our sales to Avago (or its subsidiaries) are governed by a development and manufacturing agreement ("Manufacturing Agreement"). Our first Manufacturing Agreement was entered into on December 2006 for a period of three (3) years. On 1 May 2010, we entered into another Manufacturing Agreement, which is also effective for three (3) years ("2nd Manufacturing Agreement").

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The salient features of the 2nd Manufacturing Agreement 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.

12.1.7.2 Cost of Sales

Our Group's gross profit margins are affected by our cost of sales.

Our key cost items comprise the following:

(i) Labour Cost

Our Group is highly dependent on skilled labour. However, due to the shortage of skilled labour in the semi-conductor industry, labour hiring costs has increased in recent years.

The increase in total labour costs throughout the years was also due to the increase in the number of employees hired to support our increase in sales. The total employees employed have increased from 365 (in FPE 2007) to 1,279 (in FPE 2011).

In FYE 2009, the number of Technical/R&D staff increased by 100% from 50 (in FYE 2008) to 101 (in FYE 2009) due to the setup of our new NPI department. For FYE 2010, the number of Technical/R&D staff employed is 111. It further increased by 13.5% to 126 in FPE 2011.

As at 31 December 2010, our Group employs a workforce of 1,279 employees.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(ii) Materials Cost

The key materials (comprise raw materials and indirect materials) used by our Group are PCB/substrate, passive/active components, gold wire, saw blades, wafer probe pins, and test connectors. We purchase most of the raw materials from overseas companies who are mostly single source suppliers. 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.

The breakdown of our key cost items as a percentage of our total cost of sales are as follows:

	FPE 2007 %	FYE 2008 %	FYE2009 %	FYE 2010 %
Labour Cost	11.84	14.57	16.79	20.87
Materials Cost	74.31	76.86	64.60	54.63
	FPE 2010 %	FPE 2011 %		
Labour Cost	20.90	22.58		
Materials Cost	52.27	56.83		

Material cost (as a percentage of our total cost of sales) has shown a drop from 74.31% in FPE 2007 to 54.63% in FYE 2010. The improvement was mainly due to better supply chain management and economies of scale attained. Our enhanced manufacturing process has also contributed to lower materials consumed, which in turn improved our total production yield. For FPE 2011, higher material cost was recorded at 56.83% as compared to 52.27% in FPE 2010. The increase in material cost by 4.56% was due to the increase production volume of products with higher material cost in FPE 2011 as compared to FPE 2010.

Throughout the years, we have worked closely with our customers to identify opportunities to reduce production costs. Internally, our Group has also re-engineered our business processes to perform a better job of managing the various cost drivers. Appropriate internal and external benchmarking activities are

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 cost, thus allowing our Group to price our products and services at an attractive and competitive level.

12.1.7.3 Taxation

Under the Promotion of Investments Act 1986, Inari Technology was granted pioneer status by MITI, with a tax exemption of 70% on statutory income for a period of five (5) years. This applies to the production of wireless microwave telecommunication filters and wireless home broadcast digital television cards. Inari Technology's 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.

The estimated tax savings as the result of the pioneer status granted is the tax exemption of 70% on the statutory income.

12.1.7.4 Impact of foreign exchange, interest rates and commodity prices

The impact of foreign exchange is as follows:

	FPE 2007	FYE 2008	FYE 2009	FYE 2010
	RM'000	RM'000	RM'000	RM'000
Realised gain/(loss) on foreign exchange	(317)	(2,013)	2,023	89
Unrealised gain/(loss) on foreign exchange	(109)	(1,019)	1,716	(2,792)
Total	(426)	(3,032)	3,739	(2,703)

	FPE 2010	FPE 2011
	RM'000	RM'000
Realised gain/(loss) on foreign exchange	1,809	(2,429)
Unrealised gain/(loss) on foreign exchange	(1,206)	(40)
Total	603	(2,469)

Our profitability is impacted by the fluctuation of foreign currency against the RM as over 90% of our pricing are quoted in USD. Nevertheless, there is an understanding between us and our key client, Avago which allows us to apply new exchange rate for new and future products to be quoted should the fluctuation of foreign exchange exceeds 5% for a consecutive period of three (3) months. As such, our exposure to foreign exchange risks is limited.

At present, we have a credit line for foreign exchange forward contracts of up to RM30 million with a licensed financial institution. Our management can readily utilise such forward contracts to hedge the fluctuations in exchange rates between the RM and USD after taking into account the exposure period and the related transactions

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

costs. Apart from that, we also maintain several foreign currency accounts (predominantly USD denominated accounts) with our financial institutions to facilitate the deposits of our revenue denominated in USD as well as to pay some of our purchases denominated in USD. This provides some form of natural hedge against adverse foreign exchange fluctuations.

In addition, 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 against the USD conversion rate since the de-pegging of the RM. This may prevent extreme fluctuation of the RM vis-à-vis USD.

During the periods under review, there were no material impact resulting from changes in commodity prices and interest rates to our Group.

12.2 Results of Operations

The following represents segmental analysis of the audited results of our Group for the past FPE 2007, FYE 2008, FYE 2009, FYE 2010 and FPE 2011 as well as the unaudited results of our Group for FPE 2010.

12.2.1 Analysis of revenue by companies

The table below sets forth the breakdown of revenue of our Group by subsidiaries:

	FPE 2007		FYE 2008		FYE 2009		FYE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Inari Technology	22,040	100	100,232	100	123,357	100	154,800	100
Simfoni	-		-		493	0.4	1,267	1
Consolidation elimination	-		-		(493)	(0.4)	(1,267)	(1)
Total	22,040	100	100,232	100	123,357	100	154,800	100

	FPE 2010		FPE 2011	
	RM'000	%	RM'000	%
Inari Technology	78,019	100	80,418	100
Simfoni	737	0.9	534	0.7
Consolidation elimination	(737)	(0.9)	(534)	(0.7)
Total	78,019	100	80,418	100

The principal activities of our Company is investment holding. Our Group's revenue is solely contributed by Inari Technology which is derived from the provision of EMS services. Simfoni is the registered owner of Plant 3, which is rented to Inari Technology for its manufacturing operations.

[The rest of this page is intentionally left blank]

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

12.2.2 Analysis of Revenue by Products

	FPE 2007		FYE 2008		FYE 2009		FYE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales to Avago:								
(i) COB/MCOB assembly	20,683	93.84	86,085	85.89	83,116	67.38	86,261	55.72
(ii) Back-end wafer processing	51	0.23	13,943	13.91	32,636	26.46	36,157	23.36
(iii) RF final testing	-		-		7,411	6.01	32,205	20.81
Sub-total	20,734	94.07	100,028	99.80	123,163	99.84	154,623	99.89
Others	1,306	5.93	204	0.20	194	0.16	177	0.11
Total	22,040	100	100,232	100	123,357	100	154,800	100

	FPE 2010		FPE 2011	
	RM'000	%	RM'000	%
Sales to Avago:				
(i) COB/MCOB assembly	40,733	52.21	51,195	63.66
(ii) Back-end wafer processing	19,603	25.13	13,813	17.18
(iii) RF final testing	17,649	22.62	15,089	18.76
Sub-total	77,985	99.96	80,097	99.60
Others	34	0.04	321	0.40
Total	78,019	100	80,418	100

Revenue from sales to Avago comprises COB/MCOB assembly, back-end wafer processing/wafer sort and final testing services. The number of units produced for Avago are as follows:

	FPE 2007	FYE 2008	FYE 2009	FYE 2010
	Units	Units	Units	Units
	'000	'000	'000	'000
Sales to Avago:				
(i) COB/MCOB assembly	65,160	296,840	298,748	297,440
(ii) Back-end wafer processing	9,362	839,500	1,082,359	1,675,335
(iii) RF final testing	-	-	129,019	563,333

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	FPE 2010	FPE 2011
	Units	Units
	'000	'000
Sales to Avago:		
(i) COB/MCOB assembly	143,557	208,490
(ii) Back-end wafer processing	863,829	862,415
(iii) RF final testing	299,696	312,628

Sales to other customers (excluding Avago) comprising the assembly of internet TV cards and box-building of HSDPA modems.

The yearly increase in the revenue was due to the following:

- (i) increase in Avago's orders;
- (ii) increase of the installed capacity with the commissioning of Plant 3 in 2008 as follows:
 - (a) wafer sort - 30 million units/month;
 - (b) auto visual inspection - 1,000 wafers/month;
 - (c) RF testing - 45 million units/month; and
- (iii) the conversion from the consignment business model (FPE 2007) to a turnkey business model for our COB/MCOB assembly and back-end wafer processing (FYE 2008 onwards).

Sales to Avago is dependent upon the requirements of Avago's end clients, of which the end products are mainly used in wireless application devices such as mobile phones, PDA, GPS devices, WiFi devices and Bluetooth products.

In the past few years, demand for these electronic devices has been growing, especially for mobile phones and smartphones. 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. The management of Inari does not foresee any decline for the demand of wireless communication and consumer electronics products in the coming years.

[The rest of this page is intentionally left blank]

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

12.2.3 Analysis of revenue by customer

The table below sets forth the breakdown of revenue of Inari Technology by customer:

	FPE 2007		FYE 2008		FYE 2009		FYE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Avago	20,734	94	100,028	100	123,162	100	154,623	100
Others	1,306	6	204	*	195	*	177	*
Total	22,040	100	100,232	100	123,357	100	154,800	100

	FPE 2010		FPE 2011	
	RM'000	%	RM'000	%
Avago	77,985	100	80,097	100
Others	34	*	321	*
Total	78,019	100	80,418	100

* *Negligible.*

Our Group's revenue during the financial period/years under review is mainly derived from Avago. As we are dependent on Avago's sales, Avago is also dependent on our services.

12.2.4 Analysis of revenue by geographical segment

	FPE 2007		FYE 2008		FYE 2009		FYE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local	-	-	13	*	195	*	177	*
Foreign	22,040	100	100,219	100	123,162	100	154,623	100
Total	22,040	100	100,232	100	123,357	100	154,800	100

	FPE 2010		FPE 2011	
	RM'000	%	RM'000	%
Local	34	*	321	*
Foreign	77,985	100	80,097	100
Total	78,019	100	80,418	100

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Note:

* *Negligible.*

Our Group's revenue during the financial period/years under review is mainly derived from Avago, which is based in the US.

12.2.5 Analysis of profit margins

The table below sets forth the breakdown of the PBT of Inari Technology by customer groups:

	FPE 2007	FYE 2008	FYE 2009	FYE 2010
	RM'000	RM'000	RM'000	RM'000
Avago	255	8,960	12,625	15,547
Others	290	21	5	(274) #
Total	545	8,981	12,630	15,273

PBT margin* :

Avago	1.23%	8.96%	10.25%	10.05%
Others	22.22%	10.60%	2.79%	(154.34%)
Overall	2.47%	8.96%	10.24%	9.87%

	FPE 2010	FPE 2011
	RM'000	RM'000
Avago	6,485	7,836
Others	(83)	(51)
Total	6,402	7,785

PBT margin* :

Avago	8.32%	9.78%
Others	(247.02)%	(16.07)%
Overall	8.21%	9.68%

Notes:

The loss of RM0.27 million (with a loss margin of -154.34%) was due to the high initial set-up cost

* *Computed based on PBT divided by revenue*

Inari Technology's revenue mix comprised two (2) components i.e. sales for Avago (manufacturing service provided) and other customer (internet TV card and modem). The PBT margin from sales for Avago (as a percentage of revenue) ranges from 1% to 10%, while the PBT margin from sales for other customer (as a percentage of revenue) ranges from -154.34% to 22.22%.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our overall PBT margin is dependent upon PBT margins from sales to Avago as the PBT of our Group is derived mainly from sales to Avago. The PBT margin for from sales to Avago was 1% in FPE 2007. This was due to the high initial set up cost incurred in 2006 and 2007 and economies of scale has yet to be attained in that period.

From FYE 2008 to FYE 2010, our PBT margins improved from 8.96% (in FYE 2008) to more than 10% (in FYE 2009 and FYE 2010) due to better cost control through the introduction of our total supply chain of management initiative and effective materials requirement planning. Our PBT margin for FPE 2011 was 9.78%. The PBT margin decrease by 0.27% as compared to FYE 2010 due to the strengthening of RM against USD which resulted in foreign exchange losses.

The higher PBT margin for non-Avago sales of up to 22% (in FPE 2007) was due to lower production volume as box-build manufacturing tends to generate higher PBT margins as compared to large volume production. However, for FYE 2008 and FYE 2009, PBT margin for non-Avago sales decreased to 10.6% and 2.8%, respectively. This was in due to the drop in orders from non-Avago customers and thus, economies of scale were not achieved. In FYE 2010, the loss PBT margin of 154% for non-Avago sales was mainly due to the purchase of new machineries (for new production line setup), tools and fixtures for new customers such as NewICT Marketing (M) Sdn Bhd (for remote control products) and Wi2Wi Inc. (for medical products).

The PBT from contribution of Simfoni has not been analysed as its revenue is solely derived from the rental of Plant 3 to Inari Technology.

The table below sets forth the breakdown of the gross profit margin of Inari Technology by customer groups:

	FPE 2007	FYE 2008	FYE 2009	FYE 2010
	RM'000	RM'000	RM'000	RM'000
Avago	2,990	16,648	19,152	33,828
Others	402	24	8	(263)
Total	3,392	16,673	19,160	33,565
Gross profit margin:				
Avago	14.42%	16.64%	15.55%	21.88%
Others	30.74%	11.93%	4.14%	(148.73%)
Overall	15.39%	16.63%	15.53%	21.68%

[The rest of this page is intentionally left blank]

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	FPE 2010 RM'000	FPE 2011 RM'000
Avago	13,768	17,661
Others	83	(52)
Total	13,686	17,609

Gross profit margin:

Avago	17.66%	22.05%
Others	(245.33%)	(16.07%)
Overall	17.54%	21.90%

12.2.6 Exceptional and extraordinary items

There were no exceptional and extraordinary items for the FPE 2007, FYE 2008, FYE 2009, FYE 2010 and FPE 2011.

12.3 Commentaries on Past Results

The commentaries on past results are analysed separately for Inari Technology and Simfoni as follows:

12.3.1 Inari Technology

FPE 2007

We commenced our EMS operations on 23 November 2006. Our revenue, gross profit margin and PBT for the FPE 2007 was RM22.04 million, 15.39% and RM0.55 million, respectively. Revenue and profits were mainly derived from sales to Avago for provision of COB/MCOB assembly pursuant to the manufacturing contract entered into between Inari Technology and Avago Technologies on 21 December 2006. Revenue derived from Avago represented 94.07% (RM20.73 million) of total revenue of which RM20.68 million was from COB/MCOB assembly. Total units processed for COB/MCOB assembly was 74.5 million units.

Other revenue of RM1.31 million was derived from the assembly of internet TV cards and box-building of HSDPA modems.

For FPE 2007, we suffered a loss from realised and unrealised foreign exchange of RM0.3 million and 0.1 million, respectively.

For FPE 2007, we were not subject to any taxation due to our capital allowances as well as the "Pioneer Status" granted by MITI.

FYE 2008

Our total revenue increased by RM78.19 million to RM100.23 million for FYE 2008. The increase in revenue was mainly due to the significant increase in the number of units processed for COB/MCOB assembly and back-end wafer processing from 74.5 million units recorded in FPE 2007 to 1,136.0 million units as a result of our increased

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

manufacturing capacity. We registered revenue of RM86.09 million from our COB/MCOB assembly in the FYE 2008 as compared to RM20.68 million registered in FPE 2007.

We started our wafer sort process in late 2007, with single process only ie wafer probing. In February 2008, we started a new auto visual in our wafer sort process ("AVI"). In July 2008, we started our wafer saw and backgrind services. With these new processes, we had established a complete wafer sort service which has enabled us to record additional revenue of RM13.94 million.

Other factors which contributed to our growth in FYE 2008 are the conversion to turnkey manufacturing model for our COB/MCOB assembly and back-end wafer processing (from the consignment manufacturing model), full utilisation of production facilities as well as expansion of product range for our services to Avago. Correspondingly, we registered a higher gross profit margin of 16.63% which is an increase of 1.24% from the previous financial year.

PBT increased by RM8.44 million to RM8.98 million. The increase was mainly due to the significant increase in revenue coupled with the improvement gross profit margin. For FYE 2008, we suffered a loss from realised and unrealised foreign exchange of RM2.0 million and RM1.0 million, respectively.

Our effective tax rate for FYE 2008 was 12.20%.

FYE 2009

For FYE 2009, we experienced a decrease in revenue from our COB/MCOB assembly (decrease of 3.77% to RM82.44 million) due to a different product mix whereby we received higher volume of orders for lower margin products.

Nevertheless, our total revenue registered a growth of 23.07% to RM123.36 million. The increase in revenue was mainly due to the increase in revenue contributions from our back-end wafer processing by 134.07% of RM32.64 million as compared to RM13.94 million registered the previous year. The increase in our revenue was also contributed by the introduction of a new RF final testing process in February 2009. During the year, units processed under the new RF final testing process was 129.0 million.

Our gross profit margin for FYE 2009 decreased marginally by 1.10%% to 15.53% due to the increase in depreciation charge as a result of the higher capital expenditure incurred during the year coupled with an upward revision of the depreciation rate of certain new assets. The revision in our depreciation rate has increased our depreciation charges by RM4.13 million for the FYE 2009 (from RM1.81 million in FYE 2008).

As a result of our rapid expansion over the past two (2) years, we incurred substantial maintenance cost for our machines. Maintenance cost incurred for machines had increased significantly by 143.70% to RM3.27 million during the year (compared to RM1.34 million for FYE 2008). The lower gross profit margin recorded for FYE 2009 was also due to higher direct labour costs required for the new RF final testing process introduced in February 2009 (which relies heavily on skilled labour).

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PBT for FYE 2009 increased by 40.63% to RM12.63 million due to the increase in revenue, despite a decrease in gross profit margin. Improvement in PBT was also due to gains from realised and unrealised foreign exchange of RM2.0 million and RM1.7 million, respectively.

Our effective tax rate for FYE 2009 was 8.98%.

FYE 2010

For FYE 2010, our revenue was RM154.8 million. The number of units tested under our RF final testing process increased from 129.0 million units for FYE 2009 to 563 million units for FYE 2010 as a result of a further increased capacity for our RF final testing capacity. The number of units shipped from COB/MCOB assembly reduced by 1.3 million units to 297.4 million units. However, due to better product mix (comprising higher number of units with higher selling prices), COB/MCOB assembly generated higher sales revenue of RM86 million in FYE 2010 as compared to RM83 million in FYE 2009.

Apart from that, our back-end wafer processing recorded a high of 1,675 million units for FYE 2010 compared with 1,082 million units recorded for the entire FYE 2009. Despite the increase in total units processed of 54.8%, revenue recorded for back-end wafer processing during the period was increased by 10.8% to RM36.16 million compared with RM32.64 million for FYE 2009. This was due to a downward revision in prices. The reduction in price was mutually agreed between the management of Inari Technology and Avago after taking into account the significant increase forecasted in production volume.

For the FYE 2010, our gross profit margin increased by 6.2% to 21.7% due to lower raw materials consumed as a result of our enhanced manufacturing process which was developed by our in-house R&D division. The increase in gross profit margins was due to the following:

- (i) Improved units produced per hour ("UPH"). With the shorter production cycle time, we are able to reduce headcount required and improve the UPH per machine and hence able to generate more revenue with same input of resources;
- (ii) Yield improvement programme, which helps to generate a higher good unit output, lower rejection rate and lower consumption of materials;
- (iii) Better consumption of indirect materials which reduced wastage;
- (iv) Conversion from manual (human) inspection process to auto (machine) inspection process which increases productivity and reduces cost;
- (v) Reduce IPQC (in-process quality control) sampling size to shorten the inspection time; and
- (vi) Facility upgrade i.e. de-ionized water systems to guarantee better product quality, improvement of wafer sawing process which allowed us to record a higher production yield.

PBT recorded for the financial year was RM15.83 million. PBT margins recorded increase by 0.02% from 10.20% to 10.22%. For the financial year, realised gain on

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

foreign exchange was RM0.09 million whilst unrealised loss on foreign exchange was RM2.8 million.

FPE 2011

For FPE 2011, our revenue was RM80.42 million. The number of units tested under our RF final testing process increased from 300.0 million units for FPE 2010 to 313 million units for FPE 2011 as a result of additional increased capacity for our RF final testing capacity. However due to a different product mix and the strengthening of RM against USD, RF final testing generated lower sales of RM15.1 million for FPE 2011 as compared to RM17.6 million in FPE 2010. The number of units shipped from COB/MCOB assembly has increased by 65.0 million units from 143.0 million units for FPE 2010 to 208.0 million units in FPE2010 as a result of increased in our capacity. COB/MCOB assembly generated higher sales revenue of RM50.4 million in FPE 2011 as compared to RM40.1 million in FPE 2010.

For FPE 2011, our back-end wafer processing processed 862 million units as compared to 864 million units for FYE 2009. Despite minimal changes in the number of units processed, revenue recorded for back-end wafer processing during the period was reduced by 29.5% to RM13.8 million compared with RM19.6 million for FPE 2010. This was mainly due to lower average selling prices and the strengthening of RM against USD which has resulted in lower revenue recorded for the period.

For FPE 2011, our gross profit margin increased by 0.22% to 21.9% as compared to 21.7% for FYE 2010.

PBT recorded for FPE 2011 was RM7.8 million as compared to RM6.4 million in FPE 2010. PBT margin improved by 1.5% from 8.2% to 9.7% while realised loss and unrealised loss on foreign exchange was RM2.4 million and RM0.04 million, respectively.

12.3.2 Simfoni***FPE 2007 and FYE 2008***

For FPE 2007 and FYE 2008, Simfoni was a dormant company and has yet to commence any operations.

FYE 2009

Simfoni was acquired by Insas Technology 21 July 2008. In December 2008, Simfoni completed the acquisition of Plant 3 at a cost of RM9.5 million, funded internally by Insas Technology. Simfoni then leased Plant 3 to Inari Technology and generated leasing revenue RM0.5 million. However, LBT of RM0.04 million was recorded due mainly to the depreciation of Plant 3 as well as the property, plant and equipments and interest expenses charged by Insas Technology for funding the acquisition of Plant 3.

FYE 2010

In FYE 2010, Simfoni generated total leasing revenue of RM1.3 million from its lease of P3 to Inari Technology and recorded a PBT of RM0.6 million.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FPE 2011

In FPE 2011, Simfoni generated total leasing revenue of RM0.5 million from its lease of P3 to Inari Technology and recorded a PBT of RM0.08 million.

12.4 Liquidity and Capital Resources**12.4.1 Working capital**

Our Group has been financing its operations from internally generated funds and external sources of funds such as bank borrowings.

Based on our audited financial statements for FPE 2011, our cash and cash equivalents stood at RM18.09 million. Further, we have total borrowings of RM15.05 million as at 31 December 2010. Further details of our borrowings are set out in Section 12.5 herein.

Our Board is confident that, after taking into consideration its gearing level and cash flow position as well as the banking facilities currently available to Inari, the working capital of Inari will be sufficient for its existing and foreseeable requirements for a period of 12 months from the date of this Prospectus.

12.4.2 Cash flows

A summary of our Group's proforma consolidated cash flow for FPE 2011 is set out below:

	FPE 2011
	RM'000
Net cash from operating activities	18,095
Net cash used in investing activities	(4,767)
Net cash used in financing activities	(1,582)
Net increase in cash and cash equivalents	11,746
Effect of foreign exchange rate changes	(792)
Cash and cash equivalents at beginning of the year	7,137
Cash and cash equivalents at end of the year	18,091

[The rest of this page is intentionally left blank]

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(a) Net cash from operating activities

The cash inflow from operating activities was mainly due to our operating profit before working capital changes amounting to RM14.94 million, decrease in inventories and receivables which amounted to cash inflow of RM0.55 million and RM3.45 million respectively.

(b) Net cash used in investing activities

The cash outflow in investing activities was mainly due to the purchase of property, plant and equipment amounting to RM4.77 million.

During the period, Inari Technology has invested mainly in machineries and equipments totalling RM4.4 million, furniture and fittings of RM0.02 million, office equipments of RM0.25 million and renovation cost of RM0.08 million.

Machineries and equipments totalling RM4.4 million invested in comprises the following:

Details	Cost (RM Million)
4 units of Automatic Die Bonder	1.9
4 units of High Speed Wire Bonder	0.8
2 units of Dicing Machine	0.2
1 unit of High Penetration X-ray machine	0.3
1 unit of high speed Modular machine	0.4
1 unit of auto Screen Printer	0.2
1 unit of single manual press machine	0.4
Others: production equipments	0.2
Total	4.4

(c) Net cash used in financing activities

The cash outflow from financing activities was mainly due to dividend payment of RM0.15 million and repayment of borrowings amounted to RM1.43 million

[The rest of this page is intentionally left blank]

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

A summary of our Group's cash flow based on the audited financial statements of Inari Technology and Simfoni for FYE 2010 is set out below:

	FYE 2010
	RM'000
Net cash from operating activities	21,537
Net cash used in investing activities	(6,558)
Net cash used in financing activities	(12,208)
Net increase in cash and cash equivalents	<u>2,771</u>
Effect of foreign exchange rate changes	(921)
Cash and cash equivalents at beginning of the year	<u>5,287</u>
Cash and cash equivalents at end of the year	<u>7,137</u>

(a) Net cash from operating activities.

The cash inflow from operating activities was mainly due to the improvement in collection from our customers. The improvement is justified by the reduction in our receivable turnover period as disclosed in Section 12.10.

(b) Net cash used in investing activities

The cash outflow in investing activities was mainly due to the purchase of property, plant and equipment amounting to RM6.56 million.

Inari Technology has invested mainly in machineries and equipments total RM5.27 million, electrical installation of RM0.53 million and office equipments of RM0.51 million. During the financial year, two (2) units of Yamaha YS23 Compact High-Speed Module of RM1.39 million, 9 units of wire bonders totalling RM1.05 million, 6 units of sawing machines of RM0.7 million, 1 unit of Die Bonder of RM0.53 million and 1 unit of March Plasma system of RM0.56 million was acquired to cater for production ramp up.

(c) Net cash used in financing activities

The cash outflow from financing activities was mainly due to the payment of dividends of RM9.0 million declared by Inari Technology and the repayment of borrowings to Insas Technology and shareholders total RM10.24 million. Proceeds from borrowing drawings amounted to RM6.0 million and repayment of borrowings amounted to RM3.2 million. Besides, there were proceeds from the subscription of RCPS-A of RM4.61 million.

[The rest of this page is intentionally left blank]

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

A summary of Inari Technology's cash flow based on the audited financial statements for FYE 2008 and 2009 is set out below:

	FYE 2008	FYE 2009
	RM'000	RM'000
Net cash from operating activities	5,928	31,152
Net cash used in investing activities	(7,465)	(19,787)
Net cash used in financing activities	(417)	(6,987)
Net increase in cash and cash equivalents	(1,954)	4,377
Effect of foreign exchange rate changes	(223)	148
Cash and cash equivalents at beginning of the year	2,939	762
Cash and cash equivalents at end of the year	762	5,287

(a) Net cash from operating activities.

The increase in net cash from operating activities from RM5.9 million in FYE 2008 to RM31.1 million in FYE 2009 was due to sales ramp up from RM100.0 million in FYE 2008 to RM123.0 million in FYE 2009.

(b) Net cash used in investing activities

The cash outflow in investing activities was mainly due to the purchase of property, plant and equipment amounting to RM7.5 million in FYE 2008 and RM19.8 million in FYE 2009.

During the FYE 2009, Inari Technology has acquired a piece of land from Elamp Precision Industry (M) Sdn Bhd for RM1.2 million and invested in plant and machinery totalling RM19.1 million.

The land acquisition was initially planned for the construction of a new production building. However, the management decided to lease Plant 3 from Simfoni instead. The vacant land is currently used as a carpark for employees.

Plant and machinery totalling RM19.1 million invested in comprises the following:

Details	Cost (RM million)
17 units of test handlers	7.5
10K clean room	1.0
1 unit of ICOS WI-2000 wafer inspection system	2.2
8 units of die bonders	3.5
1 unit of sawing machine	0.6
1 unit of tape and reel die sorting machine	0.7
1 unit of Yamaha YS12 High Speed Modular machine	0.5
Electrical & piping installation (Plant 3)	1.4
60 USGPM (for waste water treatment)	0.4

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Details	Cost (RM million)
Others: production equipment, fixture and fitting	1.3
Total	19.1

(c) Net cash used in financing activities

During the FYE 2009, Inari Technology received advances from shareholders total RM5.1 million, drawdown of borrowings amounting to RM2.5 million, proceeds from the subscription of RCPS-H of RM0.3 million, proceeds from banker acceptance of RM0.42 million and withdrawal of deposit of RM0.34 million. In addition, Inari Technology has repaid borrowings amounting to RM1.24 million, shareholders' advances of RM4.2 million and paid out dividend of RM10.2 million.

During the FYE 2008, Inari Technology made a placement of deposit of RM0.4 million for bank guarantee facilities.

As at LPD, there are no legal, financial or economic restrictions on the ability of our Group to transfer funds to its holding company, subsidiary or related companies in the form of cash dividends, loans or advances.

12.5 Borrowings

As at 31 December 2010, we have total outstanding interest-bearing borrowings of approximately RM15.05 million, details of which are set out as follows:

Type of bank borrowings	Short-term (Due within 12 months) (RM'000)	Long-term (Due after 12 months) (RM'000)	Total (RM'000)
Term Loan	1,586	4,955	6,541
Hire purchase payable	3	-	3
Industrial hire purchase payable	264	689	953
Total	1,853	5,644	7,497

Type of advances

Amount owing to Insas Technology	7,550	-	7,550
----------------------------------	-------	---	-------

We have not defaulted on any interest and/or principal payments in respect of any of our borrowings throughout FPE 2011 and subsequent financial period up to the LPD. We do not have any foreign borrowings.

To the best of our Directors' knowledge, as at the LPD, our Group is not in breach of any terms and conditions or covenants associated with credit arrangement or loan, which can materially affect our Group's financial results or business operations, or the investment by holders of securities in our Group.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

12.6 Types of financial instruments used, treasury policies and objectives

As at the LPD, save as disclosed in this Prospectus, our Group does not utilise any other financial instruments.

Our Group finances its operations mainly through cash generated from its operations, as well as external sources of funds. Our Group's external sources of funds mainly comprised bank borrowings and advances from shareholders as mentioned in Section 12.5 and Section 10.1.1, respectively. 50.18% of our borrowings as at 31 December 2010 are at fixed rate (including the advance owing by Simfoni to Insas Technology amounting to RM7.55 million as at 31 December 2010, which is interest bearing upon completion of the acquisition of Simfoni by Inari).

The principal uses of these cash resources are for the purchases of raw materials and to defray operating expenses as well as other expenses such as employee benefits expenses, upkeep of equipment and travelling expenses.

Our sales are denominated in USD. Details of impact of foreign exchange to our Group are detailed in Section 12.1.7.4 of this Prospectus.

12.7 Material Capital Commitments

As at the LPD, capital expenditure contracted or known to be contracted by us which may have a material impact on our financial position or business amounts to RM4.73 million comprising the purchase of the following:

Item	Cost (RM million)
4 units of automatic die bonder	1.83
1 unit of Seven Station System	0.30
1 unit Highly Accelerated Stress Test System Chamber	0.34
1 unit of 2D Automatic Wafer Inspection System	0.53
1 unit of Yamaha Compact High Speed Mounter - YS24	0.72
1 unit of DAD641 Wafer saw	0.17
1 unit of Automatic In-Line Screen Printer	0.16
1 unit of Yamaha Compact Flexible Mounter with Auto Nozzle Change Station	0.51
1 unit of complete top & Bottom Chase (Toggle Design)	0.17
Total	4.73

The said equipments are expected to be financed via borrowings and internally generated funds.

