THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your ordinary shares in Inari Berhad (1000809-U) ("Inari" or "our Company"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("NPA") and Rights Subscription Form ("RSF") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants (as defined herein), which is the subject of this Abridged Prospectus should be addressed to our Share Registrar, Megapolitan Management Services Sdn Bhd, No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and RSF are only despatched to our shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 13 May 2013. This Abridged Prospectus together with the NPA and RSF, are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders (as defined herein) and their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Neither we nor M&A Securities Sdn Bhd (15017-H) ("M&A Securities") shall accept any responsibility or liability in the event that any acceptance or renunciation made by the Entitled Shareholders or their renouncee(s) (if applicable) are or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus, together with the NPA and RSF, have been registered with the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, have also been lodged with the Companies Commission of Malaysia, who takes no responsibility for the contents of these documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at the Extraordinary General Meeting held on 29 March 2013. Approval for the issuance of the Warrants (as defined herein) to non-resident shareholders of our Company has been obtained from Bank Negara Malaysia via its letter dated 11 September 2012. Approval-in-principle has also been obtained from Bursa Malaysia Securities Berhad (635998-W) ("Bursa Securities") via its letter dated 28 February 2013 for the admission of the Rights Shares (as defined herein) and Warrants to the Official List of Bursa Securities and the listing of the new Inari Shares (as defined herein) to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd (165570-W) that all the Central Depository System accounts of the Entitled Shareholders have been duly credited and notices of allotment have been despatched to the Entitled Shareholders. Admission of the Rights Shares and Warrants to the Official List of Bursa Securities and quotation of the Rights Shares, Warrants and new Inari Shares to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

All the documentation relating to this Rights Issue with Warrants including this Abridged Prospectus, together with the NPA and RSF, have been seen and approved by our Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

M&A Securities, being the Adviser and Underwriter for this Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 HEREIN.

INARI BERHAD

(Company No. 1000809-U)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 84,152,175 NEW ORDINARY SHARES OF RM0.10 EACH IN INARI ("RIGHTS SHARES") TOGETHER WITH 168,304,350 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING ORDINARY SHARES OF RM0.10 EACH IN INARI TOGETHER WITH TWO (2) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED IN INARI AT 5.00 P.M. ON 13 MAY 2013 AT AN ISSUE PRICE OF RM0.36 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

Adviser and Underwriter

M&A SECURITIES SDN BHD (15017-H)

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	:	Monday, 13 May 2013, at 5.00 P.M.
Last date and time for sale of provisional allotment of rights	:	Monday, 20 May 2013, at 5.00 P.M.
Last date and time for transfer of provisional allotment of rights	:	Thursday, 23 May 2013, at 4.00 P.M.
Last date and time for acceptance and payment	:	Wednesday, 29 May 2013, at 5.00 P.M.*
Last date and time for excess application and payment	:	Wednesday, 29 May 2013, at 5.00 P.M. *

* or such later date and time as our Directors may determine and announce not less than two (2) Market Days (as defined herein) before the stipulated date and time.

This Abridged Prospectus is dated 13 May 2013

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

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

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSON SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions and abbreviations shall apply throughout this Abridged Prospectus, NPA and RSF:-

Abridged Prospectus	:	This Abridged Prospectus issued by Inari dated 13 May 2013
ACE Market LR	:	ACE Market Listing Requirements of Bursa Securities
Acquisition	:	Acquisition of 100% equity interest in Amertron Global, comprising 23,732,859 ordinary shares of USD1.00 each by Inari International at the Purchase Consideration
Act	:	The Companies Act, 1965 as amended from time to time and any re-enactment thereof
Amendments to the MA	:	Amendments to the MA to effect the Increase in the Authorised Share Capital
Amertron Global	:	Amertron Inc. (Global) Limited (CR-108259)
Amertron Group	:	Amertron Global and its subsidiaries, namely Amertron Incorporated and Amertron Technology (Kunshan) Co., Ltd.
Avago	:	Avago Technologies Limited (200510713C)
Avago Malaysia	:	Avago Technologies (Malaysia) Sdn Bhd (704181-P), a wholly-owned subsidiary of Avago
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CDS	:	Central Depository System
CDS Account(s)	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depositories) Act, 1991 and the rules of Bursa Depository for the recording of deposits or withdrawal of securities and dealings in such securities by the depositor
Change of Company Name	:	Change of our Company name from Inari Berhad to Inari Amertron Berhad to be effected upon completion of the Acquisition
Code	:	Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
Deed Poll	:	The deed poll executed by our Company on 25 April 2013 constituting the Warrants
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EGM	:	Extraordinary general meeting
EMS	:	Electronic manufacturing services
EPS	:	Earnings per Share
Entitled Shareholder(s)	:	Our shareholder(s) whose names appear on the Record of Depositors on the Entitlement Date
Entitlement Date	:	At 5.00 p.m. on 13 May 2013, being the time and date which the Entitled Shareholder(s) must be registered in our Record of Depositors with Bursa Depository in order to be entitled to participate in the Rights Issue with Warrants

DEFINITIONS (CONT'D)

Exercise Price	:	Price at which one (1) Warrant is exercisable into one (1) Inari Share, being RM0.38, subject to such adjustments as may be allowed under the Deed Poll
FYE	:	Financial year ended/ending, as the case may be
FPE	:	Financial period ended/ending, as the case may be
IC	:	Integrated circuit
IMR Report	:	Independent market research report titled "Strategic and Competitive Analysis of the Global Optoelectronics Industry" dated 17 April 2013 prepared by Infobusiness Research
Inari or Company	:	Inari Berhad (1000809-U)
Inari Group or Group	:	Inari and its subsidiaries
Inari International	:	Inari International Limited (01-269690), a wholly-owned subsidiary of Inari
Inari Shares or Shares	:	Ordinary shares of RM0.10 each in Inari
Inari Technology	:	Inari Technology Sdn Bhd (736090-U), a wholly-owned subsidiary of Inari
Increase in the Authorised Share Capital	:	Increase in the authorised share capital of our Company from RM50,000,000 comprising 500,000,000 Inari Shares to RM100,000,000 comprising 1,000,000,000 Inari Shares
Infobusiness Research or IMR	:	Infobusiness Research & Consulting Sdn Bhd
IPO	:	Initial public offering in conjunction to the listing of Inari on ACE Market of Bursa Securities which was completed on 19 July 2011
ISO	:	International Organisation for Standardisation
Issuance of New Shares	:	Issuance of 22,232,903 new Inari Shares to Richard Ta-Chung Wang, at an issue price of RM0.4577 per Share pursuant to the Acquisition
Issuance of Preference Shares	:	Issuance of 11,520,000 new RPS by Inari International at an issue price of USD1.00 per RPS to third party investors to be identified. Inari shall issue a total of 34,560,000 Warrants to the RPS placement agent/Underwriter and/or investors on the basis of three (3) free Warrants for every one (1) RPS subscribed by the RPS subscribers
Issue Price	:	The issue price pursuant to the Rights Issue with Warrants of RM0.36 per Rights Share
LED	:	Light emitting diode
LPD	:	15 April 2013, being the latest practicable date prior to the issuance of this Abridged Prospectus
Market Day(s)	:	A day on which Bursa Securities is open for trading in securities
MA	:	Memorandum and Articles of Association of Inari
M&A Securities	:	M&A Securities Sdn Bhd (15017-H)
MNCs	:	Multinational corporations
NA	:	Net assets

DEFINITIONS (CONT'D)

NPA	:	Notice of Provisional Allotment in relation to the Rights Issue with Warrants
NTA	:	Net tangible assets
OEM	:	Original equipment manufacturer
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Php	:	Philippine Peso
PRC	:	People's Republic of China
Proposals	:	Acquisition, Rights Issue with Warrants, Issuance of New Shares, Issuance of Preference Shares, Variation to the Utilisation of Listing Proceeds, Increase in the Authorised Share Capital and Amendments to the MA
Purchase Consideration	:	The total purchase consideration of USD32,000,000 (equivalent to RM101,760,000) for the Acquisition
Record of Depositors	:	A record of depositors established by Bursa Depository under the rules of depository, as amended from time to time
R&D	:	Research and development
RF	:	Radio Frequency
Rights Issue with Warrants	:	Renounceable rights issue of 84,152,175 Rights Shares together with 168,304,350 Warrants at an issue price of RM0.36 per Rights Share on the basis of one (1) Rights Share for every four (4) Inari Shares held together with two (2) Warrants for every one (1) Rights Share subscribed
Rights Shares	:	84,152,175 new Inari Shares to be issued pursuant to the Rights Issue with Warrants
RMB	:	Ren Min Bi
RM and sen	:	Ringgit Malaysia and sen respectively
RSF	:	Rights Subscription Form in relation to the Rights Issue with Warrants
RPS	:	Redeemable preference shares
SC	:	Securities Commission Malaysia
SiP	:	System in package
SPA	:	Conditional sale and purchase agreement dated 23 July 2012 entered into between Inari International and the Vendors for the Acquisition
Undertakings	:	Irrevocable undertakings by Insas Technology Berhad (313620-T) and Avago Malaysia on 10 September 2012 to subscribe for their collective entitlements of 35,518,948 Rights Shares to be issued together with 71,037,896 Warrants
Underwriter	:	The underwriter as specified under the Corporate Directory of this Abridged Prospectus
Underwriting Agreement	:	Underwriting agreement dated 23 April 2013 relating to the Rights Issue with Warrants

DEFINITIONS (CONT'D)

USD	:	United States Dollar
Variation to the Utilisation of Listing Proceeds	:	Variation to the utilisation of listing proceeds from the Company's IPO
Vendors	:	The vendors of Amertron Global for the Acquisition, namely Wang Stanley Ta-Chuang, Richard Ta-Chung Wang, John Montgomery Lynch and Soong, Wang Hsiao-Lee
Warrant(s)	:	Free detachable warrants to be issued comprising: (i) 168,304,350 free detachable warrants to be issued pursuant to the Rights Issue with Warrants; and (ii) 34,560,000 free detachable warrants to be issued pursuant to the Issuance of Preference Shares
5D-WAMP	:	(5)-day volume weighted average market price
30D-WAMP	:	(30)-day volume weighted average market price

References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

Exchange rates

Unless otherwise stated, the following foreign exchange rates are utilised throughout this Abridged Prospectus:

USD1	:	RM3.18
USD1	:	Php42.00
USD1	:	RMB6.30

TABLE OF CONTENTS

TABLE OF CONTENTS (CONT'D)

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name (Designation)	Age	Address	Nationality	Occupation
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP *(Independent Non-Executive Chairman)*	56	C-G-3A, U-Thant Residence No. 28, Jalan Taman U-Thant 55000 Kuala Lumpur	Malaysian	Director
Dr Tan Seng Chuan *(Executive Vice Chairman)*	58	C-05, Pangsapuri Bayou Jalan Peranginan Leisure Farm 81560 Gelang Patah Johor	Malaysian	Director
Dato' Thong Kok Khee *(Non-Independent Non-Executive Director)*	59	74, Jalan Setiakasih Damansara Heights 50490 Kuala Lumpur	Malaysian	Director
Dato' Wong Gian Kui *(Non-Independent Non-Executive Director)*	54	Lot 26 Mont' Kiara Residence Changkat Suria 1 No. 6, Jalan Kiara 2 Mont' Kiara 50480 Kuala Lumpur	Malaysian	Director
Lau Kean Cheong *(Executive Director & Chief Executive Officer)*	46	35, Persiaran Bukit Jambul 1 Bayan Baru 11920 Bayan Lepas Penang	Malaysian	Director
Ho Phon Guan *(Executive Director)*	58	2-4-5, Lorong Delima 13 Mutiara View 11700 Gelugor Penang	Malaysian	Director
Mai Mang Lee *(Executive Director)*	54	1-27-E, Greenlane Park Solok Tembaga 11600 Georgetown Penang	Malaysian	Director
Oh Seong Lye *(Independent Non-Executive Director)*	65	29, Jalan SS2/39 47300 Petaling Jaya Selangor	Malaysian	Director
Foo Kok Siew *(Independent Non-Executive Director)*	52	5, Jalan Tijani 4 Tijani 2 South Bukit Tunku 50480 Kuala Lumpur	Malaysian	Director
Soon Li Yen *(Alternate Director to Dato' Thong Kok Khee)*	45	161, Jalan Hujan Manik Overseas Union Garden 58200 Kuala Lumpur	Malaysian	Director

CORPORATE DIRECTORY (CONT'D)

AUDIT COMMITTEE

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

COMPANY SECRETARY

Chow Yuet Kuen (MAICSA 7010284)

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

REGISTERED OFFICE

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

HEAD/MANAGEMENT OFFICE

No. 51, Hilir Sungai Keluang 4
Bayan Lepas Free Industrial Zone Phase 4
11900 Bayan Lepas
Penang
Telephone number: 04-6456618
Email address: info@inariberhad.com
Website: http://www.inariberhad.com

PRINCIPAL BANKERS

Hong Leong Bank Berhad

2nd Floor, Wisma Wang
No. 251-A, Jalan Burma
10350 Penang
Telephone number: 04-2291588

CIMB Bank Berhad

Menara Bumiputera-Commerce
11, Jalan Raja Laut
50350 Kuala Lumpur
Telephone number: 03-26191188

CORPORATE DIRECTORY (CONT'D)

AUDITORS/REPORTING ACCOUNTANTS	**SJ Grant Thornton (AF 0737)** **Chartered Accountants** Level 11 Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Telephone number: 03-26924022
SHARE REGISTRAR	**Megapolitan Management Services Sdn Bhd** No. 45-5, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone number: 03-22848311
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	**Teh & Lee** A-3-3 & A-3-4 Northpoint Offices Mid Valley City No.1, Medan Syed Putra 59200 Kuala Lumpur Telephone number: 03-22832800
ADVISER AND UNDERWRITER FOR THE RIGHTS ISSUE WITH WARRANTS	**M&A Securities Sdn Bhd** No. 45-3, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Telephone number: 03-22842911
IMR	**Infobusiness Research & Consulting Sdn Bhd** C4-3A-2, Solaris Dutamas No. 1, Jalan Dutamas 1 50480 Kuala Lumpur Telephone number: 03-62053930
STOCK EXCHANGE LISTING	ACE Market of Bursa Securities

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Company No. 1000809-U

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

13 May 2013

Directors:
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP *(Independent Non-Executive Chairman)*
Dr Tan Seng Chuan *(Executive Vice Chairman)*
Dato' Thong Kok Khee *(Non-Independent Non-Executive Director)*
Dato' Wong Gian Kui *(Non-Independent Non-Executive Director)*
Lau Kean Cheong *(Executive Director & Chief Executive Officer)*
Ho Phon Guan *(Executive Director)*
Mai Mang Lee *(Executive Director)*
Oh Seong Lye *(Independent Non-Executive Director)*
Foo Kok Siew *(Independent Non-Executive Director)*
Soon Li Yen *(Alternate Director to Dato' Thong Kok Khee)*

To: The Entitled Shareholders of Inari Berhad

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF 84,152,175 RIGHTS SHARES TOGETHER WITH 168,304,350 WARRANTS ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) INARI SHARES HELD TOGETHER WITH TWO (2) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED AT 5.00 P.M. ON 13 MAY 2013 AT AN ISSUE PRICE OF RM0.36 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

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1. INTRODUCTION

On 29 March 2013, M&A Securities had, on behalf of our Board, announced that our shareholders had, at an EGM held on 29 March 2013, approved the following:

(i) Acquisition;
(ii) Rights Issue with Warrants;
(iii) Issuance of New Shares;
(iv) Issuance of Preference Shares;
(v) Variation to the Utilisation of Listing Proceeds;
(vi) Increase in the Authorised Share Capital; and
(vii) Amendments to the MA.

A certified true extract of the ordinary resolution pertaining to the Rights Issue with Warrants, which was passed at the said EGM, is set out in **Appendix I** of this Abridged Prospectus.

On 25 September 2012, M&A Securities had, on behalf of our Board, announced that BNM had vide its letter dated 11 September 2012 approved the issuance of the Warrants to non-resident shareholders pursuant to the Rights Issue with Warrants.

Bursa Securities had vide its letter dated 28 February 2013 approved the following:-

(i) Admission to the Official List of Bursa Securities and the listing of and quotation for 168,304,350 Warrants to be issued pursuant to the Rights Issue with Warrants and 34,560,000 Warrants to be issued pursuant to the Issuance of Preference Shares; and

(ii) Listing of and quotation for:

(a) 84,152,175 Rights Shares to be issued pursuant to the Rights Issue with Warrants;

(b) Up to 24,819,512 new Inari Shares to be issued pursuant to the Issuance of New Shares; and

(c) Up to 202,864,350 new Inari Shares to be issued arising from the exercise of the Warrants to be issued pursuant to the Rights Issue with Warrants and the Issuance of Preference Shares.

The abovesaid Bursa Securities' approval-in-principle is subject to the following conditions:-

	Conditions	**Status of Compliance**
(i)	Inari and M&A Securities must fully comply with the relevant provisions under the ACE Market LR pertaining to the implementation of the Acquisition, Rights Issue with Warrants and Issuance of Preference Shares.	To be complied
(ii)	Inari and M&A Securities to inform Bursa Securities upon the completion of the Acquisition, Rights Issue with Warrants and Issuance of Preference Shares.	To be complied
(iii)	Inari to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Acquisition, Rights Issue with Warrants and Issuance of Preference Shares are completed.	To be complied
(iv)	Inari is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants, as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

The official listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders/renouncees are ready for crediting and notices of allotment have been despatched to them.

On 9 April 2013, M&A Securities, on our behalf, announced that the issue price for the Rights Shares has been fixed at RM0.36 per Rights Share, and the exercise price of the Warrants has been fixed at RM0.38 per Warrant.

On 23 April 2013, M&A Securities, on our behalf, announced that all the conditions precedent set out in the SPA was met on 23 April 2013 and that our Company had fixed the issue price of the new Inari Shares to be issued under the Issuance of New Shares at RM0.4577 per share in accordance with the terms of the SPA and that the total number of new Inari Shares to be issued shall be 22,232,903 Inari Shares.

On 25 April 2013, M&A Securities, on our behalf, announced that the Entitlement Date has been fixed at 5.00 p.m. on 13 May 2013.

No person is authorised to give any information or make any representation not contained herein in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by M&A Securities or us.

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants involves a renounceable rights issue of 84,152,175 Rights Shares together with 168,304,350 Warrants at an issue price of RM0.36 per Rights Share on the basis of one (1) Rights Share for every four (4) existing Inari Shares held together with two (2) Warrants for every one (1) Rights Share subscribed. The Rights Shares with Warrants will be offered to the Entitled Shareholders.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The Rights Shares which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renouncee(s). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable basis, more specified under Section 3.8 herein.

The shareholders of our Company who renounce their entitlements to the Rights Shares will not be entitled to the Warrants and shall be deemed to have also renounced their entitlements to the Warrants. The shareholders of Inari who accept only part of the Rights Shares shall only be entitled to the Warrants in the proportion to their acceptance of the Rights Shares. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded on the ACE Market of Bursa Securities.

The said 168,304,350 Warrants shall only be issued to the Entitled Shareholders who subscribe for the Rights Shares pursuant to the Rights Issue with Warrants. Should the Entitled Shareholders renounce all or any part of their entitlements to the Rights Shares, they will not be entitled to the Warrants attached thereto. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares. Any Rights Shares with Warrants not taken up or allotted for any reasons, if any, will be made available for application under the excess Rights Shares with Warrants application.

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you so choose to.

Any dealing in our securities will be subject to, inter-alia, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998, the rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants will be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices will be despatched to the successful applicants.

2.2 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants

(i) Rights Shares

Our Board had on 9 April 2013 fixed the issue price for the Rights Shares at RM0.36 per Rights Share after taking into consideration the following:

(a) the historical price movement of Inari Shares;

(b) the 5D-WAMP of Inari Shares up to 8 April 2013 of RM0.43, being the market day immediately preceding the price fixing date on 9 April 2013; and

(c) the par value of Inari Shares of RM0.10 each.

The issue price of the Rights Shares at RM0.36 per Rights Share is at a discount of approximately 12.20% to the theoretical ex-rights price of Inari Shares of RM0.41, calculated based on the 5D-WAMP up to and including 8 April 2013 of RM0.43, being the market day immediately preceding the price fixing date on 9 April 2013.

(ii) Warrants

Our Board had on 9 April 2013 fixed the exercise price for the Warrants at RM0.38 per Warrant after taking into consideration the following:

(a) the 5D-WAMP of Inari Shares up to 8 April 2013 of RM0.43, being the market day immediately preceding the price fixing date of the Warrants on 9 April 2013;

(b) the theoretical ex-rights price of Inari Shares of RM0.41, calculated based on the 5D-WAMP of Inari Shares up to 8 April 2013 of RM0.43; and

(c) the par value of Inari Shares of RM0.10 each.

The exercise price of the Warrants at RM0.38 per Warrant represents a discount of 7.32% to the theoretical ex-rights price of the Inari Shares of RM0.41, calculated based on the 5D-WAMP up to and including 8 April 2013 of RM0.43, being the market day immediately preceding the price fixing date on 9 April 2013.

2.3 Ranking of the Rights Shares and new Inari Shares to be issued

The Rights Shares shall, upon allotment and issuance, rank *pari passu* among themselves.

The new Inari Shares to be issued pursuant to the Rights Issue with Warrants and exercise of the Warrants, if any, shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and fully paid-up Inari Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid, the entitlement date for which is prior to the date of the allotment of the new Inari Shares.

2.4 Salient terms of the Warrants

Please refer to **Appendix II** of this Abridged Prospectus for the salient terms of the Warrants.

2.5 Undertakings by Shareholders

Pursuant to the Rights Issue with Warrants, our Company had, on 10 September 2012, procured the irrevocable written undertakings from Insas Technology Berhad and Avago Malaysia, the shareholders of Inari, to subscribe in full for their collective entitlements of 35,518,948 Rights Shares to be issued together with 71,097,896 Warrants, as disclosed in the table below:

Name	No. of Shares held as at the LPD	%	No. of Rights Shares entitled	%
Insas Technology Berhad	109,512,900	32.53	27,378,225	32.53
Avago Malaysia	32,562,890	9.67	8,140,723	9.67
	142,075,790	**42.20**	**35,518,948**	**42.20**

Pursuant to the Undertakings, the above shareholders had confirmed that they have sufficient financial resources to take up the aforementioned 27,378,225 and 8,140,723 Rights Shares respectively and such confirmations have been verified by M&A Securities.

Our Company confirms that the Undertakings will not give rise to any consequences of mandatory general offer obligation pursuant to the Code immediately after the Rights Issue with Warrants.

However, should any of the shareholders exercise their Warrants, such that their respective resulting shareholdings in Inari increases above 33% or increase by more than 2% in any six (6) months period, he/it will be obliged under the Code to undertake a mandatory offer for all the remaining Inari Shares not already held by them respectively after the exercise of the Warrants. In such an event, the respective shareholders will seek the relevant exemptions under the Code should they not intend to undertake such mandatory offer.

2.6 Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriter had agreed to underwrite the remaining 48,633,227 Rights Shares (representing 57.80% of the total issue size under the Rights Issue with Warrants) not covered by the Undertakings ("Underwritten Shares") at an underwriting commission of 2.00% of the total value of the Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement.

The underwritten commission for the Rights Shares and all reasonable costs in relation to the underwriting arrangement will be fully borne by our Company.

2.7 Details of Other Corporate Exercises

As at the LPD, save as disclosed below, our Board confirms that there is no other outstanding corporate exercise which we intend to undertake, which have been announced but pending completion:

(i) Acquisition;

(ii) Rights Issue with Warrants;

(iii) Issuance of New Shares;

(iv) Issuance of Preference Shares; and

(v) Change of Company Name.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION

3.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the Rights Shares with Warrants provisionally allotted to you, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

3.2 NPA

The provisional allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the provisionally allotted Rights Shares with Warrants will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of Bursa Depository. Entitled Shareholders and/or their renouncees (if applicable) are required to have valid and subsisting CDS Accounts when making their applications.

3.3 Last date and time of acceptance and payment

The last date and time for acceptance and payment for the Rights Shares with Warrants is on 29 May 2013 at 5.00 p.m., or such later date and time as may be determined and announced by our Board at their absolute discretion.