12.8 Material Litigation

As at the LPD, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and we do not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our financial position or business.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

12.9 Contingent Liabilities

As at the LPD, our Board is not aware of any contingent liabilities, incurred or known to be incurred, by our Group, which may become enforceable and have a material impact on the financial statements of our Group.

12.10 Key financial ratios

The key financial ratios of our Group for the FPE 2007, FYE 2008, FYE 2009, FYE 2010, FPE 2010 and FPE 2011 are as follows:

	<----- Inari Technology ----->			
	FPE 2007	FYE 2008	FYE 2009	FYE 2010
Trade receivable turnover (days) ⁽¹⁾	* 86	72	70	52
Trade payable turnover (days) ⁽²⁾	* 119	42	43	29
Inventory turnover (days) ⁽²⁾	* 66	37	32	38
Gearing ratio (times) ⁽³⁾	0.65	0.45	0.91	0.39

	<-----Group----->	
	FPE 2010	FPE 2011
Trade receivable turnover (days) ⁽¹⁾	34	^41
Trade payable turnover (days) ⁽²⁾	15	^23
Inventory turnover (days) ⁽²⁾	24	^37
Gearing ratio (times) ⁽⁴⁾	0.33	0.22

Notes:

⁽¹⁾ Computed based on trade receivables over revenue using the following formula:

$$[(\text{Trade receivables} / \text{Revenue}) * 365 \text{ days}]$$

⁽²⁾ Computed based on trade payables or inventory (as applicable) over cost of sales using the following formula:

$$(\text{Trade Payables} / \text{Cost of sales}) * 365; \text{ or}$$

$$(\text{Inventory} / \text{Cost of sales}) * 365$$

⁽³⁾ Computed based on total borrowings of Inari Technology over shareholders' fund of Inari Technology.

⁽⁴⁾ Computed based on total borrowings of the Group over the proforma consolidated shareholders' fund of Inari upon completion of the IPO and after utilisation of the proceeds in the manner as set out in Section 3.10 of this Prospectus using following formula:

$$(\text{Total Borrowings} / \text{Proforma Consolidated Shareholders Fund})$$

* Annualised based on 7 months of operations.

^ Annualised based on 6 months of operations.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The ageing analysis for trade receivables and payables as at 31 December 2010 is as follows:

Ageing	1 - 30 days (RM '000)	31 - 60 days (RM '000)	61 - 90 days (RM '000)	91 - 120 days (RM '000)	121 days and above (RM '000)	Total (RM '000)
Trade receivables	11,224	6,755	1	1	22	18,003
Trade payables	5,728	2,103	82	5	10	7,928

(a) Trade receivables turnover

The normal credit period offered by our Group (to Avago) in respect of its trade receivables is 45 days from the date of invoice. Other credit terms are assessed and approved based on a case-by-case basis.

Trade receivables turnover period exceeded the normal credit period for the FPE 2007, FYE 2008 and FYE 2009 under review as a material portion of the revenue are captured in the last quarter of those financial period/years. The sales for each month of the last quarter registered 10% to 76% higher than average monthly sales for the financial period/years. Therefore the trade receivable period will exceed the normal credit period of 45 days.

Trade receivables turnover period as at FYE 2010 is close to the normal credit terms granted to customers' trade receivable.

Trade receivables turnover period for FPE 2011 is 41 days which is within the normal credit period.

As at the LPD, 99.9% of total trade receivables for FPE 2011 have been collected.

(b) Trade payables turnover

The normal credit terms granted to our Group by its trade creditors ranges from 30 to 90 days from date of invoice.

Trade payable turnover period as at FPE 2007 exceeded the normal credit terms granted by its trade creditors as it is the first period of operations and was due to our Group's insufficient working capital.

Trade payable turnover period for FYE 2008, FYE 2009, FYE 2010 and FPE 2011 is within the normal credit terms granted by its trade creditors.

The improvement in trade payables turnover was on the result of stronger working capital and better supply chain management.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(c) Inventory turnover

Our Group's inventories consist mainly of electronic components, substrates level material, and wafer level components. The average inventory turnover for our Group ranges from 30 days to 90 days.

The inventory turnover period for all the financial period/years under review is within the average inventory turnover period for our Group.

The improvement in inventory turnover as at FYE 2008 and FYE 2009 (from 37 days to 32 days) was due to better supply chain management, improved product planning and the computerisation of shop-floor control and inventory control.

Inventory turnover period increased to 38 days for FYE 2010 and 37 days for FPE 2011 due to the extended material delivery lead-time from our suppliers, which has increased our inventory holding period.

(d) Gearing ratio

The gearing ratio had increased from 0.65 as at FPE 2007 to 0.91 times as at FYE 2009. This was due to the utilisation of trade facilities amounting to RM2.5 million and advances from the shareholders of RM5.1 million during FYE 2009. The utilisation of trade facilities was to finance the working capital requirements.

For FYE 2010, the gearing ratio decreased to 0.39 as compared to 0.91 as at FYE 2009. The improvement in gearing ratio was due to the decrease in interest-bearing borrowings resulting from the settlement of advances from shareholders amounting to RM5.1 million.

The gearing ratio for FPE 2010 and FPE 2011 was 0.33 and 0.22 respectively.

12.11 Impact of government, economic, fiscal or monetary policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus.

12.12 Inflation

We do not believe that inflation has had a material impact on the business, financial condition or results of operations of our Group. If our Group were to experience significantly higher inflation that we have experienced in the past, we may not be able to fully offset such higher costs through price increases. Our failure or inability to do so could adversely affect our business, financial condition and results of operations.

12.13 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.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The demand for our Group's products and services is also dependent on the market trend. We believe that there will be higher demand for our products in the future due to the fact that we are able to provide high quality products, reliable services, our commitment to meet and exceed customers' requirements and our ability to adopt to changing market trends.

12.14 Order Book

Due to the nature of our business, we do not maintain an order book. We generate our revenue as and when we deliver our services/products pursuant to purchase orders.

12.15 Prospects and Trends

The discussions about prospects and trends include forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those that may be projected in these forward-looking statements.

Nevertheless, our Board is optimistic about our future prospects given the following factors:

- (i) the prospects and favourable outlook of the EMS market as set out in Section 7 of this Prospectus;
- (ii) our competitive strengths and advantages as set out in Section 6.16 of this Prospectus; and
- (iii) our commitment to implement the business strategies and future plans as set out in Section 6.17 of this Prospectus.

Save as disclosed in this Prospectus, we are not aware of any known trends uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition.

12.16 Dividend Policy

As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries. The payment of dividends by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans and other factors that their respective boards of directors deem relevant.

It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth.

The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to take into account various factors including:

12. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

- (i) the level of our cash, gearing, return on equity and retained earnings;
- (ii) our expected financial performance; and
- (iii) our projected levels of required capital expenditure and other investment plans.

Considering our current financial position, our Board intend to adopt a progressive dividend policy, subject to the factors stated above and in the absence of any circumstances which might reduce the amount of revenue reserve available to pay dividends, whether by losses, capital reduction or otherwise.

Subject to the factors described above, 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.

[The rest of this page is intentionally left blank]

13. ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)



(PREPARED FOR INCLUSION IN THIS PROSPECTUS)

7 June 2011

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

SJ Grant Thornton (AF:073)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Dear Sirs,

INARI BERHAD ACCOUNTANTS' REPORT

1. INTRODUCTION

This report has been prepared by us, an approved company auditor, for inclusion in this Prospectus in connection with Inari Berhad's ("Inari" or the "Company") Public Issue of 83,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.38 per share and the listing of and quotation for its entire enlarged issued and paid-up share capital of 331,608,700 ordinary shares of RM0.10 each on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

2. GENERAL INFORMATION

2.1 Background

Inari Berhad was incorporated on 5 May 2010 as a public limited company.

The principal activity of the Company is that of investment holding.

The Company has two wholly-owned subsidiaries, Inari Technology Sdn. Bhd. ("Inari Technology") and Simfoni Bistari Sdn. Bhd. ("Simfoni"), collectively referred to as "Inari Group" or "the Group" hereinafter. Details of the subsidiaries are disclosed in section 2.3.

Prior to the acquisitions as described in section 2.2.1, Inari Technology and Simfoni were subsidiaries of Insas Technology Berhad ("Insas Technology"), which in turn is a subsidiary of Insas Berhad, a company whose shares are listed on the Main Market of Bursa Securities. Both companies were incorporated in Malaysia.

Simfoni became a wholly-owned subsidiary of Insas Technology on 21 July 2008. Prior to that, Simfoni was a wholly-owned subsidiary of Landasan Sinar Sdn. Bhd., a company incorporated in Malaysia.

13. ACCOUNTANTS' REPORT**2. GENERAL INFORMATION (CONT'D)****2.2 Listing Scheme**

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of Inari on the ACE Market of Bursa Securities, the Company undertook the following exercise:

2.2.1 Acquisitions of Subsidiaries**The Company acquired:**

- (a) The entire equity interest in Inari Technology comprising 9,015,000 ordinary shares of RM1.00 each for a total purchase consideration of RM24,160,860 satisfied by the issuance of 241,608,600 new ordinary shares of RM0.10 each in Inari ("Inari shares") at par. The purchase consideration was arrived at on a willing buyer-willing seller basis, based on the audited net assets of Inari Technology as at 31 March 2010 and after fair value adjustment of its land and building.
- (b) The entire equity interest in Simfoni comprising 2 ordinary shares of RM1.00 each for a total purchase consideration of RM1,000,000 satisfied by cash. The purchase consideration was arrived at on a willing buyer-willing seller basis, based on the audited net assets of Simfoni as at 31 March 2010 and after fair value adjustment of its land and building.

The above acquisitions were completed on 21 September 2010.

2.2.2 Debt Settlement

The Company has assumed the amount owing by Simfoni to Insas Technology amounting to RM10,000,000 out of which RM2,450,000 has been settled on 21 September 2010 by the issuance of 7,000,000 new ordinary shares of RM0.10 each in Inari at an issue price of RM0.35 per share and the balance of RM7,550,000 will be settled with the proceeds from the Public Issue.

2.2.3 Public Issue

Public Issue of 83,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.38 per share.

2.3 Subsidiaries

The details of the subsidiaries are as follows:

Company	Date of Incorporation	Authorised Share Capital RM	Issued and Paid-up Capital RM	Equity Interest %	Principal Activities
Inari Technology	01.06.06	10,000,000	9,015,000	100	Manufacturing of wireless microwave telecommunication products, wireless broadcast card and the provision of electronic manufacturing services.
Simfoni	18.02.03	100,000	2	100	Investment holding and property investment.

13. ACCOUNTANTS' REPORT**2. GENERAL INFORMATION (CONT'D)****2.4 Share Capital**

The changes in the Company's issued and fully paid-up share capital up to the date of this report are summarised below :

Date of Allotment	Consideration	No. of Ordinary Shares of RM0.10 Each Allotted	Total Issued and Paid-up Share Capital RM	-----Cumulative Total-----	
				No. of Ordinary Shares of RM0.10 Each Allotted	Total Issued and Paid-up Share Capital RM
5 May 2010	Cash - Subscribers' shares	70	7	70	7
24 Jul 2010	Cash	30	3	100	10
20 Sep 2010	Acquisition of 100% equity interest in Inari Technology	241,608,600	24,160,860	241,608,700	24,160,870
21 Sep 2010	Partial settlement of debt owing to Insas Technology	7,000,000	700,000	248,608,700	24,860,870

3. DIVIDENDS

Save as disclosed below, no other dividends have been declared or paid by the Company and its subsidiaries for the financial period/years under review.

Company	Year/Period Ended	Issued and Paid-up Capital RM'000	Dividend Rate %	Type of Dividend	Net Amount of Dividend Paid RM'000
Inari Technology	30 June 2009	7,500	136	Interim single tier	10,200
Inari Technology	30 June 2010	7,500	120	Interim single tier	9,000
Simfoni	31 December 2010	*	76,920	Interim tax exempt	154

* RM2.

13. ACCOUNTANTS' REPORT**4. AUDITORS AND AUDITED FINANCIAL STATEMENTS**

The auditors of the Group for the relevant financial periods/years are as follows :-

Company	Financial Period/Year	Auditors	Auditors' Report
Inari	Financial period ended ("FPE") 31 December 2010	SJ Grant Thornton	Appendix I
Inari Technology	FPE 30 June 2007 Financial year ended ("FYE") 30 June 2008	UHY Diong *	Appendix II
	FYE 30 June 2009, 30 June 2010 and FPE 31 December 2010	UHY Diong * SJ Grant Thornton	Appendix II Appendix II
Simfoni	FPE 30 June 2007 FYE 30 June 2008 FYE 30 June 2009, 30 June 2010 and FPE 31 December 2010	Terence Oh & Associates Terence Oh & Associates SJ Grant Thornton	Appendix III Appendix III Appendix III

The financial statements of Inari, Inari Technology and Simfoni for all the financial periods/years under review have been reported without any audit qualification or modification except for the financial statements of Simfoni for the FPE 30 June 2007 which contained a modified opinion with an emphasis of matter on Simfoni's ability to continue as a going concern in view of the net loss incurred and Simfoni's net liabilities position.

For the purpose of this prospectus, the translated auditors' report in Bahasa Malaysia version will be the unsigned copy.

* Now known as UHY.

5. BASIS OF PREPARATION AND ACCOUNTING POLICIES**5.1 Basis of preparation**

The financial statements of the Group are prepared under the historical cost convention and comply with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

For the purpose of this report, the financial statements of Simfoni for the FPE 30 June 2007 and FYE 30 June 2008, which were prepared in accordance with Private Entities Reporting Standards, were converted to comply with applicable FRSs in Malaysia, the adoption of which did not have any financial effect on the said financial statements.

The financial statements of the Group are presented in Ringgit Malaysia ("RM") which is also the Group's functional currency.

During the financial periods/years under review, the Group had adopted new and revised FRSs as described fully in 5.2.2.

13. ACCOUNTANTS' REPORT**5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)****5.2 Significant accounting policies**

The accounting policies adopted in the preparation of this report are consistent with the accounting policies adopted by Inari and its subsidiaries during the relevant financial periods/years except as follows :

Inari Technology

- (i) During the FYE 30 June 2009, Inari Technology reviewed the useful lives of its property, plant and equipment and revised the depreciation rates of the following items so as to reflect the future economic benefits to be derived from their use :

	New rate %	Old rate %
Renovation	33	20
Production equipment	33	10 - 20
Office equipment, electrical installation, furniture and fittings	20 - 33	10 - 20

The effect of the above revision is an increase of current depreciation charge by RM4.131 million and the profit for the FYE 30 June 2009 is accordingly reduced by the same amount.

Subsequently in FPE 31 December 2010, Inari Technology estimated that the useful lives of new production equipment acquired from 1 July 2010 onwards will increase from 3 to 5 years as a result of advances in technology development which will enhance the performance capability of the new equipment. The effect of the revision resulted in a reduction of depreciation charge by RM0.216 million and the profit for the FPE 31 December 2010 is accordingly increased by the same amount. The old production equipment will continue to depreciate at the old rate of 33%.

- (ii) Prior to the adoption of Amendment to FRS 117 Leases, Inari Technology classified its leasehold land as operating leases and recognised the payment made on acquiring the leasehold land as prepaid land lease payments. These leasehold land are amortised over the lease term in accordance with the pattern of benefits provided. On adoption of the Amendment to FRS 117 Leases in the FPE 31 December 2010, Inari Technology had reassessed the classification of its leasehold land and concluded that these leasehold land are finance lease in substance. Accordingly, these leasehold land were reclassified to property, plant and equipment and in accordance with the accounting policy for property, plant and equipment. The effects of this change have been accounted for retrospectively as disclosed in section 8.1 of this report.

5.2.1 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

13. ACCOUNTANTS' REPORT



5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

5.2 Significant accounting policies (cont'd)

5.2.1 Accounting estimates and judgements (cont'd)

5.2.1.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

5.2.1.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

(i) Depreciation of production equipments

Production equipments are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the production equipments to be 3 to 5 years. Changes in the expected level of usage and technology developments could impact the economic useful lives and residual values of the production equipments. Therefore, future depreciation charges could be revised.

(ii) Impairment of loans and receivables

The Group assesses at each reporting date whether there is objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

(iii) Product liability claim

The Group provides warranty for manufacturing defects of its products sold. The product warranty will be in effect based on the Group's normal warranty period or 1 year from the date the products are sold and shipped by its customers, whichever is longer. Based on the proposed insurance premium charged by insurance company, the Group provides for product liability claim calculated at 1.10% on its annual revenue from the sale of its products.

As the Group's products are constantly upgraded for technological developments, the level of manufacturing defects for the upgraded and/or new products may not necessary reflect past trends and in such circumstances, the original basis used to calculate the amounts for product liability claim may need to be revised when it is appropriate.

13. ACCOUNTANTS' REPORT



5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

5.2 Significant accounting policies (cont'd)

5.2.1 Accounting estimates and judgements (cont'd)

5.2.1.2 Key sources of estimation uncertainty (cont'd)

(iv) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial period in which such determination is made.

(v) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised business losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

[The rest of this page is intentionally left blank]

13. ACCOUNTANTS' REPORT



5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

5.2 Significant accounting policies (cont'd)

5.2.2 Adoption of new and revised FRSs

For the FPE 31 December 2010, the Group adopted the following new/revised FRSs and IC Interpretations :

Amendment to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 2	Share-based Payment. Amendments relating to vesting conditions and cancellations
FRS 4	Insurance Contracts
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations. Amendment Relating to disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations
FRS 7	Financial Instruments : Disclosures
Amendment to FRS 7	Financial Instruments : Disclosures. Amendments relating to financial assets
Amendment to FRS 8	Operating Segments. Amendment relating to disclosure information about segment assets
FRS 101 (Revised)	Presentation of Financial Statements
Amendment to FRS 107	Statement of Cash Flows. Amendment relating to classification of expenditures on unrecognised assets
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors. Amendment relating to selection and application of accounting policies
Amendment to FRS 110	Events After the Reporting Period. Amendment relating to reason for dividend not recognised as a liability at the end of the reporting period
Amendment to FRS 116	Property, Plant and Equipment. Amendment relating to derecognition of asset
Amendment to FRS 117	Leases. Amendment relating to classification of leases
Amendment to FRS 118	Revenue. Amendment relating to Appendix of this standard and recognition and measurement
Amendment to FRS 119	Employee Benefits. Amendment relating to definition, curtailment and settlements

13. ACCOUNTANTS' REPORT**5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)****5.2 Significant accounting policies (cont'd)****5.2.2 Adoption of new and revised FRSs (cont'd)**

For the FPE 31 December 2010, the Group adopted the following new/revised FRSs and IC Interpretations : (cont'd)

Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance. Amendment relating to definition and government loan with a below market rate of interest
FRS 123 (Revised)	Borrowing Costs
Amendment to FRS 123	Borrowing Costs. Amendment relating to components of borrowing costs
Amendment to FRS 127	Consolidated and Separate Financial Statements. Amendment relating to cost of an investment in a subsidiary, jointly controlled entity or associate
Amendment to FRS 128	Investment in Associates. Amendment relating to impairment losses in application of the equity method and the scope of this standard
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies. Amendment relating to changing of terms used
Amendment to FRS 131	Interests in Joint Ventures. Amendment relating to additional disclosure required for joint venture that does not apply FRS 131
Amendment to FRS 132	Financial Instruments : Presentation. Amendment relating to puttable financial instruments
Amendment to FRS 134	Interim Financial Reporting. Amendment relating to disclosure of earnings per share
Amendment to FRS 136	Impairment of Assets. Amendment relating to the disclosure of recoverable amount
Amendment to FRS 138	Intangible Assets. Amendment relating to recognition of an expense
FRS 139	Financial Instruments : Recognition and Measurement
Amendments to FRS 139	Financial Instruments : Recognition and Measurements. Amendments relating to eligible hedged items, reclassification of financial assets and embedded derivatives
Amendment to FRS 140	Investment Property. Amendment relating to inability to determine fair value reliably
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions

13. ACCOUNTANTS' REPORT**5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)****5.2 Significant accounting policies (cont'd)****5.2.2 Adoption of new and revised FRSs (cont'd)**

For the FPE 31 December 2010, the Group adopted the following new/revised FRSs and IC Interpretations : (cont'd)

IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendment to FRS 132	Financial Instruments : Presentation. Amendments relating to classification of rights issues
FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment. Amendments relating to the scope of the Standard
FRS 3 (Revised)	Business Combinations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners in the standards
FRS 127 (Revised)	Consolidated and Separate Financial Statements
Amendments to FRS 138	Intangible Assets. Amendments relating to the revision to FRS 3
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives. Amendments relating to the scope of the IC and revision to FRS 3
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

The adoption of the above new/revised FRSs and IC Interpretations did not have any effect on the financial statements of the Group except for those discussed below :

FRS 7 Financial Instruments : Disclosures

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

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives.

The new disclosures are included throughout the Group's financial statements for the financial period ended 31 December 2010.

13. ACCOUNTANTS' REPORT



5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

5.2 Significant accounting policies (cont'd)

5.2.2 Adoption of new and revised FRSs (cont'd)

FRS 101 Presentation of Financial Statements (Revised)

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

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

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group.

FRS 139 Financial Instruments : Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group has adopted FRS 139 prospectively on 1 July 2010 in accordance with the transitional provisions. The change in accounting policy arising from the adoption of FRS 139 is discussed below :

- Impairment of receivables :

Prior to 1 July 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

FRS 3 Business Combination (Revised)

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The revised standard requires losses to be allocated to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

13. ACCOUNTANTS' REPORT**5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)****5.2 Significant accounting policies (cont'd)****5.2.3 Standards issued but not yet effective**

As at the FPE 31 December 2010, the following Standards and IC Interpretations are not yet effective and have not been early adopted by the Group :

(a) Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendment to FRS 1	Additional Exemptions for First-time Adopters
Amendment to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations. Amendments relating to measurement of non-controlling interests and un-replaced and voluntarily replaced share-based payments awards
Amendment to FRS 7	Improving Disclosures about Financial Instruments
Amendment to FRS 101	Presentation of Financial Statements. Amendments relating to classification of statement of changes in equity
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates. Amendment relating to transition requirements for amendments arising as a result of FRS 127 Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates. Amendment relating to transition requirements for amendments arising as a result of FRS 127 Consolidated and Separate Financial Statements
Amendment to FRS 131	Interests in Joint Ventures. Transition requirements for amendments arising as a result of FRS 127 Consolidated and Separate Financial Statements
Amendments to FRS 132	Financial Instruments : Presentation. Amendment relating to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised FRS (Consequential amendments arising from Improvements to FRSs (2010) - FRS 3)
Amendment to FRS 134	Interim Financial Reporting. Amendment relating to significant events and transactions
Amendment to FRS 139	Financial Instruments : Recognition and Measurement. Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised FRS (Consequential amendments arising from Improvements to FRSs (2010) - FRS 3)
IC Interpretation 4	Determining Whether an Arrangement contains a Lease

13. ACCOUNTANTS' REPORT**5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)****5.2 Significant accounting policies (cont'd)****5.2.3 Standards issued but not yet effective (cont'd)****(a) Effective for financial periods beginning on or after 1 January 2011 (cont'd)**

Amendments to IC Interpretation 13	Customer Loyalty Programmes. Amendment relating to fair value of award credits
IC Interpretation 18	Transfers of Assets from Customers #

During the financial period, MASB approved and issued IC Interpretation 18 – Transfers of Assets from Customers and requires the interpretation to be applied prospectively to all transfers of assets from customers received on or after 1 January 2011.

(b) Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Amendment relating to the treatment of prepayments of future contributions when there is a minimum funding requirement

(c) Effective for financial periods beginning on or after 1 January 2012

IC Interpretation 15	Agreements for the Construction of Real Estate
FRS 124 (Revised)	Related Party Disclosures

The Group plans to adopt the above FRSs and IC Interpretations when they become effective in the respective financial period or earlier if deemed necessary. These pronouncements are expected to have no significant impact on the financial statements of the Group upon initial application except for the following :

FRS 124 Related Party Disclosures (Revised)

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

13. ACCOUNTANTS' REPORT



5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

5.2 Significant accounting policies (cont'd)

5.2.4 Subsidiaries and basis of consolidation

Subsidiaries

Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating activities so as to obtain benefits therefrom.

Investment in subsidiaries, which is eliminated on consolidation, is stated at cost less accumulated impairment losses in the Company's separate financial statements.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is charged or credited to the profit or loss.

Basis of consolidation

The financial statements of the Group include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial period. The Group adopts the acquisition method of accounting for consolidation.

Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities represents goodwill and is retained in the statement of financial position. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the profit or loss.

Inter-company balances, transactions and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those of the Group.

5.2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

13. ACCOUNTANTS' REPORT**5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)****5.2 Significant accounting policies (cont'd)****5.2.5 Property, plant and equipment (cont'd)**

Short-term leasehold land and buildings are amortised over the lease period of 44 - 45 years. Other property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

	30.6.07	30.6.08	30.6.09	30.6.10	31.12.10
	%	%	%	%	%
Renovation	20	20	10 - 33	10 - 33	10 - 33
Plant and equipment	-	-	10	10	10
Production equipment	10 - 20	10 - 20	33	33	20 - 33
Office equipment, electrical installation, furniture and fittings	10 - 20	10 - 20	20 - 33	20 - 33	20 - 33
Motor vehicles	20	20	20	20	20

Short-term leasehold land and building refer to properties with remaining lease period of less than 50 years determined as at the reporting date.

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

Fully depreciated items of property, plant and equipment are retained in the accounts until the items are no longer in use.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the profit or loss.

5.2.6 Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of its subsidiaries at the date of acquisition.

Goodwill arising on the acquisition of subsidiaries is presented separately in the statement of financial position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent period.

13. ACCOUNTANTS' REPORT



5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

5.2 Significant accounting policies (cont'd)

5.2.6 Goodwill (cont'd)

An impairment loss recognised for goodwill should not be reversed in subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed of, the goodwill associated with the operations disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed of in these circumstances is measured based on the relative fair values of the operations disposed of and portion of the cash-generating unit retained.

5.2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

5.2.8 Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete and slow moving stocks.

Cost of work-in-progress consists of cost of raw materials used, direct labour and a proportion of production overheads incurred; while the cost of raw materials consists of the purchase price plus the cost of bringing the inventories to their present location.

Cost is determined on the first-in, first-out basis.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

13. ACCOUNTANTS' REPORT



5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

5.2 Significant accounting policies (cont'd)

5.2.9 Financial assets

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

When financial assets are recognised initially, they are remeasured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset.

The Group determines the classification of their financial assets at initial recognition, and categorise their financial assets as loans and receivables.

Loans and receivables

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

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

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

5.2.10 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

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

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred; the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default in receivables.

13. ACCOUNTANTS' REPORT



5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

5.2 Significant accounting policies (cont'd)

5.2.10 Impairment of financial assets (cont'd)

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

5.2.11 Cash and cash equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

5.2.12 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

5.2.13 Financial liabilities

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

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

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

13. ACCOUNTANTS' REPORT**5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)****5.2 Significant accounting policies (cont'd)****5.2.13 Financial liabilities (cont'd)****Other financial liabilities**

The Group's other financial liabilities include trade payables, other payables, loans and borrowings.

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

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

5.2.14 Revenue recognition**Sale of goods**

Revenue from sale of goods is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

Provision of services

Revenue from the provision of electronic manufacturing services is recognised in the profit or loss upon completion of such services rendered.

Rental income

Revenue from rental of properties is recognised when the rights to receive rental has been established.

5.2.15 Leases**Finance lease**

In accordance with FRS 117 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

13. ACCOUNTANTS' REPORT

**5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)****5.2 Significant accounting policies (cont'd)****5.2.15 Leases (cont'd)****Operating lease**

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

5.2.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

5.2.17 Employee benefits**Short term benefits**

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

Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the profit or loss as incurred.

5.2.18 Income tax

Income tax on the profit or loss for the year/period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year/period and is measured using the tax rates that have been enacted by the reporting date.

Deferred tax is provided for using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

13. ACCOUNTANTS' REPORT**5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)****5.2 Significant accounting policies (cont'd)****5.2.19 Foreign currency translation**

Assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at the rates of exchange approximately ruling on that date. Transactions in foreign currencies during the year have been translated into Ringgit Malaysia at the rates of exchange approximately ruling on the transaction dates. All exchange gains or losses are included in profit or loss.

The principal exchange rates used for each respective unit of foreign currency ruling at the reporting date are as follows:

	30.6.07	30.6.08	30.6.09	30.6.10	31.12.10
	RM	RM	RM	RM	RM
1 US Dollar	3.45	3.26	3.53	3.27	3.13
1 Singapore Dollar	2.25	2.40	2.43	2.33	2.39
1 Euro	4.64	5.15	4.98	3.98	4.09
100 Japanese Yen	2.80	3.07	3.67	3.69	3.80

5.2.20 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

5.2.21 Segment reporting

Operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5.2.22 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or both.

(i) Measurement basis

Investment properties are stated at cost less accumulated depreciation and impairment losses. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the assets.

13. ACCOUNTANTS' REPORT



5. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

5.2 Significant accounting policies (cont'd)

5.2.22 Investment properties (cont'd)

(i) Measurement basis (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of an investment property are recognised in the profit or loss in the financial year in which they arise.

(ii) Depreciation

Depreciation is calculated to write off the depreciable amount of the investment properties on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost of the investment property.

Leasehold land and building are amortised over the lease period of 45 years.

The residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at each reporting date.

Upon consolidation, the investment property under Simfoni is reclassified to property, plant and equipment and depreciated in accordance with the accounting policy as set out in section 5.2.5 as the said investment property is rented to Inari Technology.

6. AUDITED FINANCIAL STATEMENTS OF THE GROUP

The financial information of Inari, Inari Technology and Simfoni as presented in section 7, 8 and 9 respectively for the four (4) financial periods/years ended 30 June 2007, 2008, 2009 and 2010 and 31 December 2010 are extracted from their audited financial statements, modified as appropriate, for the purpose of this report. Details of restatements and/or reclassifications are disclosed under the respective financial statements itself. The financial information in *italics* are prepared based on calculation, representation and/or explanation provided by management and those as otherwise indicated.

13. ACCOUNTANTS' REPORT**7. INARI BERHAD****7.1 Statements of financial position**

		As at 31 December	
	Note	Group RM'000	Company RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	7.5.1	34,788	-
Investment in subsidiaries	7.5.2	-	25,161
Deferred tax assets	7.5.3	1,540	-
		36,328	25,161
Current assets			
Inventories	7.5.4	11,978	-
Trade receivables	7.5.5	18,003	-
Other receivables, deposits and prepayment	7.5.6	2,329	119
Amount due from a subsidiary	7.5.7	-	2,450
Cash and bank balances	7.5.8	18,091	2
		50,401	2,571
TOTAL ASSETS		86,729	27,732
EQUITY AND LIABILITIES			
Share capital	7.5.9	24,861	24,861
Share premium	7.5.10	1,750	1,750
Retained profits/(Accumulated loss)		12,015	(77)
Total equity		38,626	26,534
Non-current liabilities			
Borrowings	7.5.11	5,644	-
Deferred tax liabilities	7.5.3	852	-
		6,496	-
Current Liabilities			
Trade payables	7.5.12	7,928	-
Other payables and accruals	7.5.13	31,100	25
Amount due to a subsidiary	7.5.7	-	1,173
Borrowings	7.5.11	1,853	-
Provision for taxation		726	-
		41,607	1,198
Total liabilities		48,103	1,198
TOTAL EQUITY AND LIABILITIES		86,729	27,732

13. ACCOUNTANTS' REPORT



7. INARI BERHAD (CONT'D)

7.1 Statements of financial position (cont'd)

	As at 31 December	
	Group	Company
Net Assets (NA) (RM'000)	38,626	26,534
NA per share of RM0.10 each (Sen)	15.54	10.67

[The rest of this page is intentionally left blank]

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.2 Statements of comprehensive income**

		5.5.10 to 31.12.10	
	Note	Group RM'000	Company RM'000
Revenue	7.5.14	41,136	-
Cost of sales		<u>(31,658)</u>	-
Gross profit		9,478	-
Other income		7,511	-
Administrative expenses		(4,495)	(77)
Selling and distribution expenses		<u>(25)</u>	-
Operating profit/(loss)		12,469	(77)
Finance costs	7.5.15	<u>(291)</u>	-
Profit/(Loss) before taxation	7.5.16	12,178	(77)
Taxation	7.5.17	<u>(163)</u>	-
Profit/(Loss) for the period, representing total comprehensive income/(loss) for the financial period		<u><u>12,015</u></u>	<u>(77)</u>
Net earnings per share (Sen)	7.5.18	<u>11.31</u>	

[The rest of this page is intentionally left blank]

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.3 Statements of changes in equity**

	Note	Distributable			Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Retained Profit RM'000	
Group					
Balance at 5 May 2010 (date of incorporation)		#	-	-	#
Transaction with owners :					
Share issue	7.5.9 & 7.5.10	24,861	1,750	-	26,611
Total comprehensive income for the financial period		-	-	12,015	12,015
Balance at 31 December 2010		24,861	1,750	12,015	38,626

	Note	Share	Share	Accumulated	Total
		Capital RM'000	Premium RM'000	Loss RM'000	Equity RM'000
Company					
Balance at 5 May 2010 (date of incorporation)		#	-	-	#
Transaction with owners :					
Share issue	7.5.9 & 7.5.10	24,861	1,750	-	26,611
Total comprehensive loss for the financial period		-	-	(77)	(77)
Balance at 31 December 2010		24,861	1,750	(77)	26,534

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.4 Statements of cash flows**

	5.5.10 to 31.12.10	
	Group	Company
	RM'000	RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	12,178	(77)
Adjustments for :		
Allowance for slow moving inventories	194	-
Depreciation	3,240	-
Excess of fair value of subsidiaries acquired over the investment cost	(7,504)	-
Interest income	(7)	-
Interest expense	291	-
Property, plant and equipment written off	#	-
Unrealised gain on foreign exchange	(186)	-
Operating profit/(loss) before working capital changes	8,206	(77)
Decrease in inventories	1,420	-
Increase in receivables	(2,788)	(119)
(Decrease)/Increase in payables	(2,398)	25
Cash generated from/(used in) operations	4,440	(171)
Income tax paid	(419)	-
Interest received	7	-
Interest paid	(291)	-
Net cash from/(used in) operating activities	3,737	(171)
Cash flows from investing activities		
Investment in a subsidiary	-	(1,000)
* Net cash inflow on acquisition of subsidiaries	15,570	-
Proceeds from issuance of shares	#	#
Purchase of property, plant and equipment	(546)	-
Net cash from/(used in) investing activities	15,024	(1,000)
Cash flows from financing activities		
Advances from a subsidiary	-	1,173
Repayment of hire purchase payable	(279)	-
Repayment of industrial hire purchase payable	(63)	-
Repayment of term loan	(378)	-
Net cash (used in)/from financing activities	(720)	1,173
Effects of changes in exchange rates	50	-
Net increase in cash/ cash at end	18,091	2

Less than RM1,000.

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.4 Statements of cash flows (cont'd)**

	5.5.10 to 31.12.10 Group RM'000
* Cash flows on acquisition of subsidiaries	
Property, plant and equipment	37,482
Deferred tax assets	929
Inventories	13,593
Receivables	17,114
Cash and bank balances	16,570
Payables	(43,584)
Borrowings	(8,217)
Deferred tax liabilities	(855)
Provision for taxation	(367)
Adjusted net assets of acquired subsidiaries	<u>32,665</u>
Excess of fair value of subsidiaries acquired over the investment cost	<u>(7,504)</u>
Total consideration paid	25,161
Less : Cash and cash at bank	<u>(16,570)</u>
	8,591
Satisfied by way of issue of Inari's shares	<u>(24,161)</u>
Net cash inflow on acquisition of subsidiaries	<u>(15,570)</u>

[The rest of this page is intentionally left blank]

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements****7.5.1 Property, plant and equipment****Group**

	Short term leasehold land RM'000	Buildings RM'000	Renovation RM'000	Production equipment RM'000	Office equipment, electrical installation, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
At cost							
Arising from acquisition of subsidiaries	6,852	7,848	3,908	40,091	5,608	135	64,442
Additions	-	-	76	371	99	-	546
Written off	-	-	-	-	(1)	-	(1)
Balance at end	6,852	7,848	3,984	40,462	5,706	135	64,987
Accumulated depreciation							
Arising from acquisition of subsidiaries	-	-	2,298	22,039	2,573	50	26,960
Current charge	41	46	148	2,670	328	7	3,240
Written off	-	-	-	-	(1)	-	(1)
Balance at end	41	46	2,446	24,709	2,900	57	30,199
Carrying amount	6,811	7,802	1,538	15,753	2,806	78	34,788

The carrying amount of property, plant and equipment held under financing arrangements are as follows :

	RM'000
Term loan facility :	
Short term leasehold land and building	4,519
Production equipment	2,634
Finance lease arrangement :	
Production equipment	322
Industrial hire purchase arrangement :	
Production equipment	905
Hire purchase arrangement :	
Motor vehicles	24
	<u>8,404</u>

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements (cont'd)****7.5.2 Investment in subsidiaries**

	Company RM'000
Unquoted shares, at cost:	
- Acquisition of Inari Technology (section 2.2.1(a))	24,161
- Acquisition of Simfoni (section 2.2.1(b))	<u>1,000</u>
	<u>25,161</u>

The effects of the above mentioned acquisitions on the financial results for the reporting period ended 31 December 2010 of the Group is as follows :

	RM'000
Revenue	41,136
Cost of sales	<u>(31,658)</u>
Gross profit	9,478
Other income	7,511
Administrative expenses	(4,418)
Selling and distribution expenses	<u>(25)</u>
Operating profit	12,546
Finance cost	<u>(291)</u>
Profit before taxation	12,255
Taxation	<u>(163)</u>
Increase in Group's profit	<u>12,092</u>

The effects of the above mentioned acquisitions on the financial position of the Group as at 31 December 2010 is as follows :

	RM'000
Property, plant and equipment	37,482
Deferred tax assets	929
Inventories	13,593
Receivables	17,114
Cash and bank balances	16,570
Payables	(43,584)
Borrowings	(8,217)
Deferred tax liabilities	(855)
Provision for taxation	<u>(367)</u>
Increase in Group's net assets	<u>32,665</u>

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements (cont'd)****7.5.3 Deferred tax assets/(liabilities)**

	Group RM'000
Deferred tax assets :	
Arising from acquisition of subsidiaries	929
Recognised in profit or loss	<u>611</u>
Balance at end	<u>1,540</u>
Deferred tax liabilities :	
Arising from acquisition of subsidiaries	(855)
Recognised in profit or loss	28
Over provision in prior financial year	<u>(25)</u>
Balance at end	<u>(852)</u>

The components of deferred tax assets/(liabilities) as at reporting date prior to offsetting are as follows :

	Group RM'000
Deferred tax assets :	
Allowance for slow moving inventories	(49)
Property, plant and equipment	1,467
Unutilised tax losses	<u>122</u>
	<u>1,540</u>
Deferred tax liabilities :	
Property, plant and equipment	(211)
Deferred tax arising from acquisition of subsidiaries	<u>(641)</u>
	<u>(852)</u>

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements (cont'd)****7.5.4 Inventories**

	Group RM'000
At cost :	
Raw materials	6,197
Less : Allowance for slow moving inventories	
Arising from acquisition of subsidiaries	(294)
Current year	(194)
Balance at end	(488)
	<u>5,709</u>
Work-in-progress	4,876
Finished goods	536
Consumables	857
	<u>11,978</u>

7.5.5 Trade receivables

	Group RM'000
Analysis by currencies :	
Ringgit Malaysia	631
US Dollar	17,372
	<u>18,003</u>

Included in trade receivables are the following :

(i) Amount due from a company which is related by virtue of it being a substantial shareholder of Inari	<u>17,773</u>
(ii) Amount due from related companies of a substantial shareholder of Inari	<u>1</u>

The normal credit terms granted to trade receivables is 45 days. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements (cont'd)****7.5.6 Other receivables, deposits and prepayments**

	Group RM'000	Company RM'000
Other receivables	94	-
Prepayments	1,205	119
Refundable deposits	259	-
Deposits for purchase of production equipments	771	-
	<u>2,329</u>	<u>119</u>
Analysis by currencies :		
Ringgit Malaysia	1,313	119
US Dollar	824	-
Japanese Yen	192	-
	<u>2,329</u>	<u>119</u>

Included in other receivables, deposits and prepayments are the following :

(i) Rental deposit paid to a substantial shareholder of Inari	<u>234</u>	-
(ii) Due from a substantial shareholder of Inari	<u>88</u>	-
(iii) Due from a related company of a substantial shareholder of Inari	<u>170</u>	-

7.5.7 Amount due from/(to) a subsidiary**Company**

The amount due from/(to) a subsidiary is non-trade related, unsecured and repayable on demand.

7.5.8 Cash and bank balances

	Group RM'000	Company RM'000
Analysis by currencies :		
US Dollar	17,152	-
Ringgit Malaysia	934	2
Others	5	-
	<u>18,091</u>	<u>2</u>

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements (cont'd)****7.5.9 Share capital****Group and Company**

	Number of ordinary shares of RM0.10 each	Amount RM'000
Authorised :		
Balance at incorporation	1,000,000	100
Created during the financial period	499,000,000	49,900
Balance at end	<u>500,000,000</u>	<u>50,000</u>
Issued and fully paid :		
Balance at incorporation	70	*
Issued, at par	241,608,630	24,161
Issued, at premium	7,000,000	700
Balance at end	<u>248,608,700</u>	<u>24,861</u>

* *Less than RM1,000.*

Subsequent to its incorporation, the Company increased its authorised share capital from RM100,000 to RM50,000,000 through the creation of an additional 499,000,000 ordinary shares of RM0.10 each and the issued and paid-up share capital was increased from RM7 to RM24,860,870 through the following :

	Number of ordinary shares of RM0.10 each	Amount RM'000
Cash #	30	*
Acquisition of Inari Technology Sdn. Bhd. (section 2.2.1(a)) #	241,608,600	24,161
Partial settlement of debt (section 2.2.2) ^	7,000,000	700
	<u>248,608,630</u>	<u>24,861</u>

* *Less than RM1,000.*

Issued at par.

^ *Issued at an issue price of RM0.35.*

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements (cont'd)****7.5.10 Share premium**

	Group and Company RM'000
Addition during the financial period/Balance at end	<u>1,750</u>

This is in respect of the premium arising from the issue of 7,000,000 ordinary shares of RM0.10 each at a premium of RM0.25 per share.

7.5.11 Borrowings

	Group RM'000
Current :	
Term loan	1,586
Hire purchase payable	3
Industrial hire purchase payable	<u>264</u>
	<u>1,853</u>
Non-current :	
Term loan	4,955
Industrial hire purchase payable	<u>689</u>
	<u>5,644</u>
Total borrowings	<u>7,497</u>

A summary of the effective interest rates and the maturities of the borrowings are as follows :

	Average effective interest rate per annum (%)	Total RM'000	Within 1 year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000
Term loan	7.05	6,541	1,586	1,701	3,254
Hire purchase payable	2.65	3	3	-	-
Industrial hire purchase payable	3.60	953	264	283	406

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements (cont'd)****7.5.11 Borrowings (cont'd)**

The borrowings (except for hire purchase payable) are secured by way of :

- (i) Facility Agreement of RM6.5 million;
- (ii) First party first legal charge for RM3.5 million and second legal charge for RM3.0 million over Inari Technology's factory land and building;
- (iii) Proportionate corporate guarantee of RM8.08 million from Insas Berhad, the former ultimate holding company of Inari Technology; and
- (iv) Specific debenture of RM5.0 million over Inari Technology's machinery.

7.5.12 Trade payables

	Group RM'000
Analysis by currencies :	
Ringgit Malaysia	895
US Dollar	7,033
	<u>7,928</u>

Included in trade payables is an amount of RM12,744 due to related companies of a substantial shareholder of Inari.

The normal credit terms granted by trade payables range from 30 to 90 days.

7.5.13 Other payables and accruals

	Group RM'000	Company RM'000
Other payables	11,347	-
Accruals	19,696	25
Deposits received	57	-
	<u>31,100</u>	<u>25</u>
Analysis by currencies :		
Ringgit Malaysia	29,560	25
Japanese Yen	1,009	-
US Dollar	497	-
Singapore Dollar	34	-
	<u>31,100</u>	<u>25</u>

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements (cont'd)****7.5.13 Other payables and accruals (cont'd)**

	Group RM'000	Company RM'000
Included in other payables and accruals are the following :		
(i) Due to a substantial shareholder of Inari	<u>7,555</u>	-
(ii) Due to related companies of a substantial shareholder of Inari	<u>18</u>	-

7.5.14 Revenue

Revenue represents the invoiced value of goods sold and services rendered net of returns and discounts.

7.5.15 Finance costs

	Group RM'000
Finance lease interest	1
Hire purchase interest	17
Interest on related party's advances	152
Tern loan interest	<u>121</u>
	<u>291</u>

7.5.16 Profit/(Loss) before taxation

	Group RM'000	Company RM'000
This is arrived at :		
After charging :		
Allowance for slow moving inventories	194	-
Audit fee	43	12
Depreciation	3,240	-

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements (cont'd)****7.5.16 Profit/(Loss) before taxation (cont'd)**

	Group	Company
	RM'000	RM'000
Loss on foreign exchange – realised	847	-
Preliminary expenses	65	65
Property, plant and equipment written off	#	-
Rental of equipment	62	-
*Staff costs	10,156	-
And crediting :		
Excess of fair value of subsidiaries acquired over the investment cost	7,504	-
Gain on foreign exchange – unrealised	186	-
Interest income	7	-
	<u>7</u>	<u>-</u>
* Staff costs are analysed as follows :		
Salaries, allowances, overtime, bonus and staff related expenses	9,509	-
Defined contribution plan	578	-
Social security cost	69	-
	<u>10,156</u>	<u>-</u>
Included in the staff costs are Directors' emoluments as follows :		
Salaries and others	835	-
Defined contribution plan	95	-
	<u>930</u>	<u>-</u>

Less than RM1,000

7.5.17 Taxation

	Group	Company
	RM'000	RM'000
Provision for current financial period		
- Current tax	777	-
- Deferred tax		
- Transferred to deferred tax assets	(611)	-
- Transferred to deferred tax liabilities	(28)	-
	<u>(639)</u>	<u>-</u>
	138	-
Deferred tax over provided in prior financial year	25	-
	<u>163</u>	<u>-</u>

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements (cont'd)****7.5.17 Taxation (cont'd)**

	Group	Company
	RM'000	RM'000
The reconciliation of tax expense of the Group and of the Company are as follows :		
Profit/(Loss) before taxation	12,178	(77)
Income tax at Malaysian statutory tax rate of 25%	3,044	(19)
Tax effects in respect of :		
- Income not subject to tax	(1,876)	-
- Non-allowable expenses	143	19
- Double deduction of expenses for tax purposes	(4)	-
- Pioneer income not subject to tax	(1,169)	-
- Deferred tax movement not recognised	*	*
- Deferred tax under provided in prior financial year	25	-
	<u>163</u>	<u>-</u>

* Less than RM1,000.

Group

Inari Technology has been granted pioneer status for the production of wireless microwave telecommunication filters and wireless home broadcast digital TV card (DTVC) under the Promotion of Investments Act, 1986. Accordingly, 70% of Inari Technology's statutory income derived from these pioneer products are exempted from income tax for a period of five years from the production day which has been fixed on 1 February 2007.

7.5.18 Earnings per share

The basic earnings per share of the Group is calculated by dividing the profit for the reporting period attributable to shareholders of Inari by the weighted average number of shares in issue during the reporting period as follows :

Profit attributable to shareholders of Inari (RM'000)	<u>12,015</u>
Weighted average number of shares of RM0.10 each in issue	<u>106,222,853</u>
Basic earnings per share (Sen)	<u>11.31</u>

13. ACCOUNTANTS' REPORT**7. INARI BERHAD (CONT'D)****7.5 Notes to the financial statements (cont'd)****7.5.19 Segmental Reporting****Group****Business segments**

Management determines the business segments based on the reports reviewed and used by the directors for strategic decisions making and resources allocation.

The Group has only one reportable business segment that is its manufacturing of electronic products segment. As such, no operating segment information is prepared.

Geographical information

Revenue information based on the geographical location of customers are as follows :

	RM'000
Malaysia	630
Singapore	40,506
	<u>41,136</u>

The Group's non-current assets are maintained entirely in Malaysia.

Information of major customers

The Group has a customer which is also a substantial shareholder of Inari which contributed RM40,933,195 or 99.51% to the Group's total revenue.

7.5.20 Capital commitments

	Group RM'000
Authorised and contracted but not provided for :	
- Property, plant and equipment	<u>5,579</u>

The capital commitments are in respect of purchase of production equipments.

13. ACCOUNTANTS' REPORT

7. **INARI BERHAD (CONT'D)**
- 7.5 **Notes to the financial statements (cont'd)**
- 7.5.21 **Related party disclosures**
- (i) **Related party transactions**

	Group RM'000
Interest paid to Insas Technology	152
Finance lease interest paid to Insas Technology	1
Lease rental paid to Insas Technology	137
Network repair cost paid to Vigtech Labs Sdn. Bhd.	15
Secretarial fee paid to Megapolitan Management Services Sdn. Bhd.	2
Packing charges by a related party	
- Insas Technology	55
- Langdale E3 Pte. Ltd.	12
Purchase of hardware, software and peripherals from a related party	
- Vigtech Labs Sdn. Bhd.	2
Sales to related parties	
- Avago Technologies Limited	40,933
- Ceedtec Sdn. Bhd.	<u>5</u>

The directors of the Company are of the opinion that the above transactions were entered into in the normal course of business of which have been established on negotiated terms and conditions that are not materially different from that obtained in transactions with third parties.

<u>Related party</u>	<u>Relationship</u>
Insas Technology Berhad ("Insas")	Insas is related by virtue of it being a substantial shareholder of Inari.
Megapolitan Management Services Sdn. Bhd.	Related by virtue of it being a subsidiary of a substantial shareholder of Inari.
Vigtech Labs Sdn. Bhd. and Langdale E3 Pte. Ltd.	Related by virtue of them being subsidiaries of Insas.
Avago Technologies Limited ("Avago")	Avago is related by virtue of it being a substantial shareholder of Inari.
Ceedtec Sdn. Bhd. ("Ceedtec")	Ceedtec is a company in which a director of Inari has substantial financial interest.

(ii) Compensation of key management personnel

The Group and the Company have no other members of key management personnel apart from the Board of Directors which compensation has been shown in section 7.5.16.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

13. ACCOUNTANTS' REPORT



8. INARI TECHNOLOGY

8.1 Statements of financial position

	Note	As at 30 June				As at 31
		2007	2008	2009	2010	December
		RM'000	RM'000	RM'000	RM'000	2010
						RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	8.5.1	9,026	14,577	30,243	23,698	22,190
Deferred tax assets	8.5.2	-	-	-	929	1,540
		<u>9,026</u>	<u>14,577</u>	<u>30,243</u>	<u>24,627</u>	<u>23,730</u>
Current assets						
Inventories	8.5.3	5,779	8,526	9,162	12,722	11,978
Trade receivables	8.5.4	8,896	19,784	23,739	22,021	18,003
Other receivables, deposits and prepayments	8.5.5	508	877	577	1,422	2,474
*Amount due from a related company	8.5.6	-	* 198	* 489	-	-
Amount due from holding company	8.5.7	# 82	-	-	-	1,173
Tax recoverable		-	-	16	-	-
Deposits with a licensed bank	8.5.8	-	930	4,300	-	-
Cash and bank balances	8.5.9	2,939	244	1,057	7,100	17,574
		<u>18,204</u>	<u>30,559</u>	<u>39,340</u>	<u>43,265</u>	<u>51,202</u>
TOTAL ASSETS		<u>27,230</u>	<u>45,136</u>	<u>69,583</u>	<u>67,892</u>	<u>74,932</u>
EQUITY AND LIABILITIES						
Share capital	8.5.10	7,500	7,500	7,500	7,500	9,015
Redeemable convertible preference shares ("RCPS")	8.5.11	-	-	300	300	-
Share premium		-	-	-	-	3,396
Retained profits	8.5.12	545	8,431	9,731	15,485	22,879
Total equity		<u>8,045</u>	<u>15,931</u>	<u>17,531</u>	<u>23,285</u>	<u>35,290</u>
Non-current liabilities						
RCPS	8.5.11	-	-	-	4,611	-
Borrowings	8.5.13	-	28	2,903	6,583	5,644
Deferred tax liabilities	8.5.2	-	453	725	-	-
Amount due to shareholders	8.5.14	-	-	2,499	-	-
#Amount due to holding company	8.5.7	-	-	3,144	-	-
		<u>-</u>	<u>481</u>	<u>9,271</u>	<u>11,194</u>	<u>5,644</u>
Current liabilities						
Trade payables	8.5.15	10,446	9,651	12,332	9,558	7,928
Other payables and accruals	8.5.16	3,212	9,125	22,437	20,792	23,491
Amount due to shareholders	8.5.14	-	1,470	-	-	-
*Amount due to related companies	8.5.6	1	92	122	21	-
#Amount due to holding company	8.5.7	5,526	7,887	6,752	611	-
Borrowings	8.5.13	-	16	1,138	1,797	1,853
Provision for taxation		-	483	-	634	726
		<u>19,185</u>	<u>28,724</u>	<u>42,781</u>	<u>33,413</u>	<u>33,998</u>
Total liabilities		<u>19,185</u>	<u>29,205</u>	<u>52,052</u>	<u>44,607</u>	<u>39,642</u>
TOTAL EQUITY AND LIABILITIES		<u>27,230</u>	<u>45,136</u>	<u>69,583</u>	<u>67,892</u>	<u>74,932</u>

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.1 Statements of financial position (cont'd)**

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
Net Assets (NA) (RM'000)	8,045	15,931	17,531	23,285	35,290
NA per share of RM1.00 each (RM)	1.07	2.12	2.34	3.10	3.92
	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
					RM'000
Restatement of statements of financial position					
Property, plant and equipment					
Per audited financial statements	9,026	13,995	28,465	21,962	22,190
Reclassified from prepaid land lease payments ¹	-	582	1,778	1,736	-
As restated	9,026	14,577	30,243	23,698	22,190
Prepaid land lease payments					
Per audited financial statements	-	582	1,778	1,736	-
Reclassified to property, plant and equipment ¹	-	(582)	(1,778)	(1,736)	-
As restated	-	-	-	-	-
Other receivables, deposits and prepayment					
Per audited financial statements	508	877	1,428	1,422	2,474
Reclassified to provision for taxation ²	-	-	(851)	-	-
As restated	508	877	577	1,422	2,474
(Provision for taxation)/Tax recoverable					
Per audited financial statements	-	(483)	(835)	(634)	(726)
Reclassified from other receivables, deposits and prepayments ²	-	-	851	-	-
As restated	-	(483)	16	(634)	(726)

(1) During the FPE 31 December 2010, Inari Technology has applied a change in accounting policy in respect of its short term leasehold land upon adoption of the Amendment to FRS117 : Leases which resulted in the reclassification from prepaid land lease payments to property, plant and equipment. This change has been applied retrospectively.

(2) Inari Technology had previously included the tax instalments under other receivables, deposits and prepayments. This amount has been set-off against provision for taxation for consistency with the other financial period/years under review.

13. ACCOUNTANTS' REPORT



8. INARI TECHNOLOGY (CONT'D)

8.1 Statements of financial position (cont'd)

- * Prior to the acquisition as described in section 2.2.1 of this report, the financial statements of Inari Technology were consolidated under Insas Berhad and these related companies represent companies which were related to Inari Technology by virtue of having the same ultimate holding company, namely Insas Berhad.
- # Prior to the acquisition as described in section 2.2.1 of this report, Inari Technology was a subsidiary of Insas Technology, which in turn is a wholly-owned subsidiary of Insas Berhad.

[The rest of this page is intentionally left blank]

13. ACCOUNTANTS' REPORT



8. INARI TECHNOLOGY (CONT'D)

8.2 Statements of comprehensive income

	Note	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Revenue	8.5.17	22,040	100,232	123,357	154,800	80,418
Cost of sales		(18,648)	(83,559)	(104,198)	(121,235)	(62,809)
Gross profit		3,392	16,673	19,159	33,565	17,609
Other income		11	18	3,812	114	8
Administrative expenses		(2,739)	(7,210)	(9,599)	(17,083)	(9,491)
Distribution expenses		-	-	(34)	(25)	(50)
Finance costs	8.5.18	(119)	(500)	(708)	(1,298)	(291)
Profit before taxation	8.5.19	545	8,981	12,630	15,273	7,785
Taxation	8.5.20	-	(1,095)	(1,130)	(519)	(391)
Profit for the period/year, representing total comprehensive income for the financial period/year		545	7,886	11,500	14,754	7,394
Weighted average number of ordinary shares of RM1.00 each (^000)		^7,500	7,500	7,500	7,500	^8,766
Net earnings per share (RM)		^0.07	1.05	1.53	1.97	^1.69

^ Annualised to 12 months for comparison purposes.

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.2 Statements of comprehensive income (cont'd)**

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Restatement of statements of comprehensive income					
<u>Cost of sales</u>					
Per audited financial statements	(18,648)	(78,878)	(104,198)	(121,235)	(62,809)
Reclassified from administrative expenses	-	(4,681)	-	-	-
As restated	<u>(18,648)</u>	<u>(83,559)</u>	<u>(104,198)</u>	<u>(121,235)</u>	<u>(62,809)</u>
<u>Administrative expenses</u>					
Per audited financial statements	(2,739)	(11,891)	(9,599)	(17,083)	(9,491)
Reclassified to cost of sales	-	4,681	-	-	-
As restated	<u>(2,739)</u>	<u>(7,210)</u>	<u>(9,599)</u>	<u>(17,083)</u>	<u>(9,491)</u>

The salaries relating to production overheads for FYE 30 June 2008 were reclassified from administrative expenses to cost of sales for consistency with the other financial period/years under review.

[The rest of this page is intentionally left blank]

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.3 Statements of changes in equity**

	Note	Share Capital RM'000	RCPS RM'000	Share Premium RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Balance at 1 June 2006 (date of incorporation)		#	-	-	-	#
Transaction with owners :						
Issuance of shares	8.5.10	7,499	-	-	-	7,499
Total comprehensive income for the financial period		-	-	-	545	545
Balance at 30 June 2007		7,500	-	-	545	8,045
Total comprehensive income for the financial year		-	-	-	7,886	7,886
Balance at 30 June 2008		7,500	-	-	8,431	15,931
Transaction with owners :						
Issuance of shares	8.5.11	-	300	-	-	300
Dividend	8.5.21	-	-	-	(10,200)	(10,200)
Total comprehensive income for the financial year		-	-	-	11,500	11,500
Balance at 30 June 2009		7,500	300	-	9,731	17,531
Transaction with owners :						
Dividend	8.5.21	-	-	-	(9,000)	(9,000)
Total comprehensive income for the financial year		-	-	-	14,754	14,754
Balance at 30 June 2010		7,500	300	-	15,485	23,285
Transaction with owners :						
Conversion of RCPS "A"	8.5.10 & 8.5.11	1,215	-	-	-	1,215
Conversion of RCPS "H" Arising from the conversion of RCPS "A"	8.5.10 & 8.5.11	300	(300)	-	-	-
		-	-	3,396	-	3,396
Total comprehensive income for the financial period		-	-	-	7,394	7,394
Balance at 31 December 2010		9,015	-	3,396	22,879	35,290

Amount less than RM1,000.

13. ACCOUNTANTS' REPORT



8. INARI TECHNOLOGY (CONT'D)

8.4 Statements of cash flows

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Cash flows from operating activities					
Profit before taxation	545	8,981	12,630	15,273	7,785
Adjustments for:-					
Allowance for slow moving inventories	-	258	433	-	194
Bad debts written off	-	-	-	8	-
Depreciation	429	1,825	8,517	13,093	6,272
(Gain)/Loss on disposal of property, plant and equipment	(11)	(1)	3	10	-
Interest expense	119	500	708	1,298	291
Interest income	-	(18)	(73)	(26)	(8)
Loss/(Gain) on foreign exchange -- unrealised	109	1,019	(1,716)	2,792	40
Property, plant and equipment written off	-	139	-	-	3
Reversal of allowance for slow moving inventories	-	-	-	(397)	-
Operating profit before working capital changes	1,191	12,703	20,502	32,051	14,577
(Increase)/Decrease in inventories	(5,779)	(3,005)	(1,069)	(3,163)	550
(Increase)/Decrease in receivables	(9,486)	(12,009)	(2,251)	(885)	3,569
Increase/(Decrease) in payables	19,487	8,880	16,202	(4,939)	1,220
(Increase)/Decrease in related companies	-	-	(239)	388	(21)
Cash generated from operations	5,413	6,569	33,145	23,452	19,895
Income tax paid	-	(159)	(1,358)	(1,523)	(910)
Interest received	-	18	73	26	8
Interest paid	(119)	(500)	(708)	(898)	(291)
Net cash from operating activities	5,294	5,928	31,152	21,057	18,702
Cash flows from investing activities					
Proceed from disposal of property, plant and equipment	1,249	5	6	4	-
* Purchase of property, plant and equipment	(10,693)	(7,470)	(19,793)	(6,562)	(4,767)
Net cash used in investing activities	(9,444)	(7,465)	(19,787)	(6,558)	(4,767)
Balance carried forward	(4,150)	(1,537)	11,365	14,499	13,935

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.4 Statements of cash flows (cont'd)**

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Balance brought forward	(4,150)	(1,537)	11,365	14,499	13,935
Cash flows from financing activities					
Advance to holding company	-	-	-	-	(1,173)
Dividend paid	-	-	(10,200)	(9,000)	-
(Increase)/Decrease of deposits pledged	-	(412)	342	70	-
Increase in advance from former holding company	-	-	2,601	-	-
Increase in advance from former shareholders	-	-	2,499	-	-
Proceed from issuance of RCPS shares	-	-	300	4,611	-
Proceed from issuance of shares	7,089	-	-	-	-
Proceed from/(Repayment of) bankers' acceptance	-	-	425	(425)	-
Proceed from term loan	-	-	2,500	6,000	-
Repayment of advance from former shareholders	-	-	(1,470)	(2,499)	-
Repayment to former holding company	-	-	(2,746)	(7,740)	(68)
Repayment of hire purchase payable	-	(5)	(16)	(17)	(9)
Repayment of industrial hire purchase payable	-	-	(37)	(235)	(125)
Repayment of finance lease payable	-	-	(961)	(1,545)	(543)
Repayment of term loan	-	-	(225)	(984)	(751)
Net cash from/(used in) financing activities	7,089	(417)	(6,988)	(11,764)	(2,669)
Net increase/(decrease) in cash and cash equivalents	2,939	(1,954)	4,377	2,735	11,266
Effects of changes in exchange rates	-	(223)	148	(922)	(792)
Cash and cash equivalents at beginning/Date of incorporation	#	2,939	762	5,287	7,100
Cash and cash equivalents at end	2,939	762	5,287	7,100	17,574

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.4 Statements of cash flows (cont'd)**

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Represented by :					
Cash and bank balances	2,939	244	1,057	7,100	17,574
Deposits with a licensed bank	-	930	4,300	-	-
	<u>2,939</u>	<u>1,174</u>	<u>5,357</u>	<u>7,100</u>	<u>17,574</u>
Less : Cash and bank balances pledged to a licensed bank	-	(70)	(70)	-	-
Deposits pledged to a licensed bank	-	(342)	-	-	-
	<u>2,939</u>	<u>762</u>	<u>5,287</u>	<u>7,100</u>	<u>17,574</u>

***Purchase of property, plant and equipment**

Total acquisition cost	10,693	7,519	24,192	6,562	4,767
Acquired under industrial hire purchase at cost	-	-	(1,350)	-	-
Acquired under finance lease payable at cost	-	-	(3,049)	-	-
Acquired under hire purchase payable at cost	-	(49)	-	-	-
Total cash acquisition	<u>10,693</u>	<u>7,470</u>	<u>19,793</u>	<u>6,562</u>	<u>4,767</u>

Amount less than RM1,000.