3.4 Procedure for full acceptance and payment

Acceptance and payment for the Rights Shares with Warrants provisionally allotted to you as an Entitled Shareholder or your renouncee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE), EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS, ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

You or your renouncee(s) (if applicable) accepting the provisionally allotted Rights Shares are required to complete Part I and Part III of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

Megapolitan Management Services Sdn Bhd
No. 45-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 29 May 2013, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of provisionally allotted Rights Shares with Warrants standing to the credit of more than one (1) CDS Account. If successful, Rights Shares with Warrants subscribed by you or your renouncee(s) (if applicable) will be credited into the respective CDS Accounts where the provisionally allotted Rights Shares with Warrants are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renouncee(s) (if applicable) should take note that a trading board lot for the Rights Shares with Warrants will comprise 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares will be given free attached Warrants on the basis of two (2) Warrants for every one (1) Rights Share successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share which will be accompanied with two (2) Warrants. Fractions of a Rights Share and Warrant arising from the Rights Issue with Warrants will be dealt with by our Board as they may deem fit.

If acceptance and payment for the Rights Shares with Warrants provisionally allotted to you and/or your renouncee(s) (if applicable) is not received by the Share Registrar on 29 May 2013 by 5.00 p.m., being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by our Board at their discretion, you and/or your renouncee(s) (if applicable) will be deemed to have declined the provisional allotment made to you and/or your renouncee(s) (if applicable) and it will be cancelled. Such Rights Shares with Warrants not taken up will be allotted to the applicants applying for excess Rights Shares with Warrants, and subsequently, to the Underwriter, if the Rights Shares with Warrants are not fully taken up by such applicants. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar. Our Board reserves the right not to accept or to accept in part only any application without providing any reasons.

You or your renouncee(s) (if applicable) who lose, misplace or for any other reasons require another copy of the RSF may obtain additional copies from your stockbrokers, Bursa Securities' website (http://www.bursamalaysia.com), our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "INARI RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME, ADDRESS AND CDS ACCOUNT NUMBER OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

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3.5 Procedure for part acceptance

You can accept part of your provisionally allotted Rights Shares with Warrants. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share which will be accompanied with two (2) Warrants.

You must complete both Part I of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part III of the RSF and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.4 of this Abridged Prospectus.

The portion of the provisionally allotted Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the laws, regulations or rules to accept the transfer of the provisional allotment of the Rights Shares with Warrants and the balance, if any, thereafter to the Underwriter.

3.6 Procedure for sale/transfer of provisional allotment of Rights Shares with Warrants

As the provisionally allotted Rights Shares with Warrants are prescribed securities, you and/or your renounce(s) (if applicable) may sell/transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional allotted Rights Shares with Warrants standing to the credit of your CDS Accounts. To sell/transfer of all or part of your entitlement to the Rights Shares with Warrants, you and/or your renounce(s) (if applicable) may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the rules of Bursa Depository.

In selling/transferring all or part of your provisionally allotted Rights Shares with Warrants, you and/or your renouncee(s) (if applicable) need not deliver any document including the RSF, to the stockbroker. However, you and/or your renouncee(s) (if applicable) must ensure that there is sufficient provisionally allotted Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

Purchasers or transferees of the provisionally allotted Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on Bursa Securities' website (http://www.bursamalaysia.com).

3.7 Procedure for acceptance by renouncees

Renouncees who wish to accept the provisionally allotted Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Registered Office or from the Bursa Securities' website (http://www.bursamalaysia.com) and complete the RSF, submit the same together with the remittance in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.4 of this Abridged Prospectus also applies to renouncees who wish to accept the provisionally allotted Rights Shares with Warrants.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENT OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.

3.8 Procedure for excess application

As an Entitled Shareholder, you and/or your renouncee(s) (if applicable) may apply for excess Rights Shares with Warrants in addition to the Right Shares with Warrants provisionally allotted to you and/or your renouncee(s) (if applicable) by completing Part II of the RSF (in addition to Parts I and III) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar at the address set out above, so as to arrive not later than 5.00 p.m. on 29 May 2013, being the last time and date for acceptance and payment, or such extended time and date as may be determined by our Board.

Payment for the excess Rights Shares with Warrants applied for should be made in the same manner set out in Section 3.4 of this Abridged Prospectus, except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed **"A/C PAYEE ONLY"** and made payable to **"INARI EXCESS RIGHTS ISSUE ACCOUNT"** and endorsed on the reverse side with the name, address and CDS Account Number of the applicant in block letters to be received by our Share Registrar.

Our Board reserves the right to allot the excess Rights Shares with Warrants applied for under Part II of this RSF, in a fair and equitable basis and in such manner as they in their absolute discretion deem fit and expedient in the best interest of our Company and that the intention of our Board as set out below are achieved. It is the intention of the Board to allot the excess Rights Shares with Warrants in the following priority:

(i) firstly, to minimise the incidence of odd lots; and

(ii) secondly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement date;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis based on the quantum of their respective excess Rights Shares with Warrants application; and

(iv) fourthly, for allocation to transferee(s) and/or renouncee(s) who have applied for excess Rights Shares with Warrants on a pro-rata basis based on the quantum of their respective excess Rights Shares with Warrants application

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITARY AT THE APPLICANTS' OWN RISK.

3.9 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share or warrant certificates will be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors within eight (8) Market Days from the last date for acceptance and payment of the Rights Issue with Warrants.

Any person who intends to subscribe for the Rights Shares with Warrants as a renouncee by purchasing the provisional allotment of Rights Shares with Warrants from an Entitled Shareholder will have his Rights Shares with Warrants credited directly as prescribed securities into his CDS Account.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into his CDS Account.

3.10 Laws of foreign jurisdictions

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered in any foreign jurisdiction.

Foreign Entitled Shareholders or their renouncees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

M&A Securities, our Company, our Board and officers and other experts would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or their renouncees (if applicable) are or may be subject to. Foreign Entitled Shareholders or their renouncees (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. M&A Securities, our Company, our Board and officers and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders or renouncees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

Accordingly, this Abridged Prospectus together with the accompanying documents will not be sent to the foreign Entitled Shareholders or their renouncees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders or their renouncees (if applicable) may collect the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The foreign Entitled Shareholders or their renouncees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders or their renouncee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against M&A Securities or us in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing any of the forms accompanying this Abridged Prospectus, the NPA, and the RSF, the foreign Entitled Shareholders or their renouncees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) M&A Securities, our Company and our Board and officers and other experts that:

(i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renouncees (if applicable) are or may be subject to;

(ii) they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) they are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants; and

(vi) they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders or their renouncees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in its absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

On 23 July 2012, M&A Securities had, on behalf of our Company, announced that our Company proposed to acquire 100% equity interest in Amertron Global at the Purchase Consideration to be satisfied in the following manner:

(a) Cash payment of USD3,200,000 (equivalent to RM10,176,000) to Inari International's solicitors as escrow agent and stakeholder ("Stakeholder") upon execution of the SPA ("Deposit");

(b) Cash payment of USD20,800,000 (equivalent to RM66,144,000) to the Vendors on completion date of the SPA ("Completion Cash Consideration", whereby the Deposit and the Completion Cash Consideration shall collectively be referred to as the "Cash Consideration");

(c) Issuance of USD3,200,000 (equivalent to RM10,176,000) in value of new Inari Shares to the Vendors comprising 22,232,903 new Inari Shares on the completion date of the SPA at an issue price of RM0.4577 per Share (the said issue price of RM0.4577 was subsequently fixed on 23 April 2013 in accordance with the terms of the SPA); and

(d) Deferred cash payment of USD4,800,000 (equivalent to RM15,264,000) together with interest to the Vendors subsequent to the completion date of the SPA ("Deferred Cash Consideration") in the following manner:

Payment timeframe (from completion date of the SPA)	**Deferred Cash Consideration (USD)**
At the end of 12 months	1,600,000
At the end of 24 months	1,600,000
At the end of 36 months	1,600,000
Total	**4,800,000***

Note:

* *An interest payment of 4.00% per annum (calculated from the completion date of the Acquisition until the date of payment) on the outstanding Deferred Cash Consideration is applicable under the terms and conditions of the SPA.*

The Acquisition shall enable our Group to further expand its existing EMS business to include optoelectronics products, which is in-line with our growth strategy to help diversify our existing Radio Frequency EMS business.

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A comparison between our Group's and the Amertron Group's core businesses are as follows:

	Inari Group	**Amertron Group**
Services provided	Provision of the following services: (i) Back-End Wafer Processing; (ii) Package Assembly; and (iii) Final-Test and Final Packaging	Provision of the following services: (i) Subtrate Level Processing; (ii) Package Assembly; and (iii) Final-Test and Final Packaging
End products	(i) SiP. A package or module that has number of ICs enclosed in, used in various telecommunication devices; (ii) Printed circuit board, used to mechanically support and electrically connect electronic components; and (iii) Box-Build products, including modems/routers as well as universal remote controls.	(i) Optical transceiver modules such as photo diodes, preamplifiers and optic lens; (ii) Optical sensors and switches including optocouplers, optical encoders, photo diodes, phototransistor arrays and image sensor detectors; (iii) LED Displays including alpha-numerical displays and numeric displays; and (iv) ICs including flip-chips, multi-chip modules, hi-rel power modules, plastic and hermetic packages and hybrid ICs.
Area of application	Telecommunications industry	Data communications, automotive, global aerospace and military micro-electronics industries
End customer	Avago	OSRAM Opto Semiconductors GmbH and Avago

The area of application of the end products of our Group is the telecommunications industry while the Amertron Group's is the data communications, automotive, global aerospace and military, micro-electronics industries. Although the end products are used in different industries, our Group and the Amertron Group have the same core businesses, which are the provision of package assembly and final-test and final packaging EMS services.

It is also noted that both our Group and the Amertron Group have a common key customer, namely Avago.

Our management views that the availability of a good pool of skilled technical employees is a key requirement for our existing and future operations. As the manufacturing facilities owned by the Amertron Group can provide similar services to that of our Group, we will be able to utilise the Amertron Group's manufacturing facilities to produce our own products as well. Further, the Acquisition provides us with access to a much larger pool of skilled technical labour in the Philippines and PRC compared to Malaysia.

Our management also notes that the recent increase in land acquisition and construction cost in Malaysia makes it increasingly expensive to further expand our operations in Penang, Malaysia. By completing the Acquisition, we will have access to the Amertron Group's manufacturing facilities located in the Philippines and PRC. As such, the Acquisition represents a cheaper alternative to expeditiously expand our Group's manufacturing capacity as compared to setting up another manufacturing facility in Malaysia.

Additional information on the Amertron Group are set out in Appendix III (B) of this Abridged Prospectus.

The Cash Consideration under the Acquisition shall be funded via the following:

Details		**USD**	**RM**
(a)	Proceeds from the IPO	3,520,000	11,193,600
(b)	Proceeds from the Rights Issue with Warrants	8,960,000	28,492,800
(c)	Proceeds from the Issuance of Preference Shares	11,520,000	36,633,600
Total		**24,000,000**	**76,320,000**

The Deferred Cash Consideration shall be funded from the internally generated funds of the enlarged Inari Group (after completion of the Acquisition).

The Rights Issue with Warrants is to enable our Company to raise funds to be utilised towards satisfying part of the Cash Consideration to complete the Acquisition.

Our Board is of the opinion that the Rights Issue with Warrants is the most appropriate avenue to raise funds based on the following rationale:

(i) To enable our Company to raise the necessary funds required to complete the Acquisition without incurring additional interest cost as compared to bank borrowings;

(ii) Provides an opportunity for the existing shareholders to further participate in the equity of our Company and the future prospects and growth of our Company. The Undertakings allow Insas Technology Berhad and Avago Malaysia, our Company's shareholders to extend their support for the Rights Issue with Warrants which will facilitate our Company to raise the necessary funds for the Acquisition;

(iii) The Warrants attached to the Rights Shares are expected to enhance the attractiveness of the Rights Shares. It provides the shareholders with the option to further participate in the equity of our Company at a pre-determined price and enable them to benefit from the future growth of our Company and any potential capital appreciation arising thereof;

(iv) The Rights Issue with Warrants will strengthen our Company's financial position with enhanced shareholders' funds and reduced gearing level as compared to bank borrowings. These factors are expected to facilitate the continuous business expansion plans of our Company;

(v) The Rights Issue with Warrants will involve the issuance of new Inari Shares without diluting the existing shareholders' equity interest assuming all Entitled Shareholders fully subscribe for their respective entitlements and exercise in full their Warrants subsequently; and

(vi) The Rights Issue with Warrants will also provide our Company with additional capital when the Warrants are exercised in the future. The exercise of the Warrants will allow our Company to raise fresh proceeds without incurring additional financing cost and minimise any potential cash outflow in respect of interest servicing.

The Warrants have been attached to the Rights Shares to provide the Entitled Shareholders added incentive to subscribe for the Rights Shares. The issuance of Warrants is expected to enhance the attractiveness of the Rights Issue with Warrants as well as to enable our Company to raise further proceeds as and when any of the Warrants are exercised in the future. In addition, the Warrants would also enable the Entitled Shareholders to benefit for the future growth of our Company.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.36 per Rights Share, the Rights Issue with Warrants shall raise gross proceeds of RM30,294,783.

The details of the utilisation of gross proceeds from the Rights Issue with Warrants are as follows:

Utilisation	**RM**	**Timeframe of Utilisation** (from the listing of the Rights Shares)
To partly fund the Cash Consideration	28,492,800	Within 3 months
To defray expenses relating to the Proposals*	1,801,983	Within 3 months
Total	**30,294,783**	

Note:

* *In the event that the actual expense is less than the allocated amount, the excess allocated amount shall be utilised as working capital for our Group.*

The exact quantum of proceeds that may be raised by our Company from the exercise of the Warrants would depend on the actual number of the Warrants exercised and the final exercise price of the Warrants. The proceeds from the exercise of the Warrants will be received on an "as and when basis" over the tenure of the Warrants.

Based on the exercise price of RM0.38 per Warrant, our Company will raise gross proceeds of RM63,955,653 from the full exercise of the Warrants. Any proceeds arising from the exercise of the Warrants in the future shall be utilised for capital expenditure, investment opportunities and/or working capital of our Group. The exact details of the utilisation of such proceeds have not been determined.

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6. RISK FACTORS

In running our business activities, we face risks which may have potential impact to our Group's performance unless proper anticipation and mitigation measures are exercised.

In addition to other information contained in this Abridged Prospectus, you should carefully consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants. You should take note that these risk factors are not exhaustive. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operation and prospects.

6.1 Risks relating to the Rights Issue with Warrants

(i) No prior market for the Rights Shares and/or Warrants

There can be no assurance that there will be an active market for the Rights Shares and/or Warrants upon or subsequent to their listing on the ACE Market of Bursa Securities or, if developed, that such a market sustainable or adequately liquid during the tenure of the Rights Shares and/or Warrants.

The market price of the Rights Shares and Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, inter-alia, trades in substantial amount of the Rights Shares and Warrants on the ACE Market of Bursa Securities in the future, the market price and volatility of Inari Shares, announcements relating to the business of our Group, the financial performance of our Group, and exercise period of the Warrants.

In addition to the fundamentals of Inari, the future price performance of the Rights Shares and Warrants will also depend on various external factors such as the economic and political conditions of the country, sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

On the other hand, the market price of Inari Shares will be influenced by, inter-alia, the prevailing market sentiments, volatility of the stock market of the country, operating results of our Group and prospects of the industries in which our Group operates.

As each Rights Share will be issued at RM0.36, there can be no assurance that the market price of the Rights Shares, upon or subsequent to their listing, will remain at or above the issue price.

In addition, there can be no assurance that the exercise price of the Warrants will be less than the prevailing market price of Inari Shares during the tenure of the Rights Shares and Warrants respectively.

(ii) Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

(a) *force majeure* events or events/circumstances, which are beyond the control of our Company and Adviser, arising prior to the implementation of the Rights Issue with Warrants;

(b) our shareholders as set out in Section 2.5 above who have given the Undertakings to subscribe for the Rights Issue with Warrants may not fulfil or be able to fulfil its obligation; or

(c) failure of the Underwriter to honour its obligation pursuant to the terms and conditions in the Underwriting Agreement.

In this respect, all monies raised in the Rights Issue with Warrants which are held in a trust account for our Company will be refunded free of interest within 14 days to the entitled shareholders in the event the Rights Issue with Warrants is aborted. Monies not repaid within 14 days will be returned with interest at the rate of 10% per annum or at such other rates as may be prescribed by the SC. Notwithstanding the above, our Company will exercise its best endeavour to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants.

(iii) Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

6.2 Risks relating to our Group

We are exposed to certain risks in the contract manufacturing industry. These risks include, without limitation, the following:

(i) Dependency on the contract manufacturing industry

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

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

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

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

(ii) Dependency on Avago

Most of our revenue comes from our key customer, Avago (through its wholly-owned subsidiary, Avago Technologies Trading Limited) who accounted for 99% of our total revenue in FYE 30 June 2011 and 97% for FYE 30 June 2012. Thus, we are overly dependent on Avago. We are competing with other EMS companies in Malaysia to provide semiconductor packaging services to Avago and our ability to supply our products and services to Avago is vital to our Group's performance and financial condition. If we lose our key customer or if our key customer chooses to reduce or terminate orders, our Group's operating result will be materially and adversely affected.

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

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

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

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

(d) Our business relationship with Avago goes back to the early days of our incorporation, and since then, our manufacturing contract with Avago has never been disrupted. In fact, over the years, we have fostered a solid relationship with Avago. As a testimony to our strong business relationship, we are able to obtain long term and repeat orders from Avago.

(e) Both Avago and Inari Technology rely on each other. Avago relies to an extent on our supply of IC chips and we are likewise dependent on Avago's sales.

Based on the above, we expect our appointment as an EMS company for Avago to continue in the future without disruption.

Notwithstanding the above, there can be no assurance that our existing customers will continue to use our Group's products and services or continue to maintain their relationships with us.

(iii) Dependency on experienced management and key personnel

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

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

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

(iv) Competition

We are operating in a highly competitive industry and the components which we are manufacturing for use in the wireless communications market are subjected to rapid technological changes. If our manufacturing capabilities fail to keep abreast with the rapid changes in the product specifications and stringent quality requirements, our customers may terminate orders to us which will materially and adversely affect our Group's performance and financial condition.

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

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

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

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

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

(v) Shortage of skilled labour and dependence on supply of foreign labour

The nature of our business is such that it is highly dependent on the availability of skilled labour. In Malaysia, there is a shortage of skilled labour for the contract manufacturing industry. In addition, the semiconductor packaging industry is also labour intensive and we may experience difficulty in attracting employees to work in our manufacturing facilities. We are also dependent on the supply of foreign labour.

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

(vi) Production/operational risks

Our Group's revenue is dependent on our production process running smoothly and efficiently. Our Group's daily operations are susceptible to events of emergency such as explosion, fire, flood, energy crisis, health crisis, sabotage, civil commotion and natural disasters. Our management is aware of the adverse consequences arising from such events which could cripple our business operations.

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

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

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

(vii) Foreign currency exchange fluctuation

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

Group's reporting currency. Any such translation of gains or losses will be recorded as translation reserves or deficits as part of our Group's shareholders' funds.

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

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

(viii) Rapid technological change

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

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

(ix) Fluctuation in raw material prices

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

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

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

(x) Production delay

In the event production interruptions caused by events such as power outages and machine downtime, it will cause production delays and affect our delivery schedules.

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

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

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

(xi) Product defects

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

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

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

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

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6.3 Risks relating to the Amertron Group

(i) Operation risk

As the Amertron Group is operating within the optoelectronics industry, it is exposed to the following business risks:

- Dependency on experienced management and key personnel; and
- Risk inherent in the optoelectronics industry including the possible high competition due to rapid technological changes.

We note that the Amertron Group and its personnel have successfully maintained a reputable track record in servicing MNCs in the semiconductor industry for more than 20 years. As such, our Group is confident that the abovementioned risks are manageable.

In addition, upon completion of the Acquisition, we plan to introduce the necessary internal precautionary measures (such as the introduction of our Group's risk management procedures) to mitigate/limit these risks. We are confident that it is able to withstand such risks and is able to limit any potential consequential losses. Nevertheless, there is no assurance that such measures will always be sufficient.

(ii) Foreign Operation risk

Amertron Global's operating subsidiaries are located in PRC and the Philippines. As such, Amertron Global is subject to governmental, political, economic and other uncertainties, including, but not limited to, expropriation of property without fair compensation, changes in policies or the personnel administering them, nationalisation, currency fluctuations and devaluations, exchange controls, changes in taxation policies, economic sanctions and the imposition of specific obligations and other risks arising out of foreign governmental sovereignty over the areas in which Amertron Global's operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities, insurrections, actions of national labour unions, terrorism and abductions.

Amertron Global's operations may also be adversely affected by laws and policies in PRC and the Philippines affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with Amertron Global's operations in PRC and the Philippines, Amertron Global may be subject to the exclusive jurisdiction of the courts in these countries.

While Amertron Global will continue to comply with the laws and policies of these countries, there can be no assurance that any adverse political, economic and regulatory factors will not materially affect Amertron Global's future financial position and/or business prospects.

(iii) Exchange rate risk

As Amertron Group consists of foreign companies, a large portion of its revenue is denominated in USD and its costs in Php (Philippines) and RMB (PRC). As such, Amertron Group is exposed to foreign currency exchange losses or gains arising from timing differences. Therefore, after the Acquisition, any appreciation or depreciation of these foreign currencies against the RM will result in the our Group incurring foreign currency exchange gains or losses due to fluctuations in the exchange of foreign currencies to RM. Foreign currency exchange fluctuations may also result in translation gains or losses on our Group's financial result which is denominated in foreign currency whilst RM is our Group's reporting currency. Any such translation of gains or losses will be recorded as translation reserves or deficits as part of our Group's shareholders' funds.

As the satisfaction of the Purchase Consideration is denominated in USD, we will be exposed to the fluctuations of the RM against the USD. Any shortfall for the Cash Consideration arising from foreign exchange fluctuations shall be financed via the our Group's internally generated funds. This is mitigated as a large portion of our existing revenue is denominated in USD and this represents a natural hedge against the fluctuations of the RM against the USD.

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

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

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

Our enlarged Group (including Amertron Group) operates in the contract manufacturing industry.

7.1 Overview and prospects of the global economy

The global growth outlook is expected to improve in 2013. Financial and policy risks have receded compared to the situation over the recent two (2) years. Policy measures introduced in the latter half of 2012 have reduced policy uncertainties and stress in the financial markets. In the advanced economies, the pace of recovery is likely to be weak, with the differential in national growth rates reflecting the degree of economic and financial stress in the individual economies. The outlook for the emerging economies is relatively more favourable, despite their vulnerability to external developments. For most of these economies, domestic demand remains the key driver of growth. Key to the trajectory of inflation will be the prices of commodities, in particular, oil and food crops. Overall, the pace of global growth would be contingent on the strength of the revival in private sector activity in the US, the commitment towards a credible and comprehensive set of crisis resolution policies in the euro area and the sustainability of domestic demand in the emerging economies.

The US economy is expected to register modest growth, supported by an improvement in private demand which is expected to partially offset the ongoing fiscal consolidation. Consumption activity will remain a key driver of the private sector-led growth, supported by a recovery in the housing and labour markets. In the housing market, the improvements observed towards the second half of 2012 - in sales, construction starts and prices - are expected to continue in 2013 amid an accommodative interest rate environment. The positive developments in the housing market have already been translated into higher consumer confidence and employment, particularly in the construction sector. The labour market is benefiting from sustained job creation, although the degree of improvement will be constrained by prevailing structural weaknesses including the elevated long-term unemployment rate and the decline in the labour force participation rate. A significant development is the improvements in the household balance sheet and its effects on consumer confidence. By mid-2012, household net worth improved by 27% since 2009, bolstered by the recovery in house prices and the progress in deleveraging. Nevertheless, a faster pace of recovery of the economy continues to be constrained by the fiscal headwinds. Although the 'fiscal cliff' was partially averted following the agreement on 1 January 2013 to extend selected tax cuts and unemployment benefits, other measures, such as the expiration of payroll tax and sequester cuts, could dampen the pace of recovery.

The economic performance in Asia is likely to improve in 2013, driven mainly by resilient domestic demand and a modest strengthening in export demand, particularly from the region. Government-led infrastructure investment will likely underpin the strength in domestic demand, particularly in the ASEAN economies. These initiatives include private-public partnerships in the Philippines, major infrastructure projects in Indonesia and rail transport network expansion programmes in Thailand and Singapore. Consumption growth will continue to be buttressed by income growth amid favourable labour market conditions, continued access to financing and government policy support, such as the implementation of, and increases in, minimum wages in several of the regional economies. In the more open economies, growth will be lifted by the gradual increase in global demand as the external environment improves. The economic expansion in People's Republic of China is expected to remain robust, with domestic economic activity set to become stronger during the year. While the Chinese government remains committed to restructuring the economy through efforts to boost consumption, targeted investments, particularly in infrastructure projects, will continue to be a key contributor to growth in the near term.