Restatement of statements of cash flows**Cash flow from operating activities**

(Increase)/Decrease in receivables					
Per audited financial statements	(9,486)	(12,009)	(3,102)	(885)	3,569
Reclassified to income tax paid	-	-	851	-	-
As restated	<u>(9,486)</u>	<u>(12,009)</u>	<u>(2,251)</u>	<u>(885)</u>	<u>3,569</u>
Income tax paid					
Per audited financial statements	-	(159)	(507)	(1,523)	(910)
Reclassified from cost of sales	-	-	(851)	-	-
As restated	<u>-</u>	<u>(159)</u>	<u>(1,358)</u>	<u>(1,523)</u>	<u>(910)</u>

Inari Technology has previously included income tax paid under receivables. This amount has been reclassified to income tax paid for consistency with the other financial period/years under review.

13. ACCOUNTANTS' REPORT



8. INARI TECHNOLOGY (CONT'D)

8.5 Notes to the financial statements

8.5.1 Property, plant and equipment

	Short term leasehold land RM'000	Building RM'000	Renovation RM'000	Production equipment RM'000	Office equipment, electrical installations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
At cost								
Balance at 1.6.06 (Date of incorporation)	-	-	-	-	-	-	-	-
Additions	607	1,984	767	5,971	352	25	987	10,693
Disposal	-	-	-	(1,224)	-	(15)	-	(1,239)
Balance at 30.6.07	607	1,984	767	4,747	352	10	987	9,454
Additions	-	9	589	5,787	1,038	58	38	7,519
Disposal	-	-	-	-	-	(5)	-	(5)
Written off	-	-	-	-	-	-	(139)	(139)
Reclassification	-	-	316	383	149	-	(848)	-
Balance at 30.6.08	607	1,993	1,672	10,917	1,539	63	38	16,829
Additions	1,228	-	1,012	19,164	2,788	-	-	24,192
Disposal	-	-	-	-	(18)	-	-	(18)
Reclassification	-	-	-	-	38	-	(38)	-
Balance at 30.6.09	1,835	1,993	2,684	30,081	4,347	63	-	41,003
Additions	-	-	109	5,272	1,108	73	-	6,562
Disposal	-	-	-	(8)	(11)	-	-	(19)
Balance at 30.6.10	1,835	1,993	2,793	35,345	5,444	136	-	47,546
Addition	-	-	82	4,418	267	-	-	4,767
Written off	-	-	-	-	(6)	-	-	(6)
Balance at 31.12.10	1,835	1,993	2,875	39,763	5,705	136	-	52,307

13. ACCOUNTANTS' REPORT



8. INARI TECHNOLOGY (CONT'D)

8.5 Notes to the financial statements (cont'd)

8.5.1 Property, plant and equipment (cont'd)

	Short term leasehold land RM'000	Building RM'000	Renovation RM'000	Production equipment RM'000	Office equipment, electrical installations, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in progress RM'000	Total RM'000
Accumulated depreciation								
Balance at 1.6.06 (Date of incorporation)	-	-	-	-	-	-	-	-
Current charge	11	36	50	288	41	3	-	429
Disposal	-	-	-	-	-	(1)	-	(1)
Balance at 30.6.07	11	36	50	288	41	2	-	428
Current charge	14	44	288	1,268	205	6	-	1,825
Disposal	-	-	-	-	-	(1)	-	(1)
Balance at 30.6.08	25	80	338	1,556	246	7	-	2,252
Current charge	32	44	751	6,941	737	12	-	8,517
Disposal	-	-	-	-	(9)	-	-	(9)
Balance at 30.6.09	57	124	1,089	8,497	974	19	-	10,760
Current charge	42	44	928	10,777	1,278	24	-	13,093
Disposal	-	-	-	(1)	(4)	-	-	(5)
Balance at 30.6.10	99	168	2,017	19,273	2,248	43	-	23,848
Current charge	22	23	262	5,296	656	13	-	6,272
Written off	-	-	-	-	(3)	-	-	(3)
Balance at 31.12.10	121	191	2,279	24,569	2,901	56	-	30,117
Carrying amount								
At 30.6.07	596	1,948	717	4,459	311	8	987	9,026
At 30.6.08	582	1,913	1,334	9,361	1,293	56	38	14,577
At 30.6.09	1,778	1,869	1,595	21,584	3,373	44	-	30,243
At 30.6.10	1,736	1,825	776	16,072	3,196	93	-	23,698
At 31.12.10	1,714	1,802	596	15,194	2,804	80	-	22,190

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.1 Property, plant and equipment (cont'd)**

The carrying amount of property, plant and equipment held under financing arrangements are as follows:

	As at 30 June				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
Term loan facility :					
Short term leasehold land and building	-	-	2,438	3,560	3,516
Production equipment	-	-	-	3,912	2,634
Finance lease arrangement :					
Production equipment	-	-	2,174	940	322
Industrial hire purchase arrangement :					
Production equipment	-	-	1,991	1,267	905
Hire purchase arrangement :					
Motor vehicles	-	53	41	30	24
	-	53	6,644	9,709	7,401

8.5.2 Deferred tax assets/(liabilities)

	As at 30 June				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
Deferred tax assets :					
Balance at beginning	-	-	-	-	929
Recognised in profit or loss	-	-	-	929	611
Balance at end	-	-	-	929	1,540
Deferred tax liabilities :					
Balance at beginning	-	-	(453)	(725)	-
Recognised in profit or loss	-	(275)	(413)	718	-
(Under)/Over provision in prior financial year/period	-	(178)	141	7	-
Balance at end	-	(453)	(725)	-	-
Presented after appropriate offsetting as follows :					
Deferred tax liabilities	-	(846)	(1,118)	-	-
Deferred tax assets	-	393	393	929	1,540
	-	(453)	(725)	929	1,540

13. ACCOUNTANTS' REPORT



8. INARI TECHNOLOGY (CONT'D)

8.5 Notes to the financial statements (cont'd)

8.5.2 Deferred tax assets/(liabilities) (cont'd)

	As at 30 June				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
					RM'000
The components of deferred tax assets/(liabilities) during the financial period/year prior to offsetting are as follows :					
Deferred tax liabilities :					
Allowance for slow moving inventories	-	-	-	-	(49)
Property, plant and equipment	-	(846)	(925)	-	-
Receivables	-	-	(192)	-	-
Payables	-	-	(1)	-	-
	-	(846)	(1,118)	-	(49)
Deferred tax assets :					
Allowance for slow moving inventories	-	65	173	74	-
Property, plant and equipment	-	-	-	733	1,467
Provision for annual leave	-	21	23	-	-
Payables	-	158	-	-	-
Receivables	-	25	-	-	-
Bank balances	-	-	19	-	-
Unutilised tax losses	-	124	178	122	122
	-	393	393	929	1,589
	-	(453)	(725)	929	1,540

8.5.3 Inventories

	As at 30 June				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
					RM'000
At cost:					
Raw materials	3,619	5,829	6,132	6,982	6,197
Less: Allowance for slow moving inventories					
Balance at beginning	-	-	(258)	(691)	(294)
Current period/year	-	(258)	(433)	397	(194)
Balance at end	-	(258)	(691)	(294)	(488)
Balance carried forward	3,619	5,571	5,441	6,688	5,709

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.3 Inventories (cont'd)**

	As at 30 June				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance brought forward	3,619	5,571	5,441	6,688	5,709
Work-in-progress	2,160	2,955	3,721	5,070	4,876
Finished goods	-	-	-	150	536
Consumables	-	-	-	814	857
	<u>5,779</u>	<u>8,526</u>	<u>9,162</u>	<u>12,722</u>	<u>11,978</u>

8.5.4 Trade receivables

	As at 30 June				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	RM'000
Analysis by currencies :					
Ringgit Malaysia	8,896	6,698	400	683	631
US Dollar	-	13,086	23,339	21,338	17,372
	<u>8,896</u>	<u>19,784</u>	<u>23,739</u>	<u>22,021</u>	<u>18,003</u>

Included in trade receivables are the following :

(i) Amount due from a substantial shareholder of Inari	<u>8,810</u>	<u>19,767</u>	<u>23,162</u>	<u>21,873</u>	<u>17,773</u>
(ii) Amount due from former related companies of Inari Technology	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

The normal credit terms granted to trade receivables is 45 days. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.5 Other receivables, deposits and prepayments**

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
					RM'000
Analysis by currencies :					
Ringgit Malaysia	508	855	469	816	1,458
US Dollar	-	22	108	606	824
Japanese Yen	-	-	-	-	192
	<u>508</u>	<u>877</u>	<u>577</u>	<u>1,422</u>	<u>2,474</u>

Included in other receivables, deposits and prepayments are the following

(i) Rental deposit paid to Simfoni	-	-	219	267	267
(ii) Rental deposit paid to a substantial shareholder of Inari	-	-	-	-	234
(iii) Amount due from a substantial shareholder of Inari	-	487	115	66	88
(iv) Amount due from a related company of a substantial shareholder of Inari	-	-	-	-	170

8.5.6 Amount due from/to related companies

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
					RM'000
Amount due from a related company :					
Trade related	-	198	-	-	-
Non-Trade related	-	-	489	-	-
	<u>-</u>	<u>198</u>	<u>489</u>	<u>-</u>	<u>-</u>
Amount due to related companies :					
Trade related	-	-	14	7	-
Non-Trade related	1	92	108	14	-
	<u>1</u>	<u>92</u>	<u>122</u>	<u>21</u>	<u>-</u>

13. ACCOUNTANTS' REPORT



8. INARI TECHNOLOGY (CONT'D)

8.5 Notes to the financial statements (cont'd)

8.5.6 Amount due from/to related companies (cont'd)

The amount due from/to related companies are unsecured, interest free and have no fixed terms of repayments.

As explained in section 8.1 of this report, the amount due from/to related companies represents companies that were related by virtue of Inari Technology being a subsidiary of Insas Berhad prior to the acquisition as described in section 2.2.1 of this report.

8.5.7 Amount due from/to holding company

	As at 30 June				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
					RM'000
Amount due from :					
Advances	-	-	-	-	1,173
Trade related	82	-	-	-	-
Amount due to :					
Current:					
Advances	5,250	7,199	4,650	68	-
Finance lease payable	-	-	1,655	552	-
Less: Future finance charges	-	-	(110)	(9)	-
	-	-	1,545	543	-
Miscellaneous advances	276	688	557	-	-
	5,526	7,887	6,752	611	-
Non-current:					
Advances	-	-	2,601	-	-
Finance lease payable	-	-	552	-	-
Less: Future finance charges	-	-	(9)	-	-
	-	-	543	-	-
	-	-	3,144	-	-
Total	5,526	7,887	9,896	611	-

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.7 Amount due from/to holding company (cont'd)**

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
The advances due to holding company is unsecured and carry interest rate as follows :					
Interest rate per annum (%)	6	6 - 10	8	8	-
Overdue interest rate per annum (%)	12	12	-	-	-

The finance lease payable bears the following interest per annum as at the reporting date :

Interest rate per annum (%)	-	-	4.28	4.28	-
-----------------------------	---	---	------	------	---

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
Future minimum payments of finance lease payable :					RM'000
Within 1 year	-	-	1,655	552	-
More than 1 year to 5 years	-	-	552	-	-
Total future minimum payments	-	-	2,207	552	-
Less: Future finance charges	-	-	(119)	(9)	-
Present value payables	-	-	2,088	543	-

Analysis of present value of finance lease payable:

Within 1 year	-	-	1,545	543	-
More than 1 year to 5 years	-	-	543	-	-
	-	-	2,088	543	-

31.12.10

The amount due from holding company represents advances to Inari. These advances are interest free, unsecured and repayable on demand.

30.6.08 to 30.6.10

The amount due from/to holding company represents amount due from/to Insas Technology.

The advances had no fixed terms of repayment.

The miscellaneous advances are interest free and have no fixed terms of repayment.

13. ACCOUNTANTS' REPORT

8. INARI TECHNOLOGY (CONT'D)
 8.5 Notes to the financial statements (cont'd)
 8.5.8 Deposits with a licensed bank

	As at 30 June				As at 31 December
	2007	2008	2009	2010	2010
	RM'000	RM'000	RM'000	RM'000	RM'000
Analysis by currencies :					
US Dollars	-	588	-	-	-
Ringgit Malaysia	-	342	4,300	-	-
	-	930	4,300	-	-

	As at 30 June				As at 31 December
	2007	2008	2009	2010	2010
	RM'000	RM'000	RM'000	RM'000	RM'000
The effective interest rates and maturity period of deposits with a licensed bank are as follows :					
Effective interest rate per annum (%)	-	0 - 1	0 - 1.15	-	-
Maturity period (days)	-	3 - 365	1 - 365	-	-

	As at 30 June				As at 31 December
	2007	2008	2009	2010	2010
	RM'000	RM'000	RM'000	RM'000	RM'000
The following deposits are pledged to a licensed bank for banking facilities granted to Inari Technology	-	342	-	-	-

8.5.9 Cash and bank balances

	As at 30 June				As at 31 December
	2007	2008	2009	2010	2010
	RM'000	RM'000	RM'000	RM'000	RM'000
Analysis by currencies :					
US Dollar	2,467	17	436	5,203	17,152
Ringgit Malaysia	468	223	617	1,893	417
Others	4	4	4	4	5
	2,939	244	1,057	7,100	17,574

Included in cash and bank balances is the following amount that is pledged to a licensed bank for banking facility granted to Inari Technology

	-	70	70	-	-
--	---	----	----	---	---

13. ACCOUNTANTS' REPORT

8. INARI TECHNOLOGY (CONT'D)

8.5 Notes to the financial statements (cont'd)

8.5.10 Share capital

	Number of shares										Amount	
	As at 31 June					As at 31 December					As at 31 December	
	2007	2008	2009	2010	2010	2007	2008	2009	2010	2010	2010	2010
	'000	'000	'000	'000	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Authorised :												
Ordinary shares of RM1 each												
Balance at beginning/incorporation	100	10,000	10,000	9,700	9,600	100	10,000	10,000	9,700	9,600	9,600	9,600
Created during the period	9,900	-	-	-	-	9,900	-	-	-	-	-	-
Classified to RCPS H	-	-	(300)	-	-	-	-	(300)	-	-	-	-
Classified to RCPS A	-	-	-	(100)	-	-	-	-	(100)	-	-	-
Balance at end	10,000	10,000	9,700	9,600	9,600	10,000	10,000	9,700	9,600	9,600	9,600	9,600

RCPS H of RM1 each

Balance at beginning	-	-	-	300	300	-	-	-	-	300	300	300
Reclassified from ordinary shares	-	-	300	-	-	-	-	300	-	-	-	-
Balance at end	-	-	300	300	300	-	-	300	300	300	300	300

RCPS A of RM0.01 each

Balance at beginning	-	-	-	-	10,000	-	-	-	-	-	-	100
Reclassified from ordinary shares	-	-	-	10,000	-	-	-	-	-	100	-	-
Balance at end	-	-	-	10,000	10,000	-	-	-	-	100	100	100

13. ACCOUNTANTS' REPORT

8. INARI TECHNOLOGY (CONT'D)

8.5 Notes to the financial statements (cont'd)

8.5.10 Share capital (cont'd)

	Number of shares				Amount				
	As at 31				As at 31				
	2007	2008	2009	2010	2007	2008	2009	2010	
'000	'000	'000	'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Issued and fully paid up : Ordinary shares of RM1 each									
Balance at beginning/incorporation	#	7,500	7,500	7,500	*	7,500	7,500	7,500	7,500
Issued during the financial period		7,499	-	-		7,499	-	-	-
Conversion of "RCPS H"		-	-	300		-	-	300	300
Conversion of "RCPS A"		-	-	1,215		-	-	1,215	1,215
Balance at end		7,500	7,500	9,015		7,500	7,500	9,015	9,015

Less than 1,000 shares.
* Amount less than RM1,000.

13. ACCOUNTANTS' REPORT



8. INARI TECHNOLOGY (CONT'D)

8.5 Notes to the financial statements (cont'd)

8.5.10 Share capital (cont'd)

31.12.10

On 5 August 2010, Inari Technology issued and allotted 1,515,000 new ordinary shares of RM1.00 each upon the conversion of 1,215,000 RCPS A of RM0.01 each and 300,000 RCPS H of RM1.00 each at the rate of One (1) RCPS for one (1) ordinary share of RM1.00 each.

30.6.10

At an Extraordinary General Meeting of the members held on 9 February 2010, the authorised share capital of Inari Technology of RM10,000,000 classified into 9,700,000 ordinary shares of RM1.00 each and 300,000 Redeemable Convertible Preference Shares ("RCPS") of RM1.00 each was reclassified into 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.

30.6.09

At an Extraordinary General Meeting of the members held on 7 August 2008, the authorised share capital of Inari Technology of RM10,000,000 divided into 10,000,000 ordinary shares of RM1.00 each was classified into 9,700,000 ordinary shares of RM1.00 each and 300,000 RCPS of RM1.00 each.

[The rest of this page is intentionally left blank]

13. ACCOUNTANTS' REPORT

8. INARI TECHNOLOGY (CONT'D)

8.5 Notes to the financial statements (cont'd)

8.5.11 Redeemable convertible preference shares ("RCPS")

	Number of shares				Amount			
	As at 30 June		As at 31 December		As at 30 June		As at 31 December	
	2008	2009	2010	2010	2008	2009	2010	2010
	'000	'000	'000	'000	RM'000	RM'000	RM'000	RM'000
Issued and fully paid up :								
RCPS H of RM1.00 each								
Balance at beginning	-	-	300	300	-	-	300	300
Issued during the financial year	-	300	-	-	-	300	-	-
Converted to ordinary shares	-	-	-	(300)	-	-	-	(300)
Balance at end	-	300	300	-	-	300	300	-

RCPS A of RM0.01 each

Balance at beginning	-	-	-	1,215	-	-	-	4,611
Issued during the financial year	-	-	1,215	-	-	-	12	-
Share premium of RM3.785 each	-	-	-	-	-	-	4,599	-
Converted to ordinary shares	-	-	-	(1,215)	-	-	-	(1,215)
Transferred to share premium account	-	-	-	-	-	-	-	(3,396)
Balance at end	-	-	1,215	-	-	-	4,611	-

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.11 Redeemable convertible preference shares ("RCPS") (cont'd)**

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	RM'000
The amount recognised in the statement of financial position of Inari Technology can be analysed as follows :					
Liability component recognised under non-current liabilities :					
Balance at beginning	-	-	-	-	4,611
Arising from RCPS A issued during the financial year	-	-	-	4,611	-
Converted to ordinary shares	-	-	-	-	(1,215)
Transferred to share premium account	-	-	-	-	(3,396)
Balance at end	-	-	-	4,611	-
Equity component :					
Balance at beginning	-	-	-	300	300
Arising from RCPS H issued during the financial year	-	-	300	-	-
Converted to ordinary shares	-	-	-	-	(300)
Balance at end	-	-	300	300	-
Dividend expense recognised under profit or loss:					
RCPS A	-	-	-	400	-

The salient terms of the RCPS A are as follows:

- Each RCPS A may be converted, at the option of the holders thereof, at any time after the date of issuance into one (1) fully paid ordinary shares of Inari Technology.
- Each RCPS A shall automatically be converted into one (1) ordinary share of Inari Technology upon the last regulatory approval required being obtained in respect of an Initial Public Offering ("IPO") of the ordinary shares of the company on any stock exchange or upon the implementation of a trade sale at such price and/or in such manner as may be approved by the shareholders of the company and the RCPS A holders. Ordinary shares resulting from the conversion of the RCPS A shall rank *pari passu* in all respects with ordinary share of the company already in issue.
- The holders of RCPS A shall have no voting rights save and except in circumstances provided under Section 148 of the Companies Act, 1965.
- Inari Technology shall not make any decision or take any action except with the consent or approval of the holder of RCPS A on certain matters as detailed in the subscription agreement.

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.11 Redeemable convertible preference shares ("RCPS") (cont'd)**

The salient terms of the RCPS A are as follows: (cont'd)

- (e) In the event of liquidation, the RCPS A holders shall be entitled to repayment of the capital paid on each RCPS A where such payment shall be satisfied by the distribution *in specie* of all non-cash assets of Inari Technology, in priority to any payment to ordinary shareholders or holders of any other class of shares or other equity security or instrument.
- (f) The RCPS A holders are entitled to receive an annual dividend in priority and preference to any cash or non-cash dividends declared or paid in respect of ordinary shares or any other class of shares of Inari Technology to an amount equivalent to 8% of each financial year's profits distributable to shareholders.
- (g) The RCPS A are redeemable at the redemption price equivalent to the capital paid at any time after the date corresponding to the third (3rd) anniversary of the date of subscription of RCPS A.

The salient terms of the RCPS H are as follows:

- (a) The RCPS H holder shall have the right to convert all (and not some) of the RCPS H into fully paid ordinary shares of RM1.00 each in the capital of Inari Technology at the rate of one (1) RCPS H for one (1) ordinary share of RM1.00 each credited as fully paid in the capital of Inari Technology at such time and in such manner upon the occurrence of the following events:
 - (i) Within seven (7) days upon receipt of a notice in writing from Inari Technology notifying the receipt of approval from the relevant authorities for the IPO of the ordinary shares in the capital of the company on the Bursa Malaysia Securities Berhad or any recognised stock exchange; or
 - (ii) Within seven (7) days upon receipt of a notice in writing from Inari Technology notifying the acceptance by the Directors and/or shareholders of the company of a Trade Sale or general takeover offer of the ordinary shares of Inari Technology; or
 - (iii) Within seven (7) days upon receipt of a notice in writing from Inari Technology notifying the approval by the Directors and/or shareholders of the company for the issue and provisional allotment of new ordinary shares in excess of 10% of the enlarged share capital of the company to any new investor(s) and shareholder(s); or
 - (iv) Upon receipt of a Notice of Conversion from the RCPS A holder exercising their rights of conversion at the registered office of the Company or of its authorised agent.
- (b) The RCPS H holder shall have the right on winding up of Inari Technology to return of the par value out of the surplus assets available for distribution to shareholders and such right shall rank in priority to the holders of all ordinary shares of the company.
- (c) The RCPS H holder shall not be entitled to receive any dividends and shall have no voting rights except in relation to matters affecting the terms and conditions attached to the RCPS H as contained in the Articles of Association of Inari Technology.
- (d) In the event Inari Technology did not achieve an IPO and/or Trade Sale by 20 November 2011, and/or the RCPS H holder fails to exercise his conversion right within the notice period as stipulated under paragraph (a) above, whichever is earlier, the company shall be entitled at any time thereafter to redeem all the RCPS H in cash at the redemption amount equal to the original issue price of the RCPS H, and upon such redemption, the RCPS H shall be cancelled by the company.

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.11 Redeemable convertible preference shares ("RCPS") (cont'd)****31.12.10**

On 5 August 2010, the holders of Inari Technology's RCPS A and RCPS H converted their respective RCPS to ordinary shares of Inari Technology. Arising from the conversion of RCPS A, the remaining balance out of the liability component was transferred to the share premium account.

30.6.10

At an Extraordinary General Meeting of the members held on 9 February 2010, Inari Technology allotted and issued 1,215,000 RCPS A of RM0.01 each at a premium of RM3.785 each in accordance to the subscription agreement dated 30 December 2009.

30.6.09

At an Extraordinary General Meeting of the members held on 7 August 2008, Inari Technology allocated and issued 300,000 RCPS H of RM1.00 each at par which was fully subscribed.

8.5.12 Retained Profits

Since Inari Technology has no 108 balance under the Income Tax Act, 1967, it has automatically moved to the new single tier dividend system. Hence, the Company will be able to distribute dividends out of its entire retained profits as at 31 December 2010 without any restriction.

8.5.13 Borrowings

	As at 30 June				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
					RM'000
Current :					
Bankers' acceptance	-	-	425	-	-
Term loan	-	-	461	1,532	1,586
Hire purchase payable	-	16	17	11	3
Industrial hire purchase payable	-	-	235	254	264
	-	16	1,138	1,797	1,853
Non-current :					
Term loan	-	-	1,814	5,759	4,955
Hire purchase payable	-	28	11	-	-
Industrial hire purchase payable	-	-	1,078	824	689
	-	28	2,903	6,583	5,644
Total borrowings	-	44	4,041	8,380	7,497

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.13 Borrowings (cont'd)****Future minimum payments**

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
					RM'000
Hire purchase					
Within 1 year	-	18	17	12	3
More than 1 year to 5 years	-	29	12	-	-
	-	47	29	12	3
Less: Future finance charges	-	(3)	(1)	(1)	*
Present value payable	-	44	28	11	3
Industrial hire purchase					
Within 1 year	-	-	318	318	319
More than 1 year to 5 years	-	-	956	903	743
More than 5 years	-	-	266	-	-
	-	-	1,540	1,221	1,062
Less: Future finance charges	-	-	(227)	(143)	(109)
Present value payable	-	-	1,313	1,078	953

Maturities of borrowings :

	Within 1	More than	More than	Total
	year	1 year to 5	5 years	
	RM'000	RM'000	RM'000	RM'000
31.12.10				
Term loan	1,586	4,955	-	6,541
Hire purchase payable	3	-	-	3
Industrial hire purchase payable	264	689	-	953
	1,853	5,644	-	7,497
30.6.10				
Term loan	1,532	5,759	-	7,291
Hire purchase payable	11	-	-	11
Industrial hire purchase payable	254	824	-	1,078
	1,797	6,583	-	8,380

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.13 Borrowings (cont'd)****Maturities of borrowings :**

	Within 1 year RM'000	More than 1 year to 5 years RM'000	More than 5 years RM'000	Total RM'000
30.6.09				
Bankers' acceptances	425	-	-	425
Term loan	461	1,571	243	2,275
Hire purchase payable	17	11	-	28
Industrial hire purchase payable	235	820	258	1,313
	<u>1,138</u>	<u>2,402</u>	<u>501</u>	<u>4,041</u>

30.6.08

Hire purchase payable	<u>16</u>	<u>28</u>	<u>-</u>	<u>44</u>
-----------------------	-----------	-----------	----------	-----------

	----- As at 30 June -----				As at 31 December
	2007	2008	2009	2010	2010
Analysis of respective interest rates per annum :					
Banker's acceptances (%)	-	-	3.60 - 3.62	-	-
Term loan (%)	-	-	6.30	6.80	7.05
Hire purchase payable (%)	-	2.65	2.65	2.65	2.65
Industrial hire purchase payable (%)	-	-	3.60	3.60	3.60

The borrowings (except for hire purchase payable) are secured by way of:

- (i) Facility Agreement of RM6.5 million;
- (ii) First party first legal charge for RM3.5 million and second legal charge for RM3.0 million over Inari Technology's factory land and building;
- (iii) Proportionate corporate guarantee of RM8.0835 million from Insas Berhad, the former ultimate holding company of Inari Technology; and
- (iv) Specific debenture of RM5.0 million over Inari Technology's machinery.

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.14 Amount due to shareholders**

The amount due to shareholders is unsecured and has no fixed terms of repayment. Interest is charged as follows :

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
Interest rate per annum (%)	6.00	6.00 -10.00	8.00	-	-
Overdue interest (%)	12.00	12.00	-	-	-

8.5.15 Trade payables

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
Analysis by currencies :					RM'000
Ringgit Malaysia	387	690	706	709	895
US Dollar	10,055	9,166	11,853	9,135	7,033
Singapore Dollar	4	-	1	-	-
Japanese Yen	-	(205)	(228)	(286)	-
	10,446	9,651	12,332	9,558	7,928

The normal credit terms granted by trade payables are as follows :

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
Days	60	60	30 - 90	30 - 90	2010
					30 - 90

Included in trade payable for the FPE 31 December 2010 is an amount of RM12,744 due to related companies of a substantial shareholder of Inari.

8.5.16 Other payables and accruals

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
Analysis by currencies :					RM'000
Ringgit Malaysia	2,695	6,626	20,251	18,125	21,951
US Dollar	138	2,405	1,889	1,052	497
Singapore Dollar	358	94	78	149	34
Japanese Yen	21	-	219	1,466	1,009
	3,212	9,125	22,437	20,792	23,491

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.16 Other payables and accruals (cont'd)**

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
					RM'000
Included in other payables and accruals are the following :					
(i) Amount due to former holding company - Insas Technology	-	-	-	-	5
(ii) Amount due to former related companies of Inari Technology	-	-	-	-	18
(iii) Dividend payable to RCPS A holder	-	-	-	400	400

8.5.17 Revenue

Revenue represents the invoiced value of goods sold and services rendered net of returns and discounts.

8.5.18 Finance costs

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Dividend on RCPS A	-	-	-	400	-
Finance lease interests	-	-	149	110	9
Hire purchase interests	-	1	18	85	35
Interest on bankers' acceptances	-	-	3	10	-
Interest on shareholders' advances	119	499	466	404	-
Term loan interests	-	-	72	289	247
	119	500	708	1,298	291

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.19 Profit before taxation**

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
This is arrive at :					
After charging :					
Allowance for slow moving inventories	-	258	433	-	194
Audit fee - current	10	20	20	20	30
- over provision in prior year	-	-	(2)	-	-
Bad debts written off	-	-	-	8	-
Depreciation	429	1,825	8,517	13,093	6,272
Loss on foreign exchange - realised	317	2,013	-	-	2,429
- unrealised	109	1,019	-	2,792	40
Loss on disposal of property, plant and equipment	-	-	3	10	-
Property, plant and equipment written off	-	139	-	-	3
Rental of hostel	-	25	4	-	-
Rental of equipment	56	33	338	551	100
Rental of motor vehicle	-	2	-	-	-
Rental of factory	24	155	735	1,361	542
Directors' fee	-	-	140	140	-
*Staff costs	#3,934	#15,442	23,674	35,434	19,260
And crediting:					
Gain on disposal of property, plant and equipment	11	1	-	-	-
Gain on foreign exchange					
- realised	-	-	2,023	89	-
- unrealised	-	-	1,716	-	-
Interest income	-	18	73	26	8
Reversal of allowance for slow moving inventories	-	-	-	397	-

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.19 Profit before taxation (cont'd)**

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
--	--	--	--	--	--

*Staff costs are analysed as follows:

Salaries, allowances, overtime and bonus	3,695	14,451	22,279	33,427	18,083
Defined contribution plan	211	869	1,229	1,754	1,040
Social security cost	28	122	166	253	137
	<u>3,934</u>	<u>15,442</u>	<u>23,674</u>	<u>35,434</u>	<u>19,260</u>

Included in the staff costs are Directors' emoluments as follows :

Salaries and others	162	369	1,869	4,114	1,752
Defined contribution plan	3	-	103	138	108
	<u>165</u>	<u>369</u>	<u>1,972</u>	<u>4,252</u>	<u>1,860</u>

Contract labour cost was previously not disclosed under staff costs. This figure has been reclassified to conform with the other financial years/period under review.

8.5.20 Taxation

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Provision for current year					
- Current tax	-	642	834	2,047	1,002
- Deferred tax					
Transfer to deferred tax assets	-	-	-	(929)	(611)
Transfer to/(from) deferred tax liabilities	-	275	413	(718)	-
	-	275	413	(1,647)	(611)
	-	917	1,247	400	391
Current tax under provided in prior year	-	-	24	126	-
Deferred tax under/(over) provided in prior year	-	178	(141)	(7)	-
	-	<u>1,095</u>	<u>1,130</u>	<u>519</u>	<u>391</u>

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.20 Taxation (cont'd)**

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
The reconciliation of tax expense of Inari Technology is as follows :					
Profit before taxation	545	8,981	12,630	15,273	7,785
Income tax at Malaysian statutory tax rate	27%	26%	25%	25%	25%
Tax at the statutory tax rate	147	2,335	3,158	3,818	1,946
Tax effects in respect of :					
- Non-allowable expenses	258	90	37	1,476	791
- Double deduction of expenses for tax purposes	-	-	-	(19)	(8)
- Income not subject to tax	-	-	-	(99)	-
- Pioneer income not subject to tax	*(405)	*(1,490)	*(1,948)	(4,776)	(2,338)
- Changes in tax rate	-	(18)	-	-	-
- Current tax under provided in prior year	-	-	24	126	-
- Deferred tax under/(over) provided in prior year	-	178	(141)	(7)	-
	-	1,095	1,130	519	391
The amount and future availability of unabsorbed tax losses for which the related tax effects have not been accounted for as at reporting date is estimated at:	-	495	489	489	489

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.20 Taxation (cont'd)****30.6.09, 30.6.10 and 31.12.10**

Inari Technology has been granted pioneer status for the production of wireless microwave telecommunication filters and wireless home broadcast digital TV card (DTVLC) under the Promotion of Investments Act, 1986. Accordingly, 70% of the company's statutory income derived from these pioneer products are exempted from income tax for a period of five years from the production day, which has been fixed on 1 February 2007.

30.6.07 and 30.6.08

Inari Technology has been granted "Pioneer Status" in principle by the Malaysian Industrial Development Authority for the manufacture of wireless microwave telecommunications filters and wireless home broadcast digital TV card (DTVLC) under the Promotion of Investments Act, 1986 in which 70% of the company's statutory income is exempted from income tax for a period of five years. However, application for the determination of the effective date of "Pioneer Status" to the Ministry of International Trade and Industry is still in progress.

** The comparative figures have been reclassified from income not subject to tax to pioneer income not subject to tax to conform with the presentation for FYE 30 June 2010.*

8.5.21 Dividend

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
In respect of financial year ended 30 June 2010					
- Interim single tier dividend of RM1.20 per ordinary share	-	-	-	9,000	-
In respect of financial year ended 30 June 2009					
- Interim single tier dividend of RM1.36 per ordinary share	-	-	10,200	-	-

13. ACCOUNTANTS' REPORT**8. INARI TECHNOLOGY (CONT'D)****8.5 Notes to the financial statements (cont'd)****8.5.22 Commitments**

	As at 30 June				As at 31 December
	2007	2008	2009	2010	2010
	RM'000	RM'000	RM'000	RM'000	RM'000
(i) Cancellable operating lease commitments					
Future minimum rentals payable :					
Not later than one year	-	-	1,163	534	1,760
Later than 1 year and not later than 5 years	-	-	622	-	2,413
	-	-	1,785	534	4,173

Operating lease commitments represent rental payable for use of building and store. Leases are negotiated for terms ranging from one to five years.

(ii) Capital commitments

Authorised and contracted but not provided for :

- Property, plant and equipment

	2007	2008	2009	2010	2010
- Property, plant and equipment	-	-	-	4,835	5,579

Contracted but not provided for :

- Prepaid land lease payments

	2007	2008	2009	2010	2010
- Prepaid land lease payments	-	1,059	-	-	-

8.5.23 Related party disclosures**(i) Related party transactions**

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Administrative expenses charged by :					
- Former holding company	111	19	-	-	-
- Former related companies	-	1	1	1	1
Finance cost charged by :					
- Former holding company	119	448	571	414	9
- Former minority shareholders	-	51	43	100	-
Operating expenses charged by :					
- Former holding company	-	-	948	507	169
- Former related companies	-	101	79	326	49
- Related company	-	-	493	1,267	534

13. ACCOUNTANTS' REPORT



8. INARI TECHNOLOGY (CONT'D)

8.5 Notes to the financial statements (cont'd)

8.5.23 Related party disclosures (cont'd)

(i) Related party transactions (cont'd)

	1.6.06 to 30.6.07 (13 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Other income derived from :					
- Former related companies	-	12	-	-	-
Sales to :					
- Former related companies		13	21	7	*
- Related parties	20,734	100,028	123,165	154,639	80,103

* Less than RM1,000.

The directors of Inari Technology are of the opinion that the above transactions were entered into in the normal course of business of which have been established on terms and conditions that are not materially different from that obtained in transaction with third parties.

(ii) Compensation of key management personnel

Inari Technology has no other members of key management personnel apart from the Board of Directors for which compensation has been shown in section 8.5.19.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of Inari Technology, directly or indirectly.

Description

1. Former holding company refers to Insas Technology.
2. Former related companies refer to subsidiaries of Insas Technology and Insas Berhad.
3. Former minority shareholders refer to Macronion Sdn. Bhd. and Mr. Ho Phon Guan. Both are currently substantial shareholders of Inari.
4. Related parties are related by way of the following : -

Avago Technologies Limited ("Avago")

Avago is a related party by virtue of it being substantial shareholder of Inari.

Ceedtec Sdn. Bhd. ("CSD")

CSD is a company in which a director of Inari Technology has substantial financial interest.

13. ACCOUNTANTS' REPORT**9. SIMFONI****9.1 Statements of financial position**

	Note	As at 30 June				As at 31
		2007	2008	2009	2010	December
		RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	9.5.1	-	-	1,773	1,592	1,502
Investment property	9.5.2	-	-	9,023	8,820	8,719
		-	-	10,796	10,412	10,221
Current assets						
Other receivables, deposits and prepayment		-	-	3	3	3
Cash and bank balances		#	#	1	37	514
		-	-	4	40	517
TOTAL ASSETS		#	#	10,800	10,452	10,738
EQUITY AND LIABILITIES						
Share capital	9.5.3	#	#	#	#	#
(Accumulated losses)/Retained profits		(2)	(3)	(45)	352	226
Total equity		(2)	(3)	(45)	352	226
Non-current liabilities						
Deferred tax liabilities	9.5.4	-	-	-	156	211
Amount due to former holding company	9.5.5	-	-	10,109	9,664	-
		-	-	10,109	9,820	211
Current liabilities						
Trade payables		-	-	26	-	-
Other payables and accruals	9.5.6	*	1	221	280	301
Amount due to a former related company	9.5.7	-	-	489	-	-
Amount due to a related party	9.5.8	-	-	-	-	7,550
Amount due to former holding company	9.5.5	2	2	-	-	-
Amount due to holding company	9.5.9	-	-	-	-	2,450
		2	3	736	280	10,301
Total liabilities		2	3	10,845	10,100	10,512
TOTAL EQUITY AND LIABILITIES		#	#	10,800	10,452	10,738

RM2.

* Amount less than RM1,000.

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.1 Statements of financial position (cont'd)**

	-----As at 30 June-----				As at 31
	2007	2008	2009	2010	December
(Net Liabilities) (NL)/Net Assets (NA) (RM'000)	(2)	(3)	(45)	352	226
(NL)/NA per share of RM1.00 each (RM)	(1)	(1.50)	(22.50)	176	113

[The rest of this page is intentionally left blank]

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.2 Statements of comprehensive income**

	Note	1.1.07 to 30.6.07 (6 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Revenue	9.5.10	-	-	493	1,267	534
Cost of sales		-	-	(89)	(242)	(58)
Gross profit		-	-	404	1,025	476
Other income		-	-	2	-	-
Administrative expenses		*	(1)	(8)	(18)	(5)
Other operating expenses		-	-	(181)	(454)	(219)
Finance cost		-	-	(259)	-	(169)
(Loss)/Profit before taxation	9.5.11	*	(1)	(42)	553	83
Taxation	9.5.12	-	-	-	(156)	(55)
(Loss)/Profit for the financial period/year, representing total comprehensive income for the financial period/year		*	(1)	(42)	397	28
Weighted average number of ordinary shares of RM1.00 each		2	2	2	2	^2
Net (loss)/earnings per share (RM)		-	(500)	(21,000)	198,500	^28,000

* Amount less than RM1,000.

^ Annualised to 12 months for comparison purposes.

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.2 Statements of comprehensive income (cont'd)**

	1.1.07 to 30.6.07 (6 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Restatement of income statements					
<u>Revenue</u>					
Per audited financial statements	-	-	496	1,267	534
Reclassified to cost of sales	-	-	(3)	-	-
As restated	-	-	493	1,267	534
<u>Cost of sales</u>					
Per audited financial statements	-	-	(92)	(242)	(58)
Reclassified from revenue	-	-	3	-	-
As restated	-	-	(89)	(242)	(58)

The comparative figures for financial year ended 30 June 2008 were reclassified for consistency with the other financial year under review.

[The rest of this page is intentionally left blank]

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.3 Statements of changes in equity**

		(Accumulated Losses)/ Retained Profits RM'000	Total Equity RM'000
	Note	Share Capital RM'000	
Balance at 1.1.07		#	(2)
Total comprehensive loss for the financial period		-	*
Balance at 30.6.07		#	(2)
Total comprehensive loss for the financial year		-	(1)
Balance at 30.6.08		#	(3)
Total comprehensive loss for the financial year		-	(42)
Balance at 30.6.09		#	(45)
Total comprehensive income for the financial year		-	397
Balance at 30.6.10		#	352
Transaction with owners :			
Dividend paid	9.5.13	-	(154)
Total comprehensive income for the financial period		-	28
Balance at 31.12.10		#	226

RM2.

*Amount less than RM1,000.

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.4 Statements of cash flows**

	1.1.07 to 30.6.07 (6 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Cash flows from operating activities					
(Loss)/Profit before taxation	*	(1)	(42)	553	83
Adjustments for:-					
Depreciation of property, plant and equipment	-	-	35	181	90
Depreciation of investment property	-	-	101	203	101
Interest expense	-	-	259	-	169
Other payables written off	-	-	(2)	-	-
Operating (loss)/profit before working capital changes	-	(1)	351	937	443
Increase in receivables	-	-	(3)	-	-
Increase in payables	*	1	248	33	21
Increase/(Decrease) in related companies	-	-	489	(489)	-
Cash generated from operations	-	-	1,085	481	464
Interest paid	-	-	(259)	-	(169)
Net cash from operating activities	-	-	826	481	295
Cash flows from investing activities					
Purchase of property, plant and equipment	-	-	(1,808)	-	-
Purchase of investment property	-	-	(9,124)	-	-
Net cash used in investing activities	-	-	(10,932)	-	-
Cash flows from financing activities					
Increase in advance from former holding company	-	-	10,107	-	-
Increase in advance from holding company	-	-	-	-	2,450
Repayment to former holding company	-	-	-	(445)	(2,114)
Dividend paid	-	-	-	-	(154)
Net cash from/(used in) financing activities	-	-	10,107	(445)	182
Net increase in cash and cash equivalents	-	-	1	36	477
Cash and cash equivalents at beginning	#	#	#	1	37
Cash and cash equivalents at end	#	#	1	37	514

RM2.

* Amount less than RM1,000.

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.5 Notes to the financial statements****9.5.1 Property, plant and equipment**

	Plant and equipment RM'000	Renovation RM'000	Total RM'000
At cost			
Balance at 1.7.08	-	-	-
Additions	700	1,108	1,808
Balance at 30.6.09/ 30.6.10/ 31.12.10	<u>700</u>	<u>1,108</u>	<u>1,808</u>
Accumulated depreciation			
Balance at 1.7.08	-	-	-
Current charge	35	*	35
Balance at 30.6.09	35	-	35
Current charge	70	111	181
Balance at 30.6.10	105	111	216
Current charge	35	55	90
Balance at 31.12.10	<u>140</u>	<u>166</u>	<u>306</u>
Carrying amount			
At 30.6.09	665	1,108	1,773
At 30.6.10	595	997	1,592
At 31.12.10	<u>560</u>	<u>942</u>	<u>1,502</u>

There were no acquisition of property, plant and equipment for the FPE 30.6.07 and FYE 30.6.08.

* Amount less than RM1,000.

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.5 Notes to the financial statements (cont'd)****9.5.2 Investment property**

	Leasehold land RM'000	Building RM'000	Total RM'000
At cost			
Balance at 1.7.08	-	-	-
Additions	3,150	5,974	9,124
Balance at 30.6.09/ 30.6.10/ 31.12.10	<u>3,150</u>	<u>5,974</u>	<u>9,124</u>
Accumulated depreciation			
Balance at 1.7.08	-	-	-
Current charge	35	66	101
Balance at 30.6.09	35	66	101
Current charge	70	133	203
Balance at 30.6.10	105	199	304
Current charge	35	66	101
Balance at 31.12.10	<u>140</u>	<u>265</u>	<u>405</u>
Carrying amount			
At 30.6.09	3,115	5,908	9,023
At 30.6.10	3,045	5,775	8,820
At 31.12.10	<u>3,010</u>	<u>5,709</u>	<u>8,719</u>

There were no acquisition of investment property for the FPE 30.6.07 and FYE 30.6.08.

13. ACCOUNTANTS' REPORT



9. SIMFONI (CONT'D)

9.5 Notes to the financial statements (cont'd)

9.5.3 Share capital

	As at 30 June				As at 31 December
	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2010 RM'000
Authorised : 100,000 ordinary shares of RM1 each					
Balance at beginning/end	100	100	100	100	100
Issued and fully paid up : 2 ordinary shares of RM1 each					
Balance at beginning/end	#	#	#	#	#

RM2.

9.5.4 Deferred tax liabilities

	As at 30 June				As at 31 December
	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2010 RM'000
Balance at beginning	-	-	-	-	156
Recognised in profit or loss	-	-	-	156	55
Balance at end	-	-	-	156	211
The components of deferred tax assets and liabilities during the financial period/year prior to offsetting are as follows : -					
Deferred tax liabilities:					
Investment property	-	-	-	447	438
Deferred tax assets:					
Unabsorbed capital allowances	-	-	-	(291)	(227)
	-	-	-	156	211

The unabsorbed capital allowances are available for offset against future taxable profits.

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.5 Notes to the financial statements (cont'd)****9.5.5 Amount due to former holding company****30.6.10**

Simfoni was a wholly-owned subsidiary of Insas Technology, a public limited liability company incorporated in Malaysia.

The amount due to holding company is unsecured, interest free and is repayable on demand.

30.6.09

Simfoni was a wholly-owned subsidiary of Landasan Sinar Sdn. Bhd., a company incorporated in Malaysia.

During the financial year, Insas Technology, a public limited company incorporated in Malaysia, acquired 100% equity interest in Simfoni from Landasan Sinar Sdn. Bhd. and became its holding company.

The amount due to holding company is unsecured and interest bearing. The holding company has agreed not to demand repayment from Simfoni within the next twelve months from the reporting date.

30.6.07 and 30.6.08

Simfoni was a wholly-owned subsidiary of Landasan Sinar Sdn. Bhd., a company incorporated in Malaysia.

The amount due to holding company is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

9.5.6 Other payables and accruals

Included in other payables and accruals are rental deposit received from Inari Technology for the lease of Simfoni's investment property as follows :

	----- As at 30 June -----				As at 31
	2007	2008	2009	2010	December
	RM'000	RM'000	RM'000	RM'000	2010
					RM'000
Rental deposit	-	-	219	267	267

9.5.7 Amount due to a former related company**30.6.09**

Related company refers to a subsidiary of Insas Technology.

The amount due to a related company is unsecured, interest free and has no fixed terms of repayment.

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.5 Notes to the financial statements (cont'd)****9.5.8 Amount due to a related party****31.12.10**

This amount is due to Insas Technology bears interest at the rate of 8% per annum and repayable on demand. *As disclosed in section 2.2.2 of this report, this amount will be fully settled via the proceeds from the Public Issue.*

9.5.9 Amount due to holding company**31.12.10**

The amount due to holding company is unsecured, interest free and is repayable on demand.

9.5.10 Revenue

Revenue represents rental income received and receivable from the letting of the leasehold land and building.

9.5.11 (Loss)/Profit before taxation

	1.1.07 to 30.6.07 (6 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
--	---	--	--	--	--

This is arrived at :

After charging :

Audit fee - current	*	*	1	3	1
- (over)/under provision in prior year	-	-	(1)	1	-
Depreciation of property, plant and equipment	-	-	35	181	90
Depreciation of investment property	-	-	101	203	101
Interest expense	-	-	259	-	169
Management fee	-	-	6	6	1
And crediting:					
Other payables written off	-	-	2	-	-

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.5 Notes to the financial statements (cont'd)****9.5.12 Taxation**

	1.1.07 to 30.6.07 (6 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
Provision for current year					
Deferred tax					
- Current year	-	-	-	156	30
- Under provision in prior year	-	-	-	-	25
	-	-	-	156	55

The reconciliation of tax expense of Simfoni is as follows :

(Loss)/Profit before taxation	*	(1)	(42)	553	83
Income tax at Malaysian statutory tax rate	27%	26%	25%	25%	25%
Tax at the statutory tax rate	*	*	(11)	138	21
Tax effects in respect of :					
- Non-allowable expenses	*	*	10	18	9
- Income not subject to tax	-	-	*	-	-
- Deferred tax assets not recognised	-	-	1	-	-
- Deferred tax under provided in prior year	-	-	-	-	25
	-	-	-	156	55

* - Amount less than RM1,000

The Malaysian Budget 2008 introduced a single tier income tax system with effect from year of assessment 2008. Companies without 108 balance will automatically move to the new single tier dividend system on 1 January 2008 whilst companies with such credit are given an irrevocable option to elect for a switch to the new system during the transitional period of six years. All the companies will be in the new system on 1 January 2014. Under the new system, tax on profits of companies is a final tax and dividend distributed will be exempted from tax in the hands of shareholders.

Simfoni does not have any 108 balance under the Income Tax Act, 1967 and thus it has automatically moved to the new single tier system.

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.5 Notes to the financial statements (cont'd)****9.5.12 Taxation (cont'd)**

1.1.07 to 30.6.07 (6 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
---	--	--	--	--

The estimated amount of deferred taxation benefit calculated at current tax rate, which has not been recognised in Simfoni's financial statements is as follows : -

Temporary timing differences in respect of : -

- Property, plant and equipment	-	-	363	-	-
- Unabsorbed capital allowances	-	-	(365)	-	-
	-	-	(2)	-	-

9.5.13 Dividend**31.12.10**

In respect of financial period ended 31 December 2010

- First interim tax exempt dividend of RM76,920 per ordinary share

RM'000

154

9.5.14 Related party transactions

1.1.07 to 30.6.07 (6 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
---	--	--	--	--

With former holding company :

Interest on advances paid/payable	-	-	259	-	169
Management fees paid/payable	-	-	6	6	1
Technical fees paid/payable	-	-	-	130	-
Accounting fee paid	-	-	-	-	2
Dividend paid	-	-	-	-	154

With related company :

Rental income received/receivable	-	-	493	1,267	534
Rental deposits received/receivable	-	-	219	47	-

13. ACCOUNTANTS' REPORT**9. SIMFONI (CONT'D)****9.5 Notes to the financial statements (cont'd)****9.5.14 Related party transactions (cont'd)**

	1.1.07 to 30.6.07 (6 months) RM'000	1.7.07 to 30.6.08 (12 months) RM'000	1.7.08 to 30.6.09 (12 months) RM'000	1.7.09 to 30.6.10 (12 months) RM'000	1.7.10 to 31.12.10 (6 months) RM'000
--	---	--	--	--	--

Related party - Megapolitan
Management Services Sdn. Bhd.
Secretarial fees paid/payable

	-	-	1	1	-
--	---	---	---	---	---

The directors of Simfoni are of the opinion that the above transactions were entered into the normal course of business on terms and conditions that are not materially different from that obtained in transaction with third parties.

Description

1. Former holding company refers to Insas Technology.
2. Related company refers to Inari Technology.
3. Megapolitan Management Services Sdn. Bhd. is related by virtue of it being a wholly-owned subsidiary of Insas Berhad.

[The rest of this page is intentionally left blank]

13. ACCOUNTANTS' REPORT**10. CATEGORIES OF FINANCIAL INSTRUMENTS**

The table below provides an analysis of financial instruments of the Group as at 31 December 2010 categorised as follows :

- (i) Loans and receivables ("L&R"); and
(ii) Other liabilities measured at amortised cost ("AC")

	Carrying amount RM'000	L & R RM'000	AC RM'000
Financial assets			
Trade receivables (section 7.5.5)	18,003	18,003	-
Other receivable and refundable deposits (section 7.5.6)	353	353	-
Cash and bank balances (section 7.5.8)	18,091	18,091	-
	<u>36,447</u>	<u>36,447</u>	<u>-</u>
Financial liabilities			
Borrowings (section 7.5.11)	7,497	-	7,497
Trade payables (section 7.5.12)	7,928	-	7,928
Other payables and accruals (section 7.5.13)	31,100	-	31,100
	<u>46,525</u>	<u>-</u>	<u>46,525</u>

11. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

11.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises principally from its trade receivables and other receivables.

The Group has a significant credit risk arising from the exposure to a single customer which comprises almost 99% of the trade receivables balance as at the end of the reporting period.

11.1.1 Trade receivables

The Group typically gives existing customers credit terms of 45 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

13. ACCOUNTANTS' REPORT**11. FINANCIAL RISK MANAGEMENT (CONT'D)****11.1 Credit risk (cont'd)****11.1.1 Trade receivables (cont'd)**

The ageing of trade receivables of the Group is as follows :

	RM'000
Not past due	17,979
Past due 0-30 days	1
Past due 31-60 days	1
Past due more than 60 days	22
Total (section 7.5.5)	<u>18,003</u>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired has been renegotiated during the reporting period.

As at the end of the reporting period, certain trade receivables have exceeded the credit term allowed, however no impairment loss is required as these customers have no recent history of default.

The Group has significant concentration of credit risks from a single customer which comprises almost 99% of the trade receivables balance as at the end of the reporting period.

11.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments :

	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000
Interest bearing borrowings (section 7.5.11)	7,497	8,544	2,318	2,315	3,911
Trade and other payables and accruals (section 7.5.12, 7.5.13)	39,028	39,028	39,028	-	-
	<u>46,525</u>	<u>47,572</u>	<u>41,346</u>	<u>2,315</u>	<u>3,911</u>

13. ACCOUNTANTS' REPORT**11. FINANCIAL RISK MANAGEMENT (CONT'D)****11.3 Interest rate risk**

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amount as at the end of the reporting period is as follows :

	Group RM'000
Fixed rate instruments	
Financial liabilities	<u>956</u>
Floating rate instruments	
Financial liabilities	<u>6,541</u>

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit before taxation (through the impact on floating rate instruments). An increase of 25 basis point at the end of the reporting period would have decreased profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect.

	Group RM'000
Decrease in profit before taxation	<u>7</u>

11.4 Foreign currency exchange risk

The Group is exposed to foreign currency fluctuations as a result of its normal trading activities whereby purchases and sales are principally transacted in USD. The Group does not hedge its foreign currency exposure as it maintains a USD account to meet its USD obligation.

The Group's exposure to foreign currency risk based on carrying amounts as at the end of the reporting period is as follows :

	US Dollar RM'000	Japanese Yen RM'000	Others RM'000
Trade receivables (section 7.5.5)	17,372	-	-
Other receivables (section 7.5.6)	824	192	-
Cash at bank (section 7.5.8)	17,152	-	5
Trade payables (section 7.5.12)	(7,033)	-	-
Other payables (section 7.5.13)	<u>(497)</u>	<u>(1,009)</u>	<u>(34)</u>
	<u>27,818</u>	<u>(817)</u>	<u>(29)</u>

13. ACCOUNTANTS' REPORT**11. FINANCIAL RISK MANAGEMENT (CONT'D)****11.4 Foreign currency exchange risk (cont'd)**Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates (against Ringgit Malaysia), with all other variables held constant, on the Group's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have decreased profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect.

	Group RM'000
US Dollar	(2,781)
Japanese Yen	82
Others	3
Decrease in profit before taxation	<u>(2,696)</u>

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities of the Group as at the end of the reporting period approximate their fair values either due to their short-term nature or that they are floating instruments that are re-priced to market interest rates on or near the reporting date.

13. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Directors determine and monitor the gearing ratio of the Group. As at the end of the reporting period, the Group's gearing ratio is as follows :

	Group RM'000
Total borrowings (section 7.5.11)	7,497
Less : Cash and cash equivalents (section 7.5.8)	<u>(18,091)</u>
Net debt	<u>(10,594)</u>
Total equity	<u>38,626</u>
Gearing ratio	<u>NM</u>

NM - Not meaningful as the gearing ratio is negative.

13. ACCOUNTANTS' REPORT



14. SIGNIFICANT EVENT SUBSEQUENT TO THE REPORTING DATE

No other event has arisen subsequent to the reporting date that requires disclosure in this report other than the Public Issue associated with this Prospectus.

15. FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 December 2010.

Yours faithfully,

A handwritten signature in black ink, appearing to read "SJ Grant Thornton", written over a horizontal line.

**SJ Grant Thornton
No. AF : 0737
Chartered Accountants**

Kuala Lumpur

A handwritten signature in black ink, appearing to read "Dato' N.K. Jasani", written over a horizontal line.

**Dato' N.K. Jasani
No. : 708/03/12 (J/PH)
Chartered Accountant**

13. ACCOUNTANTS' REPORT

Appendix I



**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
INARI BERHAD**
Company No. 1000809-U
(Incorporated In Malaysia)

SJ Grant Thornton (M) SDN BHD
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Inari Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 48.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statement.

13. ACCOUNTANTS' REPORT

Appendix I (Cont'd)




**Independent Auditors' Report To The Directors Of
Inari Berhad (cont'd)
Company No. 1000809-U
(Incorporated In Malaysia)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the financial period then ended.


Syarifuddin
S/ Grant Thornton
No. AF : 0737
Chartered Accountants

Date : 5 April 2011

Kuala Lumpur

13. ACCOUNTANTS' REPORT

Appendix II



**REPORT OF THE AUDITORS TO THE MEMBERS OF
INARI TECHNOLOGY SDN. BHD.**
(Company No. 736090-U)
(Incorporated in Malaysia)

51-21-F, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

Tel 604-227 6888
Fax 604-229 8118
website www.uhydiong.com

We have audited the financial statements of **INARI TECHNOLOGY SDN. BHD.** set out on pages 10 to 26. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

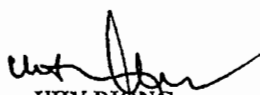
We conducted our audit in accordance with Approved Auditing Standards in Malaysia. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

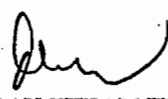
In our opinion :

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Company as at 30 June 2007 and of the results and cash flows of the Company for the financial period from 1 June 2006 (Date of incorporation) to 30 June 2007;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


UHY DIONG
No. AF-1411
Chartered Accountants


KOAY THEAM HOCK
No. 2141/04/09 (J)
Partner

Dated : 21 AUG 2007

A member of UHY, an international association of independent accounting and consulting firms

JOHOR BAHRU : 19-01, Public Bank Tower, 19 Jalan Wong Ah Fook, 80000 Johor Bahru, Malaysia. Tel: 607-222 2828 Fax: 607-222 2829

SINGAPORE : 158, Cecil Street, #08-01 Dapenso Building, Singapore 069545. Tel: 656235 1633 Fax: 656333 1633

KUALA LUMPUR : 808, Block E, Phileo Damansara 1, No. 9, Jalan 16/11, Petaling Jaya, 46350 Selangor, Malaysia. Tel: 603-7491 8150 Fax: 603-7491 0745

13. ACCOUNTANTS' REPORT

Appendix II (Cont'd)



UHY Diong is a member of UHY, an international association of independent accounting and consultancy firms, whose organizing body is Urbach Hacker Young International Limited, a UK company. Each member of UHY is a separate and independent firm. The services described herein are provided by UHY Diong and not by Urbach Hacker Young International Limited or any other member of UHY. Neither Urbach Hacker Young International Limited nor any member of UHY has any liability for services provided by other members.

51-21-F, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
Tel 604-227 6888
Fax 604-229 8118
website www.uhydiong.com

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
INARI TECHNOLOGY SDN. BHD.**

(Company No. 736090-U)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **INARI TECHNOLOGY SDN. BHD.**, which comprise the balance sheet as at **30 June 2008**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 38.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

13. ACCOUNTANTS' REPORT

Appendix II (Cont'd)



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
INARI TECHNOLOGY SDN. BHD. (CONTINUED)**

(Company No. 736090-U)
(Incorporated in Malaysia)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion


In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2008 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements


In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



UHY DIONG
No. AF-1411
Chartered Accountants



KOAY THEAM HOCK
No. 2141/04/09 (J)
Partner

Penang

Dated : 08 AUG 2008

13. ACCOUNTANTS' REPORT

Appendix II (Cont'd)



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INARI TECHNOLOGY SDN. BHD.

Company No. 736090-U
(Incorporated In Malaysia)

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022
F +6 (03) 2691 5229

www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Inari Technology Sdn. Bhd.**, which comprise the balance sheet as at **30 June 2009**, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 45.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

13. ACCOUNTANTS' REPORT

Appendix II (Cont'd)



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

INARI TECHNOLOGY SDN. BHD. (Cont'd)

Company No. 736090-U
(Incorporated In Malaysia)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2009 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Company as at 30 June 2008 were audited by another firm of auditors whose report dated 8 August 2008 expressed an unqualified opinion.

A handwritten signature in black ink, appearing to read "S. Grant Thornton".

S Grant Thornton
No. AF : 0737
Chartered Accountants

Date : 26 August 2009

Penang

A handwritten signature in black ink, appearing to read "John Lau Tiang Hua".

John Lau Tiang Hua, DJN
Partner
No. 1107/03/10 (J)
Chartered Accountant

13. ACCOUNTANTS' REPORT

Appendix II (Cont'd)



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
INARI TECHNOLOGY SDN. BHD.**
Company No. 736090-U
(Incorporated In Malaysia)

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +6 (03) 2692 4022
F +6 (03) 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Inari Technology Sdn. Bhd.**, which comprise the balance sheet as at **30 June 2010**, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 54.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

13. ACCOUNTANTS' REPORT

Appendix II (Cont'd)



**Independent Auditors' Report To The Members Of
Inari Technology Sdn. Bhd. (cont'd)
Company No. 736090-U
(Incorporated In Malaysia)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion


In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2010 and of its financial performance and cash flows for the financial year then ended.


Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act, to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


S/ Grant Thornton
No. AF : 0737
Chartered Accountants


John Lau Tiang Hua, DJN
Partner
No. 1107/03/12 (J)
Chartered Accountant

Date : 25 August 2010

Kuala Lumpur

13. ACCOUNTANTS' REPORT

Appendix II (Cont'd)



**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
INARI TECHNOLOGY SDN. BHD.**
Company No. 736090-U
(Incorporated in Malaysia)

SJ Grant Thornton (06-0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022
F +6 (03) 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Inari Technology Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 54.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

13. ACCOUNTANTS' REPORT

Appendix II (Cont'd)




**Independent Auditors' Report To The Directors Of
Inari Technology Sdn. Bhd. (cont'd)
Company No. 736090-U
(Incorporated in Malaysia)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows for the period then ended.