Global inflation is expected to remain moderate in tandem with the modest improvement in global demand. In the advanced economies, underlying inflationary pressures are expected to be subdued, reflecting excess capacity and weak demand in these economies. There are, however, signs of demand-pull inflationary pressures in the emerging economies following the stronger domestic activity. Nevertheless, on the supply side, the risk of cost-push inflation is expected to remain restrained, given the expectations of modest increases in the prices of global commodities. There are, however, risks of periodic spikes in commodity prices as have been observed over the recent two (2) years. In the oil market, an escalation of unrest in the Middle East and North Africa could lead to higher prices of crude oil. In addition, food prices are susceptible to fluctuations given the low inventory levels of staple grains in some key export markets and potential supply disruptions due to adverse weather conditions. Upside risks to commodity prices may also emanate from greater demand following rising financial flows into these markets.

It should be noted that there is some upside potential to growth. In the US, a stronger-than expected recovery in the housing market may support business and consumer sentiments, cumulatively leading to a strengthening of private sector-led growth. Credible progress in policy setting in Europe has contributed to a gradual improvement in financial market conditions, which could facilitate an improvement in economic activity in the region. A firmer recovery would benefit the rest of the world through stronger trade activity and greater economic certainty.

(Source : Annual Report 2012, Bank Negara Malaysia)

7.2 Overview and prospects of the Malaysian economy

The Malaysian economy is expected to remain on a steady growth path, with an expansion of 5-6% in 2013. Economic activity will be anchored by the continued resilience of domestic demand, and supported by a gradual improvement in the external sector. Private investment is expected to remain robust, driven by capacity expansion by the domestic-oriented firms and the continued implementation of projects with long gestation periods. Investments by the external-oriented businesses is also expected to be higher amid the gradual improvement in external demand, while private consumption is projected to grow at a more moderate rate in the second half of the year, although it will continue to be well supported by sustained income growth and positive labour market conditions. Government spending is expected to record a lower growth given the ongoing consolidation of the Government's fiscal position and as the role of the private sector gains greater significance.

In line with the more favourable external sector, gross exports are projected to record a higher growth in 2013 supported by the export of manufactured products. Gross imports are expected to moderate, in tandem with the projected trend in domestic demand. Overall, this is expected to result in a lower negative contribution to real GDP from net exports. As import growth continues to outpace export growth amid the continued deficit in the income account and in current transfers, the current account surplus, while still remaining significant is expected to narrow further in 2013.

On the supply side, all major economic sectors are expected to record continued expansion in 2013. The services and manufacturing sectors are expected to be the key contributors to overall growth, driven by the continued resilience of domestic demand and supported by higher international trade activity. Growth in the construction sector is projected to remain strong, supported by the implementation of major infrastructure projects. In the commodities sector, the growth of agriculture is expected to improve due to the higher output of crude palm oil and food commodities while the mining sector is expected to strengthen following the higher production of natural gas, crude oil and condensates.

Headline inflation is expected to average 2-3% in 2013. This inflation projection takes into account the expected higher global prices of selected food commodities and the adjustments to domestic administered prices. Demand-driven price pressures are expected to be moderate. The wider forecast range reflects the greater uncertainty in the external and domestic environment.

Overall, the growth prospects of the Malaysian economy will continue to be underpinned by the strength of its fundamentals. Of importance, labour market conditions will remain favourable, with the unemployment rate projected to remain low at 3.1% of the labour force in 2013. In addition, the financial system continues to demonstrate resilience against the challenging external environment, with financial intermediation expected to continue to provide strong support to domestic economic activity. The introduction of macroprudential and other policy measures have helped to manage the risks from the increase in household indebtedness. Malaysia's favourable external position is to remain intact, with international reserves at healthy levels and a low external debt that is within prudent limits.

Given the challenging external environment, there, however, remain risks to the economic outlook. The potential re-emergence of instability in the euro area and slower growth in Malaysia's major trading partners would affect the Malaysian economy. While pressures from global commodity prices have receded, upside risks from non-fundamental factors, such as adverse weather conditions and geopolitical developments, could push commodity prices higher and adversely affect the growth prospects of economies that are major trading partners of Malaysia. Potential upside to the domestic economy could emerge if the recovery in the advanced economies turns out to be better than expected.

(Source: Annual Report 2012, Bank Negara Malaysia)

7.3 Overview and prospects of the contract manufacturing industry

One (1) of the keys to economic success in a contract manufacturing company is the achievement of high manufacturing yields. The contract manufacturing industry is one where cost-efficiency is the key to survival. The industry operates by offering temporary capacity during peak periods to offering almost the entire operational control of the supply chain, from concept to delivery of the final product to the customer's customers.

There are opportunities for contract manufacturers in the electronics industry, including those in the Asian countries, to export their products to countries such as the US, Germany and Japan, due to the relatively big markets. The OEMs with these countries as their home base, have increasingly been outsourcing their manufacturing activities to geographically dispersed locations, including Asian countries.

The intensely competitive nature of the electronics industry, the continually increasing complexity and sophistication of electronics products, pressure on OEMs to reduce product costs and shorter product life cycles encourage OEMs to utilise the contract manufacturers as part of their business and manufacturing strategies. The OEMs are able to take advantage of the global design, manufacturing and supply chain management expertise of the contract manufacturers. In turn, the vertically integrated services provided by contract manufacturers increase the competitiveness of the OEMs by delivering improved product quality, enhanced performance, faster time-to-market, quicker time-to-volume and reduced costs.

(Source: Infobusiness Research)

7.4 Overview and prospects of the optoelectronics industry

The global optoelectronics industry is estimated at about USD430 billion in 2011 (Source: IMR Report). In view of its pervasive usage in many application markets, the global optoelectronics market is expected to increase by a CAGR of 5.7% between 2011 and 2017, to reach USD600 billion in 2017 (Source: IMR Report).

The US, Germany and Japan are in the forefront of optoelectronics energy systems, which provide solutions for green technologies. Political will on the part of the various governments and heightened awareness among the civilian population on greenhouse gas emissions and climate change as well as strong crude oil prices have driven the demand for green technologies. These countries are also well-established in the other segments of the optoelectronics industry, as they are among the pioneers of the industry and are deeply entrenched in it. Due to globalisation, many of the manufacturing facilities of the more matured products have been transferred to Asian countries. Manufactured optoelectronics that begin with specialised components and products are combined into increasingly sophisticated subassemblies and subsystems in these Asian countries. Eventually, these subassemblies and subsystems may be integrated into complete specialised products, systems and applications in high-end manufacturing; some of which may take place in countries such as the US, Germany and Japan.

As a key enabling technology, optoelectronics offers tremendous benefits for mankind. Increasingly, optoelectronics provide the foundation for an enormous amount of economic activities as a result of their placements as core technological components in the rapidly growing computer, electronics and telecommunications industries. New scientific and engineering breakthroughs are promising to create unprecedented opportunities and possibilities for optoelectronics-enabled technologies.

Concomitantly, the optoelectronics industry also presents a plethora of opportunities for companies involved in the industry.

(Source: Infobusiness Research)

7.5 Future prospects of our Group

Our Group expects the mobile telecommunications sector, especially the smartphones and tablet devices sectors to register good growth as these consumer devices become ever more integrated with the mobile lifestyle of the global population, both in emerging and developed economies. The high demand for smartphones and tablet devices is being fuelled by the availability of useful software apps, carrier subsidies, falling average selling prices and components costs, increased awareness and device diversity and lower-cost data plans among other factors. As such, our Group will continue to invest in our production capacity to meet the expected demand growth RF segment of the global EMS market to benefit from the continued growth in the consumer mobile telecommunications products, especially smart mobile devices such as smartphones and tablet devices.

Our Group also expects the Acquisition to contribute significantly to the top and bottom lines of our Group upon its completion. As Amertron Global's products are primarily fiber-optics and LED related products, it will provide our Group with economies of scale to mitigate cost-down pressure and also diversification of product portfolio and manufacturing expertise into the optoelectronics segment of the global EMS market.

Just as the changes in lifestyle and need for mobility are driving the seemingly insatiable demand for smart mobile devices, the same changes are also driving demand for ever higher bandwidth from fixed line multimedia providers. We believe our Group is well positioned for assembly services in the RF segment, and in the fiber optics fixed line products through the Acquisition.

(Source: Management of Inari)

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

For illustration purpose, the effects of the Rights Issue with Warrants on the share capital, NA, NTA, gearing, earnings and dividends in our Group are as follows:

8.1 Share capital

The proforma effects of the Rights Issue with Warrants on our issued and paid-up share capital are as follows:

	No. of Inari Shares	Share capital (RM)
Existing as at the LPD	336,608,700	33,660,870
To be issued pursuant to the Rights Issue with Warrants	84,152,175	8,415,218
Share capital after the Rights Issue with Warrants	420,760,875	42,076,088
To be issued pursuant to Issuance of New Shares	22,232,903	2,223,290
Share capital after the Issuance of New Shares	442,993,778	44,299,378
To be issued assuming full exercise of Warrants pursuant to the Rights Issue with Warrants	168,304,350	16,830,435
	611,298,128	61,129,813
To be issued assuming full exercise of Warrants pursuant to the Issuance of Preference Shares	34,560,000	3,456,000
Enlarged share capital	**645,858,128**	**64,585,813**

8.2 NA, NTA and gearing

The effects of the Rights Issue with Warrants and other intended corporate exercises (as set out in Section 2.7 of the Abridged Prospectus) on the NA, NTA and gearing of our Group are as follows:

	(I) Audited as at 30 June 2012 (RM)	(II) After (I) and the Private Placement^ (RM)	(III) After (II) and the Rights Issue with Warrants (RM)	(IV) After (III) and the Issuance of Preference Shares (RM)	(V) After (IV) and the Acquisition and the Issuance of Shares (RM)	(VI) After (V) and the exercise of Warrants (RM)
Share capital	33,160,870	33,660,870	42,076,088	42,076,088	44,299,378	64,585,813
Share premium	24,077,710	25,197,710	42,869,666	42,869,666	50,822,376	111,832,003
Warrants reserves	-	-	4,207,609	5,071,609	5,071,609	-
Retained earnings	26,045,060	26,045,060	24,243,077	24,269,547	25,179,474	25,179,474
	83,283,640	84,903,640	113,396,440	114,286,910	125,372,837	201,597,290
Non-controlling interests	(351,168)	(351,168)	(351,168)	(351,168)	(351,168)	(351,168)
Shareholders' equity/NA	**82,932,472**	**84,552,472**	**113,045,272**	**113,935,742**	**125,021,669**	**201,246,122**
NTA	78,496,646	80,116,646	108,609,446	109,499,916	115,845,035	192,069,488
No. of shares	331,608,700	336,608,700	420,760,875	420,760,875	442,993,778	645,858,128
NA per share (RM)	0.25	0.25	0.27	0.27	0.28	0.31
NTA per share (RM)	0.24	0.24	0.26	0.26	0.26	0.30
Borrowings	12,914,743	12,914,743	12,914,743	48,657,873	65,893,473	66,757,473
Gearing (times)	0.16	0.15	0.11	0.43	0.53	0.33

Note:

^ *Issuance of 5,000,000 new Inari Shares at the issue price of RM0.34 per share pursuant to the Private Placement exercise completed on 17 July 2012.*

8.3 Earnings and EPS

The proforma effects of the Rights Issue with Warrants and other intended corporate exercises (as set out in Section 2.7 of the Abridged Prospectus) on the consolidated earnings and EPS of Inari (assuming these exercises are completed on 1 July 2011, being the start of the financial year of Inari) are shown below:

	(I) Audited as at 30 June 2012 (RM)	(II) After (I) and the Private Placement ^ (RM)	(III) After (II) and the Rights Issue with Warrants (RM)	(IV) After (III) and the Issuance of Preference Shares (RM)	(V) After (IV) and the Acquisition and the Issuance of Shares (RM)	(VI) After (V) and the exercise of Warrants (RM)
PAT of Inari *	19,285,944	19,285,944	19,285,944	19,285,944	19,285,944	19,285,944
PAT of Amertron Global #	-	-	-	-	10,882,207	10,882,207
Total PAT	19,285,944	19,285,944	19,285,944	19,285,944	30,168,151	30,168,151
No. of shares	331,608,700	336,608,700	420,760,875	420,760,875	442,993,778	645,858,128
EPS:						
Basic EPS	0.06	0.06	0.05	0.05	0.07	0.05
Diluted EPS	0.06	0.06	0.03	0.03	0.05	0.05

Notes:

* *Based on the audited consolidated financial statements of Inari for FYE 30 June 2012.*

\# *Based on the audited consolidated financial statements of Amertron Global for FYE 31 December 2011.*

^ *Issuance of 5,000,000 new Inari Shares at the issue price of RM0.34 per share pursuant to the Private Placement exercise completed on 17 July 2012.*

The dividends to be paid to the RPS subscribers will be part of the finance costs and it will reduce the earnings and EPS of the Inari Group.

8.4 Dividend

The Rights Issue with Warrants and the other intended corporate exercises are not expected to affect the dividend policy of our Company as future dividend payable by our Company would be dependent on inter-alia, the future profitability and cash flow position of our Group.

Upon completion of the Proposals and under the terms of the Issuance of Preference Shares, Inari International is required to pay the RPS subscribers dividends amounting to USD806,400 (equivalent to RM2,564,352) per annum for the first to third year and USD892,800 (equivalent to RM2,829,104) per annum for the fourth and fifth years.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds of the Rights Issue with Warrants and Issuance of Preference Shares, cash in hand, cashflow generated from our operations and available banking facilities, our Group will have adequate working capital to meet our business requirements due within a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group had total outstanding bank borrowings as follows:-

	Floating rate interest bearing borrowings RM ('000)	Non-floating rate interest bearing borrowings RM ('000)
Short-term borrowings	5,337	393
Long-term borrowings	8,357	59
Total	13,694	452

	Floating rate interest bearing borrowings USD ('000)	Non-floating rate interest bearing borrowings USD ('000)
Short-term borrowings	212	-
Long-term borrowings	-	-
Total	212	-

After having all reasonable enquires and to the best knowledge of our Board, there has not been any default on payments of either interest or principal sums by our Group, in respect of any borrowings during the FYE 30 June 2012 and for the subsequent financial period up to the LPD.

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9.3 Material Commitments

Save as disclosed below, as at the LPD, there is no material commitment, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group as at the LPD:

	As at LPD RM '000
Contracted but not provided for:	
(i) Production equipment	2,319
(ii) Industrial land and building	4,077

The abovementioned commitments are for the purchase of production equipment as well as for the construction of our new manufacturing facility. The purchase of production equipment shall be funded by way of hire-purchase financing and existing cash while the construction of the new manufacturing facility shall be funded via our Group's existing cash.

9.4. Contingent Liabilities

Save as disclosed below, as at the LPD, there are no contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in the ability of Inari to meet its obligations as and when they fall due:

	As at LPD RM '000
Corporate guarantee extended to banks and financial institutions for credit facilities granted to Inari Technology, Ceedtec Sdn Bhd and Simfoni Bistari Sdn Bhd, the subsidiary companies of our Company	
- Limit	25,789
- Amount utilised	20,991

10. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF enclosed herewith.

11. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
INARI BERHAD

DR TAN SENG CHUAN
EXECUTIVE VICE CHAIRMAN

CERTIFIED EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 29 MARCH 2013
(Prepared for inclusion in this Abridged Prospectus)

INARI BERHAD
(Company No. 1000809-U)
(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF EXTRAORDINARY GENERAL MEETING HELD ON 29 MARCH 2013

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 84,152,175 NEW ORDINARY SHARES OF RM0.10 EACH IN INARI ("RIGHTS SHARES") TOGETHER WITH 168,304,350 NEW FREE DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE TO BE DETERMINED ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING ORDINARY SHARES OF RM0.10 EACH HELD IN INARI ("INARI SHARES") TOGETHER WITH TWO (2) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED AT AN ENTITLEMENT DATE TO BE DETERMINED LATER

RESOLVED:-

"**THAT** subject to the passing of Special Resolution 1 and Ordinary Resolutions 1, 3, 4, 5 and 6 and subject further to the approval of all relevant authorities, including but not limited to the approval-in-principle being obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for all the rights shares and warrants to be issued hereunder and all the new Inari Shares to be issued arising from the exercise of the warrants (whether in its original form or with or subject to any conditions, modifications, variations and/or amendments imposed by Bursa Securities), approval be and is hereby given to the Board of Directors ("Board") to:

(i) allot and issue 84,152,175 Rights Shares at an issue price to be determined to the shareholders of Inari whose names appear on the Record of Depositors at the close of business on a date to be determined by the Directors and to be announced by the Company ("Entitled Shareholders") on the basis of one (1) Rights Share for every four (4) Inari Shares held;

(ii) allot and issue 168,304,350 free Warrants to the Entitled Shareholders who have successfully applied for the Rights Shares on the basis of two (2) Warrants for every one (1) Rights Share subscribed;

(iii) constitute the Warrants upon the terms and conditions of a deed poll to be executed by Inari ("Deed Poll"), the principal terms of which are set out in the Circular to the shareholders of the Company dated 7 March 2013;

(iv) allot and issue such other additional Warrants as may be required or permitted to be issued as a result of any adjustment under the provisions of the Deed Poll; and

(v) allot and issue 168,304,350 new Inari Shares arising from the exercise of Warrants;

("Proposed Rights Issue with Warrants")

THAT the final issue price of the Rights Shares shall be at a relevant discount to the market price of Inari Shares which is deemed attractive to shareholders based on the 5-day volume weighted average price of Inari Shares prior to the price fixing date to be determined but in any event, shall not be lower than the par value of Inari Shares of RM0.10 each;

..2/-

INARI BERHAD (1000809-U)
EXTRACT OF THE MINUTES

THAT the exercise price of the Warrants shall not be more than 10% discount to the theoretical ex-rights price of the Inari Shares but in any event, shall not be lower than the par value of Inari Shares of RM0.10 each;

THAT the Board be and is hereby authorised to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board in their absolute discretion;

THAT the Board be and is hereby entitled to deal with all or any of the fractional entitlement of the Rights Shares and Warrants arising from the Proposed Rights Issue with Warrants, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner as the Board may in their absolute discretion deems fit and in the best interest of the Company;

THAT all the Rights Shares and new Inari Shares to be issued herein shall rank *pari passu* in all respects with the existing ordinary shares of RM0.10 each except that they will not be entitled to any rights, dividends, allotments and/or other distributions for which the relevant entitlement date precedes the relevant issue date of the said shares;

AND THAT the Board be and is further authorised to do all acts, deeds and things and execute all necessary documents as they may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Rights Issue with Warrants with full powers to assent to or make any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all steps as they may consider necessary or expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Rights Issue with Warrants."

CERTIFIED TRUE EXTRACT

DIRECTOR	SECRETARY
DR TAN SENG CHUAN	CHOW YUET KUEN
	(MAICSA 7010284)

SALIENT TERMS OF THE WARRANTS

Terms		Details
Number of Warrants	:	(i) 168,304,350 Warrants to subscribe for 168,304,350 new Inari Shares, to be issued to the Entitled Shareholders who subscribes for the Rights Issue with Warrants. (ii) 34,560,000 Warrants to subscribe for 34,560,000 new Inari Shares, to be issued pursuant to the Issuance of Preference Shares. The 168,304,350 Warrants to be issued under the Rights Issue with Warrants and the 34,560,000 Warrants to be issued under the Issuance of Preference Shares shall form the same series of Warrants.
Detachability	:	(i) The Warrants which are to be issued pursuant to Rights Issue with Warrants are immediately detachable upon allotment and issue of the Rights Shares. (ii) The Warrants which are to be issued pursuant to Issuance of Preference Shares are immediately detachable upon allotment and issue of the RPS. The Warrants will be traded separately.
Issue Price	:	(i) The Warrants which are to be issued pursuant to Rights Issue with Warrants are to be issued free to the Entitled Shareholders and renouncees who subscribe for the Rights Shares. (ii) The Warrants which are to be issued pursuant to Issuance of Preference Shares are to be issued free to the RPS placement agent/underwriter and/or investors.
Exercise Price	:	The exercise price of the Warrants is RM0.38 per Warrant. The exercise price and the number of outstanding Warrants shall however be subject to the adjustments in accordance with the terms and provisions of the Deed Poll during the Exercise Period.
Exercise Period	:	The Warrants may be exercised any time during the tenure of the Warrants of five (5) years including and commencing from the issue date of the Warrants and ending at 5.00 p.m. on the Expiry Date. Warrants not exercised during the Exercise Period will thereafter become lapse and void.
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new Inari Share at the Exercise Price during the Exercise Period and shall be subject to adjustments in accordance with the Deed Poll.
Expiry Date	:	A date being five (5) years from and including the date of issue of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.
Mode of Exercise	:	The holders of the Warrants shall pay cash by way of banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia for the aggregate Exercise Price payable when exercising the Warrants and subscribing for new Inari Shares.
Deed Poll	:	The Warrants are constituted by the Deed Poll.

Terms		Details
Board Lot	:	The Warrants are tradeable upon listing in board lots of 100 units carrying rights to subscribe for 100 new Inari Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Status of New Inari Shares to be issued pursuant to the exercise of the Warrants	:	All the new Inari Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Inari Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the said new Inari Shares.
Rights in the Event of Winding Up, Liquidation, Compromise and/or Arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme of arrangement between the Company and its shareholders and/or creditors, then: (i) if such winding up or scheme of arrangement is one in which the Warrant Holders, or some person designated by them for such purpose by special resolution, are to be a party, the terms of such winding up or scheme of arrangement are binding on all the Warrant Holders; and (ii) in a voluntary winding up or compromise or arrangement in any other case, every Warrant Holder is entitled upon and subject to the Conditions at any time, within six (6) weeks after the passing of such resolution for a members voluntary winding-up of the Company or within six (6) weeks from the last approval being granted for the compromise or arrangement, by irrevocable surrender of his Warrants to the Company by submitting the Exercise Form(s) duly completed, authorising the debiting of his Warrants, together with payment of the relevant Exercise Price to elect, be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement, exercised the Exercise Rights represented by such Warrants to the extent specified in the Exercise Form(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company or the Company, as the case may be, must give effect to such election accordingly and all Exercise Rights, which have not been exercised within the above six (6) weeks, will lapse and the Warrants will cease to be valid for any purpose.
Listing	:	Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of the ACE Market of Bursa Securities as well as for the listing of and quotation for the Warrants and new Inari Shares to be issued arising from the exercise of the Warrants.
Adjustment in the Exercise Price and/or the number of Warrants held by warrant holders in event of alteration to the share capital	:	Subject to the provision in the Deed Poll, the Exercise Price and the number of Warrants held by each Warrant holder shall be adjusted by the Board in consultation with the adviser and certification of the external auditors of Inari, in the event of alteration to the share capital of the Company.

Terms		Details
Modification	:	Save as expressly provided in the Deed Poll, no modification, amendment or addition may be made to the provisions of the Deed Poll without the sanction of a special resolution by the Warrant Holders, other than any modification to the Deed Poll which is not materially prejudicial to the interests of the Warrant Holders or if in the opinion of the Company and the approved adviser, is to correct a manifest error or to comply with the rules of Bursa Malaysia Depository Sdn Bhd, or the Securities Industry (Central Depositories) Act, 1991 or Bursa Securities or mandatory provisions of Malaysian law. Any modification to the Deed Poll may be effected only by a further deed poll executed by the Company and expressed to be supplemental to the Deed Poll, and only if the requirements of the relevant provision of the Deed Poll have been complied with.
Further Issues	:	Subject to the provision in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrant holders will not have any participating rights in such issue unless otherwise resolved by the Company in general meeting.
Governing Law	:	Laws of Malaysia.

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INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Inari was incorporated in Malaysia on 5 May 2010 pursuant to the Act.

We were listed on the ACE Market of Bursa Securities on 19 July 2011.

We are an investment holding company, our subsidiaries are involved in the provision of the following services:

(i) semiconductor packaging, which comprises back-end wafer processing, package assembly and radio frequency final testing for wireless microwave telecommunication semiconductor products; and

(ii) to acquire and to manage land, buildings and other properties of our Group.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are as follows:-

Type	No. of Shares	Par value RM	Total RM
Authorised	1,000,000,000	0.10	100,000,000
Issued and fully paid-up	336,608,700	0.10	33,660,870

Changes in Issued and Paid-Up Share Capital

The changes in our Company's issued and paid-up share capital since incorporation are as follows:

Date of allotment	No. of Shares	Par value RM	Consideration	Total RM
5 May 2010	70	0.10	Subscribers' shares	7
24 July 2010	30	0.10	Cash	10
20 September 2010	241,608,600	0.10	Other than cash *	24,160,870
21 September 2010	7,000,000	0.10	Other than cash ^	24,860,870
15 July 2011	83,000,000	0.10	Cash	33,160,870
13 July 2012	5,000,000	0.10	Cash	33,660,870

Notes:

* *Issued pursuant to the acquisition of Inari Technology by Inari in conjunction with our IPO.*

^ *Issued pursuant to a debt settlement scheme in conjunction with our IPO.*

3. SUBSTANTIAL SHAREHOLDERS

Based on our Record of Depositors as at the LPD, the proforma effects of the Rights Issue with Warrants on the shareholdings of our substantial shareholders are as follows:

Name of Substantial Shareholder	As at the LPD				(I) After the Rights Issue with Warrants [d]			
	Direct		Indirect		Direct		Indirect	
	No. of Inari Shares	%	No. of Inari Shares	%	No. of Inari Shares	%	No. of Inari Shares	%
Insas Technology Berhad	109,512,900	32.53	-	-	136,891,125	32.53	-	-
Macronion Sdn Bhd	31,469,379	9.35	-	-	39,336,724	9.35	-	-
Ho Phon Guan	40,252,292	11.96	-	-	50,315,365	11.96	-	-
Mai Mang Lee [a]	3,874,497	1.15	31,469,379	9.35	4,843,121	1.15	39,336,724	9.35
Tan Lee Pang s/o Hum Beng [a]	77,949	0.02	31,469,379	9.35	97,436	0.02	39,336,724	9.35
Avago Technologies (Malaysia) Sdn Bhd	32,562,890	9.67	-	-	40,703,613	9.67	-	-
Insas Berhad [b]	-	-	118,931,100	35.33	-	-	148,663,875	35.33
Dato' Thong Kok Khee [c]	500,000	0.15	118,981,100	35.35	625,000	0.15	148,726,375	35.35

Name of Substantial Shareholder	(II) After (I) and assuming full exercise of Warrants			
	Direct		Indirect	
	No. of Inari Shares	%	No. of Inari Shares	%
Insas Technology Berhad	191,647,575	32.53	-	-
Macronion Sdn Bhd	55,071,413	9.35	-	-
Ho Phon Guan	70,441,511	11.96	-	-
Mai Mang Lee [a]	6,780,370	1.15	55,071,413	9.35
Tan Lee Pang s/o Hum Beng [a]	136,411	0.02	55,071,413	9.35
Avago Technologies (Malaysia) Sdn Bhd	56,985,058	9.67	-	-
Insas Berhad [b]	-	-	208,129,425	35.33
Dato' Thong Kok Khee [c]	875,000	0.15	208,216,925	35.35

Notes:

(a) Deemed interest pursuant to his substantial shareholdings in Macronion Sdn Bhd pursuant to Section 6A of the Act.

(b) Deemed interest pursuant to its substantial shareholdings in Insas Technology Berhad and Insas Plaza Sdn Bhd pursuant to Section 6A of the Act.

(c) Deemed interest pursuant to his substantial shareholdings in Insas Berhad and his daughter's shareholdings in Inari pursuant to Section 6A of the Act.

(d) Assuming all existing shareholders subscribe to their entitlements under the Rights Issue with Warrants in full.

4. BOARD OF DIRECTORS

The age, profession, designation, nationalities and addresses of our Board are set out under the Corporate Information on Board of Directors on page (vii) of this Abridged Prospectus.

Name of Director	As at the LPD				(I) After the Rights Issue with Warrants [d]			
	Direct		Indirect		Direct		Indirect	
	No. of Inari Shares	%	No. of Inari Shares	%	No. of Inari Shares	%	No. of Inari Shares	%
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	-	-	-	-	-	-	-	-
Dr Tan Seng Chuan	160,000	0.05	-	-	200,000	0.05	-	-
Dato' Thong Kok Khee [a]	500,000	0.15	118,981,100	35.35	625,000	0.15	148,726,375	35.35
Dato' Wong Gian Kui	-	-	-	-	-	-	-	-
Lau Kean Cheong [b]	-	-	40,000	0.01	-	-	50,000	0.01
Ho Phon Guan	40,252,292	11.96			50,315,365	11.96	-	-
Mai Mang Lee [c]	3,874,497	1.15	31,469,379	9.35	4,843,121	1.15	39,336,724	9.35
Oh Seong Lye	-	-	-	-	-	-	-	-
Foo Kok Siew	-	-	-	-	-	-	-	-
Soon Li Yen	-	-	-	-	-	-	-	-

Name of Director	(II) After (I) and assuming full exercise of Warrants			
	Direct		Indirect	
	No. of Inari Shares	%	No. of Inari Shares	%
Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP	-	-	-	-
Dr Tan Seng Chuan	280,000	0.05	-	-
Dato' Thong Kok Khee [a]	875,000	0.15	208,216,925	35.35
Dato' Wong Gian Kui	-	-	-	-
Lau Kean Cheong [b]	-	-	70,000	0.01
Ho Phon Guan	70,441,511	11.96	-	-
Mai Mang Lee [c]	6,780,370	1.15	55,071,413	9.35
Oh Seong Lye	-	-	-	-
Foo Kok Siew	-	-	-	-
Soon Li Yen	-	-	-	-

Notes:

(a) Deemed interest pursuant to his substantial shareholdings in Insas Berhad and his daughter shareholdings in Inari pursuant to Section 6A of the Act.
(b) Deemed interest pursuant to his spouse's shareholdings in Inari pursuant to Section 6A of the Act.
(c) Deemed interest pursuant to his substantial shareholdings in Macronion Sdn Bhd pursuant to Section 6A of the Act.
(d) Assuming all existing shareholders subscribe to their entitlements under the Rights Issue with Warrants in full.

5. SUBSIDIARY AND ASSOCIATED COMPANIES

Our subsidiaries as at the LPD are as follows:

Name	Date / place of incorporation	Issued and paid-capital	Effective ownership %	Principal activities
Inari Technology	1 June 2006/ Malaysia	RM9,015,000	100.00	Manufacturing of wireless microwave telecommunication products, wireless broadcast card and the provision of EMS
Simfoni Bistari Sdn Bhd	18 February 2003/ Malaysia	RM500,000	100.00	Investment holding and property investment
Ceedtec Sdn Bhd	23 November 2005/ Malaysia	RM3,967,088	51.00	Designing, marketing and distribution of electronic products
Inari International Limited	19 June 2012/ Cayman Islands	USD1	100.00	Investment holding
Ceedtec Technology Sdn Bhd *	7 December 2007/ Malaysia	RM10,000	51.00	Manufacturing of testing equipment for semiconductor and related products
Inari Global (HK) Limited	27 November 2012/ British Virgin Islands	USD1	100.00	Trading of semiconductor/ electronic components and related goods
Inari South Keytech Sdn Bhd	12 June 2012/ Malaysia	RM2,500,000	100.00	Designer, developer and manufacturer of all kinds of semiconductor and non-semiconductor based electronic components

Note:

* *Held through Ceedtec Sdn Bhd.*

We do not have any associated company as at LPD.

6. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements for the 14-months FPE 30 June 2011 and FYE 30 June 2012 and the unaudited consolidated financial statements for the six (6) months FPE 31 December 2012 are as follows:

	<------------Audited-------- >		←----------Unaudited------------>	
	14 months FPE 30 June 2011 * (RM'000)	**FYE 30 June 2012 (RM'000)**	**Six (6) months FPE 31 December 2011 (RM'000)**	**Six (6) months FPE 31 December 2012 (RM'000)**
Revenue	119,624	180,775	95,138	116,703
Gross Profit	25,783	35,990	19,717	33,712
Other income	7,518	2,713	1,494	828
PBT	20,484	20,302	11,731	21,428
Add:				
Finance costs	839	566	483	404
Depreciation and amortisation	10,166	13,582	7,347	6,805
Less:				
Interest income	14	482	232	247
EBITDA	31,475	33,968	19,329	28,390
Share of results from associate	-	-	-	-
Taxation	(1,725)	(1,016)	(1,584)	(5,390)
PAT	18,759	19,286	10,147	16,038
Profit for the year/period attributable to:				
Owners of the parent	18,759	19,887	10,147	16,510
Non-controlling interests	-	(601)	-	(472)
Profit for the year/period, representing total comprehensive income for the year/period	**18,759**	**19,286**	**10,147**	**16,038**
Gross profit margin (%)	21.55	19.91	20.72	28.89
Net profit margin (%)	15.68	10.67	10.67	13.74
Number of Shares in issue ('000)	248,609	331,609	331,609	336,609
EPS (sen)	7.55	5.82	3.06	4.76
Diluted EPS (sen)	N/A	N/A	N/A	N/A
Dividend per share (sen)	1.80	2.80	1.60	1.70

Notes:

N/A Not available

* *Inari was incorporated on 5 May 2010 and commenced business on 20 September 2010.*

Commentary on Financial Performance

14 months FPE 30 June 2011 (Audited)

For the 14 months FPE 30 June 2011, our Group recorded a revenue of RM119.63 million and PBT of RM20.48 million. The high revenue was due to high orders from our Group's major customer.

Our Group recorded a PAT of RM18.76 million for the 14 months FPE 30 June 2011.

FYE 30 June 2012 (Audited)

For the FYE 30 June 2012, revenue increased by 51.12% from RM119.63 million to RM180.78 million as compared to the 14 months FPE 30 June 2011. The higher revenue was mainly attributable to increased trading volume. The PBT for FYE 30 June 2012 decreased by 0.88% to RM20.30 million as compared to the PBT for 14 months FPE 30 June 2011 of RM20.48 million. This is mainly due to the cost of due diligence exercise relating to the Acquisition carried out in the second quarter of FYE 30 June 2012.

However, the PAT for FYE 30 June 2012 increased by 2.81%, recorded at RM19.29 million, due to higher trading revenue, favourable foreign exchange rates and favourable gold prices (which reduced our Group's manufacturing cost).

Six (6) months FPE 31 December 2012 (Unaudited)

For the six (6) months FPE 31 December 2012, our Group reported higher revenue of RM116.70 million and higher PBT of RM21.4 million as compared to the revenue of RM95.1 million and a PBT of RM11.7 million in the corresponding 6 months FPE 31 December 2011. This higher revenue reported was mainly due to higher trading volume resulted from an increase in orders from our Group's major customer. Higher trading volume provided our Group with greater economies of scale that improved our gross profit margin.

Our Group's PAT increased by 58.06% for six (6) months FPE 31 December 2012 was recorded at RM16.04 million as compared to the PAT of RM10.15 for six (6) months FPE 31 December 2011.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Inari Shares as traded on Bursa Securities for the past twelve (12) months are as follows:

	High RM	Low RM
2012		
May	0.38	0.36
June	0.38	0.36
July	0.38	0.33
August	0.38	0.35
September	0.38	0.34
October	0.36	0.33
November	0.35	0.32
December	0.41	0.34

	High RM	Low RM
2013		
January	0.45	0.38
February	0.43	0.38
March	0.44	0.40
April	0.74	0.41

The last transacted price of Inari Shares on 20 July 2012 being the date immediately prior to the announcement of the Proposals was RM0.37 per Share.

The last transacted price of Inari Shares on 15 April 2013, being the LPD was RM0.48 per share.

The last transacted price of Inari Shares on 8 May 2013, being the day prior to the ex-date of the Rights Issue with Warrants was RM0.615 per share.

(Source: M&A Securities)

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INFORMATION ON AMERTRON GLOBAL

1. HISTORY AND BUSINESS

Amertron Global is a limited liability exempted company incorporated in the Cayman Islands on 20 February 2001.

The Amertron Group, consisting of its subsidiaries, Amertron Incorporated ("Amertron Philippines") and Amertron Technology (Kunshan) Co., Ltd. ("Amertron Technology"), is an EMS provider. Its products/services are divided into four (4) segments:

(i) Optical Transceiver Modules

The Amertron Group manufactures and sub-assembles long wave optical transceiver modules and short wave optical transceiver modules as well as optic sub-assembling of receivers such as photo diodes and pre-amplifiers; and optic sub-assembling of transmitters such as optic lens, all of which are used in fiber optic networks for data transmissions.

(ii) Optical Sensors and Switches

The range of optical sensors and switches manufactured include optocouplers, optical encoders, photo diodes, photo transistor arrays and image sensor detectors. These components are used in a variety of electronics products.

(iii) LED Displays

LED Displays manufactured include alpha-numerical displays and numeric displays (both intelligent and non-intelligent). These display components are used in a variety of electronics products.

(iv) IC

The IC produced include flip-chips, multi-chip modules, hi-rel power modules, plastic and hermetic packages and hybrid ICs. These ICs are used in a variety of electronics products.

The final electronics products are used in data communications, automotive, global aerospace and military micro-electronics industries. In addition to the above, the Amertron Group provides various testing services for electronic products.

2. SHARE CAPITAL

As at the LPD, Amertron Global's authorised and issued and paid-up share capital are as follows:-

Type	No. of Shares	Par value USD	Total USD
Authorised	40,000,000	1.00	40,000,000
Issued and fully paid-up	23,732,859	1.00	23,732,859

Changes in Issued and Paid-Up Share Capital

The changes in Amertron Global's issued and paid-up share capital since incorporation are as follows:

Date of allotment	No. of Shares	Par value USD	Consideration	Total USD
20 February 2001	1	1.00	Subscriber's share	1
10 June 2004	2,874,999	1.00	Cash	2,875,000
27 August 2004	18,326,448	1.00	Cash	21,201,448
1 September 2004	850,000	1.00	Cash	22,051,448
1 January 2008	1,681,411	1.00	Cash	23,732,859

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Amertron Global and their respective shareholdings as at the LPD are as follows:

		<--- Direct --->		<--- Indirect --->	
Substantial Shareholder	Nationality	No. of Amertron Global Shares	%	No. of Amertron Global Shares	%
Wang, Stanley Ta-Chuang	American	11,347,873	47.82	-	-
Richard Ta-Chung Wang	American	9,748,110	41.07	-	-
Soong, Wang Hsiao-Lee	Chinese, Taipei	1,786,876	7.53	-	-

4. BOARD OF DIRECTORS

The Directors of Amertron Global and their respective shareholdings as at the LPD are as follows:

			<--- Direct --->		<--- Indirect -->	
Director	Nationality	Designation	No. of Amertron Global Shares	%	No. of Amertron Global Shares	%
Wang, Stanley Ta-Chuang	American	Director	11,347,873	47.82	-	-
Richard Ta-Chung Wang	American	Director	9,748,110	41.07	-	-
John Montgomery Lynch	American	Director	850,000	3.58	-	-
Soong, Wang Hsiao-Lee	Chinese, Taipei	Director	1,786,876	7.53	-	-

5. SUBSIDIARY AND ASSOCIATED COMPANIES

The details of the subsidiary companies of Amertron Global as at the LPD are set out below:

Name	Date / Place of incorporation	Date of commencement of operations	Issued and paid-capital	Effective ownership (%)	Principal activities
Amertron Philippines	9 November 1988 / Philippines	18 March 1989	Php500,000,000	99.99	Provision of EMS
Amertron Technology	19 June 2001 / PRC	19 June 2001	USD10,000,000	100.00	Provision of EMS

Amertron Global does not have any associated company as at the LPD.

6. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on the Accountants' Report on Amertron Global for FYE 31 December 2009 to 2011 are as follows:

	<------Audited------>					
	FYE 31 December 2009		FYE 31 December 2010		FYE 31 December 2011	
	(USD '000)	(RM '000)	(USD '000)	(RM '000)	(USD '000)	(RM '000)
Revenue	74,535	262,611	110,765	356,386	120,753	369,346
Gross Profit	6,740	23,746	8,884	28,583	9,093	27,813
Other income	-	-	-	-	-	-
PBT	4,121	14,518	5,587	17,975	3,353	10,256
Add:						
Finance costs	191	673	176	566	205	627
Depreciation	983	3,465	1,028	3,308	1,082	3,309
Amortisation	200	704	205	661	131	402
EBITDA	5,495	19,360	6,996	22,510	4,771	14,594
Taxation	(617)	(2,174)	(888)	(2,856)	205	626
PAT	3,504	12,344	4,699	15,119	3,558	10,822
Gross profit margin (%)	9.04	9.04	8.02	8.02	7.53	7.53
Net profit margin (%)	4.70	4.70	4.24	4.24	2.95	2.95
Number of Shares in issue ('000)	23,733	23,733	23,733	23,733	23,733	23,733
EPS (sen)	0.15	0.52	0.20	0.64	0.15	0.46
Diluted EPS (sen)	0.15	0.52	0.20	0.64	0.15	0.46

	<-----Audited----->					
	FYE 31 December 2009		FYE 31 December 2010		FYE 31 December 2011	
	(USD '000)	(RM '000)	(USD '000)	(RM '000)	(USD '000)	(RM '000)
Dividend per share (sen)	-	-	-	-	-	-

Exchange rates

The exchange rates used are as follows:

FYE 2009	USD1	:	RM3.5233
FYE 2010	USD1	:	RM3.2175
FYE 2011	USD1	:	RM3.0587

Commentary on Financial Performance

FYE 31 December 2009 (Audited)

Revenue in FYE 31 December 2009 decreased by 21% to USD74.535 million (equivalent to RM262.611 million) compared to FYE 31 December 2008 as a result of the global economic slowdown. However, the Amertron Group was able to achieve a PAT of USD3.504 million (equivalent to RM12.344 million) and PAT margin of 4.7% for FYE 31 December 2009 through several cost reduction and streamlining measures which were implemented across the Amertron Group.

FYE 31 December 2010 (Audited)

The Amertron Group registered a 49% increase in revenue to USD110.765 million (equivalent to RM356.386 million) for FYE 31 December 2010 due to new business secured as a result of the recovery of the global economy. The Amertron Group's PAT increased by 34% to USD4.699 million (equivalent to RM15.119 million) for FYE 31 December 2010. The Amertron Group's PAT margin was at 4.2%, down by 0.5% compared to the previous year due to extra expenses incurred to cope with the increase in the demand plus price reduction given to customers to attract the extra business.

FYE 31 December 2011 (Audited)

The 9% increase in revenue in 2011 to USD120.753 million (equivalent to RM369.345 million) for FYE 31 December 2011 was due to the increased orders for the Amertron Group's products as a result of the continued recovery of the global economy. An increase in expenses incurred to cope with the increase in the orders resulted in a decrease in PAT margin to 2.9% (from 4.2% in FYE 31 December 2010). The increase in expenses was also due to the increase in minimum wage in both the Philippines and PRC and price reductions given to customers to gain additional sales. Hence PAT was lower by about 24.3% to USD3.558 million (equivalent to RM10.822 million) for FYE 31 December 2011.

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REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012
(Prepared for inclusion into the Abridged Prospectus)

Date: 29 April 2013

SJ Grant Thornton (AF:0737)
Level 11 Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

The Board of Directors
Inari Berhad
No. 51, Hilir Sungai Keluang 4
Bayan Lepas Free Industrial Zone Phase 4
11900 Bayan Lepas
Penang.

Dear Sirs,

INARI BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012

We have reviewed the presentation of the Proforma Consolidated Statements of Financial Position of Inari Berhad ("the Company" or "Inari") and its subsidiary companies ("the Group" or "Inari Group"), as at 30 June 2012 together with the accompanying notes for which the Directors are solely responsible, as set out in the accompanying statement for the purpose of inclusion in the Company's Abridged Prospectus and which we have stamped for the purpose of identification, in connection with the Private Placement, Proposed Rights Issue with Warrants, Proposed Issuance of Preference Shares, Proposed Acquisition and Proposed Issuance of New Shares and Full Exercise of Warrants (Collectively referred as "Proposed Exercise").

In our opinion, the Proforma Consolidated Statements of Financial Position together with the notes thereon (which are provided solely for illustrative purposes only):-

(a) have been properly compiled on a basis of preparation as stated in the notes thereto; such basis is consistent with the accounting policies normally adopted by Inari;

(b) the adjustments are appropriate for the purposes of the Proforma Consolidated Statements of Financial Position; and

(c) the audited financial statements used in the preparation of the Proforma Consolidated Statements of Financial Position were prepared in accordance with accounting principles and bases which are consistent with those normally adopted by Inari.

Chartered Accountants
Member firm of Grant Thornton International Ltd

Audit • Tax • Advisory

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Our letter on the Proforma Consolidated Statements of Financial Position of Inari as at 30 June 2012 is prepared solely for inclusion into the Company's Abridged Propectus. This letter is not to be reproduced, referred to in any other document, or used or relied upon for any other purpose without our prior written consent.

Yours faithfully,

SJ GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS

DATO' N.K. JASANI
NO: 708/03/14 (J/PH)
PARTNER OF THE FIRM

INARI BERHAD

(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012

The Proforma Consolidated Statements of Financial Position set out below are provided for illustrative purposes based on the audited consolidated statement of financial position of Inari as at 30 June 2012, and on the assumption that these transactions were completed on 30 June 2012.

	Note	Audited Consolidated Statement of Financial Position As At 30.6.2012 RM	Proforma I Private Placement RM	Proforma II Proposed Rights Issue with Warrants RM	Proforma III Proposed Issuance of Preference Shares RM	Proforma IV Proposed Acquisition and Proposal Issuance of New Shares RM	Performa V Full Exercise of Warrants RM
ASSETS							
Non-current assets							
Property, plant and equipment	4	54,814,408	54,814,408	54,814,408	54,814,408	79,687,859	79,687,859
Investment	5	-	-	-	-	3,193	3,193
Intangible assets	6	1,097,482	1,097,482	1,097,482	1,097,482	5,207,254	5,207,254
Goodwill	7	3,338,344	3,338,344	3,338,344	3,338,344	3,969,380	3,969,380
Receivables	8	-	-	-	-	810,572	810,572
Deferred tax assets	9	1,990,121	1,990,121	1,990,121	1,990,121	3,909,420	3,909,420
Total non-current assets		61,240,355	61,240,355	61,240,355	61,240,355	93,587,678	93,587,678
Current assets							
Inventories	10	22,174,893	22,174,893	22,174,893	22,174,893	113,226,653	113,226,653
Receivables	8	24,369,736	24,369,736	24,369,736	24,369,736	82,311,363	82,311,363
Tax recoverable		12,916	12,916	12,916	12,916	12,916	12,916
Fixed deposit with a licensed bank		327,961	327,961	327,961	327,961	327,961	327,961
Cash and bank balances	11	40,462,222	42,082,222	70,575,022	107,208,622	37,712,152	114,800,605
Total current assets		87,347,728	88,967,728	117,460,528	154,094,128	233,591,045	310,679,498
Total assets		148,588,083	150,208,083	178,700,883	215,334,483	327,178,723	404,267,176
EQUITY							
Capital and reserves							
Share capital	12	33,160,870	33,660,870	42,076,088	42,076,088	44,299,378	64,585,813
Share premium	13	24,077,710	25,197,710	42,869,666	42,869,666	50,822,376	111,832,003
Warrants reserve	14	-	-	4,207,609	5,071,609	5,071,609	-
Retained earnings	15	26,045,060	26,045,060	24,243,077	24,269,547	25,179,474	25,179,474
		83,283,640	84,903,640	113,396,440	114,286,910	125,372,837	201,597,290
Non-controlling interests		(351,168)	(351,168)	(351,168)	(351,168)	(351,168)	(351,168)
Total equity		82,932,472	84,552,472	113,045,272	113,935,742	125,021,669	201,246,122

Stamped for the purpose of identification on:
2 9 APR 2013
SJ Grant Thornton

INARI BERHAD

(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)

The Proforma Consolidated Statements of Financial Position set out below are provided for illustrative purposes based on the audited consolidated statement of financial position of Inari as at 30 June 2012, and on the assumption that these transactions were completed on 30 June 2012 (cont'd).