Syarifuddin
S/Grant Thornton
No. AF : 0737
Chartered Accountants

Date : 5 April 2011

Kuala Lumpur

13. ACCOUNTANTS' REPORT

Appendix III

**TUNJUNGHON
& ASSOCIATES**
CHARTERED ACCOUNTANTS
(Firm No. AF 0020)

**REPORT OF THE AUDITORS TO THE MEMBERS OF
SIMFONI BISTARI SDN. BHD. (606331-A)**
(Incorporated in Malaysia)

We have audited the financial statements of the Company set out on pages 9 to 15 of SIMFONI BISTARI SDN. BHD..

The financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards required that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit includes an assessment of the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion :-

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :-
 - i. the state of affairs of the Company as at 30 June 2007 and of the results and cash flows of the Company for the financial period ended on that date; and
 - ii. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;

(Cont'd)

13. ACCOUNTANTS' REPORT

Appendix III (Cont'd)

TERENCE OH
& ASSOCIATES
CHARTERED ACCOUNTANTS

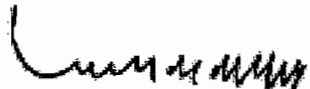
REPORT OF THE AUDITORS TO THE MEMBERS OF
(Firm No. AF 0029)
SIMFONI BISTARI SDN. BHD. (446332-A)
(Incorporated in Malaysia)

and

- b) the accounting and other records and the registers required by the Act to be kept by the Company of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

Without qualifying our opinion, we draw your attention to Note 2(a) to the financial statements. The Company has incurred a net loss of RM 350 during the financial period ended 30 June 2007 and, as of that date, the Company's total liabilities has exceeded its total assets by RM 2,478. These conditions, along with other matters as set forth in Note 2(a) to the financial statements indicate the existence of uncertainty on the Company's ability to continue as a going concern.


TERENCE OH & ASSOCIATES
CHARTERED ACCOUNTANTS
AF : 0029


YEE CHOON KONG
PRINCIPAL
1583/03/09 (J)

KUALA LUMPUR
DATE : 4 July 2007

13. ACCOUNTANTS' REPORT

Appendix III (Cont'd)

**TERENCE OH
& ASSOCIATES**
CHARTERED ACCOUNTANTS
(Firm No. AF 0029)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SIMFONI BISTARI SDN. BHD. (606333-A)**
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of SIMFONI BISTARI SDN. BHD., which comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement Of Changes In Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 15.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Cont'd)

13. ACCOUNTANTS' REPORT

Appendix III (Cont'd)

**TERENCE OH
& ASSOCIATES**
CHARTERED ACCOUNTANTS
(Firm No. AF 0029)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SIMFONI BISTARI SDN. BHD. (566333-A)
(Incorporated in Malaysia)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASE Approved Accounting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 30 June 2008 and of its financial performance and cash flows for the year then ended.

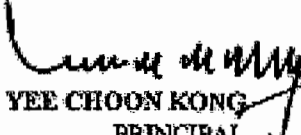
Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


TERENCE OH & ASSOCIATES
CHARTERED ACCOUNTANTS
AF . 0029


YEE CHOON KONG
PRINCIPAL
1583/03/09 (J)

KUALA LUMPUR
DATE : 8 AUGUST 2008

13. ACCOUNTANTS' REPORT

Appendix III (Cont'd)



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SIMFONI BISTARI SDN. BHD.

(Incorporated in Malaysia)

Company No: 606332 A

SJ Grant Thornton (4075737)
Level 11, F&B Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +6 (03) 2682 4022
F +6 (03) 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Simfoni Bistari Sdn. Bhd. which comprise the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 27.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

13. ACCOUNTANTS' REPORT

Appendix III (Cont'd)



Company No: 606332 A

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 30 June 2009 and of its financial performance and cash flows for the financial year then ended.


Report on Other Legal and Regulatory Requirements


In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Company as at 30 June 2008 were audited by another auditors whose report dated 8 August 2008 express an unqualified opinion on those financial statements.


SJ GRANT THORNTON
(NO. AP: 0737)
CHARTERED ACCOUNTANTS


DATO' N. R. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/10(MPH))

Kuala Lumpur
26 August 2009

13. ACCOUNTANTS' REPORT

Appendix III (Cont'd)



INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

SIMFONI BISTARI SDN. BHD.

(Incorporated in Malaysia)

Company No: 606332 A

SJ Grant Thornton Chartered Accountants
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 123377
50774 Kuala Lumpur, Malaysia
T +6 (03) 2692 4022
F +6 (03) 2601 5220
WWW.ELSON.MY

Report on the Financial Statements

We have audited the financial statements of Simfoni Bistari Sdn. Bhd., which comprise the balance sheet as at 30 June 2010 and the income statement, statement of changes in equity and cash flow statement for the financial year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 31.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

13. ACCOUNTANTS' REPORT

Appendix III (Cont'd)



Company No: 606332 A

Report on the Financial Statements (cont'd)

Opinion


In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2010 and of its financial performance and cash flows for the financial year then ended.


Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


S.J. GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS


DATO' N. K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12(J/PH))

Kuala Lumpur
25 August 2010

13. ACCOUNTANTS' REPORT

Appendix III (Cont'd)



INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF

SIMFONI BISTARI SDN. BHD.

(Incorporated in Malaysia)

Company No: 606332 A

SJ Grant Thornton *perizinan*
Level 11, Cyber Impiana 1 Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5299
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Simfoni Bistari Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 35.

Director's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

13. ACCOUNTANTS' REPORT

Appendix III (Cont'd)



Company No: 605332 A


Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows for the financial period then ended.

Other Matters

This report is made solely to the directors of the Company, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.


SJ GRANT THORNTON
(NO. AP: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
5 April 2011

14. VALUATION CERTIFICATE

(Prepared for inclusion in this Prospectus)



HENRY BUTCHER MALAYSIA
International Asset Consultants

Our Ref : V/PG/DY1027 (B)
Date : 12th May 2011

M/s Inari Berhad
No. 45-5, The Boulevard, Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
(Attention: Board of Directors)

Dear Sirs

CERTIFICATE OF VALUATION OF LOT NOS. 12361 AND 17331 HELD UNDER TITLE NOS. PAJAKAN NEGERI 5856 AND H.S.(D) 23157 RESPECTIVELY, BOTH WITHIN MUKIM 12, DISTRICT OF BARAT DAYA, PULAU PINANG (PREMISES NO. 5, HILIR SUNGAI KELUANG 3, BAYAN LEPAS FREE INDUSTRIAL ZONE PHASE 4, 11900 BAYAN LEPAS, PENANG).

This certificate has been prepared for inclusion in the Prospectus of Inari Berhad to be dated **28 JUN 2011** in connection with the listing of Inari Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

In accordance with the instructions from Inari Berhad, we have valued the abovementioned property vide our valuation report bearing Reference No. V/PG/DY1027 (B) dated 4th June 2010 for the purpose of submission to the Bursa Malaysia Securities Berhad in conjunction with the listing of Inari Berhad on the Ace Market of the Bursa Malaysia Securities Berhad. The subject property was inspected on 4th June 2010. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. 4th June 2010.

We confirm that we have valued the property based on the valuation basis stated below. The valuation has been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission and in compliance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the Market Value which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

HENRY BUTCHER MALAYSIA (Penang) Sdn Bhd (177498-P)

142-M, Jalan Burma, 10050 Penang, Malaysia

tel : 604 229 8999 fax : 604 229 8666 email : hbpenang@tm.net.my

www.henrybutcherpenang.com



RICS



V(1)0008/4 V-298
E(1)0501/5 E-1033

real estate investment • valuation • marketing • feasibility study • research • consultancy •
agency • management • plant & machinery appraisal • auction

14. VALUATION CERTIFICATE



Description of the Subject Property

The subject property is an industrial premises located within Phase 4 of Bayan Lepas Free Industrial Zone.

Bayan Lepas Free Industrial Zone (FIZ) which is sandwiched by Jalan Sultan Azlan Shah to the west and Lebuhraya Bayan Lepas to the east. The Penang International Airport is situated further to the south of the subject property. The subject property is located about 15.9 km (9.94 miles) from Kompleks Tun Abdul Razak (KOMTAR) and is approximately 7.2 km (4.5 miles) from Penang International Airport.

The subject property is approachable from Penang International Airport via Jalan Sultan Azlan Shah, Lebuhraya Sungai Nibong, Lebuhraya Bayan Lepas, Hilir Sungai Keluang 1, Hilir Sungai Keluang 2 and thence onto Hilir Sungai Keluang 3, all being well-maintained metalled roads.

The subject site comprises two adjoining lots i.e. Lot 12361 and Lot 17331, forming a rectangular-shaped land with a combined land area of about 6,136 square metres (66,048 square feet or 1.516 acres).

At the date of inspection, we noted that the front portion of Lot 17331 is presently being used as a car park whilst the rear portion accommodates temporary 'container' type cabins. Lot 12361 accommodates an industrial premises of about 13 years old comprising the following :-

a) **Three-Storey Detached Factory**

The building is constructed of a reinforced concrete frame supporting steel purlins laid over with metal deck sheets and concealed behind parapet walls and metal sheets fascia. The underside of the roof is insulated with aluminium foil sisalation sheets supported by BRC wire mesh.

The elevations of the factory comprise plastered brick walls.

The ceilings are generally of suspended ceiling boards incorporating concealed lightings and emergency lights.

Windows comprise aluminium frames incorporating tinted glass panels.

The floor finishes comprise ceramic tiles, homogeneous tiles, cement render and cement render laid over with vinyl sheets and ESD (Electro-static Discharge) sheets.

The ground to eaves level of the building (based on the approved architectural building plan) is about 9.509 metres (36.21 feet).

The 3 levels of the production areas within the building have been renovated to incorporate cleanrooms of Class 10k and Class 100k.

For purposes of this valuation, we have disregarded the cleanrooms and their related facilities (fall under plant & machinery) which have been constructed within the factory building and to assume that the cleanroom accommodation is designated for manufacturing use.

As at the date of inspection, we noted that the building is presently being used for manufacturing electronics components.

b) **Guard House**

This building is situated at the main entrance to the site. It is constructed of a reinforced concrete frame with brick infills rendered externally and plastered internally supporting a metal framed roof covered with metal sheets and enclosed behind parapet walls.

The floor is cement rendered throughout. The ceiling is of suspended ceiling boards. The windows are of aluminium frames incorporating tinted glass panels. It is secured with a timber flush door.

14. VALUATION CERTIFICATE**c) Car Parking Shed**

This structure is situated next to the guard house. It is constructed of metal frames supporting a metal deck roof. The floor is cement rendered throughout.

d) Waste Disposal (Scrap) Store

This building is situated next to the car parking shed. It is constructed of a reinforced concrete frame with brick infills rendered externally and plastered internally supporting a metal deck roof. The floor is cement rendered throughout. It is secured with a metal door.

Floor Area

We wish to draw the attention that there is a discrepancy on the computation of the main floor area (MFA) of the factory from the approved architectural building plans and the actual measurement carried out in accordance with The Institution of Surveyors Malaysia's Uniform Method of Measurement of Buildings.

As per the approved architectural building plans, the MFA of the factory (for 2-storey only) is about 1,788.38 square metres (19,250 square feet). However, the MFA of the factory (for 2-storey only) derived from the computation of the measurement taken on site is about 1,625.80 square metres (17,500 square feet).

For the purpose of this valuation, we have adopted the MFA derived from the computation of the measurement taken on site in arriving at our opinion of market value of the subject property.

The floor areas of the buildings and structure erected on the site are tabulated as follows :-

	Main Floor Area		Ancillary Floor Area	
	sq. metres	sq. feet	sq. metres	sq. feet
Factory (2-storey)	1,625.80	17,500	-	-
Guard House	14.49	156	-	-
Waste Disposal (Scrap) Store	25.64	276	-	-
Car Parking Shed	-	-	55.28	595

Planning Provision

Our enquiries conducted at *Jabatan Perancang Bandar, Majlis Perbandaran Pulau Pinang* (Town Planning Department, Penang Municipal Council) revealed that the subject property is located within an area designated for industrial purposes.

We wish to draw attention to the fact that the existing detached factory erected on the site was originally approved for a 2-storey building. However during our inspection, we noted that the factory has been extended into a 3-storey building. We were given to understand by the client i.e. Messrs. Inari Berhad that the architectural building plans in respect of the abovementioned extension has been submitted to Majlis Perbadanan Pulau Pinang and are pending approval. In light of the above, we have disregarded the above extension in arriving at the opinion of market value of the subject property.

With regards to the original 2-storey building, a Certificate of Fitness for Occupation which is applicable for the two-storey detached factory has been issued by *Majlis Perbandaran Pulau Pinang* vide Certificate No. JB/SKM/01/0067 dated 4th July 2001.

14. VALUATION CERTIFICATE**Titles Particulars**

The brief particulars of titles are as follows:-

Lot Nos.:	12361 and 17331, both within Mukim 12, District of Barat Daya, Pulau Pinang
Title Nos.:	Pajakan Negeri 5856 and H.S.(D) 23157 respectively
Tenure:	Lot 12361 - 60-year leasehold interest expiring on 29 th May 2051 Lot 17331 - 60-year leasehold interest expiring on 14 th May 2051
Category Of Land Use:	"Perusahaan/Perindustrian" (in respect of both titles)
Land Areas:	Lot 12361- 2,089 square metres Lot 17331- 4,047 square metres
Quit Rent:	Lot 12361 - RM2,257 per annum Lot 17331 – RM4,371 per annum
Registered Proprietor:	Inari Technology Sdn. Bhd. (in respect of both titles)
Express Conditions:	(in respect of both titles) <i>Pemilik yang berdaftar selepas Perbadanan Pembangunan Pulau Pinang hendaklah :-</i> <ol style="list-style-type: none"> (i) <i>Dalam tempoh masa 2 tahun dari tarikh pindah milik yang pertama didaftarkan atau dalam jangka masa yang ditetapkan yang diluluskan oleh Pihak Berkuasa Negeri, mendirikan bangunan kilang atau bangunan kilang-kilang di atas tanah yang diberi milik itu mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan dan hendaklah memelihara bangunan atau bangunan-bangunan yang telah didirikan itu dengan memuaskan Pihak Berkuasa Tempatan.</i> (ii) <i>Membersihkan, melupuskan atau menyebabkan berlakunya pembersihan atau perlupusan 'effluents' perdagangan dalam bentuk atau cara yang memuaskan pihak-pihak berkuasa yang berkenaan.</i> (iii) <i>Membayar dan menjelaskan semua cukai, kadar-kadar bayaran hasil dan lain-lain bayaran yang dinilai pada masa itu terhadap tanah yang diberi milik tersebut atau mana-mana bahagian yang berkenaan yang dikenakan oleh Majlis Perbandaran Pulau Pinang.</i> (iv) <i>Mempastikan bahawa 30% daripada pekerja-pekerja yang diambil dalam perniagaan untuk tanah yang diberi milik ini hendaklah terdiri dari kaum Bumiputra.</i>

14. VALUATION CERTIFICATE



Restrictions-
In-Interest:

For Lot 12361

- (i) *Tanah yang diberi milik ini tidak boleh dipindah milik, cagar, pajak atau pajakan kecil tanpa kebenaran bertulis daripada Pihak Berkuasa Negeri.*
- (ii) *Tanah yang diberi milik ini tidak boleh di pecah sempadan atau di pecah bahagian.*

For Lot 17331

- (i) *Tanah yang diberi milik ini tidak boleh dipindah milik, cagar, pajak atau pajakan kecil atau dilupuskan tanpa kebenaran bertulis daripada Pihak Berkuasa Negeri.*
- (ii) *Tanah yang diberi milik ini tidak boleh di pecah sempadan atau di pecah bahagian.*

Occupation Status

As at 4th June 2010, we noted that the subject property is owner occupied.

Valuation Methods

We have adopted the “**Depreciated Replacement Cost**” and “**Comparison Method**” in formulating our opinion of the **Market Value** of the subject property. As a countercheck, we have also used the **Investment Method** of valuation.

The **Depreciated Replacement Cost (DRC)** is based on an estimate of current market value of land which is arrived at by the **Comparison Method** for its existing use plus the current gross replacement (or reproduction) cost of improvements less allowance for physical deterioration and all relevant forms of obsolesces and optimization. Valuation using the DRC method is made on the assumption that the entity will continue in operational existence for the foreseeable future and is subject to adequate potential profitability of the enterprise.

The **Comparison Method** is the Market Approach of Comparing the subject property with similar properties that were transacted recently within the same location or other comparable localities. The comparable sale evidences have been sourced from Jabatan Penilaian Dan Perkhidmatan Harta (JPPH). In comparing properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

In **Investment Method**, the capital value is derived from an estimate of the Market Rental, which the subject property can reasonably be let for. Outgoings, such as property tax, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annum rental income is capitalised at an appropriate current market yield to arrive at its indicative capital value.

The valuation workings for the subject property are attached as appendices for easy reference.

14. VALUATION CERTIFICATE**Opinion of Value**

The Market Values arrived at by using the Depreciated Replacement Cost Method and Investment Method are as follows :

Method of Valuation		Market Value	
(i)	Depreciated Replacement Cost Method	RM4,600,000	(Ringgit Malaysia Four Million And Six Hundred Thousand Only)
(ii)	Investment Method	RM4,690,000	(Ringgit Malaysia Four Million Six Hundred And Ninety Thousand Only)

In arriving at the Market Value of the subject property, we have adopted figures derived from Depreciated Replacement Cost Method. The Investment Method is only used as a check method of valuation.

The subject property is a purpose-built industrial premises which is individually designed and constructed for a specific purpose to meet a specific requirement, therefore the Depreciated Replacement Cost Method is a more appropriate and suitable method of valuation to be used to provide a better reflection of the Market Value of the subject property.

The Investment Method involves the conversion of an income flow from property into an appropriate capital sum. The assessment of a rental value is therefore an important process and a reasonably accurate estimate is therefore vital. The Investment Method of valuation has limitations due to the availability of sufficient rental evidence to justify the rental derived from the subject property. Taking into account the relative strengths and weaknesses of both methods of valuation, we are of the opinion that greater weightage should be given to the Depreciation Replacement Cost Method.

Having regard to the foregoing, our opinion of the Market Value of the full share 60-year leasehold interest having an unexpired term of about 41 years as at 4th June 2010 of the subject property comprising premises No. 5, Hilir Sungai Keluang 3, Bayan Lepas Free Industrial Zone Phase 4, 11900 Bayan Lepas, Penang erected Lot Nos. 12361 And 17331 held under Title Nos. Pajakan Negeri 5856 And H.S.(D) 23157 respectively, both within Mukim 12, District of Barat Daya, Penang, with a Certificate of Fitness for Occupation issued, with vacant possession and subject to the titles being good, registrable, marketable, free from all encumbrances, endorsements, statutory notices and outgoings is RM4,600,000 (Ringgit Malaysia Four Million And Six Hundred Thousand Only).

Yours faithfully,

HENRY BUTCHER MALAYSIA (Penang) Sdn Bhd

SR. DR. TEOH POH HUAT (V-296)
FRICS, FISM, MBA (UK), DBA (UniSA)
 Chartered Surveyor / Registered Valuer
 Designation: Director
 Registered Number: V-296

14. VALUATION CERTIFICATE**COMPARISON METHOD OF VALUATION**

APPENDIX



Reference No. : V/PG/DY1027 (B)
 Date of Valuation : 4 June 2010
 Subject Property : No. 5, Hilir Sungai Keluang 3, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Penang
 Type of Property : An industrial premises
 Tenure : Lot 12361 - 60 years leasehold interest expiring on 29 May 2051
 Lot 17331 - 60 years leasehold interest expiring on 14 May 2051
 Unexpired Leasehold Term : 41 years
 Land Area : Lot 12361 - 2,089 sq. metres (22,486 sf)
 Lot 17331 - 4,047 sq. metres (43,562 sf)
 Total 6,136 sq. metres (66,048 sf)

Remarks : Lot 12361 is presently erected with an industrial premises comprising a factory, a guard house, a waste disposal (scrap) store and a car parking shed. The front portion of Lot 17331 is presently being used as a car park whilst the rear portion accommodates temporary 'container' type cabins.

	Comparable 1	Comparable 2	Comparable 3
Address of Property	Lot 3700, Mukim 12, District of Barat Daya, Penang	Lot 15997, Mukim 12, District of Barat Daya, Penang	Lot 12370, Mukim 12, District of Barat Daya, Penang
Location	Along Lintang Bayan Lepas Bayan Lepas Free Industrial Zone Phase 4	Along Lintang Bayan Lepas 6 Bayan Lepas Free Industrial Zone Phase 4	Along Hilir Sungai Keluang 3 Bayan Lepas Free Industrial Zone Phase 4
Type of Property	Industrial land	Industrial land	Industrial land with an old factory
Source	Jabatan Penilaian & Perkhidmatan Harta	Jabatan Penilaian & Perkhidmatan Harta	Jabatan Penilaian & Perkhidmatan Harta
Vendor	Inmold Technology Sdn Bhd	Nationgate Resources Sdn Bhd	RS Roadstar Electronics (M) Sdn Bhd
Purchaser	Wanjun Engineering Sdn Bhd	Ambu Sdn Bhd	Zoomic Technology (M) Sdn Bhd
Transaction date	25 June 2008	26 April 2010	16 April 2007
Tenure	60-year leasehold interest expiring on 3 April 2056	60-year leasehold interest expiring on 9 October 2067	60-year leasehold interest expiring on 9 September 2051
Zoning	Industrial	Industrial	Industrial
Land area (sf)	88,501	63,593	45,036
Consideration	RM2,900,000	RM3,179,685	RM2,000,000
Based Value (psf)	RM33	RM50	RM44
Remarks			
Time difference	2 years	1.5 months	3 years
Location	Similar	Similar	Similar
Size (approximately)	Larger	Similar	Smaller
Accessibility / traffic flow	Similar	Similar	Similar
Adjustments			
Positive adjustment	The land area of the subject property is smaller than the comparable, thus an upward adjustment has been made for size. Property values in the immediate locality have improved over the last 2 years, hence upward adjustment has been made to reflect for time factor (market improvement).	-	Property values in the immediate locality have improved over the last 2 years, hence upward adjustment has been made to reflect for time factor (market improvement).
Negative adjustment	- The subject property has a shorter unexpired term, thus a downward adjustment has been made for tenure	- The subject property has a shorter unexpired term, thus a downward adjustment has been made for tenure	The land area of the subject property is larger than the comparable, thus a downward adjustment has been made for size. The subject property has a shorter unexpired term, thus a downward adjustment has been made for tenure
Adjusted Value (psf) For Land	RM39	RM49	RM44

Justification (For Land) :

The above comparables are all located within Bayan Lepas Industrial Zone Phase 4 and within close proximity to the subject property, thus no location adjustment has been made. Post adjustments have been made to the comparables after taking into consideration the positive and negative factors of time (market improvement), tenure and size of the subject property. From these comparables, we have concluded that the total average adjusted land value of the comparables would be a reasonable benchmark. Having considered the above, we have adopted RM44.00 psf to be the fair market rate for the land element of the subject property.

Building Value :

Building value is derived from the floor area multiplied by the cost of the building. Based on our research and resources, we have adopted the rates ranging from RM15 psf to RM125 psf as the new building cost depending on the type & structure & size of the buildings as well as the quality of materials used. Building cost is derived from estimated cost new of a similar building erected within Bayan Lepas Industrial Park. As a check, we have also referred to the Construction Cost Handbook Malaysia 2009. We have adopted the straight line depreciation method taking into consideration the age of the building and physical deterioration, obsolescence and economic factors. Depreciation rate is derived from dividing age of building with the estimated building life span.

The Market Value arrived at by using the Depreciated Replacement Cost Method is RM4,600,000.

14. VALUATION CERTIFICATE**INVESTMENT METHOD OF VALUATION****APPENDIX**

Reference No. : V/PG/DY 1027(B)
 Date of Valuation : 4th June 2010
 Subject Property : No. 5, Hilir Sungai Keluang 3, Bayan Lepas Free Industrial Zone Phase 4, 11900 Bayan Lepas, Penang

	Comparable 1	Comparable 2	Comparable 3
Address of Property (Demised Premises)	Part of the ground floor and the entire 1st & 2nd floors of the 3-storey office block together with the 1st floor of the annexed 2-storey detached factory identified as Premises No. 48, Hilir Sungai Keluang 2, Bayan Lepas Industrial Zone, Penang	Plot 74-A, Lintang Bayan Lepas 3, Bayan Lepas Industrial Zone, Phase 4, Bayan Lepas, Penang	Plot 80(C), Lintang Bayan Lepas 7, Bayan Lepas Industrial Zone, Phase 4, Bayan Lepas, Penang
Type of Property	Industrial premises	Industrial premises	Industrial premises
Landlord	A.D.F. Industries Sdn. Bhd.	ER Mekatron Sdn Bhd Cardinal Health Malaysia 211 Sdn Bhd	Rasional Harmoni Sdn. Bhd. Symmetry Medical Malaysia Sdn. Bhd.
Tenant Source	SPM (Malaysia) Sdn. Bhd. Tenancy Agreement	Bhd Tenancy Agreement	Bhd. Tenancy Agreement
Tenancy Term	4 years 1 Jan 2007 - 31 December 2010	3 years 15 Jan 2010 - 14 January 2013	3 years 1 April 2008 - 31 March 2011
Monthly Rental	RM28,000	RM41,000	RM100,000
Floor / Lettable Area (sf)	18,000	25,877	51,811
Based Monthly Rental (psf)	RM1.56	RM1.58	RM1.93
<u>Remarks</u>			
Location	Similar location	Similar location	Similar location
Condition of building	Slightly better condition	Slightly better condition	New condition
<u>Adjustment & Justification</u>			
Negative adjustment	The quality of construction & condition of the building of the subject property is inferior than the comparable. Thus, a downward adjustment has been made.	The quality of construction & condition of the building of the subject property is inferior than the comparable. Thus, a downward adjustment has been made.	The quality of construction of the building of the subject property is inferior than the comparable. The condition of the building of the comparable is newer than the subject property as this building is only completed about 3 years ago. Therefore, a downward adjustment has been made.
Adjusted Monthly Rental (psf)	RM1.48	RM1.51	RM1.74

Justification :

The above comparables are all located within Bayan Lepas Industrial Zone Phase 4 and within close proximity to the subject property, thus no location adjustment has been made. No time allowance has been made as the rental market in Bayan Lepas Industrial Zones has generally remained stable. Post adjustments have been made to the comparables after taking into consideration the condition and design of the buildings. From these comparables, we have concluded that the total average adjusted rental rate of the comparables would be a reasonable benchmark. Having considered the above, we have adopted RM1.50 psf as the fair market rental of the subject property.

We wish to draw attention that the existing industrial premises (buildings) is erected on Lot 12361 only whilst Lot 17331 is a vacant industrial land. We have only used the Investment Method of Valuation to arrive at the Market Value of Lot 12361 as an imputed income may be derived to facilitate a valuation. In arriving at the Market Value of Lot 17331, we have only adopted the Comparison Method of Valuation.

With regards to the Investment Method of Valuation, we have adopted a monthly rental of RM1.50psf which is derived from the adjusted monthly rental computation. This rental is considered fair and reasonable. We are of the opinion that the fair monthly rental of the subject property (for Lot 12361) is RM26,250. The annual outgoings is estimated around RM70,932 comprising the quit rent of RM6,628, assessment rate of RM16,572.60, cost of repairs & maintenance of 5% of annual gross rental (RM15,750), fire insurance premium of RM8,951.40, property management fee of RM5,530 and voids of RM17,500. We have adopted a capitalisation rate of 8.5% (which is market derived) to arrive at the Market Value of Lot 12361.

14. VALUATION CERTIFICATE



HENRY BUTCHER MALAYSIA
International Asset Consultants

Our Ref : V/PG/DY1027 (A)
Date : 12th May 2011

M/s Inari Berhad
No. 45-5, The Boulevard, Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur
(Attention: Board of Directors)

Dear Sirs

CERTIFICATE OF VALUATION OF LOT NO. 12359 HELD UNDER TITLE NO. PAJAKAN NEGERI 5885, MUKIM 12, DISTRICT OF BARAT DAYA, PULAU PINANG (PREMISES NO. 51, HILIR SUNGAI KELUANG 4, BAYAN LEPAS FREE INDUSTRIAL ZONE PHASE 4, 11900 BAYAN LEPAS, PENANG).

This certificate has been prepared for inclusion in the Prospectus of Inari Berhad to be dated **28 JUN 2011** in connection with the listing of Inari Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

In accordance with the instructions from Inari Berhad, we have valued the abovementioned property vide our valuation report bearing Reference No. V/PG/DY1027 (A) dated 4th June 2010 for the purpose of submission to the Bursa Malaysia Securities Berhad in conjunction with the listing of Inari Berhad on the Ace Market of the Bursa Malaysia Securities Berhad. The subject property was inspected on 4th June 2010. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. 4th June 2010.

We confirm that we have valued the property based on the valuation basis stated below. The valuation has been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission and in compliance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the Market Value which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

HENRY BUTCHER MALAYSIA (Penang) Sdn Bhd (177498-P)

142-M, Jalan Burma, 10050 Penang, Malaysia
tel : 604 229 8999 fax : 604 229 8666 email : hbpenang@tm.net.my
www.henrybutcherpenang.com



RICS



real estate investment • valuation • marketing • feasibility study • research • consultancy •
agency • management • plant & machinery appraisal • auction

14. VALUATION CERTIFICATE



Description of the Subject Property

The subject property is an industrial premises located within Phase 4 of Bayan Lepas Free Industrial Zone.

Bayan Lepas Free Industrial Zone (FIZ) which is sandwiched by Jalan Sultan Azlan Shah to the west and Lebuhraya Bayan Lepas to the east. The Penang International Airport is situated further to the south of the subject property. The subject property is located about 15.9 km (9.94 miles) from Kompleks Tun Abdul Razak (KOMTAR) and is approximately 7.2 km (4.5 miles) from Penang International Airport.

The subject property is approachable from Penang International Airport via Jalan Sultan Azlan Shah, Lebuhraya Sungai Nibong, Lebuhraya Bayan Lepas, Hilir Sungai Keluang 1, Hilir Sungai Keluang 2, Hilir Sungai Keluang 3 and thence onto Hilir Sungai Keluang 4, all being well-maintained metalled roads.

The subject site is rectangular in shape and encompasses a land area of approximately 8,332 sq. metres (89,685 sq. ft. or 2.059 acres).

At the date of inspection, we noted that site accommodates an industrial premises of about 12 years old comprising the following :-

a) **Three-Storey Detached Factory-Cum-Office Block**

The building is constructed of a reinforced concrete frame supporting part steel purlins laid over with metal deck roofing sheets and part reinforced concrete flat roof and concealed behind parapet walls. The underside of the metal deck roof is insulated with aluminium foil sisalation sheets supported by BRC wire mesh.

The elevations of the building comprise plastered brick walls incorporating aluminium framed with tinted glass panels.

The ceilings are generally are of plaster boards and suspended ceiling boards incorporating concealed lightings, automatic sprinkler system, smoke detectors and emergency lights.

Windows comprise anodised aluminium frames incorporating tinted glass panels.

The floor finishes comprise granite slabs, ceramic tiles, homogeneous tiles, cement render and cement render laid over with vinyl sheets and ESD (Electro-static Discharge) sheets.

The ground to eaves level of the building is about 16.5 metres (54 feet) high.

The 3 levels of the production areas within the building have been renovated to incorporate cleanrooms of Class 10k and Class 100k.

For purposes of this valuation, we have disregarded the cleanrooms and their related facilities (fall under plant & machinery) which have been constructed within the factory building and to assume that the cleanroom accommodation is designated for manufacturing use.

As at the date of inspection, we noted that the building is presently being used for manufacturing electronics components.

b) **Guard House**

This building is situated at the main entrance to the site. It is constructed of a reinforced concrete frame with brick infills rendered externally and plastered internally supporting a reinforced concrete flat roof.

The floor is cement rendered throughout. It is secured with a timber panel door. The windows are of aluminium frames incorporating tinted glass panels.

14. VALUATION CERTIFICATE**Floor Area**

The floor areas of the buildings erected on the site are tabulated as follows :-

	Main Floor Area		Ancillary Floor Area	
	sq. metres	sq. feet	sq. metres	sq. feet
3-storey detached factory-cum-office block	6,119.24	65,867	287.53	3,095
Guard House	9.29	100	-	-

Planning Provision

Our enquiries conducted at *Jabatan Perancang Bandar, Majlis Perbandaran Pulau Pinang* (Town Planning Department, Penang Municipal Council) revealed that the subject property is located within an area designated for industrial purposes.

With regards to the existing buildings, a Certificate of Fitness for Occupation has been issued by *Majlis Perbandaran Pulau Pinang* vide Certificate No. 5239 dated 3rd June 1998.

Title Particulars

The brief particulars of title are as follows:-

Lot No.: 12359, Mukim 12, District of Barat Daya, Pulau Pinang

Title No.: Pajakan Negeri 5885

Tenure: 60-year leasehold interest expiring on 16th January 2054

Category Of Land Use: "Perusahaan/Perindustrian"

Land Area: 8,332 square metres

Quit Rent: RM8,999 per annum

Registered Proprietor: Simfoni Bistari Sdn. Bhd.

Express Conditions: *Pemilik yang berdaftar selepas Perbadanan Pembangunan Pulau Pinang hendaklah :-*

- (i) *Dalam tempoh masa 2 tahun dari tarikh pindah milik yang pertama didaftarkan atau dalam jangka masa yang ditetapkan yang diluluskan oleh Pihak Berkuasa Negeri, mendirikan bangunan kilang atau bangunan kilang-kilang di atas tanah yang diberi milik itu mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan dan hendaklah memelihara bangunan atau bangunan-bangunan yang telah didirikan itu dengan memuaskan Pihak Berkuasa Tempatan.*
- (ii) *Membersihkan, melupuskan atau menyebabkan berlakunya pembersihan atau perlupusan 'effluents' perdagangan dalam bentuk atau cara yang memuaskan pihak-pihak berkuasa yang berkenaan.*

14. VALUATION CERTIFICATE

- (iii) *Membayar dan menjelaskan semua cukai, kadar-kadar bayaran hasil dan lain-lain bayaran yang dinilai pada masa itu terhadap tanah yang diberi milik tersebut atau mana-mana bahagian yang berkenaan yang dikenakan oleh Majlis Perbandaran Pulau Pinang.*
- (iv) *Mempastikan bahawa 30% daripada pekerja-pekerja yang diambil dalam perniagaan untuk tanah yang diberi milik ini hendaklah terdiri dari kaum Bumiputra.*
- (v) *Mematuhi semua terma-terma dan syarat-syarat yang terkandung di dalam Surat Perjanjian Jual Beli yang ditandatangani di antara pemilik yang berdaftar selepas Perbadanan Pembangunan Pulau Pinang dengan Perbadanan Pembangunan Pulau Pinang*

**Restrictions-
In-Interest:**

- (i) *Tanah yang diberi milik ini tidak boleh dipindah milik, cagar, pajak atau pajakan kecil, tenansi disewakan atau dengan apa-apa urusan sekalipun diuruskan tanpa kebenaran bertulis daripada Pihak Berkuasa Negeri.*
- (ii) *Tanah yang diberi milik ini tidak boleh di pecah Sempadan atau di pecah Bahagian.*
- (iii) *Tanah yang diberi milik ini dan mana-mana bangunan yang terdapat di atasnya tidak boleh digunakan untuk apa jua kegunaan selain daripada yang diluluskan oleh Perbadanan Pembangunan Pulau Pinang dan Pihak Berkuasa Negeri.*

Occupation Status

The subject property is tenanted as at the date of inspection.

From a photocopy of the Tenancy Agreement dated 1st December 2009 made between Simfoni Bistari Sdn Bhd (the Landlord) and Inari Technology Sdn Bhd (the Tenant), we noted that the subject property with a lettable area of approximately 67,000 sq ft (6,224.50 sq metres) is tenanted for a term of two (2) years commencing on 20th December 2008 and expiring on 19th December 2010 at a monthly rental of RM88,950.

Valuation Methods

We have adopted the “**Depreciated Replacement Cost**” and “**Comparison Method**” in formulating our opinion of the **Market Value** of the subject property. As a countercheck, we have also used the **Investment Method** of valuation.

The **Depreciated Replacement Cost (DRC)** is based on an estimate of current market value of land which is arrived at by the **Comparison Method** for its existing use plus the current gross replacement (or reproduction) cost of improvements less allowance for physical deterioration and all relevant forms of obsolesces and optimization. Valuation using the DRC method is made on the assumption that the entity will continue in operational existence for the foreseeable future and is subject to adequate potential profitability of the enterprise.

The **Comparison Method** is the Market Approach of Comparing the subject property with similar properties that were transacted recently within the same location or other comparable localities. The comparable sale evidences have been sourced from Jabatan Penilaian Dan Perkhidmatan Harta (JPPH). In comparing properties, due consideration is given to factors such as location, size, building differences, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

14. VALUATION CERTIFICATE

In **Investment Method**, the capital value is derived from an estimate of the Market Rental, which the subject property can reasonably be let for. Outgoings, such as property tax, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annum rental income is capitalised at an appropriate current market yield to arrive at its indicative capital value.

The valuation workings for the subject property are attached as appendices for easy reference.

Opinion of Value

The Market Values arrived at by using the Depreciated Replacement Cost Method and Investment Method are as follows :

Method of Valuation		Market Value
(i)	Depreciated Replacement Cost Method	RM11,700,000 (Ringgit Malaysia Eleven Million And Seven Hundred Thousand Only)
(ii)	Investment Method	RM12,300,000 (Ringgit Malaysia Twelve Million And Three Hundred Thousand Only)

In arriving at the Market Value of the subject property, we have adopted figures derived from Depreciated Replacement Cost Method. The Investment Method is only used as a check method of valuation.

The subject property is a purpose-built industrial premises which is individually designed and constructed for a specific purpose to meet a specific requirement, therefore the Depreciated Replacement Cost Method is a more appropriate and suitable method of valuation to be used to provide a better reflection of the Market Value of the subject property.

The Investment Method involves the conversion of an income flow from property into an appropriate capital sum. The assessment of a rental value is therefore an important process and a reasonably accurate estimate is therefore vital. The Investment Method of valuation has limitations due to the availability of sufficient rental evidence to justify the rental derived from the subject property. Taking into account the relative strengths and weaknesses of both methods of valuation, we are of the opinion that greater weightage should be given to the Depreciation Replacement Cost Method.

Having regard to the foregoing, our opinion of the Market Value of the full share 60-year leasehold interest having an unexpired term of about 44 years as at 4th June 2010 of the subject property comprising premises No. 51, Hilir Sungai Keluang 4, Bayan Lepas Free Industrial Zone Phase 4, 11900 Bayan Lepas, Penang erected Lot No. 12359 held under Title No. Pajakan Negeri 5885, Mukim 12, District of Barat Daya, Penang, with a Certificate of Fitness for Occupation issued, with vacant possession and subject to the title being good, registrable, marketable, free from all encumbrances, endorsements, statutory notices and outgoings is RM11,700,000 (Ringgit Malaysia Eleven Million And Seven Hundred Thousand Only).

Yours faithfully,
HENRY BUTCHER MALAYSIA (Penang) Sdn Bhd

SR. DR. TEOH POH HUAT (V-296)
FRICS, FISM, MBA (UK), DBA (UniSA)
Chartered Surveyor / Registered Valuer
Designation: Director
Registered Number: V-296

14. VALUATION CERTIFICATE**COMPARISON METHOD OF VALUATION****APPENDIX**

Reference No. : V/PG/DY1027 (A)
 Date of Valuation : 4 June 2010
 Subject Property : No. 51, Hilir Sungai Keluang 4, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Penang
 Type of Property : An industrial premises
 Tenure : 60 years leasehold interest expiring on 16 January 2054
 Unexpired Leasehold
 Term : 44 years
 Land Area : 8,332 sq. metres (89,685sq. ft)

	Comparable 1	Comparable 2	Comparable 3
Address of Property	Lot 3700, Mukim 12, South West District, Penang	Lot 15997, Mukim 12, District of Barat Daya, Penang	Lot 12370, Mukim 12, South West District, Penang
Location	Along Lintang Bayan Lepas Bayan Lepas Free Industrial Zone Phase 4	Along Lintang Bayan Lepas 6 Bayan Lepas Free Industrial Zone Phase 4	Along Hilir Sungai Keluang 3 Bayan Lepas Free Industrial Zone Phase 4
Type of Property	Industrial land	Industrial land	Industrial land with an old factory
Source	Jabatan Penilaian & Perkhidmatan Harta	Jabatan Penilaian & Perkhidmatan Harta	Jabatan Penilaian & Perkhidmatan Harta
Vendor	Inmold Technology Sdn Bhd	Nationgate Resources Sdn Bhd	RS Roadstar Electronics (M) Sdn Bhd
Purchaser	Wanjun Engineering Sdn Bhd	Ambu Sdn Bhd	Zoomic Technology (M) Sdn Bhd
Transaction date	25 June 2008	26 April 2010	16 April 2007
Tenure	60-year leasehold interest expiring on 3 April 2056	60-year leasehold interest expiring on 9 October 2067	60-year leasehold interest expiring on 9 September 2051
Zoning	Industrial	Industrial	Industrial
Land area (sf)	88,501	63,593	45,036
Consideration	RM2,900,000	RM3,179,685	RM2,000,000
Based Value (psf)	RM33	RM50	RM44
Remarks			
Time difference	2 years	1.5 months	3 years
Location	Similar	Similar	Similar
Size (approximately)	Similar	Similar	Smaller
Accessibility / traffic flow	Similar	Similar	Similar
Adjustments			
Positive adjustment	Property values in the immediate locality have improved over the last 2 years, hence upward adjustment has been made to reflect for time factor (market improvement).	-	Property values in the immediate locality have improved over the last 3 years, hence upward adjustment has been made to reflect for time factor (market improvement).
Negative adjustment	- The subject property has a shorter unexpired term, thus a downward adjustment has been made for tenure	The land area of the subject property is larger than the comparable, thus a downward adjustment has been made for size. The subject property has a shorter unexpired term, thus a downward adjustment has been made for tenure	The land area of the subject property is larger than the comparable, thus a downward adjustment has been made for size.
Adjusted Value (psf)	RM36	RM44	RM44

Justification (For Land) :

The above comparables are all located within Bayan Lepas Industrial Zone Phase 4 and within close proximity to the subject property, thus no location adjustment has been made. Post adjustments have been made to the comparables after taking into consideration the positive and negative factors of time (market improvement) and size of the subject property. From these comparables, we have concluded that the total average adjusted land value of the comparables would be a reasonable benchmark. Having considered the above, we have adopted RM44.00 psf to be the fair market rate for the land element of the subject property.

Building Value :

Building value is derived from the floor area multiplied by the cost of the building. Based on our research and resources, we have adopted the rates ranging from RM30 psf to RM150 psf as the new building cost depending on the type & structure & size of the buildings as well as the quality of materials used. Building cost is derived from estimated cost new of a similar building erected within Bayan Lepas Industrial Park. As a check, we have also referred to the Construction Cost Handbook Malaysia 2009. We have adopted the straight line depreciation method taking into consideration the age of the building and physical deterioration, obsolescence and economic factors. Depreciation rate is derived from dividing age of building with the estimated building life span.

The Market Value arrived at by using the Depreciated Replacement Cost Method is RM11,700,000.

14. VALUATION CERTIFICATE**INVESTMENT METHOD OF VALUATION****APPENDIX**

Reference No. : V/PG/DY 1027(A)
 Date of Valuation : 4th June 2010
 Subject Property : No. 51, Hilir Sungai Keluang 4, Bayan Lepas Free Industrial Zone Phase 4, 11900 Bayan Lepas, Penang

	Comparable 1	Comparable 2	Comparable 3
Address of Property (Demised Premises)	Part of the ground floor and the entire 1st & 2nd floors of the 3-storey office block together with the 1st floor of the annexed 2-storey detached factory identified as Premises No. 48, Hilir Sungai Keluang 2, Bayan Lepas Industrial Zone, Penang	Plot 74-A, Lintang Bayan Lepas 3, Bayan Lepas Industrial Zone, Phase 4, Bayan Lepas, Penang	Plot 80(C), Lintang Bayan Lepas 7, Bayan Lepas Industrial Zone, Phase 4, Bayan Lepas, Penang
Type of Property	Industrial premises	Industrial premises	Industrial premises
Landlord	A.D.F. Industries Sdn. Bhd.	ER Mekatron Sdn Bhd	Rasional Harmoni Sdn. Bhd.
Tenant	SPM (Malaysia) Sdn. Bhd.	Cardinal Health Malaysia 211 Sdn Bhd	Symmetry Medical Malaysia Sdn. Bhd.
Source	Tenancy Agreement	Tenancy Agreement	Tenancy Agreement
Tenancy Term	4 years	3 years	3 years
Monthly Rental	1 Jan 2007 - 31 December 2010	15 Jan 2010 - 14 January 2013	1 April 2008 - 31 March 2011
Floor / Lettable Area (sf)	RM28,000 18,000	RM41,000 25,877	RM100,000 51,811
Based Monthly Rental (psf)	RM1.56	RM1.58	RM1.93
<u>Remarks</u>			
Location	Similar location	Similar location	Similar location
Condition of building	Slightly poorer condition	Slightly poorer condition	New condition
<u>Adjustment & Justification</u>			
Positive adjustment	The quality of construction & condition of the building of the subject property is slightly better than the comparable. Thus, an upward adjustment has been made.	The quality of construction & condition of the building of the subject property is slightly better than the comparable. Thus, an upward adjustment has been made.	-
Negative adjustment	-	-	The quality of construction of the building of the subject property is inferior than the comparable. The condition of the building of the comparable is newer than the subject property as this building is only completed about 3 years ago. Therefore, a downward adjustment has been made.
Adjusted Monthly Rental (psf)	RM1.63	RM1.66	RM1.74

Justification :

The above comparables are all located within Bayan Lepas Industrial Zone Phase 4 and within close proximity to the subject property, thus no location adjustment has been made. No time allowance has been made as the rental market in Bayan Lepas Industrial Zones has generally remained stable. Post adjustments have been made to the comparables after taking into consideration the condition and design of the buildings. From these comparables, we have concluded that the total average adjusted rental rate of the comparables would be a reasonable benchmark. Having considered the above, we have adopted RM1.65 psf as the fair market rental of the subject property.

With regards to the Investment Method of Valuation, we have adopted a monthly rental of RM1.65psf which is derived from the adjusted monthly rental computation. This rental is considered fair and reasonable. We are of the opinion that the fair monthly rental of the subject property is RM108,681. The annual outgoings is estimated around RM226,452 comprising the quit rent of RM8,999, assessment rate of RM53,640.90, cost of repairs & maintenance of 5% of annual gross rental (RM65,208), fire insurance premium of RM6,771.97, property management fee of RM19,378 and voids of RM72,454. We have adopted a capitalisation rate of 8.5% (which is market derived) to arrive at the Market Value of RM12,300,000.

15. DIRECTORS' REPORT

Inari
Berhad

INARI BERHAD

(Company No. 1000809-U)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:-

No. 45-5, The Boulevard,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur

Date : 10 JUN 2011

The Shareholders of Inari Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Inari Berhad ("the Company"), I report after due inquiry that during the period from 31 December 2010 (being the date to which the last audited financial statements of the Company's subsidiary companies have been made up) to the date hereof (being a date not earlier than 14 days before the issue of this Prospectus), that:-

- (a) the business of the Company and its subsidiary companies, in the opinion of the Directors, has been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Company and its subsidiary companies which have adversely affected the trading or the value of the assets of the Company or any of its subsidiaries;
- (c) the current assets of the Company and its subsidiary companies that appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have risen by reason of any guarantees or indemnities given by the Company or any of its subsidiaries;
- (e) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Directors are aware of, since the last audited financial statements of the Company and its subsidiary companies; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiary companies since the last audited financial statements of the Company's subsidiary companies.

Yours faithfully,
For and on behalf of the Board of Directors of
INARI BERHAD

D.S.C.

DR TAN SENG CHUAN
Managing Director

16. STATUTORY AND OTHER INFORMATION

16.1 Share Capital

- (a) We will not issue or allot any Shares on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (b) As at the date of this Prospectus, we only have one (1) class of shares, namely, ordinary shares of RM0.10 each, all of which rank pari passu with one another.
- (c) Save for 10,386,000 Shares under the Pink Form Allocations as disclosed in Section 3.4 of this Prospectus:-
 - (i) no Director, employee or business associate of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
 - (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiary companies.
- (d) Save as disclosed in Sections 5.2, 5.3 and 5.4 of this Prospectus, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past two (2) years immediately preceding the date of this Prospectus.
- (e) Other than the Public Issue as disclosed in Section 5.4 of this Prospectus, there is no intention on the part of our Directors to issue any part of the authorised but unissued share capital of our Company.
- (f) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

16.2 Articles of Association

The following provisions are extracted from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

(1) Remuneration of Directors

The provisions in our Articles of Association dealing with remuneration of Directors are as follows:-

Article 94

The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine (or failing agreement, equally). PROVIDED ALWAYS that:-

- (a) fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (b) salaries payable to Directors who hold an executive office in the Company may not include a commission on or percentage of turnover.

16. STATUTORY AND OTHER INFORMATION

- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting.
- (d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Articles 94(2), (3) and 95

- (1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors of the Company.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board of Directors provided that in the case of Non-Executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

(2) *Voting and Borrowing Powers of the Directors*

The provisions in our Articles of Association dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:-

Article 99

- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge the Company's or the subsidiaries' undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries as may be thought fit.
- (2) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

16. STATUTORY AND OTHER INFORMATION

Articles 114 and 115

A Director may contract with and be interested in any contract or proposed contract with the Company and shall not be liable to account for any profit made by him by reason of any such contract; PROVIDED ALWAYS THAT the nature of the interest of the Director in any such contract be declared at a meeting of the Directors as required by Section 131 of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, an interest (and if he shall do so, his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

Article 116

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or whereat any decision is taken upon any contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles.

Article 117

A Director may vote in respect of: -

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

(3) *Share Capital and Variation of Class Rights*

The provisions in our Articles of Association dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:-

Article 51

Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise subject to any ordinary resolution of the Company, may determine.

16. STATUTORY AND OTHER INFORMATION

Article 3B

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles and the Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions: -

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than one hundred per cent (100%) of the nominal amount of the share;
- (c) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (d) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members of the Company in general meetings; and
- (e) every new issue of shares or options to employees and/or Directors of the Company and its subsidiaries shall be approved by the Members of the Company in general meeting and no Director shall participate in such issues of shares or options unless the Members in general meeting have approved the specific allotment to be made to such Director.

Article 4

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders in relation to receiving notices, reports and audited accounts and attending general meetings of the Company. Preference shareholders shall also have the rights to vote at any meeting convened:-

- (a) when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects rights attached to the preference shares;

16. STATUTORY AND OTHER INFORMATION

- (e) on a proposal to wind up the Company; and
- (f) during the winding up of the Company.

The rights attaching to shares of a class other than ordinary shares shall be expressly set out in these Articles or provided by the terms of issue of such shares.

Article 5

Notwithstanding Article 7 hereof, the repayment of preference share capital other than redeemable preference shares, or any alteration of preference shareholder's rights may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of three-fourths (3/4) of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Article 7

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall with such adaptations as are necessary, apply.

Article 8

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Article 9

The Company may exercise the powers of paying commission conferred by the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and the rate of the commission shall not exceed the rate of ten per cent (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent (10%) of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

16. STATUTORY AND OTHER INFORMATION

Article 10

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on so much share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 69 of the Act and may charge the same to capital as part of the cost of the plant construction of the works or buildings or the provision of the plant.

Article 11

Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognize (even with notice thereof) any equitable, contingent, future or partial interest in any share or any unit of share or (except only as by these Articles or by law otherwise provided) any other right in respect of any shares, except an absolute right to the entirety thereof in the registered holder.

Articles 51 and 55

The Company may by ordinary resolution:-

- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares of any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares and;
- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 56

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorization, and consent as required by law.

[The rest of this page is intentionally left blank]

16. STATUTORY AND OTHER INFORMATION

(4) *Transfer of Shares*

The provisions in our Articles of Association in respect of the arrangement for transfer of securities of our Company and restrictions on their free transferability are as follows:-

Article 27

The transfer of any listed securities or class of listed securities of the Company which have been deposited with the Depository shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such securities.

Article 31

Subject to the provisions of the Act, the Central Depositories Act and the Rules, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole, thirty (30) days in any year. Ten (10) market days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned after the date of notification to the Exchange and the address of share registry at which documents will be accepted for inspection; of intention to close the Register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice shall state the period and purpose or purposes for which the Register is being closed.

Article 32

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

16.3 General Information

- (a) Save for the Directors' remuneration, dividends paid out to the shareholders of Inari Technology and purchase consideration paid to the shareholders of Inari Technology and Simfoni pursuant to the Acquisitions as disclosed in Sections 5.3, 8.2.3 and 12.16 of this Prospectus, no other amount or benefit has been paid or given within the past two (2) years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoter, Director or substantial shareholder.
- (b) Save as disclosed in Sections 10.1, 10.3 and 16.5 of this Prospectus, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 17 of this Prospectus.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

16. STATUTORY AND OTHER INFORMATION

16.4 Material Litigation and Contingent Liability

As at the LPD, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and our Directors do not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business.

As at the date of the Directors' Report, there is no contingent liability which, upon becoming enforceable, may have material impact on our financial position or business.

16.5 Material Contracts

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiary companies within the past two (2) years immediately preceding the date of this Prospectus:-

- (a) Subscription agreement dated 30 December 2009 entered into between Insas Technology, Macronion, Ho Phon Guan, Inari Technology and Avago Malaysia whereby Avago Malaysia agreed to invest in Inari Technology by subscribing to 1,215,000 RCPS-A at par value of RM0.01 each to be issued at a premium of RM3.785 each;
- (b) Shareholders' agreement dated 9 March 2010 entered into between Insas Technology, Macronion, Ho Phon Guan, Inari Technology and Avago Malaysia effecting the parties' intention as investors in Inari Technology and to regulate their relationship as shareholders in Inari Technology;
- (c) Sale and purchase agreement dated 20 September 2010 entered into between Inari, Insas Technology, Macronion, Ho Phon Guan and Avago Malaysia for the acquisition of the entire issued and paid-up share capital of Inari Technology from Insas Technology, Macronion, Ho Phon Guan and Avago Malaysia for a total purchase consideration of RM24,160,860 satisfied via the issuance of 241,608,600 Shares at the issue price of RM0.10 per Share;
- (d) Sale and purchase agreement dated 21 September 2010 entered into between Inari and 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 and the assumption of Simfoni's debt (owing to Insas Technology) by Inari amounting to RM10,000,000;
- (e) Agreement dated 19 January 2010 entered into between Inari Technology and M&A Securities for the appointment of M&A Securities as the Adviser to the Inari Group for the Listing and the appointment of M&A Securities as Inari's Sponsor pursuant to the Listing Requirements;
- (f) Manufacturing agreement dated 1 May 2010 entered into between Inari Technology and Avago Technologies*;
- (g) Tenancy agreement dated 6 December 2010 entered into between Inari Technology and Avago Malaysia for the lease of Plant A from Avago Malaysia for a term of three (3) years commencing from 1 December 2010; and

16. STATUTORY AND OTHER INFORMATION

- (h) Underwriting agreement dated 3 June 2011 between Inari and M&A Securities for the underwriting of 20,386,000 IPO Shares to be issued pursuant to the Public Issue.

Note:

- * *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 made available for public inspection.*

16.6 Public Take-Overs

During the last financial year and the current financial year up to the LPD, there were:-

- (a) no public take-over offers by third parties in respect of our Shares; and
(b) no public take-over offers by our Company in respect of other companies' shares.

16.7 Consents

- (a) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Independent Adviser, Principal Banker, Solicitors, Share Registrar, Company Secretaries and the Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consents of the Auditors (including Messrs UHY Diong, the auditors for Inari Technology for FPE 2007 and FYE 2008 and Messrs Terence Oh & Associates, the auditors for Simfoni for 6-months financial period ended 30 June 2007 and FYE 2008) and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and letter relating to our Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (c) The written consent of the Independent Valuer to the inclusion in this Prospectus of its name and the valuation certificates, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently withdrawn.
- (d) The written consents of the IMR to the inclusion in this Prospectus of its name and the executive summary of independent market research report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently withdrawn.

16.8 Documents for Inspection

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of twelve (12) months from the date of this Prospectus:-

- (a) Memorandum and Articles of Association of our Company.
(b) Audited financial statements of our subsidiary companies for the past three (3) FYE 2008 to FYE 2010 and FPE 2011.

16. STATUTORY AND OTHER INFORMATION

- (c) The Reporting Accountants' Letters relating to our Proforma Consolidated Financial Information as set out in Section 11.2 of this Prospectus.
- (d) The Accountants' Report as set out in Section 13 of this Prospectus.
- (e) The Valuation Certificates as set out in Section 14 of this Prospectus and the Valuation Reports dated 4 June 2010.
- (f) The Executive Summary of Independent Market Research Report as set out in Section 7 of this Prospectus and the full Independent Market Research Report.
- (g) The Directors' Report as set out in Section 15 of this Prospectus.
- (h) The material contracts as set out in Section 16.5 of this Prospectus.
- (i) The letters of consent as set out in Section 16.7 of this Prospectus.

16.9 Responsibility Statements

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

M&A Securities and Public Investment Bank Berhad (our Independent Adviser) acknowledge 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.

[The rest of this page is intentionally left blank]

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

17.1 Opening and Closing of Application

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. Any change to the closing date will be published in widely circulated daily English and Bahasa Malaysia newspapers within Malaysia.

17.2 Methods of Application

The applications shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.

Types of Application	Application Method
Applications for the 10,386,000 IPO Shares made available for application by our eligible Directors, employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications for the 10,000,000 IPO Shares made available for applications by the Malaysian Public:- (i) Malaysian public – individuals	White Application Form or Electronic Share Application* or Internet Share Application
(ii) Malaysian public – non individuals	White Application Form only

* *Except for Affin Bank Berhad, a surcharge of RM2.50 per Electronic Share Application will be charged by the respective participating financial institutions.*

17.3 Applications Using Application Form

17.3.1 Application Form

The following relevant Application Forms are issued together with this Prospectus:-

- (a) **Pink** Application Forms for application by our eligible Directors, employees and persons who have contributed to the success of our Group; and
- (b) **White** Application Forms for application by the Bumiputera investors, identified investors and Malaysian Public.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from M&A Securities, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and EQUINITI.

17.3.2 Terms and Conditions for Applications Using Application Form

Only 1 Application Form from each applicant will be considered and an application must be for 100 ordinary shares of RM0.10 each or multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** If you submit multiple applications in your own name or by using the name of others, with or without their consents, you commit an offence under

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 182 of the CMSA.

Application for the IPO Shares must be made on the Application Forms provided together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Forms and in this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed thereon shall constitute integral part of this Prospectus. Applications which do not **strictly** conform to the terms of this Prospectus or Application Forms or notes and instructions printed thereon or which are illegible may not be accepted.

Each completed Application Form must be accompanied by a remittance in Ringgit Malaysia for the full amount payable by either:

- (a) BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
- (b) MONEY ORDER OR POSTAL ORDER (for applicants from Sabah and Sarawak only); or
- (c) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (d) ATM STATEMENTS OBTAINED FROM ANY OF THE FOLLOWING:

Affin Bank Berhad ;
Alliance Bank Malaysia Berhad;
AmBank Berhad;
CIMB Bank Berhad;
EON Bank Berhad;
Hong Leong Bank Berhad;
Malayan Banking Berhad;
Public Bank Berhad; or
RHB Bank Berhad.

made out in favour of

"EQS SHARE ISSUE ACCOUNT NO. 643"

and crossed **"A/C Payee Only"** (excluding ATM statements) and endorsed on the reverse side with your name and address.

If you are an individual and not a member of the armed forces/police, your name and national registration identity card number must be exactly the same as that stated in:-

- a. your national registration identity card;
- b. any valid temporary identity document issued by the National Registration Department from time to time; or
- c. your "Resit Pengenaln Sementara (KPPK 09)" issued pursuant to Peraturan 5(5), Peraturan- Peraturan Pendaftaran Negara 1990.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

If you are a member of the Armed Forces/Police, your name and your Armed Forces/Police personnel number, as the case may be, must be exactly the same as that stated in your authority card.

For corporate/institutional applicants, the name and certificate of incorporation number must be exactly the same as that stated in the certificate of incorporation.

Applications accompanied by mode of payment other than those stated above or with excess or insufficient remittance may not be accepted. You must complete details of the remittance in the appropriate boxes provided on the Application Form.

You must state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to EQUINITI or our Company.

You must write your name and address on the reverse side of the banker's draft, cashier's order, ATM statement, money order or Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by ORDINARY POST in the official envelopes provided to the following address:-

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
P.O. Box 11122
50736 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the Ground Floor of Menara MIDF, 82, Jalan Raja Chulan, 50200 Kuala Lumpur so as to arrive not later than **5.00 p.m. on 7 July 2011** or such other date or dates as our Directors and the Sole Underwriter may, in their absolute discretion, mutually decide. **Registered post must not be used.**

No acknowledgement of the receipt of Application Forms or application monies will be made.

Please direct all enquiries in respect of the white application form to EQUINITI.

17.4 Applications using Electronic Share Application

17.4.1 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application are set out on the ATM screens of the relevant participating financial institutions. For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in Section 17.4.2 of this Prospectus. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

In the case of Electronic Share Application, only an applicant who is an individual with a CDS account is eligible to utilise the facility.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

You must have an existing account with, and be an ATM cardholder of, one of the participating financial institutions before you can make an Electronic Share Application. An ATM card issued by one of the participating financial institutions cannot be used to apply for the IPO Shares at an ATM belonging to other participating financial institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or EQUINITI. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of offer for the application for the IPO Shares on 7 July 2011 at 5.00 p.m., the participating financial institutions shall submit the magnetic tapes containing their respective customers' applications for the IPO Shares to EQUINITI as soon as practicable but not later than 12.00 p.m. of the second business day after the closing date and time.