	Note	Audited Consolidated Statement of Financial Position As At 30.6.2012 RM	Proforma I Private Placement RM	Proforma II Proposed Rights Issue with Warrants RM	Proforma III Proposed Issuance of Preference Shares RM	Proforma IV Proposed Acquisition and Proposed Issuance of New Shares RM	Performa V Full Exercise of Warrants RM
LIABILITIES							
Non-current liabilities							
Borrowings		8,413,894	8,413,894	8,413,894	8,413,894	8,413,894	8,413,894
Redeemable preference shares	16	-	-	-	35,743,130	35,743,130	36,607,130
Payables	17	-	-	-	-	11,119,644	11,119,644
Deferred tax liabilities	18	854,090	854,090	854,090	854,090	1,485,126	1,485,126
Total non-current liabilities		9,267,984	9,267,984	9,267,984	45,011,114	56,761,794	57,625,794
Current liabilities							
Payables	17	48,338,074	48,338,074	48,338,074	48,338,074	119,356,069	119,356,069
Borrowings	19	4,500,849	4,500,849	4,500,849	4,500,849	21,736,449	21,736,449
Deferred income		895,834	895,834	895,834	895,834	895,834	895,834
Dividend payable		2,652,870	2,652,870	2,652,870	2,652,870	2,652,870	2,652,870
Tax payable	20	-	-	-	-	754,038	754,038
Total current liabilities		56,387,627	56,387,627	56,387,627	56,387,627	145,395,260	145,395,260
Total liabilities		65,655,611	65,655,611	65,655,611	101,398,741	202,157,054	203,021,054
Total equity and liabilities		148,588,083	150,208,083	178,700,883	215,334,483	327,178,723	404,267,176
Number of Inari Shares in issue		331,608,700	336,608,700	420,760,875	420,760,875	442,993,778	645,858,128
Net Assets ("NA") per share		0.25	0.25	0.27	0.27	0.28	0.31
Net Tangible Assets ("NTA") per share		0.24	0.24	0.26	0.26	0.26	0.30

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. The Proforma Consolidated Statements of Financial Position have been prepared based on the audited consolidated financial statements of Inari as at 30 June 2012.

2. Conversion Rate

   In preparing this report, we have converted all figures stated in US Dollar (USD) to Ringgit Malaysia (RM) unless otherwise indicated. The applied rate of exchange is USD1: RM3.18 based on exchange rate as at 30 June 2012.

3. The Proforma Consolidated Statements of Financial Position have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited consolidated financial statements to illustrate the Proforma Consolidated Statements of Financial Position of Inari assuming that all the transactions mentioned below had taken place on 30 June 2012:-

   Proforma I : Private Placement

   Private Placement involved the issuance of 5,000,000 new ordinary shares of RM0.10 each in Inari ("Placement Shares") at an issue price of RM0.34 per Placement Share. The gross proceed raised amounting to RM1,700,000 is expected to be utilised in the following manner:

	RM
Working capital *	1,620,000
Estimated expenses in relation to the Private Placement ^	80,000
	1,700,000

   The Private Placement was completed on 17 July 2012.

   Note:-

   * The working capital will be mainly utilised to finance the growth of the existing Inari Group's operations which included purchase of raw material and labor expenditures.

   ^ If the actual expenses incurred pursuant to the Private Placement are higher than the estimated amount, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount estimated, the excess will be utilised for working capital.

   These estimated expenses will be set off against share premium account.

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3. The Proforma Consolidated Statements of Financial Position have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited consolidated financial statements to illustrate the Proforma Consolidated Statements of Financial Position of Inari assuming that all the transactions mentioned below had taken place on 30 June 2012 (cont'd):-

Proforma II: Proposed Rights Issue with Warrants

Proforma II incorporates the effects in Proforma I and the Proposed Rights Issue of up to 84,152,175 new ordinary shares of RM0.10 each in Inari ("Rights Shares") on the basis of one (1) Rights Share for every four (4) Inari existing shares held together with up to 168,304,350 free warrants ("Free Warrants") on the basis of two (2) Free Warrants for every Rights Share subscribed.

The issue price for Rights Share with Free Warrants is RM0.36 and expected to raise gross proceed of up to RM30,294,783, which shall be utilised as follows:-

	RM
To part finance the cash consideration for the Proposed Acquisition	28,492,800
Estimated expenses in relation to the Proposed Acquisition *	1,801,983
	30,294,783

Note : -

* In the event that the actual expenses is less than the allocated amount, the excess allocated amount shall be utilised as working capital for Inari Group.

These estimated expenses will be set off against profit or loss account as these expenses are solely for the purposes of Proposed Acquisition.

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3. The Proforma Consolidated Statements of Financial Position have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited consolidated financial statements to illustrate the Proforma Consolidated Statements of Financial Position of Inari assuming that all the transactions mentioned below had taken place on 30 June 2012 (cont'd):-

Proforma III: Proposed Issuance of Preference Shares

Proforma III incorporates the effects in Proforma I to II and the Proposed Issuance of 11,520,000 new Redeemable Preference Shares of USD0.01 each ("RPS") in Inari International Limited ("Inari International"), a wholly-owned subsidiary company of Inari at an issue price of USD1.00 per RPS to third party investors to be identified together with 34,560,000 Free Warrants issue to the RPS Placement Agent as fee on the basis of three (3) Free Warrants for every RPS subscribed by the RPS subscribers.

The RPS is with cumulative dividend of 7% per annum for first 3 years from the date of issuance of RPS on issue price and 50% of RPS is redeemable in 3 years from the date of issuance of RPS, failing which the dividend rate will increased from 7% to 7.75% per annum for the remaining 2 years.

The effects of dividend of 7% per annum for first 3 years from the date of issuance of RPS and 7.75% per annum for the remaining 2 years and the effects of present value until redemption date at year 5 are incorporated in this proforma.

The gross proceed arising from Proposed Issuance of Preference Shares with Free Warrants amounted to RM36,633,600 (based on exchange rate of RM3.18: USD 1.00) are expected to be fully utilised as part of the purchase consideration for the Proposed Acquisition.

Proforma IV: Proposed Acquisition and Proposed Issuance of New Shares

Proforma IV incorporates the effects in Proforma I to III and the Proposed Acquisition of Amerton Inc. (Global) Limited and its subsidiary companies ("Amerton Group") and the Proposed Issuance of New Shares for Inari Group.

The Proposed Issuance of New Shares for Inari Group of up to 22,232,903 new ordinary shares of RM0.10 each in Inari ("New Shares") with an issue price of RM0.4577 per New Share. The gross proceed arising from the Proposed Issuance of New Shares amounted to RM10,176,000 are expected to be fully utilised as part of the purchase consideration for the Proposed Acquisition.

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3. The Proforma Consolidated Statements of Financial Position have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited consolidated financial statements to illustrate the Proforma Consolidated Statements of Financial Position of Inari assuming that all the transactions mentioned below had taken place on 30 June 2012 (cont'd):-

Proforma IV: Proposed Acquisition and Proposed Issuance of New Shares (cont'd)

The Proposed Acquisition of entire issued and paid up share capital of Amertron Inc. (Global) Limited and its subsidiary companies ("Amertron Global") comprising 23,732,859 ordinary shares of USD 1.00 each which representing 100% equity interest in Ametron Global by Inari International for a total purchase consideration of USD32,000,000 (equivalent to RM101,760,000) to be satisfied in the following manner :-

	RM
Gross proceed from Proposed Variation of Utilisation of Initial Public Offering Proceeds	11,193,600
Gross proceed from Proposed Rights Issue with Warrants	28,492,800
Gross proceed from Proposed Issuance of Preference Shares	36,633,600
Gross proceed from Proposed Issuance of New Shares	10,176,000
Deferred payments	15,264,000
	101,760,000

The effects of interest expenses of 4% per annum until the full settlement of deferred payments and the effects of present value until the full settlement of deferred payments are incorporated in this proforma.

Proforma V: Full Exercise of Warrants

Proforma V incorporates the effect in the Proforma I to IV and the effects of full exercise of 202,864,350 warrants at an indicative exercise price of RM0.38.

The gross proceeds arising from the Full Exercise of Warrants amounting to RM77,088,453 are expected to be fully utilised for the working capital.

INARI BERHAD

(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

The movement of the property, plant and equipment account is as follows:

	Short term Leasehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Research and development equipment RM	Furniture, fixtures, Electrical instatement and office equipment RM	Motor vehicle RM	Construction in progress RM	Total RM
Cost									
As at 30 June 2012/Proforma I to III	6,852,252	7,847,513	4,339,779	77,243,971	408,411	7,403,949	645,734	549,848	105,291,457
Proposed Acquisition and Proposed Issuance of New Shares	-	10,375,593	1,639,258	8,793,078	-	3,500,188	171,125	394,209	24,873,451
Proforma IV to V	6,852,252	18,223,106	5,979,037	86,037,049	408,411	10,904,137	816,859	944,057	130,164,908
Accumulated depreciation									
As at 30 June 2012/Proforma I to V	284,718	321,740	3,116,114	41,344,008	408,311	4,825,143	177,015	-	50,477,049
Net carrying amount									
As at 30 June 2012/Proforma I to III	6,567,534	7,525,773	1,223,665	35,899,963	100	2,578,806	468,719	549,848	54,814,408
Proposed Acquisition and Proposed Issuance of New Shares	-	10,375,593	1,639,258	8,793,078	-	3,500,188	171,125	394,209	24,873,451
Proforma IV to V	6,567,534	17,901,366	2,862,923	44,693,041	100	6,078,994	639,844	944,057	79,687,859

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5. INVESTMENT

The movement of the investment account is as follows:-

	RM
As at 30 June 2012/As per Proforma I to III	-
Proposed Acquisition and Proposed Issuance of New Shares	3,193
As per Proforma IV to V	3,193

6. INTANGIBLE ASSETS

The movement of the intangible assets account is as follows:-

	RM
As at 30 June 2012/As per Proforma I to III	1,097,482
Proposed Acquisition and Proposed Issuance of New Shares	4,109,772
As per Proforma IV to V	5,207,254

7. GOODWILL

The movement of the goodwill account is as follows:-

	RM
As at 30 June 2012/As per Proforma I to III	3,338,344
Proposed Acquisition and Proposed Issuance of New Shares	
- Arising from the fair value adjustments on lands and buildings	631,036
As per Proforma IV to V	3,969,380

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

8. RECEIVABLES

The movement of the receivables account is as follows:-

	RM
Non-current	
As at 30 June 2012/As per Proforma I to III	-
Proposed Acquisition and Proposed Issuance of New Shares	810,572
As per Proforma IV to V	810,572

	RM
Current	
As at 30 June 2012/As per Proforma I to III	24,369,736
Proposed Acquisition and Proposed Issuance of New Shares	57,941,627
As per Proforma IV to V	82,311,363

9. DEFERRED TAX ASSETS

The movement of the deferred tax assets account is as follows:-

	RM
As at 30 June 2012/As per Proforma I to III	1,990,121
Proposed Acquisition and Proposed Issuance of New Shares	1,919,299
As per Proforma IV to V	3,909,420

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

10. INVENTORIES

The movement of the inventories account is as follows:-

	RM
As at 30 June 2012/As per Proforma I to III	22,174,893
Proposed Acquisition and Proposed Issuance of New Shares	91,051,760
As per Proforma IV to V	113,226,653

11. CASH AND BANK BALANCES

The movement of the cash and bank balances account is as follows:-

	RM
As at 30 June 2012	40,462,222
Proceed from Private Placement	1,700,000
Utilisation of Proceed from Private Placement	
- Estimated expenses	(80,000)
As per Proforma I	42,082,222
Proceed from Proposed Rights Issue with Warrants	30,294,783
Utilisation of Proceed from Rights Issue with Warrants	
- Estimated expenses	(1,801,983)
As per Proforma II	70,575,022
Proceed from Proposed Issuance of Preference Shares	36,633,600

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

11. CASH AND BANK BALANCES (CONT'D)

The movement of the cash and bank balances account is as follows (cont'd):-

	RM
As per Proforma III	107,208,622
Proposed Acquisition and Proposed Issuance of New Shares	6,823,530
Settlement of Purchase Consideration for Proposed Acquisition	(86,496,000)
Proceed from Proposed Issuance of New Shares	10,176,000
As per Proforma IV	37,712,152
Full Exercise of Warrants	77,088,453
As per Proforma V	114,800,605

12. SHARE CAPITAL

The movement of the issued and paid-up share capital account is as follows:-

	RM
As at 30 June 2012	33,160,870
Private Placement	500,000
As per Proforma I	33,660,870
Proposed Rights Issue with Warrants	8,415,218
As per Proforma II to III	42,076,088
Proposed Issuance of New Shares	2,223,290
As per Proforma IV	44,299,378
Full Exercise of Warrants	20,286,435
As per Proforma V	64,585,813

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

13. SHARE PREMIUM

The movement of the share premium account is as follows:-

	RM
As at 30 June 2012	24,077,710
Private Placement	1,200,000
Utilisation of Proceed from Private Placement	
- Estimated expenses	(80,000)
As per Proforma I	25,197,710
Proposed Rights Issue with Warrants	
- Rights Shares	21,879,565
- Free Warrants	(4,207,609)
As per Proforma II to III	42,869,666
Proposed Issuance of New Shares	7,952,710
As per Proforma IV	50,822,376
Full Exercise of Warrants	61,009,627
As per Proforma V	111,832,003

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

14. WARRANTS RESERVE

The movement of the warrants reserve account is as follows:-

	RM
As at 30 June 2012/ Proforma I	-
Proposed Rights Issue with Warrants	4,207,609
As per Proforma II	4,207,609
Proposed Issuance of Preference Shares	864,000
As per Proforma III to IV	5,071,609
Full Exercise of Warrants	(5,071,609)
As per Proforma V	-

The warrant reserve is computed based on a fair value per warrant of RM0.025. The assumptions used to arrive at this fair value are as follows:-

Valuation model	:	Black-Scholes Option Pricing Model
Volatility based on	:	Inari's share price
Tenure	:	5 years
Conversion price	:	RM0.38
Dividend yield	:	0.00%
Tax rate	:	0.00%
Volatility rate	:	2.97%
Risk free rate	:	3.00%
Period of volatility assessment	:	Volatility of Inari's share price from 19 July 2011 (date of listing) to 15 April 2013
Cut-off date	:	15 April 2013
Fair value per warrant (RM)	:	0.025
Number of warrants	:	202,864,350
Warrant reserve (RM)	:	5,071,609

The actual quantum of warrant reserve will only be determined upon issuance of the warrants. As such, the actual quantum may differ from the amount computed above.

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

15. RETAINED EARNINGS

The movement of the retained earnings account is as follows:

	RM
As at 30 June 2012/As per Proforma I	26,045,060
Utilisation of Proceed from Rights Issue with Warrants	
- Estimated expenses	(1,801,983)
As per Proforma II	24,243,077
Effects from Proposed Issuance of Preference Shares	
- FRS 139 effect on Redeemable Preference Shares	13,397,734
- Dividend payable on Redeemable Preference Shares	(13,371,264)
As per Proforma III	24,269,547
Effects from Proposed Acquisition and Proposed Issuance of New Shares	
- FRS 139 effect on deferred payments	2,131,047
- Interest expenses on deferred payments	(1,221,120)
As per Proforma IV to V	25,179,474

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

16. REDEEMABLE PREFERENCE SHARES

The movement of the redeemable preference shares account is as follows:

	RM
As at 30 June 2012/As per Proforma I to II	-
Proposed Issuance of Preference Shares	
- Redeemable Preference Shares	36,633,600
- Free Warrants	(864,000)
- FRS 139 effect on Redeemable Preference Shares	(13,397,734)
- Dividend payable on Redeemable Preference Shares	13,371,264
As per Proforma III to IV	35,743,130
Full Exercise of Warrants	864,000
As per Proforma V	36,607,130

17. PAYABLES

The movement of the payables account is as follows:

	RM
Non-current	
As at 30 June 2012/As per Proforma I to III	-
Proposed Acquisition and Proposed Issuance of New Shares	2,073,964
Deferred payments arising from Proposed Acquisition	10,176,000
FRS 139 effects on deferred payments	(1,740,880)
Interest payable on deferred payments	610,560
As per Proforma IV to V	11,119,644

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

17. PAYABLES (CONT'D)

The movement of the payables account is as follow (cont'd):

	RM
Current	
As at 30 June 2012/As per Proforma I to III	48,338,074
Proposed Acquisition and Proposed Issuance of New Shares	65,709,602
Deferred payments arising from Proposed Acquisition	5,088,000
FRS 139 effects on deferred payments	(390,167)
Interest payable on deferred payments	610,560
As per Proforma IV to V	119,356,069

18. DEFERRED TAX LIABILITIES

The movement of the deferred tax liabilities account is as follow:

	RM
As at 30 June 2012/As per Proforma I to III	854,090
Proposed Acquisition and Proposed Issuance of New Shares	
- Arising from the fair value adjustments on lands and buildings	631,036
As per Proforma IV to V	1,485,126

19. BORROWINGS

The movement of the borrowings account is as follows:

	RM
As at 30 June 2012/As per Proforma I to III	4,500,849
Proposed Acquisition and Proposed Issuance of New Shares	17,235,600
As per Proforma IV to V	21,736,449

INARI BERHAD
(Company No: 100089-U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

20. TAX PAYABLE

The movement of the tax payable account is as follows:

	RM
As at 30 June 2012/As per Proforma I to III	-
Proposed Acquisition and Proposed Issuance of New Shares	754,038
As per Proforma IV to V	754,038

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 JUNE 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON
(Prepared for inclusion in this Abridged Prospectus)

CERTIFIED TRUE COPY

John Lau Tiang Hua, Partner
GRANT THORNTON
CHARTERED ACCOUNTANTS
NO. AF: 0042

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2012

CONTENTS	PAGE

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

CORPORATE INFORMATION

Directors	Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP (Chairperson , Independent Non-Executive Director) Dato' Thong Kok Khee (Non-Independent Non-Executive Director) Dato' Wong Gian Kui (Non-Independent Non-Executive Director) Dr. Tan Seng Chuan (Executive Vice Chairman) Ho Phon Guan (Executive Director) Mai Mang Lee (Executive Director) Lau Kean Cheong (Executive Director cum Chief Executive Officer) Foo Kok Siew (Independent Non-Executive Director) Oh Seong Lye (Independent Non-Executive Director) Ooi Boon Chye (Non-Independent Non-Executive Director) Soon Li Yen (Alternate Director to Dato' Thong Kok Khee)
Secretary	Chow Yuet Kuen

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

CORPORATE INFORMATION

Audit Committee	Foo Kok Siew (Chairman) Oh Seong Lye Y.A.M. Tengku Puteri Seri Kemala Pahang Tengku Hajjah Aishah bte Sultan Haji Ahmad Shah, DK(II), SIMP
Registered Office	No.45-5 The Boulevard Mid Valley City Linkaran Syed Putra 59200 Kuala Lumpur
Business address	Plot 51 Hilir Sungai Keluang Empat, Phase 4 Bayan Lepas Free Industrial Zone 11900 Bayan Lepas Penang
Share Registrar	Megapolitan Management Services Sdn. Bhd. No. 45-5 The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur
Auditors	SJ Grant Thornton Chartered Accountants
Solicitor	Teh & Lee
Principal Bankers	HSBC Bank Malaysia Berhad Hong Leong Bank Berhad CIMB Bank Berhad
Stock Exchange Listing	ACE Market of Bursa Malaysia Securities Berhad

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **30 June 2012**.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are shown in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Profit for the year	19,285,944	9,329,916
Attributable to :		
Owners of the parent	19,887,124	9,329,916
Non-controlling interests	(601,180)	-
	19,285,944	9,329,916

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year ended **30 June 2012** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIVIDENDS

Since the end of the previous financial period, the Company has declared and paid the following dividends :

In respect of the financial period ended 30 June 2011 :

(i) An interim single tier dividend of 1.8 sen per share amounting to RM5,968,957 declared on 14 July 2011 and paid on 7 September 2011.

In respect of the financial year ended 30 June 2012 :

(i) First interim single tier dividend of 0.6 sen per share amounting to RM1,989,652 declared on 24 November 2011 and paid on 17 January 2012 ;

(ii) Second interim single tier dividend of 0.6 sen per share amounting to RM1,989,652 declared on 26 March 2012 and paid on 30 April 2012 ;

(iii) Third interim single tier dividend of 0.8 sen per share amounting to RM2,652,870 declared on 31 May 2012 and payable on 11 July 2012; and

(iv) Fourth interim single tier dividend of 0.8 sen per share amounting to RM2,692,870 declared on 27 August 2012 and payable on 22 November 2012. The financial statements for the current financial year do not reflect this approved dividend as it was declared subsequent to the end of the reporting period. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2013.

The directors do not recommend any final dividend payment for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company increased its issued and paid-up capital from RM24,860,870 to RM33,160,870 by way of an initial public offering of 83,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.38 per share. The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

Other than the foregoing, the Company did not issue any other share or debenture and did not grant any option to anyone to take up unissued shares of the Company during the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows :

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
Ho Phon Guan
Mai Mang Lee
Foo Kok Siew
Oh Seong Lye
Ooi Boon Chye
Lau Kean Cheong (appointed on 11.10.12)
Soon Li Yen (alternate director to Dato' Thong Kok Khee, appointed on 1.11.11)
Rajendran a/l Velayuthan (resigned on 14.6.12)
Tan Lee Pang s/o Hum Beng (resigned on 11.10.12)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows :

	-- Number of ordinary shares of RM0.10 each --			
	At 1.7.2011	Bought	Sold	At 30.6.2012
Direct interest				
Dato' Thong Kok Khee	-	500,000	-	500,000
Ho Phon Guan	38,191,043	1,775,000	-	39,966,043
Mai Mang Lee	-	3,550,000	(3,500,000)	50,000
Tan Lee Pang s/o Hum Beng	-	6,055,269	(6,000,000)	55,269
Dr. Tan Seng Chuan	-	90,000	-	90,000
Deemed interest				
Dato' Thong Kok Khee ^	109,512,900	5,460,000	-	114,972,900
Mai Mang Lee #	68,341,867	-	(17,750,000)	50,591,867
Tan Lee Pang s/o Hum Beng #	68,341,867	-	(17,750,000)	50,591,867

^ Deemed interest by virtue of his indirect substantial shareholding in Insas Technology Berhad, a shareholder of the Company pursuant to Section 6A of the Companies Act, 1965 ("Act").

Deemed interest by virtue of their substantial shareholding in Macronion Sdn. Bhd., a shareholder of the Company pursuant to Section 6A of the Act.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the notes to financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interests, other than those related party transactions disclosed in notes to the financial statement.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps :

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances :

(i) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or

(iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist :

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in the Notes 35 to the financial statements.

AUDITORS

The auditors, **SJ Grant Thornton**, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors :

....

Dr. Tan Seng Chuan **Mai Mang Lee**

Penang

Date : 18 October 2012

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

DIRECTORS' STATEMENT

We, **Dr. Tan Seng Chuan** and **Mai Mang Lee**, being two of the Directors of **Inari Berhad** state that in the opinion of the directors, the financial statements set out on pages 13 to 77 are 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 Group and of the Company as at **30 June 2012** and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the Directors :

....
Dr. Tan Seng Chuan

....
Mai Mang Lee

Date : 18 October 2012

STATUTORY DECLARATION

I, **Dr. Tan Seng Chuan**, the Director responsible for the financial management of **Inari Berhad** do solemnly and sincerely declare that the financial statements set out on pages 13 to 77 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **18th**)
day of **October 2012.**)

....
Dr. Tan Seng Chuan

Before me,

PESURUHJAYA SUMPAH
No: P 125
Nama: GOH SUAN BEE
MALAYSIA

....
Commissioner for Oath

22 Lebuh King
10200 Pulau Pinang

Grant Thornton
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

SJ Grant Thornton (AF:0737)
Level 11 Sheraton Imperial Court
Jalan Sultan Ismail
50250 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 **30 June 2012** 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 year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 13 to 77.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, 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.

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Independent Auditors' Report To The Members 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 and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **30 June 2012** and of their 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 the following :

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act,
(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
(c) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 36 on page 78 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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Independent Auditors' Report To The Members Of
Inari Berhad (cont'd)
Company No. 1000809-U
(Incorporated In Malaysia)

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.

SJ Grant Thornton
No. AF : 0737
Chartered Accountants

Hooi Kok Mun
No. 2207/01/14 (J)
Chartered Accountant

Penang

Date : 18 October 2012

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012

		GROUP		COMPANY	
		30.6.12	30.6.11	30.6.12	30.6.11
	NOTE	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	54,814,408	44,971,550	174,564	3,893
Investment in subsidiaries	4	-	-	28,759,423	25,160,860
Deferred tax assets	5	1,990,121	954,148	-	-
Development costs	6	1,097,482	-	-	-
Goodwill	7	3,338,344	-	-	-
		61,240,355	45,925,698	28,933,987	25,164,753
Current assets					
Inventories	8	22,174,893	18,078,042	-	-
Trade receivables	9	19,010,966	20,661,624	-	-
Other receivables, deposits and prepayments	10	5,358,770	1,848,413	22,353	877,138
Amount due from subsidiaries	11	-	-	21,660,361	6,743,323
Tax recoverable		12,916	62,470	-	-
Fixed deposit with a licensed bank	12	327,961	-	-	-
Cash and bank balances	13	40,462,222	15,395,094	18,535,162	1,790
		87,347,728	56,045,643	40,217,876	7,622,251
TOTAL ASSETS		148,588,083	101,971,341	69,151,863	32,787,004
EQUITY AND LIABILITIES					
Share capital	14	33,160,870	24,860,870	33,160,870	24,860,870
Share premium	15	24,077,710	1,750,000	24,077,710	1,750,000
Retained profits	16	26,045,060	18,759,067	2,699,164	5,970,379
		83,283,640	45,369,937	59,937,744	32,581,249
Non-controlling interests		(351,168)	-	-	-
Total equity		82,932,472	45,369,937	59,937,744	32,581,249
Non-current liabilities					
Borrowings	17	8,413,894	4,686,861	4,189,556	-
Deferred tax liabilities	5	854,090	844,767	-	-
		9,267,984	5,531,628	4,189,556	-
Current liabilities					
Trade payables	18	6,686,285	13,363,788	-	-
Other payables, accruals and provisions	19	41,651,789	35,807,288	568,199	205,755
Borrowings	17	4,500,849	1,898,700	1,803,494	-
Deferred income	20	895,834	-	-	-
Dividend payable		2,652,870	-	2,652,870	-
		56,387,627	51,069,776	5,024,563	205,755
Total liabilities		65,655,611	56,601,404	9,214,119	205,755
TOTAL EQUITY AND LIABILITIES		148,588,083	101,971,341	69,151,863	32,787,004

The notes set out on pages 19 to 77 form an integral part of these financial statements.