You are allowed to make an Electronic Share Application for the IPO Shares via an ATM that accepts the ATM cards of the participating financial institution with which you have an account and its branches, subject to you making only one application. You can apply for the IPO Shares via an ATM card of that participating financial institution which is situated in another country or place outside of Malaysia, subject to you making only one application.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you have a joint account with any participating financial institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing conditions.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:-

- (a) Your application will not be successfully completed and cannot be recorded, as a completed transaction at the ATM unless you complete all the steps required by the participating financial institutions. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Depository Act to the disclosure by the relevant participating financial institution or Bursa Depository, as the case may be, of any of your particulars to EQUINITI or any relevant regulatory bodies.
- (b) You confirm that you are not applying for the IPO Shares as nominee of any other person and that any Electronic Share Application that you make is made by yourself as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for the IPO Shares, whether at the ATMs of any participating financial institution or on the prescribed Application Forms.
- (c) You must have sufficient funds in your account with the relevant participating financial institutions at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (d) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (e) You request and authorise us:-
- (i) to credit the IPO Shares allotted or allocated to you into your CDS account; and
 - (ii) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (f) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, EQUINITI or the participating financial institution and irrevocably agree that if:-
- (i) our Company or EQUINITI does not receive your Electronic Share Application; and
 - (ii) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or EQUINITI,
- you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against the Company, EQUINITI or the participating financial institution for the IPO Shares applied for or for any compensation, loss or damage.
- (g) All your particulars in the records of the relevant participating financial institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, EQUINITI and relevant participating financial institution shall be entitled to rely on the accuracy thereof.
- (h) By making and completing an Electronic Share Application, you agree that:-
- (i) in consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Electronic Share Application facility established by the participating financial institution at their respective ATMs, your Electronic Share Application is irrevocable;
 - (ii) our Company, the participating financial institutions, Bursa Depository and EQUINITI shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/their control;

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (iii) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase the IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said IPO Shares;
- (iv) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the IPO Shares allotted or allocated to you; and
- (v) our Company agrees that in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the electronic share scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.

17.4.2 Steps for Electronic Share Application through a participating financial institution's ATM

- (a) You must have an account with a participating financial institution and an ATM card issued by that participating financial institution to access the account;
- (b) You must have a CDS account; and
- (c) You have to choose the Electronic Share Application option at the ATM of the participating financial institution. Mandatory statements required in the application are set out on Section 17.4.1 of this Prospectus relating to the terms and conditions for Electronic Share Application. You have to enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:-
 - Personal Identification Number (PIN Number);
 - MIDF Share Issue Account Number No. 643;
 - CDS account number;
 - Number of IPO Shares applied for and/or the Ringgit amount to be debited from the account; and
 - Confirmation of several mandatory statements.

17.4.3 Participating financial institutions

Electronic Share Applications may be made through an ATM of the following participating financial institutions and their branches: -

- Affin Bank Berhad;
- AmBank (M) Berhad;
- Bank Muamalat Malaysia Berhad;
- CIMB Bank Berhad;
- EON Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- OCBC Bank (Malaysia) Berhad;
- Public Bank Berhad
- RHB Bank Berhad; or

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- Standard Chartered Bank Malaysia Berhad (at selected branches only).

17.5 Applications using Internet Share Application

17.5.1 Steps for Internet Share Application through an Internet Participating Financial Institution's website

The exact steps for Internet Share Application in respect of the Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for the Shares via Internet Application may be as set out below. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

YOU MUST HAVE A CDS ACCOUNT BEFORE YOU CAN MAKE ANY APPLICATION FOR THE SHARES. PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (b) Login to the Internet financial services facility by entering your user identification and PIN/password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the Shares counter, NRIC number, CDS account number, number of Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

By confirming such information, you also undertake that the following information given is true and correct:

- (i) You have attained eighteen (18) years of age as at the date of the application for the Shares;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (iv) You agree to all the terms and conditions of the Internet Share Application as set out in the Prospectus and have carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus before making the Internet Share Application for the Public Issue;
- (v) The Internet Share Application is the only application that you are submitting for the Shares;
- (vi) You authorise the Authorised Financial Institution to deduct the full amount payable for the Shares from your account with the Authorised Financial Institution;
- (vii) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to EQUINITI and the Authorised Financial Institution, the SC and any other relevant authority;
- (viii) You are not applying for the Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus;
- (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (h) Upon submission of your online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application money for the Public Issue.
- (i) As soon as your transaction is completed, a message from the Authorised Financial Institution pertaining to your payment status will appear on the screen of the website through which the online payment of your application money is being made.
- (j) Subsequent to the above, the Internet Participating Financial Institution shall confirm that your Internet Share Application has been completed, via the Confirmation Screen on its website.
- (k) You are advised to print out the Confirmation Screen for reference and retention.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

17.5.2 Terms and Conditions for Internet Share Application

Applications for the Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

YOU ARE ADVISED NOT TO APPLY FOR THE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

Internet Share Applications may be made through the Internet financial services website of **CIMB Investment Bank Berhad** at www.eipocimb.com, **CIMB Bank Berhad** at www.cimbclicks.com.my, **Malayan Banking Berhad** at www.maybank2u.com.my, **Affin Bank Berhad** at www.affinOnline.com, **Public Bank Berhad** at www.pbebank.com or **RHB Bank Berhad** at www.rhbbank.com.my.

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND THE SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF THE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out herein:

- (a) You can make an Internet Share Application if you fulfill all of the following:
 - (i) You are an individual with a CDS Account;
 - (ii) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready their user identification ("User ID") and Personal Identification Numbers ("PIN")/password for the relevant Internet financial services facilities; and
 - (iii) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this prospectus and our Company's Memorandum and Articles of Association.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (c) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:
- (i) You have attained eighteen (18) years of age as at the date of the application for the Shares;
 - (ii) You are a Malaysian citizen residing in Malaysia;
 - (iii) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
 - (iv) You agree to all the terms and conditions of the Internet Share Application as set out in the Prospectus and have carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus before making your Internet Share Application for the Public Issue;
 - (v) Your Internet Share Application is the only application that you are submitting for the Issue Shares;
 - (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (vii) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to EQUINITI and the Authorised Financial Institution, the SC and any other relevant authority;
 - (viii) You are not applying for the Shares as a nominee of any other person and your application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (d) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 17.5.2 (c) of this Prospectus.

- (e) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for the Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) You irrevocably agree and undertake to subscribe for and to accept the number of Shares applied for as stated on the Confirmation Screen or any lesser number of Shares that may be allotted to you in respect of the Internet Share Application. If our Company decides to allot any lesser number of such Shares or not to allot any Shares to you, you agree to accept any such decision of our Company as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (i) Your acceptance of the number of Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (ii) Your agreement to be bound by the Memorandum and Articles of Association of our Company.
- (g) You are fully aware that multiple or suspected multiple Internet Share Applications for the Shares of our Company will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefore. We will give due consideration to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (h) If your Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. If your Internet Share Application is unsuccessful, the Internet Participating Financing Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of your application

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

money in Ringgit Malaysia (without interest or any Shares of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) market days after receipt of written confirmation from EQUINITI.

EQUINITI shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two (2) Market Days from the balloting date.

If your Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of your application money in Ringgit Malaysia (without interest or any Shares of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from EQUINITI. However, a number of applications will be held in reserve to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve, and subsequently rejected, your application money (without interest or any share of revenue or other benefit arising therefrom) will be refunded to you by EQUINITI by way of cheques issued by EQUINITI. The cheques will be issued to you within ten (10) market days from the day of the final ballot of the applications list.

If your application is held in reserve and is subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten (10) Market Days from the day of the final ballot of the applications list.

Except where EQUINITI is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application money from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of Issue Shares allotted, if any, before trading the Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 7 July 2011 or such other date(s) as our Directors together with the Sole Underwriter may decide in their absolute discretion. An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) You irrevocably agree and acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, we, EQUINITI and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or the payment therefore, or in the event that any data relating to your Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Share Application and you shall have no claim whatsoever against us, EQUINITI or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

- (k) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, the Internet Participating Financial Institutions, EQUINITI and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particular as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise your Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, you are deemed to have agreed that:
- (i) in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institution acting as our agents, the Internet Share Application is irrevocable;
 - (ii) you have irrevocably requested and authorised us to register the Shares allotted to you for deposit into your CDS Account;
 - (iii) neither we nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to your Internet Share Application to EQUINITI or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 4 of this Prospectus or to any cause beyond their control;
 - (iv) you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application to EQUINITI, us and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (v) the acceptance of the offer made by you to subscribe for the Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on our behalf and not otherwise, notwithstanding the receipt of any payment by or on our behalf;
 - (vi) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your Internet Application by us;

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (vii) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Sole Underwriter, the Adviser and any other person involved in the Public Issue shall not be liable for any information not contained in this Prospectus which may have been relied on by you in making the Internet Share Application;
- (viii) The acceptance of your Internet Share Application by us and the contract resulting therefrom under the Public Issue shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
 - CIMB (www.eipocimb.com) – RM2.00 for payment via CIMB Bank and Malayan Banking Berhad;
 - CIMB Bank (www.cimbclicks.com.my) – RM2.00 for applicants with CDS accounts held with CIMB and RM2.50 for applicants with CDS accounts with other ADAs;
 - Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00 and
 - RHB Bank Berhad (www.rhbbank.com.my) – RM2.50

No fee will be charged by Affin Bank Berhad for applications by their account holders.

17.6 Applications and Acceptances

You can only apply for the IPO Shares if:-

- (i) you have attained 18 years of age as at the closing date of the IPO Shares application;
- (ii) you are a Malaysian citizen residing in Malaysia;
- (iii) you are a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens;
- (iv) you are a superannuation, provident or pension fund established or operating in Malaysia;
- (v) you have a CDS account;
- (vi) you have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
- (vii) you are not a Directors or employee of EQUINITI or their immediate family members;
- (viii) this is the only application that you are submitting; and
- (ix) you give consent to the participating financial institution and Bursa Depository to disclose information pertaining yourself and your account with the participating financial institution and Bursa Depository to EQUINITI and other relevant authorities.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

The amount payable in full on application is RM0.35 per Share. Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications or by way of Internet Share Application and vice versa. A corporation or institution cannot submit an application by way of Electronic Share Application or Internet Share Application.

EQUINITI under the authority of our Directors reserves the rights not to accept any application or accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

EQUINITI under the authority of our Directors reserves the right not to accept any application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason therefor.

The submission of your Application Form or the completion of your Electronic Share Application or Internet Share Application does not necessarily mean that your application will be successful.

In the event of an over-subscription, acceptance of applications by the Malaysian Public shall be subject to ballot to be conducted in a manner as approved by our Directors. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner, and in our best interest. Due consideration will be given to the desirability of distributing the IPO Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the trading of our Shares. The final allocation of the IPO Shares to any single applicant will be made to ensure that our Company complies with the public shareholding spread requirement under the Listing Requirements, which is at least 25% of our total number of Shares for which listing is sought must be in the hands of public shareholders, with a minimum of 200 public shareholders holding not less than 100 Shares each upon listing.

YOUR APPLICATION MUST BE FOR 100 ORDINARY SHARES OF RM0.10 EACH OR MULTIPLES THEREOF.

In the event of an under-subscription by the Malaysian Public, such number of IPO Shares not applied for will be reallocated in the manner as specified in Section 3.4 of this Prospectus.

If you are unsuccessful/partially successful in your application, the full amount or the balance of the application monies, as the case may be, will be refunded without interest in the following manner:-

- (a) For an application by way of Application Form, the full amount or the balance of the application monies, as the case may be, shall be despatched by ordinary post or registered post respectively, to you within 10 market days from the date of the final ballot of the application at your address last maintained with Bursa Depository.

If your application is rejected because you did not provide a CDS account, the full amount of your application monies will be sent to you by EQUINITI.

EQUINITI reserves the rights to bank in all application monies from unsuccessful Bumiputera applicants and partially successful applicants, which would subsequently be refunded in full without interest by registered post to your address last maintained with Bursa Depository.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (b) For an application by way of Electronic Share Application, the relevant participating financial institutions will credit the full amount of your application monies into your account with that participating financial institution within 2 market days after the receipt of confirmation from EQUINITI. EQUINITI shall inform the participating financial institutions of the non-successful or partially successful applications within 2 market days after the balloting date. You may check your account on the 5th market day from the balloting date.

Where your Electronic Share Application is accepted in part only, the relevant participating financial institution will credit the balance of your application monies without interest into your account with the participating financial institution within 2 market days after the receipt of confirmation from EQUINITI. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to you by EQUINITI by way of cheques issued by EQUINITI. The cheques will be issued to you not later than 10 market days from the balloting date.

- (c) For an application by way of Internet Share Application, please refer to Section 17.5.2 (h).

If you encounter any problems in your application, you may refer to the participating financial institutions.

If you are successful in your application, our Directors reserve the rights to require you to appear in person at the registered office of EQUINITI within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any of your expenses incurred or to be incurred for the purpose of complying with this provision.

Your remittance having been presented for payment shall not signify that your application has been accepted.

17.7 CDS Account

Pursuant to Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, all dealings in the Shares of our Company including the IPO Shares will be by book entries through CDS accounts. No share certificates will be issued to you.

You must have a CDS account when applying for our IPO Shares. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for the IPO Shares.

In the case of an application by way of Application Form, you should state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to EQUINITI or the Company.

In the case of an application by way of Electronic Share Application, you shall furnish your CDS account number to the participating financial institution by way of keying in your CDS account number if the instructions on the ATM screen require you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his / her CDS account number, EQUINITI, on our authority, will reject the Application. EQUINITI on the authority of our Directors also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

17.8 Notices of Allotment

Our Shares allocated to you will be credited into your CDS account if you are successful or partially successful in your application. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application.

You shall ensure that your personal particulars as recorded by both Bursa Depository and relevant participating financial institutions are correct and identical. You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

You may also check the status of your application by calling your respective ADAs or at the telephone numbers of EQUINITI stated below (during office hours only) or by checking at EQUINITI's website stated below after the date of allotment of the Shares:

Telephone number : 03-21660933

Website : www.equiniti.com.my

[The rest of this page is intentionally left blank]

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE**17.9 List of ADAs**

The list of ADAs and their respective addresses, telephone numbers and Broker Codes are as follows:-

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
<u>KUALA LUMPUR</u>			
A.A. ANTHONY SECURITIES SDN BHD N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6201 1155	078-004	AFFIN INVESTMENT BANK BERHAD Ground Mezzanine & 3rd Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	028-001
ALLIANCE INVESTMENT BANK BERHAD 17th Floor, Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2692 7788	076-001		
AMINVESTMENT BANK BERHAD 15 th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2078 2788	086-001	MAYBANK INVESTMENT BANK BERHAD <i>(formerly known as Aseambankers Malaysia Berhad)</i> 5-13, Maynanlife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
BIMB SECURITIES SDN BHD 1 st & 2 nd Floor Podium Block, AMDB Building No. 1, Jalan Lumut 50400 Kuala Lumpur Tel No.: 03-4043 3533	024-001	CIMB INVESTMENT BANK BERHAD 9 th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2084 9999	065-001
ECM LIBRA INVESTMENT BANK BERHAD 3 rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1888	052-001	ECM LIBRA INVESTMENT BANK BERHAD Level 1, Avenue Building Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 1800	052-009

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
HONG LEONG INVESTMENT BANK BERHAD (<i>formerly known as HLG Securities Sdn Bhd</i>) Level 8, Menara HLA No.3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001	HWANGDBS INVESTMENT BANK BERHAD 2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
HWANGDBS INVESTMENT BANK BERHAD No. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5 th Floor, Cheras Commercial Centre, Jalan 5/101C Off Jalan Kaskas, 5 th Mile Cheras 56100 Kuala Lumpur Tel No.: 03-9130 3399	068-012	HWANGDBS INVESTMENT BANK BERHAD 7 th , 22 nd , 23 rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2711 6888	068-014
INTER-PACIFIC SECURITIES SDN BHD West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001	INTER-PACIFIC SECURITIES SDN BHD Ground Floor 7-0-8 Jalan 3/109F Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No.: 03-7981 8811	054-005	JUPITER SECURITIES SDN BHD Lot 7 th - 9 th Floor Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD 11 th -14 th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2168 8800	053-001	KENANGA INVESTMENT BANK BERHAD 8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2164 9080	073-001
		M&A SECURITIES SDN BHD Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
MERCURY SECURITIES SDN BHD L-7-2, No. 2, Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002	MIDF AMANAH INVESTMENT BANK BERHAD Level 11 & 12, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
MIMB INVESTMENT BANK BERHAD Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No.: 03-2692 8899	061-001	OSK INVESTMENT BANK BERHAD 20 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	056-001
OSK INVESTMENT BANK BERHAD No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No.: 03-6257 5869	056-028	OSK INVESTMENT BANK BERHAD Ground Floor, No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Padan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	056-054
OSK INVESTMENT BANK BERHAD Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	056-058	PM SECURITIES SDN BHD Ground, Mezzanine, 1 st & 10 th Floor Menara PMI No. 2, Jalan Cangkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD 27 th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2031 3011	051-001	RHB INVESTMENT BANK BERHAD Level 9, Tower Three, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001
TA SECURITIES HOLDINGS BERHAD Floor 13-16, 23, 28-30, 34 & 35 TA One Tower No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003		
<u>SELANGOR DARUL EHSAN</u>			
AFFIN INVESTMENT BANK BERHAD 2 nd , 3 rd & 4 th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	028-002	AFFIN INVESTMENT BANK BERHAD Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	028-003

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
AMINVESTMENT BANK BERHAD 4 th Floor, Plaza Damansara Utama No. 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003	CIMB INVESTMENT BANK BERHAD Level G & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-009
HONG LEONG INVESTMENT BANK BERHAD (<i>formerly known as HLG Securities Sdn Bhd</i>) 1 st , 2 nd & 3 rd Floor Plaza Damansara Utama No. 2 Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7724 6888	066-022	HWANGDBS INVESTMENT BANK BERHAD 16 th , 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002
HWANGDBS INVESTMENT BANK BERHAD East Wing & Centre Link Floor 3A, Wisma Consplant 2, No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010	JF APEX SECURITIES BERHAD 6 th Floor, Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD 15 th & 16 th Floor Menara Choy Fook On No.1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002	KENANGA INVESTMENT BANK BERHAD 13 th Floor, Menara Yayasan Selangor 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7956 2169	073-005
KENANGA INVESTMENT BANK BERHAD 1 st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 46720 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1682	073-006	KENANGA INVESTMENT BANK BERHAD Bilik 7.02 Level 7, Menara ING Intan Millenium Square No. 68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3005 7550	073-007

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
KENANGA INVESTMENT BANK BERHAD Lot 240, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016	OSK INVESTMENT BANK BERHAD 24, 24M, 24A, 26M, 28M, 28A & 30, Jalan SS2/63, 47300 Petaling Jaya, Selangor Darul Ehsan Tel No.: 03-7873 6366	056-011
OSK INVESTMENT BANK BERHAD No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No: 03-8736 3378	056-045	OSK INVESTMENT BANK BERHAD Ground & 1 st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	056-047
OSK INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Peniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	056-048	PM SECURITIES SDN BHD No 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007		
TA SECURITIES HOLDINGS BERHAD No.2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005	SJ SECURITIES SDN BHD Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Seksyen 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-5634 0202	096-001
MELAKA			
ECM LIBRA INVESTMENT BANK BERHAD 71A & 73A Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-288 1720	052-008	MALACCA SECURITIES SDN BHD No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P.O.Box 248 75250 Melaka Tel No.: 06-337 1533	012-001

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
MERCURY SECURITIES SDN BHD No. 81-B & 83-B, Jalan Merdeka Taman Malaka Raya 75000 Melaka Tel No.: 06-292 1898	093-003	OSK INVESTMENT BANK BERHAD 579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-282 5211	056-003
PM SECURITIES SDN BHD No. 11 & 13 Jalan PM2 Plaza Mahkota 75000 Melaka Tel No.: 06-286 6008	064-006	RHB INVESTMENT BANK BERHAD Lot 7-13 & 15 1 st Floor, Bangunan Tabung Haji Jalan Bandar Kaba 75000 Melaka Tel No.: 06-283 3622	087-002
CIMB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 191 Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-289 8800	065-006		
<u>PERAK DARUL RIDZUAN</u>			
A.A.ANTHONY SECURITIES SDN BHD 29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 2328	078-009	MAYBANK INVESTMENT BANK BERHAD <i>(Formerly known as Aseambankers Malaysia Berhad)</i> B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh, Perak Darul Ridzuan Tel No.: 05-2453 400	098-002
ECM LIBRA INVESTMENT BANK BERHAD No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-242 2828	052-002	ECM LIBRA INVESTMENT BANK BERHAD No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-622 2828	052-006
HWANGDBS INVESTMENT BANK BERHAD Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-806 0888	068-003	HWANGDBS INVESTMENT BANK BERHAD Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-255 9988	068-015

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
M&A SECURITIES SDN BHD M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-241 9800	057-001	OSK INVESTMENT BANK BERHAD 21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-241 5100	056-002
OSK INVESTMENT BANK BERHAD Ground & 1 st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 6498	056-014	OSK INVESTMENT BANK BERHAD Ground & 1 st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-692 1228	056-016
OSK INVESTMENT BANK BERHAD No. 72, Ground Floor, Jalan Idris, 31900 Kampar Perak Darul Ridzuan Tel No.: 05-465 1261	056-044	OSK INVESTMENT BANK BERHAD Ground Floor No. 40, 42 & 44, Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-808 8229	056-034
OSK SECURITIES BERHAD Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-717 0888	056-052	HONG LEONG INVESTMENT BANK BERHAD (<i>formerly known as HLG Securities Sdn Bhd</i>) 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-253 0888	066-003
TA SECURITIES HOLDINGS BERHAD Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh, Perak Darul Ridzuan Tel No.: 05-253 1313	058-001		

PULAU PINANG

A.A. ANTHONY SECURITIES SDN BHD 1 st , 2 nd & 3 rd Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No.: 04-229 9318	078-002		
---	---------	--	--

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
ECM LIBRA INVESTMENT BANK BERHAD No. 111, Jalan Macalister 10400 Pulau Pinang Tel No.: 04-228 1868	052-003	CIMB INVESTMENT BANK BERHAD Ground Floor, Suite 1.01, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-291 1833	065-003
ECM LIBRA INVESTMENT BANK BERHAD 7 th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-228 3355	052-010	HWANGDBS INVESTMENT BANK BERHAD Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-263 6996	068-001
HWANGDBS INVESTMENT BANK BERHAD No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-537 2882	068-006	INTER-PACIFIC SECURITIES SDN BHD Ground, Mezzanine & 8 th Floor Bangunan Maybank Trust No. 3, Penang Street 10200 Pulau Pinang Tel No.: 04-269 0888	054-002
KENANGA INVESTMENT BANK BERHAD Lot 1.02, Level 1, Menara KWSP, 38, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang Tel No.: 04-210 6666	073-013	MERCURY SECURITIES SDN BHD Ground, 1 st , 2 nd & 3 rd Floor, Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Perai Pulau Pinang Tel No.: 04-332 2123	093-001
MERCURY SECURITIES SDN BHD 2 nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No.: 04-263 9118	093-004	OSK INVESTMENT BANK BERHAD 64, Bishop Street 20E, 20F & 20G Penang Street 10200 Pulau Pinang Tel No.: 04-263 4222	056-004
OSK INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai, Pulau Pinang Tel No.: 04-390 0022	056-005	OSK INVESTMENT BANK BERHAD Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-540 2888	056-015

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
OSK INVESTMENT BANK BERHAD No. 834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-583 1888	056-032	OSK INVESTMENT BANK BERHAD Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-15 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-640 4888	056-042
PM SECURITIES SDN BHD Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-227 3000	064-004	ALLIANCE INVESTMENT BANK BERHAD Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No.25, Lebuhr Light 10200 Penang Tel No.: 04-261 1688	076-015
<u>AMINVESTMENT BANK BERHAD</u> <u>Mezzanine Floor & Level 3</u> <u>No. 37, Jalan Sultan Ahmad Shah</u> <u>10050 Pulau Pinang</u> <u>Tel No.: 04-226 1818</u>	086-004		
<u>KEDAH DARUL AMAN</u>			
HWANGDBS INVESTMENT BANK BERHAD No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-425 6666	068-011	ALLIANCE INVESTMENT BANK BERHAD 2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-731 7088	076-004
OSK INVESTMENT BANK BERHAD No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-420 4888	056-017	OSK INVESTMENT BANK BERHAD No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-496 4888	056-019
OSK INVESTMENT BANK BERHAD Ground & 1 st Floor 215-A & 215-B, Medan Putra, Jalan Putra 05150 Alor Star Kedah Darul Aman Tel No.: 04-720 9888	056-021	A.A.ANTHONY SECURITIES SDN BHD Lot 4, 5 & 5A 1 st Floor EMUM 55 No.55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-732 2111	078-007

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
<u>PERLIS INDRA KAYANGAN</u>			
ALLIANCE INVESTMENT BANK BERHAD 2 nd Floor, Podium Block Bangunan KWSP 01000 Kangar, Perlis Indra Kayangan Tel No.: 04-976 5200	076-003	OSK INVESTMENT BANK BERHAD Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No.: 04-979 3888	056-061
<u>NEGERI SEMBILAN DARUL KHUSUS</u>			
ECM LIBRA INVESTMENT BANK BERHAD 1 C-G & 1D-G, Jalan Tuanku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-765 5998	052-013	HWANGDBS INVESTMENT BANK BERHAD Ground & 1 st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-761 2288	068-007
HWANGDBS INVESTMENT BANK BERHAD No.6, Upper Level, Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3188	068-013	OSK INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-764 1641	056-024
OSK INVESTMENT BANK BERHAD 1 st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-442 1000	056-037	OSK INVESTMENT BANK BERHAD 1 st & 2 nd Floor, No. 168, Jalan Mewah (Pusat Perniagaan UMNO Jempol), 71200 Bahau Negeri Sembilan Datul Khusus Tel No.: 06-455 3011	056-040
OSK INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 346 & 347 Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-646 1234	056-046	PM SECURITIES SDN BHD 1 st , 2 nd & 3 rd Floors, 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-762 3131	064-002
<u>JOHOR DARUL TAKZIM</u>			
A.A. ANTHONY SECURITIES SDN BHD Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-333 2000	078-001	A.A. ANTHONY SECURITIES SDN BHD 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-663 6658	078-005

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
A.A. ANTHONY SECURITIES SDN BHD No.70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3218	078-006	ALLIANCE INVESTMENT BANK BERHAD No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-771 7922	076-006
AMINVESTMENT BANK BERHAD 2 nd & 3 rd Floor Penggaram Complex 1 Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-434 2282	086-002	ECM LIBRA INVESTMENT BANK BERHAD No. 57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 2222	052-004
ECM LIBRA INVESTMENT BANK BERHAD Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-467 8885	052-005	HWANGDBS INVESTMENT BANK BERHAD Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-222 2692	068-004
INTER-PACIFIC SECURITIES SDN BHD 95, Jalan Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-223 1211	054-004	KENANGA INVESTMENT BANK BERHAD Level 2, Menara Pelangi, Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-333 3600	073-004
KENANGA INVESTMENT BANK BERHAD No. 31, Lorong Dato' Ahmad, Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No.: 06-954 2711	073-008	KENANGA INVESTMENT BANK BERHAD No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-933 3515	073-009
KENANGA INVESTMENT BANK BERHAD No. 33 & 35 (Ground & 1 st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-777 1161	073-010	KENANGA INVESTMENT BANK BERHAD No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 2292	073-011

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
MERCURY SECURITIES SDN BHD Suite 17.1, Level 17 Menara Pelangi No. 1, Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-331 6992	093-005	OSK INVESTMENT BANK BERHAD 6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-278 8821	056-006
OSK INVESTMENT BANK BERHAD 53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-438 0288	056-009	OSK INVESTMENT BANK BERHAD No. 33-1, 1 st & 2 nd Floor, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 8262	056-025
OSK INVESTMENT BANK BERHAD Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-557 7628	056-029	OSK INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1, Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-932 1543	056-030
OSK INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor, No. 17 Jalan Manggis, 86000 Kluang, Johor Darul Takzim Tel No.: 07-776 9655	056-031	OSK INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 10 Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-662 6288	056-035
OSK INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 343 Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 7180	056-038	OSK INVESTMENT BANK BERHAD 1 st Floor, No. 2 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-925 6881	056-039
OSK INVESTMENT BANK BERHAD Ground & 1 st Floor, No. 1 & 1-01, Jalan Rosmerah 2/11, Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-352 2293	056-043	PM SECURITIES SDN BHD No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahr Johor Darul Takzim Tel No.: 07-351 3232	064-005

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
PM SECURITIES SDN BHD Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-433 3608	064-008	AMINVESTMENT BANK BERHAD 18 th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-334 3855	086-006
MIMB INVESTMENT BANK BERHAD Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-222 7388	061-002		
<u>KELANTAN DARUL NAIM</u>			
TA SECURITIES HOLDINGS BERHAD 298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 2288	058-004	OSK INVESTMENT BANK BERHAD Ground & 1 st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 0077	056-020
<u>PAHANG DARUL MAKMUR</u>			
ALLIANCE INVESTMENT BANK BERHAD A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-566 0800	076-002	ECM LIBRA INVESTMENT BANK BERHAD A15, A17 & A19, Ground Floor Lorong Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-513 3289	052-007
OSK INVESTMENT BANK BERHAD B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-517 3811	056-007	OSK INVESTMENT BANK BERHAD Ground Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-223 4943	056-022

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
OSK INVESTMENT BANK BERHAD Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-491 4913	056-041	CIMB INVESTMENT BANK BERHAD No.A-27 (Ground, 1 st & 2 nd Floor) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-205 7800	065-007
<u>TERENGGANU DARUL IMAN</u>			
FA SECURITIES SDN BHD No. 51 & 51A Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-623 8128	021-001	ALLIANCE INVESTMENT BANK BERHAD No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1 st & 2 nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-631 7922	076-009
OSK INVESTMENT BANK BERHAD Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-858 3109	056-027	OSK INVESTMENT BANK BERHAD 31A, Ground Floor 31A & 31B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-626 1816	056-055
<u>SABAH</u>			
HWANGDBS INVESTMENT BANK BERHAD Suite 1-9-E1, 9 th Floor, CPS Tower Centre Point Sabah No. 1 Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008	INNOSABAH SECURITIES BERHAD 11, Equity House, Block K Sadong Jaya, Karamuning 88100 Kota Kinabalu Sabah Tel No.: 088-234 4090	020-001
CIMB INVESTMENT BANK BERHAD 1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-005	OSK INVESTMENT BANK BERHAD 5 th floor, Wisma BSN Sabah Jalan Kemajuan Karamuning 88000 Kota Kinabalu Sabah Tel No.: 088-269788	056-010
ECM LIBRA INVESTMENT BANK BERHAD Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	052-012	OSK INVESTMENT BANK BERHAD Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah Mile 4 North Road 91000 Sandakan Sabah Tel No.: 089-229 286	056-057

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
SARAWAK			
AMINVESTMENT BANK BERHAD nO. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086- 005	CIMB INVESTMENT BANK BERHAD Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 606	065- 004
TA SECURITIES HOLDINGS BERHAD 12G, H & I, Jalan Kampung Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058- 002	HWANGDBS INVESTMENT BANK BERHAD Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-236 999	068- 005
HWANGDBS INVESTMENT BANK BERHAD No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068- 016	KENANGA INVESTMENT BANK BERHAD Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073- 003
KENANGA INVESTMENT BANK BERHAD Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073- 002	KENANGA INVESTMENT BANK BERHAD No. 11-12 (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073- 012
OSK INVESTMENT BANK BERHAD Ground, 1 st Floor & 6 th Floor Wisma Chinese Chambers Lot 357, Section 47 K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No.: 082-422 252	056- 008	OSK INVESTMENT BANK BERHAD Lot 1268, 1 st & 2 nd Floor Lot 1269 2 nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422 788	056- 012
OSK INVESTMENT BANK BERHAD 101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	056- 013	OSK INVESTMENT BANK BERHAD Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No.: 084-654 100	056- 050

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

NAME, ADDRESS & TELEPHONE NUMBER	ADA Code	NAME, ADDRESS & TELEPHONE NUMBER	ADA Code
OSK INVESTMENT BANK BERHAD Tingkat Bawah dan Tingkat 1 No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 700	056- 053	TA SECURITIES HOLDINGS BHD 2 nd Floor, (Bahagian Hadapan) Bangunan Binamas Lot 138, Section 54 Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058- 006

[The rest of this page is intentionally left blank]