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		GROUP		COMPANY	
		1.7.11 TO 30.6.12 (12 months)	5.5.10 TO 30.6.11 (14 months)	1.7.11 TO 30.6.12 (12 months)	5.5.10 TO 30.6.11 (14 months)
	NOTE	RM	RM	RM	RM
Revenue	21	180,774,728	119,623,806	13,056,620	6,310,500
Cost of sales		(144,784,618)	(93,840,807)	-	-
Gross profit		35,990,110	25,782,999	13,056,620	6,310,500
Other income		2,713,631	7,518,153	786,804	-
Administrative expenses		(17,376,759)	(11,952,590)	(4,099,627)	(340,121)
Selling and distribution expenses		(459,226)	(25,140)	-	-
Operating profit		20,867,756	21,323,422	9,743,797	5,970,379
Finance costs	22	(565,833)	(839,351)	(385,881)	-
Profit before taxation	23	20,301,923	20,484,071	9,357,916	5,970,379
Taxation	24	(1,015,979)	(1,725,004)	(28,000)	-
Profit for the year/period, representing total comprehensive income for the year/period		19,285,944	18,759,067	9,329,916	5,970,379
Profit for the year/period attributable to :					
Owners of the parent		19,887,124	18,759,067	9,329,916	5,970,379
Non-controlling interests		(601,180)	-	-	-
		19,285,944	18,759,067	9,329,916	5,970,379
Earnings per share attributable to owners of the parent (Sen) :	25	6.06	11.21		

The notes set out on pages 19 to 77 form an integral part of these financial statements.

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

		|---- Attributable to owners of the parent ----|					
	NOTE	Share Capital RM	Non-distributable Share Premium RM	Distributable Retained Profits RM	Total RM	Non-controlling Interests RM	Total Equity RM
1.7.11 TO 30.6.12							
Balance at beginning		24,860,870	1,750,000	18,759,067	45,369,937	-	45,369,937
Total comprehensive income for the year		-	-	19,887,124	19,887,124	(601,180)	19,285,944
Transaction with owners:							
- Acquisition of subsidiaries		-	-	-	-	250,012	250,012
- Share issue	14/15	8,300,000	22,327,710	-	30,627,710	-	30,627,710
- Dividends	26	-	-	(12,601,131)	(12,601,131)	-	(12,601,131)
		8,300,000	22,327,710	(12,601,131)	18,026,579	250,012	18,276,591
Balance at end		33,160,870	24,077,710	26,045,060	83,283,640	(351,168)	82,932,472
5.5.10 TO 30.6.11							
Balance at incorporation		7	-	-	7	-	7
Total comprehensive income for the period		-	-	18,759,067	18,759,067	-	18,759,067
Transaction with owners:							
- Share issue	14/15	24,860,863	1,750,000	-	26,610,863	-	26,610,863
Balance at end		24,860,870	1,750,000	18,759,067	45,369,937	-	45,369,937

The notes set out on pages 19 to 77 form an integral part of these financial statements.

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	NOTE	Share Capital RM	Non-distributable Share Premium RM	Distributable Retained Profits RM	Total Equity RM
1.7.11 TO 30.6.12					
Balance at beginning		24,860,870	1,750,000	5,970,379	32,581,249
Total comprehensive income for the year		-	-	9,329,916	9,329,916
Transaction with owners:					
- Share issue	14/15	8,300,000	22,327,710	-	30,627,710
- Dividends	26	-	-	(12,601,131)	(12,601,131)
		8,300,000	22,327,710	(12,601,131)	18,026,579
Balance at end		33,160,870	24,077,710	2,699,164	59,937,744
5.5.10 TO 30.6.11					
Balance at incorporation		7	-	-	7
Total comprehensive income for the period		-	-	5,970,379	5,970,379
Transaction with owners:					
- Share issue	14/15	24,860,863	1,750,000	-	26,610,863
Balance at end		24,860,870	1,750,000	5,970,379	32,581,249

The notes set out on pages 19 to 77 form an integral part of these financial statements.

Company No. 1000809-U

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	20,301,923	20,484,071	9,357,916	5,970,379
Adjustments for :				
Allowance for slow moving inventories	213,851	-	-	-
Bad debts	735	-	-	-
Deferred income recognised	(15,708)	-	-	-
Depreciation	13,581,373	10,165,909	24,689	214
Excess of fair value of subsidiaries acquired over the investment cost	-	(7,504,637)	-	-
Gain on disposal of non-current assets held for sale	(79,821)	-	-	-
Interest income	(481,709)	(13,516)	(786,804)	-
Interest expenses	565,833	839,351	385,881	-
Loss on disposal of property, plant and equipment	37,500	524	-	-
Property, plant and equipment written off	207,606	1,871	-	-
Reversal of allowance for slow moving inventories	-	(23,075)	-	-
Unrealised (gain)/loss on foreign exchange	(756,932)	135,178	-	-
Operating profit before working capital changes	33,574,651	24,085,676	8,981,682	5,970,593
Increase in inventories	(3,777,347)	(4,461,927)	-	-
(Increase)/Decrease in receivables	(120,243)	(5,535,118)	854,785	(877,138)
(Decrease)/Increase in payables	(8,983,304)	7,984,592	362,444	205,755
Cash generated from operations	20,693,757	22,073,223	10,198,911	5,299,210
Income tax paid	(1,992,675)	(2,190,058)	(28,000)	-
Interest received	481,709	13,516	786,804	-
Interest paid	(965,833)	(839,351)	(385,881)	-
Net cash from operating activities	18,216,958	19,057,330	10,571,834	5,299,210
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in a subsidiary	-	-	(3,598,563)	(1,000,000)
Net cash inflow on acquisition of subsidiaries [(1)]	2,290,738	15,570,445	-	-
Development costs	(607,466)	-	-	-
Proceeds from disposal of property,plant and equipment	25,524	225	-	-
Proceeds from disposal of non-current assets held for sale	680,000	-	-	-
Proceeds from issuance of shares	30,627,710	10	30,627,710	10
Purchase of property, plant and equipment [(2)]	(21,030,923)	(17,657,809)	(195,360)	(4,107)
Net cash from/(used in) investing activities	11,985,583	(2,087,129)	26,833,787	(1,004,097)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net changes in subsidiaries balances	-	-	(14,917,038)	(4,293,323)
Dividend paid	(9,948,261)	-	(9,948,261)	-
Drawdown of term loan	7,550,000	-	7,550,000	-
Proceeds from government grant	911,542	-	-	-
Repayment of finance leases	(342,410)	(474,539)	-	-
Repayment of term loan	(3,452,526)	(1,157,141)	(1,556,950)	-
Net cash used in financing activities	(5,281,655)	(1,631,680)	(18,872,249)	(4,293,323)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,920,886	15,338,521	18,533,372	1,790
Effects of changes in foreign exchange rates	146,242	56,573	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING	15,395,094	-	1,790	-
CASH AND CASH EQUIVALENTS AT END	40,462,222	15,395,094	18,535,162	1,790

The notes set out on pages 19 to 77 form an integral part of these financial statements.

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM	**1.7.11 TO 30.6.12 (12 months) RM**	5.5.10 TO 30.6.11 (14 months) RM
(1) Cash flows on acquisition of subsidiaries				
Property, plant and equipment	**89,820**	37,482,270	**-**	-
Deferred tax assets	**-**	928,716	**-**	-
Development costs	**490,016**	-	**-**	-
Inventories	**533,355**	13,593,040	**-**	-
Receivables	**713,815**	17,113,800	**-**	-
Fixed deposit with a licensed bank	**327,961**	-	**-**	-
Cash and bank balances	**6,187,687**	16,570,445	**-**	-
Non-current assets held for sale	**600,179**	-	**-**	-
Payables	**(8,134,216)**	(43,583,614)	**-**	-
Borrowings	**(298,386)**	(8,217,241)	**-**	-
Deferred tax liabilities	**-**	(855,044)	**-**	-
Provision for taxation	**-**	(366,875)	**-**	-
Adjusted net assets of acquired subsidiaries	**510,231**	32,665,497	**-**	-
Non-controlling interest share of net assets	**(250,012)**	-	**-**	-
Goodwill	**3,338,344**	-	**-**	-
Excess of fair value of subsidiaries acquired over the investment cost	**-**	(7,504,637)	**-**	-
Total consideration paid	**3,598,563**	25,160,860	**-**	-
Less : Cash and cash at bank	**(5,889,301)**	(16,570,445)	**-**	-
	(2,290,738)	8,590,415	**-**	-
Satisfied by way of issue of Company's shares	**-**	(24,160,860)	**-**	-
Net cash inflow on acquisition of subsidiaries	**(2,290,738)**	(15,570,445)	**-**	-
(2) Purchase of property, plant and equipment				
Total acquisition	**23,605,041**	17,657,809	**195,360**	4,107
Acquired under finance lease	**(250,000)**	-	**-**	-
Acquired under term loan	**(2,324,118)**	-	**-**	-
	21,030,923	17,657,809	**195,360**	4,107

The notes set out on pages 19 to 77 form an integral part of these financial statements.

INARI BERHAD
Company No. 1000809-U
(Incorporated In Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2012

1. GENERAL INFORMATION

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad under the "Technology" sector.

The registered office of the Company is located at No.45-5 The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Plot 51 Hilir Sungai Keluang Empat, Phase 4, Bayan Lepas Free Industrial Zone, 11900 Bayan Lepas, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 October 2012.

Principal activities

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are shown in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

2.1 Basis of preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company have adopted revised FRSs which are mandatory for the reporting period as described fully in Note 2.3.

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

2.2 Significant 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.

2.2.1 Judgements made in applying accounting policies

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

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period 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 equipment**

Production equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the production equipment to be 3 to 10 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 property, plant and equipment**

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying amount of the property, plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

(iii) **Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimate is made. The Group's business is subject to economical and regulatory changes which may cause selling prices to change and as a result may impact on the Group's earnings.

(iv) **Impairment of loans and receivables**

The Group assesses at the end of each reporting period whether there is any 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.

(v) **Deferred tax assets**

Deferred tax assets are recognised for unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses and other deductible temporary differences 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 tax planning strategies.

Assumptions about generation of future taxable income depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the financial statements and the amount of unrecognised tax losses and unrecognised temporary differences.

(iv) **Product liability claim**

A subsidiary of the Group provides warranty for manufacturing defects of its products sold. The product warranty will be in effect based on the subsidiary's normal warranty period of two years. The subsidiary provides for product liability claim calculated at 1.10% on the annual revenue from the sale of the products.

As the subsidiary'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.

2.3 Adoption of Revised FRSs

Amendments/Improvements to FRSs

FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
FRS 2	Group Cash-settled Share-based Payment Transactions
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Improving Disclosures about Financial Instruments
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 139	Financial Instruments : Recognition and Measurement

IC Int

IC Int 4	Determining Whether an Arrangement Contains a Lease
IC Int 12	Services Concession Arrangements
IC Int 18	Transfers of Assets from Customers
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Int

IC Int 13	Customer Loyalty Programmes
IC Int 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Initial application of the above amendments and interpretations did not have any material impact on the financial statements of the Group and of the Company.

2.4 Standards Issued But Not Yet Effective

New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards

To converge with International Financial Reporting Standards ("IFRSs") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional two years. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for financial periods beginning on or after 1 January 2014. However, the Group and the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 July 2012.

The Group and the Company have not early adopted the MFRS Framework.

In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed their quantifications of the financial effects of the differences between FRS and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of the differences. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 30 June 2012 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2013.

2.5 **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 policies 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 financial statements.

Upon the disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is included in 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 year. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Measurement of Goodwill

The Group measures the cost of goodwill at the acquisition date as :

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date at fair value and the resulting gain or loss is recognised in profit or loss.

Accounting for changes in non-controlling interest

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combination and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity.

The Group treats all changes in its ownership in a subsidiary that does not result in a loss of control as equity transactions between the Group and the non-controlling interest. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted against the Group reserves.

2.6 Property, plant and equipment

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

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:

Short term leasehold land and buildings	Over the lease period of 41 to 45 years
Renovation	10% - 33%
Production equipment	10% - 33%
Research and development equipment	20%
Office equipment, electrical installation, furniture and fittings	20% - 33%
Motor vehicles	20%

Short term leasehold land and buildings refers to properties with remaining lease period of less than 50 years determined as at the end of the reporting period.

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period 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 item 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 profit or loss.

2.7 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

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 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.

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.

2.8 Intangible Assets

Research and Development Costs

All research costs are immediately recognised in profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised as development costs and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are recognised in profit or loss as incurred.

Capitalised development costs comprise direct attributable costs incurred for development. Capitalised development costs, considered to have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs are amortised using the straight-line basis over the commercial lives of the underlying products from the commencement of the commercialisation of the products. The amortisation period and method are reviewed at the end of each reporting period to ensure that the expected useful lives of the assets are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of intangible assets.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.9 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period 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 profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

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. Impairment of goodwill is not reversed in a subsequent period.

2.10 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 and finished goods 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.

Costs of all inventories are 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.

2.11 Financial Instruments

2.11.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2.11.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

2.11.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

2.11.4 Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to :

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.11.5 **Derecognition**

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.12 **Impairment of Financial Assets**

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2.13 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.

2.14 Government Grants

Government grants are recognised initially as deferred income at their fair values when there is reasonable assurance that the conditions attaching to them will be complied with and the grants will be received.

Grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

2.15 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 the end of each reporting period 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.

2.16 Revenue recognition

(i) Dividend income

Dividend income is recognised when the right to receive payment is established.

(ii) Sale of goods

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

(iii) Management fees

Management fees are recognised when services are rendered.

2.17 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.18 **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 national pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in profit or loss as incurred.

2.19 **Income tax**

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

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period 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 assets and liabilities are 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 the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.20 Foreign currency translation

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Group's functional currency.

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, foreign currency monetary items are translated into functional currency at the exchange rates ruling at that date. All exchange gains or losses are recognised in profit or loss.

2.21 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue 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, who in this case are the Executive 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.

2.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.23 Share Capital and Share Issuance Expenses

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

Share capital represents the nominal value of shares that have been issued. Cost directly attributable to the issue of instruments classified as equity is recognised as a deduction from equity. Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of unappropriated profits and recognised as a liability in the period in which they are declared.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Short term leasehold land RM	Buildings RM	Renovation RM	Production equipment RM	Research and development equipment RM	Office equipment, electrical installation, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
1.7.11 TO 30.6.12									
At cost									
Balance at beginning	6,852,252	7,847,513	4,344,921	56,084,177	-	6,827,264	135,457	-	82,091,584
Arising from acquisition of subsidiaries	-	-	5,775	-	408,411	399,323	-	-	813,509
Additions	-	-	237,063	21,354,582	-	953,271	510,277	549,848	23,605,041
Disposals	-	-	-	-	-	(151,450)	-	-	(151,450)
Written off	-	-	(247,980)	(194,788)	-	(624,459)	-	-	(1,067,227)
Balance at end	6,852,252	7,847,513	4,339,779	77,243,971	408,411	7,403,949	645,734	549,848	105,291,457
Accumulated depreciation									
Balance at beginning	122,022	137,889	2,748,085	30,447,962	-	3,594,030	70,046	-	37,120,034
Arising from acquisition of subsidiaries	-	-	186	-	408,279	315,224	-	-	723,689
Current charge	162,696	183,851	614,216	10,987,258	32	1,526,351	106,969	-	13,581,373
Disposals	-	-	-	-	-	(88,426)	-	-	(88,426)
Written off	-	-	(246,373)	(91,212)	-	(522,036)	-	-	(859,621)
Balance at end	284,718	321,740	3,116,114	41,344,008	408,311	4,825,143	177,015	-	50,477,049
Carrying amount	6,567,534	7,525,773	1,223,665	35,899,963	100	2,578,806	468,719	549,848	54,814,408

3. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Short term leasehold land RM	Buildings RM	Renovation RM	Production equipment RM	Office equipment, electrical installation, furniture and fittings RM	Motor vehicles RM	Total RM
5.5.10 TO 30.6.11							
At cost							
Arising from acquisition of subsidiaries	6,852,252	7,847,513	3,907,724	40,091,334	5,607,512	135,458	64,441,793
Additions	-	-	437,197	15,992,843	1,227,769	-	17,657,809
Disposal	-	-	-	-	(899)	-	(899)
Written off	-	-	-	-	(7,118)	(1)	(7,119)
Balance at end	6,852,252	7,847,513	4,344,921	56,084,177	6,827,264	135,457	82,091,584
Accumulated depreciation							
Arising from acquisition of subsidiaries	-	-	2,297,565	22,038,846	2,573,384	49,728	26,959,523
Current charge	122,022	137,889	450,520	8,409,116	1,026,044	20,318	10,165,909
Disposal	-	-	-	-	(150)	-	(150)
Written off	-	-	-	-	(5,248)	-	(5,248)
Balance at end	122,022	137,889	2,748,085	30,447,962	3,594,030	70,046	37,120,034
Carrying amount	6,730,230	7,709,624	1,596,836	25,636,215	3,233,234	65,411	44,971,550

3. PROPERTY, PLANT AND EQUIPMENT

COMPANY

	Office equipment RM	Motor Vehicle RM	Total RM
1.7.11 TO 30.6.12			
At cost			
Balance at beginning	4,107	-	4,107
Additions	3,281	192,079	195,360
Balance at end	7,388	192,079	199,467
Accumulated depreciation			
Balance at beginning	214	-	214
Current charge	2,280	22,409	24,689
Balance at end	2,494	22,409	24,903
Carrying amount	4,894	169,670	174,564
5.5.10 TO 30.6.11			
At cost			
Addition/Balance at end	4,107	-	4,107
Accumulated depreciation			
Balance at end	214	-	214
Carrying amount	3,893	-	3,893

The carrying amount of property, plant and equipment held under the following arrangements are :

	GROUP	
	30.6.12	30.6.11
	RM	RM
Term loan facility :		
Short term leasehold land and building	**14,093,307**	3,472,871
Production equipment	**2,114,003**	1,355,253
Finance lease arrangement :		
Production equipment	**-**	543,038
Motor vehicle	**256,252**	-
	16,463,562	5,371,162

4. **INVESTMENT IN SUBSIDIARIES**

	COMPANY	
	30.6.12	30.6.11
	RM	RM
Unquoted shares, at cost	**28,759,423**	25,160,860

The details of the subsidiaries are as follows :

Name of Company	Place of Incorporation	Effective Equity Interest 2012 %	2011 %	Principal Activities
Inari Technology Sdn. Bhd.	Malaysia	**100**	100	Manufacturing of wireless microwave telecommunication products, wireless broadcast card and the provision of electronic manufacturing services.
Simfoni Bistari Sdn. Bhd.	Malaysia	**100**	100	Investment holding and property investment.

Name of Company	Place of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
Ceedtec Sdn. Bhd.	Malaysia	**51**	-	Designing, marketing and distribution of electronic products.
Inari International Limited	Cayman Islands	**100**	-	Investment holding.
Indirect - held through Ceedtec Sdn. Bhd.				
Ceedtec Technology Sdn. Bhd.	Malaysia	**51**	-	Manufacturing of testing equipment for semiconductor and related products.

30.6.12

(i) On 6 January 2012, the Company acquired 1,999,200 ordinary shares of RM1 each, representing 51% equity interest in Ceedtec Sdn. Bhd. for a total cash consideration of RM3,598,560.

The fair value and carrying amount of the consolidated identifiable assets and liabilities of Ceedtec Sdn. Bhd. as at the date of acquisition are as follows :

	RM
Assets	
Property, plant and equipment	**89,820**
Non-current asset held for sale *	**600,179**
Development costs	**490,016**
Inventories	**533,355**
Receivables	**713,815**
Cash and cash equivalents	**6,515,645**
	8,942,830

* *Disposed of during the year.*

	RM
Liabilities	
Payables	**8,134,216**
Borrowings	**298,386**
	8,432,602
Net identifiable assets	**510,228**

Goodwill arising from acquisition :

	RM
Fair value of net identifiable assets	**510,228**
Less : Non-controlling interests	**(250,012)**
Group's interest in fair value of net identifiable assets	**260,216**
Goodwill (Note 7)	**3,338,344**
Cost of investment in subsidiaries	**3,598,560**

(ii) On 19 June 2012, the Company had incorporated a wholly-owned subsidiary, Inari International Limited, with an issued and paid-up capital of USD1 comprising 1 ordinary share of USD1 each.

30.6.11

The fair value of the identifiable assets and liabilities of Inari Technology Sdn. Bhd. and Simfoni Bistari Sdn. Bhd. as at the date of acquisition were :

	Fair value RM	Carrying amount RM
Assets		
Property, plant and equipment	37,482,270	35,090,294
Deferred tax assets	928,716	928,716
Inventories	13,593,040	13,593,040
Receivables	17,113,800	17,113,800
Cash and bank balances	16,570,445	16,570,445
	85,688,271	83,296,295

	Fair value RM	Carrying amount RM
Liabilities		
Payables	43,583,614	43,583,614
Borrowings	8,217,241	8,217,241
Deferred tax liabilities	855,044	214,000
Provision for taxation	366,875	366,875
	53,022,774	52,381,730
Net identifiable assets	32,665,497	30,914,565

Excess of fair value of subsidiaries acquired over the investment cost :

	RM
Group's interest in fair value of net identifiable assets	32,665,497
Excess of fair value of subsidiaries acquired over the investment cost	(7,504,637)
Cost of investment in subsidiaries	25,160,860

5. DEFERRED TAX ASSETS/LIABILITIES

	GROUP	
	30.6.12 **RM**	30.6.11 RM
Deferred tax assets :		
Balance at beginning	**954,148**	-
Arising from acquisition of subsidiaries	-	928,716
Recognised in profit or loss	**1,035,973**	25,432
Balance at end	**1,990,121**	954,148

	GROUP	
	30.6.12	30.6.11
	RM	RM
Deferred tax liabilities :		
Balance at beginning	**844,767**	-
Arising from acquisition of subsidiaries	**-**	855,044
Recognised in profit or loss	**9,323**	(10,277)
Balance at end	**854,090**	844,767

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

	GROUP	
	30.6.12	30.6.11
	RM	RM
Deferred tax assets :		
Allowance for slow moving inventories	**121,343**	67,880
Property, plant and equipment	**96,000**	782,260
Provision for product liability claim	**923,100**	-
Unabsorbed capital allowances	**745,670**	-
Unabsorbed tax losses	**104,008**	104,008
	1,990,121	954,148
Deferred tax liabilities :		
Property, plant and equipment	**(1,055,118)**	(844,767)
Unabsorbed capital allowances	**201,028**	-
	(854,090)	(844,767)

6. DEVELOPMENT COSTS

	GROUP	
	30.6.12	30.6.11
	RM	RM
At cost		
Arising from acquisition of subsidiaries	**490,016**	-
Additions	**607,466**	-
Balance at end	**1,097,482**	-

7. GOODWILL

	GROUP	
	30.6.12	30.6.11
	RM	RM
Arising from acquisition of subsidiaries :		
Addition/Balance at end	**3,338,344**	-

Impairment test on goodwill

The addition of goodwill during the year arose from the acquisition of 51% interest of Ceedtec Sdn. Bhd..

For annual impairment testing purposes, the recoverable amount of the cash generating unit (Ceedtech Sdn. Bhd. and its subsidiary, Ceedtec Technology Sdn. Bhd.) is determined based on its value-in-use, which applies a discounted cash flow model using cash flow projections based on financial budget and projections approved by management.

The key assumptions on which the management has based on for the computation of value-in-use are as follows :

(i) Cash flow projections and growth rate

The five-year cash flow projections are based on the most recent budget approved by the management and extrapolated using a growth rate which reflects the demand of the cash generating unit's products over their respective product life cycle.

(ii) Discount rate

The discount rate applied to the cash flow projections is based on the weighted average cost of capital rate of the Group.

8. INVENTORIES

	GROUP	
	30.6.12	30.6.11
	RM	RM
At cost :		
Raw materials	**15,679,278**	12,153,307
Less: Allowance for slow moving inventories		
Balance at beginning	**(271,521)**	-
Arising from acquisition of subsidiaries	**-**	(294,596)
Current year	**(213,851)**	-
Reversal of allowance	**-**	23,075
Balance at end	**(485,372)**	(271,521)
	15,193,906	11,881,786
Work-in-progress	**5,533,474**	5,814,565
Finished goods	**1,308,016**	286,920
Consumables	**139,497**	94,771
	22,174,893	18,078,042

The following is recognised in profit or loss :

Inventories recognised as cost of sales	**82,090,905**	71,441,186

9. TRADE RECEIVABLES

The currency profile of trade receivables is as follows :

	GROUP	
	30.6.12	30.6.11
	RM	RM
Ringgit Malaysia	**1,316,492**	646,672
US Dollar	**17,694,474**	20,014,952
	19,010,966	20,661,624

Included in trade receivables are the following :

(i) An amount of **RM18,055,456** (30.6.11 : RM20,363,374) due from a substantial shareholder of the Company;

(ii) An amount of **RM Nil** (30.6.11 : RM103) due from related companies of a substantial shareholder of the Company; and

(iii) An amount of **RM Nil** (30.6.11 : RM153,893) due from a company in which a director of the Company has financial interest.

The normal credit terms granted to trade receivables is 30 to 45 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		**COMPANY**	
	30.6.12	30.6.11	**30.6.12**	30.06.11
	RM	RM	**RM**	RM
Other receivables	**1,347,956**	58,243	**-**	-
Refundable deposits	**620,285**	259,100	**1,000**	-
Deposits for purchase of property, plant and equipment	**2,192,373**	-	**-**	-
Prepayments	**1,198,156**	1,531,070	**21,353**	877,138
	5,358,770	1,848,413	**22,353**	877,138

The currency profile of other receivables, deposits and prepayments is as follows :

	GROUP		**COMPANY**	
	30.6.12	30.6.11	**30.6.12**	30.06.11
	RM	RM	**RM**	RM
Ringgit Malaysia	**3,431,768**	1,541,012	**22,353**	877,138
Japanese Yen	**59,810**	203,618	**-**	-
US Dollar	**1,861,658**	103,783	**-**	-
Others	**5,534**	-	**-**	-
	5,358,770	1,848,413	**22,353**	877,138

GROUP

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

(i) Rental deposit paid to a substantial shareholder of the Company amounting to **RM234,000** (30.6.11: RM234,000); and

(ii) Amount of **RM820,091** (30.6.11 : RM51,756) due from a substantial shareholder of the Company.

11. AMOUNT DUE FROM SUBSIDIARIES

COMPANY

The amount due from subsidiaries is non-trade related, unsecured and repayable on demand. Included herein is an amount of **RM7,550,000** (30.6.11 : RM Nil) which is interest bearing at **6.10%** (30.6.11 : Nil) per annum.

12. FIXED DEPOSIT WITH A LICENSED BANK

GROUP

The fixed deposit is pledged to a licensed bank for banking facilities granted to a subsidiary.

The effective interest rate and maturity of the fixed deposit as at the end of the reporting period is **3.15%** per annum and **12 months** respectively.

13. CASH AND BANK BALANCES

Unencumbered

	GROUP		**COMPANY**	
	30.6.12	30.6.11	**30.6.12**	30.06.11
	RM	RM	**RM**	RM
Short term deposits with a licensed bank	**33,450,000**	-	**18,400,000**	-
Cash and bank balances	**7,012,222**	15,395,094	**135,162**	1,790
	40,462,222	15,395,094	**18,535,162**	1,790

The currency profile of cash and bank balances is as follows :

	GROUP		COMPANY	
	30.6.12	30.6.11	**30.6.12**	30.06.11
	RM	RM	**RM**	RM
Ringgit Malaysia	**35,101,386**	1,472,411	**18,535,162**	1,790
US Dollar	**5,347,237**	13,920,656	**-**	-
Others	**13,599**	2,027	**-**	-
	40,462,222	15,395,094	**18,535,162**	1,790

14. **SHARE CAPITAL**

	Number of Ordinary Shares of RM0.10 each		Amount	
	30.6.12	30.6.11	**30.6.12**	30.06.11
			RM	RM
Authorised :				
Balance at beginning/ incorporation	**500,000,000**	1,000,000	**50,000,000**	100,000
Created during the financial period	**-**	499,000,000	**-**	49,900,000
Balance at end	**500,000,000**	500,000,000	**50,000,000**	50,000,000
Issued and fully paid :				
Balance at beginning/ incorporation	**248,608,700**	70	**24,860,870**	7
Issued, at par	**-**	241,608,630	**-**	24,160,863
Issued, at premium	**83,000,000**	7,000,000	**8,300,000**	700,000
Balance at end	**331,608,700**	248,608,700	**33,160,870**	24,860,870

30.6.12

During the financial year, the Company increased its issued and paid-up capital from RM24,860,870 to RM33,160,870 by way of an initial public offering of 83,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.38 per share.

30.6.11

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 its 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
Cash allotment at par	30	3
Issued pursuant to acquisition of Inari Technology Sdn. Bhd. #	241,608,600	24,160,860
Issued pursuant to debt settlement *	7,000,000	700,000
	248,608,630	24,860,863

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

15. **SHARE PREMIUM**

	30.6.12 RM	30.6.11 RM
Balance at beginning	**1,750,000**	-
Add : Issue of shares at a premium	**23,240,000**	1,750,000
Less : Share issue expenses	**(912,290)**	-
Balance at end	**24,077,710**	1,750,000

16. **RETAINED PROFITS**

COMPANY

The Company falls under the single tier system and accordingly there are no restrictions on the Company to frank the payment of dividends out of its entire retained profits and all dividends paid are tax exempted in the hands of the shareholders.

17. BORROWINGS

	GROUP		COMPANY	
	30.6.12	30.6.11	30.6.12	30.06.11
	RM	RM	RM	RM
Current :				
Term loans	4,125,716	1,625,513	1,803,494	-
Finance lease liabilities	375,133	273,187	-	-
	4,500,849	1,898,700	1,803,494	-
Non-Current :				
Term loans	8,057,745	4,136,356	4,189,556	-
Finance lease liabilities	356,149	550,505	-	-
	8,413,894	4,686,861	4,189,556	-
Total borrowings	12,914,743	6,585,561	5,993,050	-

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

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
GROUP						
30.6.12						
Term loans	6.10 to 7.35	12,183,461	4,125,716	4,105,418	3,733,844	218,483
Finance lease liabilities:						
Minimum lease payments	2.61 to 3.60	774,821	408,492	355,392	10,937	-
Finance charge		(43,539)	(33,359)	(10,123)	(57)	-
Present value of minimum lease payments		731,282	375,133	345,269	10,880	-

	Average effective interest rate per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
GROUP					
30.6.11					
Term loans	7.35	5,761,869	1,625,513	1,750,093	2,386,263
Finance lease liabilities:					
Minimum lease payments	3.60	902,700	318,600	318,600	265,500
Finance charge		(79,008)	(45,413)	(26,292)	(7,303)
Present value of minimum lease payments		823,692	273,187	292,308	258,197
COMPANY					
30.6.12					
Term loan	**6.10**	**5,993,050**	**1,803,494**	**1,916,635**	**2,272,921**

The borrowings (except for finance lease) are secured by way of :

(i) Facility Agreement of a subsidiary and the Company for **RM6.5 million** (30.6.11 : RM6.5 million) and **RM7.55 million** (30.6.11 : RM Nil) respectively;

(ii) First party first legal charge for **RM11.05 million** (30.6.11 : RM3.5 million) and second legal charge for **RM3.0 million** (30.6.11 : RM2.0 million) over certain land and buildings of the Group;

(iii) Specific debenture of **RM7.323 million** (30.6.11 : RM5.0 million) over certain machinery of the Group;

(iv) Proportionate corporate guarantee from former ultimate holding company of a subsidiary **RM Nil** (30.6.11 : RM8.08 million); and

(v) Corporate guarantee of the Company.

18. TRADE PAYABLES

The currency profile of trade payables is as follows :

	GROUP	
	30.6.12	30.6.11
	RM	RM
Ringgit Malaysia	**826,190**	1,454,141
US Dollar	**5,855,697**	11,908,274
Japanese Yen	**4,398**	1,373
	6,686,285	13,363,788

Included in trade payables are the following :

(i) An amount of **RM75,054** (30.6.11 : RM53,297) due to a substantial shareholder of the Company; and

(ii) An amount of **RM28,217** (30.6.11 : RM15,745) due to subsidiaries of a substantial shareholder of the Company.

The normal credit terms granted by trade payables range from **7 to 90 days** (30.6.11 : 30 to 90 days).

19. OTHER PAYABLES, ACCRUALS AND PROVISIONS

	GROUP		COMPANY	
	30.6.12	30.6.11	**30.6.12**	30.6.11
	RM	RM	**RM**	RM
Other payables and accruals	**37,959,389**	31,600,988	**568,199**	205,755
Provision for product liability claim				
Balance at beginning	**4,206,300**	3,057,800	-	-
Current year	**1,953,100**	1,739,300	-	-
Reversal of prior year Provision	**(2,467,000)**	(590,800)	-	-
	3,692,400	4,206,300	-	-
	41,651,789	35,807,288	**568,199**	205,755

The currency profile of other payables, accruals and provisions is as follows :

	GROUP		COMPANY	
	30.6.12	30.6.11	**30.6.12**	30.6.11
	RM	RM	**RM**	RM
Ringgit Malaysia	**34,532,553**	28,962,810	**568,199**	205,755
US Dollar	**6,657,463**	5,907,580	**-**	-
Japanese Yen	**405,509**	844,692	**-**	-
Others	**56,264**	92,206	**-**	-
	41,651,789	35,807,288	**568,199**	205,755

Included in other payables, accruals and provisions are the following :

GROUP

(i) An amount of **RM66,930** (30.6.11 : RM7,957,481) due to substantial shareholders of the Company;

(ii) An amount of **RM8,428** (30.6.11 : RM9,381) due to a subsidiary and a related company of a substantial shareholder of the Company;

(iii) An amount of **RM12,994,070** (30.6.11 : RM6,701,076) due to suppliers for purchase of plant and equipment;

(iv) An amount of **RM1,981,495** (30.6.11 : RM Nil) due to directors of a subsidiary; and

(v) An amount of **RM277,512** (30.6.11 : RM Nil) due to a director of the Company.

COMPANY

(i) An amount of **RM1,500** (30.6.11 : RM Nil) due to a substantial shareholder of the Company; and

(ii) An amount of **RM428** (30.6.11 : RM Nil) due to a related company of a substantial shareholder of the Company.

20. DEFERRED INCOME

	GROUP	
	30.6.12	30.6.11
	RM	RM
Received during the financial year	**911,542**	-
Recognised in profit or loss	**(15,708)**	-
Balance at end	**895,834**	-

During the financial year, a subsidiary of the Company received a government grant amounting to RM1,977,395 for the construction of a test and measurement hub and reimbursement of research and development expenditure incurred for a project. As at the end of the reporting period, RM911,542 of the grant has been disbursed to the subsidiary.

21. REVENUE

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM	**1.7.11 TO 30.6.12 (12 months) RM**	5.5.10 TO 30.6.11 (14 months) RM
Invoiced value of goods sold less returns and discounts	**180,774,728**	119,623,806	-	-
Gross dividend income from a subsidiary	-	-	**11,791,620**	6,310,500
Management fees	-	-	**1,265,000**	-
	180,774,728	119,623,806	**13,056,620**	6,310,500

22. FINANCE COSTS

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM	**1.7.11 TO 30.6.12 (12 months) RM**	5.5.10 TO 30.6.11 (14 months) RM
Bank overdraft	**1,526**	-	-	-
Finance lease interest	-	869	-	-
Hire purchase interest	**55,114**	46,696	-	-
Interest on bankers' acceptances	**1,516**	-	-	-
Interest on shareholder's advances	**59,573**	451,759	-	-
Term loan interest	**848,104**	340,027	**385,881**	-
Reversal of preference share dividend previously provided by a subsidiary	**(400,000)**	-	-	-
	565,833	839,351	**385,881**	-

23. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM	**1.7.11 TO 30.6.12 (12 months) RM**	5.5.10 TO 30.6.11 (14 months) RM
This is arrived at :				
After charging :				
Allowance for slow moving inventories	**213,851**	-	-	-
Audit fee				
- statutory audit	**70,000**	40,500	**14,000**	8,000
- other services	**437,470**	20,000	**414,470**	-
- under provision in prior year	**1,500**	1,000	-	-

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM	**1.7.11 TO 30.6.12 (12 months) RM**	5.5.10 TO 30.6.11 (14 months) RM
Bad debts	**735**	-	-	-
Depreciation	**13,581,373**	10,165,909	**24,689**	214
Directors' fee for non-executive directors	**324,850**	122,600	**324,850**	122,600
Loss on foreign exchange				
- realised	-	2,021,818	-	-
- unrealised	-	135,178	-	-
Preliminary expenses	-	43,904	-	43,904
Loss on disposal of property, plant and equipment	**37,500**	524	-	-
Property, plant and equipment written off	**207,606**	1,871	-	-
Rental of equipment	**186,093**	161,949	**20,825**	-
Rental of factory	**1,078,200**	-	-	-
Rental of motor vehicle	**1,870**	-	-	-
* Staff costs	**45,907,771**	28,266,251	**1,209,434**	48,317
And crediting :				
Gain on disposal of non-current assets held for sale	**79,821**	-	-	-
Gain on foreign exchange				
- realised	**763,704**	-	-	-
- unrealised	**756,932**	-	-	-
Interest income	**481,709**	13,516	**786,804**	-
Rental income	**177,819**	-	-	-
Reversal of allowance for slow moving inventories	-	23,075	-	-

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM	**1.7.11 TO 30.6.12 (12 months) RM**	5.5.10 TO 30.6.11 (14 months) RM
* Staff costs are analysed as follows :				
Salaries, allowances, overtime and bonus and staff related expenses	**43,502,468**	26,493,142	**1,101,930**	44,231
Defined contribution plan	**2,473,334**	1,565,072	**105,319**	3,920
Social security cost	**295,696**	208,037	**2,185**	166
	46,271,498	28,266,251	**1,209,434**	48,317
Less: Capitalised under development costs	**(363,727)**	-	-	-
	45,907,771	28,266,251	**1,209,434**	48,317

Directors' emoluments

Included in the Group's staff costs is directors' emoluments as shown below :

	GROUP	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM
Executive directors of the Company :		
- Salaries, bonus and wages	**1,841,408**	1,490,553
- Defined contribution plan	**155,604**	121,167
	1,997,012	1,611,720
Executive directors of subsidiaries :		
- Salaries, bonus and wages	**125,400**	-
- Defined contribution plan	**15,048**	-
	140,448	-
	2,137,460	1,611,720

24. TAXATION

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM	**1.7.11 TO 30.6.12 (12 months) RM**	5.5.10 TO 30.6.11 (14 months) RM
Malaysian income tax :				
Based on results for the year				
- Current tax	**(2,064,324)**	(1,576,450)	**(28,000)**	-
- Deferred tax				
Transfer (from)/to deferred tax assets	**(95,876)**	50,374	**-**	-
Transfer from deferred tax liabilities	**(9,223)**	10,277	**-**	-
	(105,099)	60,651	**-**	-
	(2,169,423)	(1,515,799)	**(28,000)**	-
Over/(Under) provision in prior year				
- Current tax	**21,695**	(184,263)	**-**	-
- Deferred tax	**1,131,749**	(24,942)	**-**	-
	1,153,444	(209,205)	**-**	-
	(1,015,979)	(1,725,004)	**(28,000)**	-

The reconciliation of tax expense of the Group and of the Company are as follows :

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM	**1.7.11 TO 30.6.12 (12 months) RM**	5.5.10 TO 30.6.11 (14 months) RM
Profit before taxation	**20,301,923**	20,484,071	**9,357,916**	5,970,379

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM	**1.7.11 TO 30.6.12 (12 months) RM**	5.5.10 TO 30.6.11 (14 months) RM
Income tax at Malaysian statutory tax rate of 25%	**(5,075,481)**	(5,121,018)	**(2,339,479)**	(1,492,595)
Effects of :				
- Income not subject to tax	**20,469**	1,876,159	**2,947,906**	1,577,625
- Expenses not deductible for tax purposes	**(1,614,146)**	(1,962,906)	**(636,427)**	(85,030)
- Double deduction of expenses for tax purposes	**16,112**	14,112	**-**	-
- Pioneer income not subject to tax	**4,751,423**	3,677,854	**-**	-
- Deferred tax movement not recognise	**(267,800)**	-	**-**	-
- Current tax under provided in prior year	**21,695**	(184,263)	**-**	-
- Deferred tax under provided in prior year	**1,131,749**	(24,942)	**-**	-
	(1,015,979)	(1,725,004)	**(28,000)**	-

GROUP

The deferred tax (assets)/liabilities not recognised as at the end of the reporting period prior to set off are as follows :

	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM
Unabsorbed tax losses	**(6,567,400)**	(5,554,500)
Unabsorbed capital allowances	**(903,000)**	(850,700)
Other deductible temporary differences	**18,000**	24,000
	(7,452,400)	(6,381,200)

The unabsorbed tax losses and capital allowances are available to be carried forward for set off against future assessable income of a nature and amount sufficient for the tax losses and capital allowances to be utilised.

Ceedtec Technology Sdn. Bhd. ("CT"), a subsidiary of the Company has been granted pioneer status under the Promotion of Investments Act 1986 which exempts 100% of the statutory income of CT for a period of five years commencing on the first date of production. However, the production date has yet to be fixed.

Inari Technology Sdn. Bhd. ("IT"), a wholly-owned subsidiary of the Company 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 this pioneer product is exempted from income tax for a period of five years from the production day which has been fixed on 1 February 2007. On 6 April 2012, IT has been granted pioneer status for High Technology Industry under the Promotion of Investments Act, 1986 of which IT will be granted full tax exemption from its statutory income for a period of five years (subject to a qualifying process) in relation to the production of miniature integrated front end module for wireless millimeter-wave devices. The pioneer status incentive for High Technology Industry is expected to take effect in the next financial year subject to IT passing the qualifying process.

25. 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 the Company by the weighted average number of shares in issue during the reporting period as follows :

	30.6.12	30.6.11
Profit attributable to owners of the parent (RM)	**19,887,124**	18,759,067
Weighted average number of ordinary shares of RM0.10 each	**328,425,138**	167,293,560
Basic earnings per share (sen)	**6.06**	11.21

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the reporting period.

26. DIVIDEND

	GROUP AND COMPANY	
	30.6.12	30.6.11
	RM	RM
In respect of financial year ended 30 June 2011		
- A first interim single tier dividend of 1.8 sen per share	**5,968,957**	
In respect of financial year ended 30 June 2012		
- A first interim single tier dividend of 0.6 sen per share	**1,989,652**	-
- A second interim single tier dividend of 0.6 sen per share	**1,989,652**	-
- A third interim single tier dividend of 0.8 sen per share	**2,652,870**	-
	12,601,131	-

27. SEGMENTAL REPORTING

Business Segments

GROUP

The 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 which is the 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 :

	GROUP	
	30.6.12	30.6.11
	RM	RM
Malaysia	**7,575,958**	1,860,079
Singapore	**173,198,770**	117,763,727
	180,774,728	119,623,806

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 the Company which contributed **RM175,792,084** (30.6.11 RM118,945,199) or **99%** to the Group's total revenue for the financial year.

28. CAPITAL COMMITMENTS

	GROUP	
	30.6.12	30.6.11
	RM	RM
Contracted but not provided for :		
- Production equipment	**4,767,568**	2,239,610
- Industrial land and building #	**4,887,000**	-
	9,654,568	2,239,610

Simfoni Bistari Sdn. Bhd., a wholly-owned subsidiary of the Company had on 14 June 2012 entered into an agreement with a third party to purchase a piece of industrial land and building for a cash consideration of RM5,430,000. As at the end of the reporting period, a 10% deposit amounting to RM543,000 has been paid and reflected under Note 10 of the financial statements.

29. CONTINGENT LIABILITIES (UNSECURED)

	COMPANY	
	30.6.12	30.6.11
	RM	RM
Corporate guarantee extended to banks and financial institutions for credit facilities granted to a subsidiary		
- Limit	**10,824,118**	-
- Amount utilised	**6,190,411**	-

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks, financial institutions and a creditor requiring parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

30. RELATED PARTY DISCLOSURES

(i) Related party transactions

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months) RM	5.5.10 TO 30.6.11 (14 months) RM	**1.7.11 TO 30.6.12 (12 months) RM**	5.5.10 TO 30.6.11 (14 months) RM
Accounting fee paid to Insas	**1,500**	4,670	-	-
Interest paid to Insas	**59,573**	452,628	-	-
Dividend received from a subsidiary	-	-	**11,719,500**	-
Interest charged to Simfoni Bistari	-	-	**385,881**	-
Lease rental paid to Insas	-	137,035	-	-
Management fee received from Inari Technology	-	-	**1,265,000**	-
Network repair cost paid to Vigtech Labs Sdn. Bhd.	**48,475**	44,000	-	-
Packing charges by :				
- Insas	**290,306**	214,779	-	-
- Langdale E3 Pte. Ltd.	**21,383**	11,678	-	-
Purchase of hardware, software and peripherals fromVigtech Labs Sdn. Bhd.	-	2,304	-	-
Sale to :				
- Avago Technologies Limited	**175,792,084**	118,945,199	-	-
- Ceedtec	**813,636**	239,977	-	-
- Langdale E3 Pte. Ltd.	**14,612**	-	-	-
Purchase of raw material from:				
- Ceedtec	**493,250**	-	-	-
- Vigsys Sdn. Bhd.	**10,645**	14,590	-	-

	GROUP		COMPANY	
	1.7.11 TO 30.6.12 (12 months)	5.5.10 TO 30.6.11 (14 months)	**1.7.11 TO 30.6.12 (12 months)**	5.5.10 TO 30.6.11 (14 months)
	RM	RM	**RM**	RM
Rental paid to Insas	**20,825**	-	**20,825**	-
Rental received from Ceedtec	**177,840**	-	-	-
Secretarial fee paid to Megapolitan Management Services Sdn. Bhd.	**11,600**	2,925	**8,060**	2,925
Professional fees paid to :				
- Insas	-	18,000	-	18,000
- Megapolitan Management. Services Sdn. Bhd.	**30,627**	12,000	**30,627**	12,000
- M&A Securities Sdn. Bhd.	**1,197,191**	240,970	**1,197,191**	240,970

<u>Related party</u>	<u>Relationship</u>
Insas Technology Berhad ("Insas")	Insas is related by virtue of it being a substantial shareholder of the Company.
Vigtech Labs Sdn. Bhd., Vigsys Sdn. Bhd., Langdale E3 Pte. Ltd., Megapolitan Management Services Sdn. Bhd. and M&A Securities Sdn. Bhd.	Related by virtue of them being subsidiaries/related companies of Insas.
Avago Technologies Limited ("Avago")	Avago is related by virtue of it being a substantial shareholder of the Company.
Ceedtec Sdn. Bhd. ("Ceedtec")	Prior to 6 January 2012, Ceedtec is a company in which a director of the Company has substantial financial interests and effective 6 January 2012 Ceedtec is a 51% owned subsidiary of the Company.

(ii) Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year was as follows :

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Salaries and other short-term employee benefits	**3,008,471**	1,611,720	**968,198**	-

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.

31. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows :

(i) Loans and receivables ("L&R"); and
(ii) Financial liabilities measured at amortised cost ("FL")

	Carrying amount RM	L&R RM	FL RM
GROUP			
30.6.12			
Financial assets			
Trade receivables	**19,010,966**	**19,010,966**	-
Other receivables and refundable deposits	**1,968,241**	**1,968,241**	-
Fixed deposit with a licensed bank	**327,961**	**327,961**	-
Cash and bank balances	**40,462,222**	**40,462,222**	-
	61,769,390	**61,769,390**	-

	Carrying amount RM	L&R RM	FL RM
Financial liabilities			
Borrowings	**12,914,743**	**-**	**12,914,743**
Trade payables	**6,686,285**	**-**	**6,686,285**
Other payables and accruals	**37,959,389**	**-**	**37,959,389**
Dividend payables	**2,652,870**	**-**	**2,652,870**
	60,213,287	**-**	**60,213,287**
GROUP			
30.6.11			
Financial assets			
Trade receivables	20,661,624	20,661,624	-
Other receivables and refundable deposits	317,343	317,343	-
Cash and bank balances	15,395,094	15,395,094	-
	36,374,061	36,374,061	-
Financial liabilities			
Borrowings	6,585,561	-	6,585,561
Trade payables	13,363,788	-	13,363,788
Other payables and accruals	31,600,988	-	31,600,988
	51,550,337	-	51,550,337
COMPANY			
30.6.12			
Financial assets			
Refundable deposits	**1,000**	**1,000**	**-**
Amount due from subsidiaries	**21,660,361**	**21,660,361**	**-**
Cash and bank balances	**18,535,162**	**18,535,162**	**-**
	40,196,523	**40,196,523**	**-**

	Carrying amount RM	L&R RM	FL RM
COMPANY			
30.6.12			
Financial liabilities			
Borrowing	**5,993,050**	**-**	**5,993,050**
Other payables and accruals	**568,199**	**-**	**568,199**
Dividend payables	**2,652,870**	**-**	**2,652,870**
	9,214,119	**-**	**9,214,119**
30.6.11			
Financial assets			
Amount due from Subsidiaries	6,743,323	6,743,323	-
Cash and bank balances	1,790	1,790	-
	6,745,113	6,745,113	-
Financial liabilities			
Other payables and accruals	205,755	-	205,755

32. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to a variety of financial risks arising from their 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.

32.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's exposure to credit risk arises principally from its trade receivables and other receivables. The Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantee given.

32.1.1 Trade receivables

The Group extends credit terms to customers of 30 to 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 their carrying amounts in the statement of financial position.

The ageing of trade receivables of the Group is as follows :

	30.6.12 **RM**	30.6.11 RM
GROUP		
Not past due	**17,484,830**	20,586,176
Past due 1 - 30 days	**1,266,009**	35,682
Past due 31 - 60 days	**57,971**	3,721
More than 60 days	**202,156**	36,045
	19,010,966	20,661,624

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 pass due nor impaired has been renegotiated during the financial year.

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 a significant concentration of credit risks on **1** (30.6.11 : 1) customer which comprise approximately **95%** (30.6.11 : 99%) of the trade receivables balance as at the end of the reporting period.

32.1.2 **Intercompany balances**

The Company provides advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amount in the statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiary are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiary.

32.1.3 **Financial guarantees**

The Company provides unsecured corporate guarantees to banks and financial institutions in respect of credit facilities granted to a subsidiary.

The maximum exposure to credit risk is disclosed in Note 29, representing the outstanding credit facilities of the said subsidiaries as at the end of the reporting period.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any of the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

32.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when 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 and the Company's financial liabilities as at the reporting period based on the undiscounted contractual payments :

	Carrying Amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
GROUP						
30.6.12						
Interest bearing borrowings	**12,914,743**	**12,958,282**	**4,850,166**	**4,663,627**	**3,226,006**	**218,483**
Trade and other payables and accruals	**44,645,674**	**44,645,674**	**44,645,674**	**-**	**-**	**-**
Dividend payable	**2,652,870**	**2,652,870**	**2,652,870**	**-**	**-**	**-**
	60,213,287	**60,256,826**	**52,148,710**	**4,663,627**	**3,226,006**	**218,483**
30.6.11						
Interest bearing borrowings	6,585,561	7,422,223	2,314,824	2,314,824	2,792,575	-
Trade and other payables and accruals	44,964,776	44,964,776	44,964,776	-	-	-
	51,550,337	52,386,999	47,279,600	2,314,824	2,792,575	-

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
COMPANY					
30.6.12					
Interest bearing borrowings	5,993,050	5,993,050	2,119,452	2,119,452	1,754,146
Other payables and accruals	568,199	568,199	568,199	-	-
Dividend payable	2,652,870	2,652,870	2,652,870	-	-
	9,214,119	9,214,119	5,340,521	2,119,452	1,754,146
COMPANY					
30.6.11					
Other payables and accruals	205,755	205,755	205,755	-	-

32.3 Interest rate risk

The Group's fixed rate short term deposits and borrowings and are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company'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 their carrying amounts as at reporting date is as follows :

	30.6.12 RM	30.6.11 RM
GROUP		
Fixed rate instruments		
Financial assets	33,777,961	-
Financial liabilities	731,282	823,692
Floating rate instruments		
Financial liabilities	12,183,461	5,761,869

	30.6.12 RM	30.6.11 RM
COMPANY		
Fixed rate instruments		
Financial assets	**18,400,000**	-
Floating rate instruments		
Financial assets	**7,550,000**	
Financial liabilities	**5,993,050**	-

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

GROUP AND COMPANY

A 25 basis point increase in interest rate would not have a material impact to the profit before taxation of the Group and of the Company.

32.4 **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 US Dollar. The Group maintains foreign denominated bank account (predominantly US Dollar denominated account) to facilitate the deposits of the Group and of the Company's revenue denominated in US Dollar as well as to pay for purchases denominated in US Dollar. This provides some form of natural hedge against adverse foreign exchange fluctuations. In addition, the Group enters into foreign currency forward contracts to minimise its exposure against the US Dollar. The fair value of the foreign currency contracts is not recognised due to its immaterial impact to profit or loss.

The Group's exposure to US Dollar, based on the carrying amounts of financial assets and liabilities as at the end of the reporting period is as follows :

	US Dollar	
	30.6.12	30.6.11
	RM	RM
GROUP		
Trade receivables	**17,694,474**	20,014,952
Other receivables	**1,861,658**	103,783
Cash and bank balances	**5,347,237**	13,920,656
Trade payables	**(5,855,697)**	(11,908,274)
Other payables	**(6,657,463)**	(5,907,580)
Net exposure	**12,390,209**	16,223,537

Sensitivity analysis for foreign currency risk

A 10% strengthening of the RM against the US Dollar at the end of the reporting period would decrease the Group's profit by **RM1,239,022** (30.6.11 : RM1,622,354) and a corresponding decrease would have an equal but opposite effect. This analysis confines to the carrying amounts of financial assets and liabilities denominated in US Dollar as at the end of the reporting period and assumes that all other variables remain constant.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short-term nature, or that they are floating rate instruments that are re-priced to market interest rate on or near the end of the reporting period.

The carrying amounts of the non-current portion of finance lease liabilities are reasonable approximation of fair values due to their insignificant impact of discounting.

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts.

35. SUBSEQUENT EVENTS

(i) Inari South Keytech Sdn. Bhd. ("ISK")

The Company had on 11 July 2012 acquired 2 shares representing 100% of the total issued and paid-up share capital of ISK for a cash consideration of RM2.00. Subsequently, on 14 August 2012 the Company subscribed for an additional of 249,998 new ordinary shares of RM1.00 each in ISK for a cash consideration of RM249,998. As at the date of this report, the Company owns a total of 250,000 ordinary shares in ISK, representing 100% of the total issued and paid-up share capital of ISK.

(ii) Amertron Inc. (Global) Limited ("Ametron")

Inari International Limited, a wholly owned subsidiary of the Company had on 23 July 2012 entered into a conditional sale and purchase agreement with the shareholders of Amertron to acquire 23,732,859 shares representing 100% of the total issued and paid-up share capital of Amertron for a total consideration of USD32,000,000 subject to adjustment, to be satisfied by a combination of cash and shares of the Company. As at the date of this report, the proposed acquisition of Ametron has not been finalised.

(iii) Private Placement

On 17 July 2012, the Company issued 5,000,000 new ordinary shares of RM0,10 each to third party investors via a private placement exercise at an issue price of RM0.34 per share.

(iv) Subscription of redeemable convertible preference shares ("RCPS") in Ceedtec Sdn. Bhd.

On 10 August 2012, the Company had subscribed for 2,410,500 RCPS in Ceedtec Sdn. Bhd. at RM1.00 each comprising a par value of RM0.01 and a share premium of RM0.99 for each RCPS for a cash consideration of RM2,410,500.

(v) Corporate Exercise

On 23 July 2012, the Company had proposed the following corporate exercise to satisfy the consideration for the proposed acquisition of Amertron as spelt out in (ii) above :

- Proposed rights issue of 84,152,175 new ordinary shares of RM0.10 each in the Company ("Rights Shares") on the basis of one (1) Rights Share for every four (4) Inari Berhad Shares held together with 168,304,350 free warrants ("Warrants") on the basis of two (2) Warrants for every one (1) Right Share subscribed, the issue price of which will be determined later,

- Proposed issuance of up to 24,819,512 new ordinary shares of RM0.10 each to the vendors of Amertron at an issue price of RM0.41 per share or equivalent 30-day volume weighted average market price of the Company share's preceding the date of the sale and purchase agreement in declared unconditional, whichever is higher.

- Proposed issuance of 11,520,000 new redeemable preference shares ("RPS") of USD0.01 each by Inari International limited, a subsidiary of the Company at an indicative issue price of USD1.00 per RPS together with 34,560,000 free Warrants in the Company on the basis of three (3) free Warrants for every RPS subscribed by third party investors,

- Proposed variation to the utilisation of listing proceeds from the Company's Initial Public Offering completed on 19 July 2012 to partly fund the Proposed Acquisition, and

- Proposed increase in the authorised share capital of the Company from RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each to RM100,000,000 comprising 1,000,000 ordinary shares of RM0.10 each.

The above proposed corporate exercise are subject to the approvals of the shareholders of the Company at an extraordinary general meeting to be convened at a date to be determined later as well from the relevant regulatory bodies.

36. SUPPLEMENTARY INFORMATION

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on Group and Company basis in the annual audited financial statements.

The breakdown of retained profits as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows :

	GROUP RM	COMPANY RM
30.6.12		
Total retained profits of the Company and its subsidiaries :		
- Realised	**31,652,844**	**2,699,164**
- Unrealised	**(1,799,437)**	**-**
	29,853,407	**2,699,164**
Add : Consolidation adjustments	**(3,808,347)**	**-**
Total retained profits as per statements of financial position	**26,045,060**	**2,699,164**
30.6.11		
Total retained profits of the Company and its subsidiaries :		
- Realised	9,901,931	5,970,379
- Unrealised	1,395,210	-
	11,297,141	5,970,379
Add : Consolidation adjustments	7,461,926	-
Total retained profits as per statements of financial position	18,759,067	5,970,379

UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF OUR GROUP FOR THE SIX (6) MONTHS FPE 31 DECEMBER 2012

(Prepared for inclusion in this Abridged Prospectus)

INARI BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2012

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/12/2012	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011	CURRENT YEAR TO DATE 31/12/2012	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	62,057	46,790	116,703	95,138
Cost of sales	(44,154)	(36,787)	(82,991)	(75,421)
Gross Profit	17,903	10,003	33,712	19,717
Other operating income	208	1,121	828	1,494
Administrative expenses	(6,649)	(3,863)	(12,708)	(8,997)
Operating Profit	11,462	7,261	21,832	12,214
Finance costs	(193)	(229)	(404)	(483)
Profit before taxation	11,269	7,032	21,428	11,731
Taxation	(2,616)	(844)	(5,390)	(1,584)
Profit for the period, representing total comprehensive income for the period	8,653	6,188	16,038	10,147
Profit for the period attributable to:				
Owners of the Parent	8,982	6,188	16,510	10,147
Non-controlling interests	(329)	-	(472)	-
	8,653	6,188	16,038	10,147
Earnings per share attributable to owners of the parent (sen)				
Basic	2.67	1.90	4.91	3.12
Diluted	N/A	N/A	N/A	N/A

Notes:

(1) The condensed consolidated statements of comprehensive income are prepared based on the consolidated results of Inari Berhad ("Inari") and its subsidiaries for the current quarter ended 31 December 2012.

(2) Basic earnings per share for the quarter and cumulative financial period is calculated based on the profit for the period divided by the weighted average number of ordinary shares in issue for the quarter and financial year respectively. There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter and financial period-to-date.

(3) The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial report.

INARI BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2012

	Individual Quarter Ended		Cumulative Period Ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
The following items have been included in arriving at profit before tax: -				
Allowance for slow moving inventories	(1,374)	70	(348)	228
Provision for stock loss	2,300	-	2,300	-
Amortisation of development cost	17	-	33	-
Depreciation	3,411	3,703	6,772	7,347
Deferred income recognised	(159)	-	(519)	-
Property, plant and equipment written off	16	-	16	-
Gain on disposal of properties, plant & equipment	*	-	*	-
<u>(Gain) / loss on foreign exchange translation</u>				
- Realised	1,384	(1,666)	1,255	(1,675)
- Unrealised	783	678	88	420
<u>Interest (income) / expenses</u>				
- Interest expenses	192	229	404	483
- Interest income	(122)	(129)	(247)	(232)

The is no income/expenses in relation to the below items: -

- Bad debts written off;
- Investment income;
- Impairment of assets;
- (Gain) / loss on derivatives;
- (Gain) / loss on disposal of quoted or unquoted investment;
- Provision for doubtful debts;
- Exceptional items (Otherwise disclosed).

Note:
* Less than RM1,000

INARI BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Unaudited As at 31 December 2012 RM'000	Audited As at 30 June 2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	68,214	54,814
Deferred tax assets	1,990	1,990
Development costs	2,125	1,098
Goodwill	3,338	3,338
	75,667	61,240
Current assets		
Inventories	24,542	22,175
Trade and other receivables	36,814	24,370
Tax recoverable	2	13
Short-term deposits with licensed banks	24,183	328
Cash and bank balances	14,984	40,462
	100,525	87,348
TOTAL ASSETS	176,192	148,588
EQUITY AND LIABILITIES		
Share capital	33,661	33,161
Share premium	25,278	24,078
Retained profits	37,169	26,045
Equity attributable to owners of the parent	96,108	83,284
Non-controlling interests	1,484	(351)
Total equity	97,592	82,933
Non-current liabilities		
Borrowings	8,759	8,414
Deferred tax liabilities	841	854
	9,600	9,268
Current liabilities		
Trade and others payables	54,179	48,337
Borrowings	4,646	4,501
Deferred income	3,226	896
Provision for taxation	4,256	-
Dividend Payable	2,693	2,653
	69,000	56,387
Total liabilities	78,600	65,655
TOTAL EQUITY AND LIABILITIES	176,192	148,588
Net assets per share attributable to owners of the Parent (sen)	28.55	25.12

Notes:

(1) Based on the issued and paid-up share capital of 336,608,700 (331,608,700) ordinary shares of RM0.10 each for the financial period ended 31 December 2012 (June 2012).

(2) The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for financial year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial report.

INARI BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2012

	<------ Attributable to Owners of the Parent ------>					
	Share Capital (RM'000)	Share Premium (RM'000)	Retained Profits (RM'000)	Total (RM'000)	Non-controlling interests (RM'000)	Total Equity (RM'000)
At 1 July 2012	33,161	24,078	26,045	83,284	(351)	82,933
Allotments	500	1,200	-	1,700	-	1,700
RCPS issued by subsidiary not held by the parent	-	-	-	-	2,307	2,307
Total comprehensive income for the period	-	-	16,510	16,510	(472)	16,038
Interim dividend	-	-	(5,386)	(5,386)	-	(5,386)
At 31 December 2012	33,661	25,278	37,169	96,108	1,484	97,592

	<------ Attributable to Owners of the Parent ------>					
	Share Capital (RM'000)	Share Premium (RM'000)	Retained Profits (RM'000)	Total (RM'000)	Non-controlling interests (RM'000)	Total Equity (RM'000)
At 1 July 2011	24,861	1,750	18,759	45,370	-	45,370
Allotments	8,300	23,240	-	31,540	-	31,540
Listing expenses	-	(912)	-	(912)	-	(912)
Total comprehensive income for the period	-	-	10,147	10,147	-	10,147
Interim dividend – period ended 30 June 2011	-	-	(7,959)	(7,959)	-	(7,959)
At 31 December 2011	33,161	24,078	20,947	78,186	-	78,186

Notes:

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial report.

(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2012

	Cumulative Quarter 6 Months Ended 31/12/2012	Cumulative Quarter 6 Months Ended 31/12/2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	21,428	11,731
Adjustment for :		
Allowance for slow moving inventories	(348)	-
Provision for stock loss	2,300	228
Amortisation of development cost	33	-
Gain on disposal of property, plant & equipment	*	-
Property, plant and equipment written off	16	-
Deferred income recognized	(519)	-
Depreciation	6,772	7,347
Interest income	(247)	(232)
Interest expenses	404	483
Unrealised loss on foreign exchange	88	420
Operating profit before working capital changes	29,927	19,977
Increase in inventories	(4,319)	(8,784)
(Increase) / Decrease in receivables	(12,538)	2,956
Increase / (Decrease) in payables	5,821	(1,543)
Cash generated from operations	18,891	12,606
Income tax paid	(1,136)	(1,180)
Interest received	247	232
Interest paid	(404)	(483)
Net cash from operating activities	17,598	11,175
CASH FLOW FROM INVESTING ACTIVITIES		
Development costs	(1,060)	-
Proceeds from RCPS issued by subsidiary	2,307	-
Proceeds from issuance of shares	1,700	30,628
Proceeds from disposal of property, plant and equipment	26	*
Purchase of property, plant and equipment	(20,213)	(6,456)
Net cash (used in)/from investing activities	(17,240)	24,172
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(5,345)	(5,969)
Proceeds from government grant	2,848	-
Proceeds from government loan	2,700	-
Net changes in long term borrowings	(2,355)	6,014
Net changes in short term borrowings	145	2,452
Repayment to Associate Company	-	(7,550)
Net cash used in financing activities	(2,007)	(5,053)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,649)	30,294
Effects of changes on foreign exchange rates	26	(348)
CASH AND CASH EQUIVALENTS AT BEGINNING	40,790	15,395
CASH AND CASH EQUIVALENTS AT END	39,167	45,341
Represented by:		
Short-term deposits with licensed banks	24,183	22,800
Cash and bank balances	14,984	22,541
	39,167	45,341

Notes:
* Less than RM1,000

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and accompanying explanatory notes attached to the interim financial report.

INARI BERHAD
(INCORPORATED IN MALAYSIA – COMPANY NO. 1000809-U)

NOTES TO THE REPORT

Part A – Explanatory Notes Pursuant to Financial Reporting Standards ("FRS") 134, Interim Financial Reporting

1. Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30th June 2012.

The Group has adopted the MFRS framework issued by the MASB effective for annual periods commencing on or after 1 January 2012. This MFRS framework was introduced by the MASB in order to converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30th June 2012 except for the adoption of the new MFRS framework.

The Group has applied MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in preparing the first MFRS framework interim financial report. In preparing this interim financial report, the Group's opening statement of financial position was prepared as at 1st July 2011 which is the Group's date of transition to MFRSs. The transition to the MFRS Framework did not have any material impact on the financial statements of the Group.

2. Auditors' Report on Preceding Annual Financial Statements

The preceding annual financial statements of the Group were not subject to any qualification.

3. Comments About Seasonal or Cyclical Factors

The Group's present earnings base is not subject to any material seasonal or cyclical changes.

4. Unusual Items Due to their Nature, Size or Incidence

There were no items of unusual nature, size, or incidence which affect assets, liabilities, equity, net income or cash flow which affect assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

5. Changes in Estimates

There were no changes in the estimates of amounts which give a material effect in the current quarter under review.

6. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the quarter under review.

7. Dividend Paid

The first interim single-tier dividend 0.8 sen per ordinary share of RM0.10 each in respect of the financial year ended 30 June 2013 was paid in 16 January 2013.

In respect of the financial year ended 30 June 2012, the Company: -

i. on 27 Aug 2012, declared the fourth single tier interim dividend of 0.8 sen per ordinary share of RM0.10 each amounting to RM2.69 million. On 9 October 2012, the Company further announced that the date of entitlement be fixed on 25 October 2012 and payment will be made on 22 November 2012.

ii. on 16 June 2012, declared the third single tier interim dividend of 0.8 sen per ordinary share of RM0.10 each amounting to RM2.65 million, and was paid on 11 July 2012;

iii. on 26 March 2012, declared the second single tier interim dividend of 0.6 sen per ordinary share of RM0.10 each amounting to RM2.0 million, and was paid on 30 April 2012;

iv. on 24 November 2011, declared the first single tier interim dividend of 0.6 sen per ordinary share of RM0.10 each amounting to RM2.0 million, and was paid on 17 January 2012.

8. Segmental Information

Business segments

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 is as follows: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31/12/2012	Quarter Ended 31/12/2011	Year to date 31/12/2012	Year To date 31/12/2011
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,922	1,308	6,677	2,728
Singapore	56,135	45,482	110,026	92,410
	62,057	46,790	116,703	95,138

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 the Company that contributed approximately RM112.0 million or 96.2% to the Group's total revenue for the 31 December 2012 respectively.

9. Valuation of Property, Plant and Equipment

No valuation exercise was carried out on the Group's property, plant and equipment in the current financial quarter.

10. Subsequent Events

There were no material events subsequent to the current financial period ended 31 December 2012 and up to the date of this report.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

12. Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets as at the date of this report.

13. Capital Commitments

Contractual commitments not provided for in the interim financial statements as at 31 December 2012 are as follows: -

	RM'000
Property, plant and equipment	12,772

14. Significant Related Party Transactions

Related party transactions had been entered into in the normal course of business that had been undertaken at arm's length basis on normal commercial terms.

Part B – Additional Information as Required By the ACE Market Listing Requirement of Bursa Securities

1. Review of Performance and Variation of Results against Preceding Quarter

Comparison with the corresponding period in the previous year

The Group's revenue reported for the quarter under review ended 31 December 2012 was RM62.0 million, which represented an increase of approximately 32.6% as compared to the revenue for the corresponding quarter in the previous year of RM46.8 million as a result of higher trading volumes and order from our customer. Accordingly, the Group's gross profit increased by about 79.0% to RM17.9 million for the quarter ended 31 December 2012 as compared to a gross profit of RM10.0 million in the corresponding period 2011. The increase in gross profit was mainly due to higher profit margins in the production of new products lines. As the volume of goods produced increased, the Company also enjoyed economies of scale that resulted in the increase in gross margin, mainly attributable to the lower cost of materials purchased. As a result, the Group also registered a higher profit before tax that increased by 60.3% to RM11.3 million for the period under review as compared to RM7.0 million for the corresponding quarter ended 31 December 2011. Similarly, the Group's net profit after tax increased by 39.8% to RM8.7 million for the quarter under review as compared to a RM6.2 million for the quarter ended 31 December 2011.

Comparison with the preceding quarter

The Group's total revenue of RM62.0 million for the quarter ended 31 December 2012 was approximately 13.5% higher than the preceding quarter's total revenue of RM54.6 million due to the higher trading volume and order from our customer. The higher trading volume provided the Group with greater economies of scale that improved the Group's gross margins. Consequently, the Group's profit before tax increased by 10.9% to RM11.3 million for the current quarter as compared to the Group's profit before tax of RM10.2 million for the preceding quarter. Accordingly, the Group recorded a higher profit after tax of RM8.7 million, an increase of 17.2% from the Group's profit after tax of RM7.4 million for the preceding quarter.

Financial Period to Date against preceding year corresponding financial period

For the six months ended 31 December 2012, the group reported higher revenue of RM116.7 million and higher profit before tax of RM21.4 million as compared to revenue of RM95.1 million and a profit before tax of RM11.7 million in the corresponding financial period ended 31 December 2011.

The higher revenue reported in the current financial period was mainly due to higher trading volume and order from our customer.

1. Review of Performance and Variation of Results against Preceding Quarter (Cont'd)

The higher trading volume has enabled the Group to enjoy greater economies of scale which helped the Group to increase its net profit after tax by approximately 58.1% to RM16.0 million for the six months ended 31 December 2012 as compared to RM10.1 million in the corresponding financial period ended 31 December 2011.

2. Commentary on Prospects

The Board expects the Group to remain profitable for the current financial year 2013 arising from sustained demand for smartphones and tablet computers as a result of increased adoption of such devices as indispensable appliances in both the consumer and business markets.

The global economy is largely expected to register mild growth in 2013 mainly due to improved outlook in the sovereign debt crisis amongst the Euro nations and economic recovery in the United States arising from central bank policy actions. However, persistently high unemployment in Europe and the United States continue to be a drag in sustaining economic growth in the developed economies. In addition, the threat of prolonged armed conflict in the middle-east and the political instability of the newly established democracies in the region continue to be significant risk factors in the recovery of the global economy. As such, these factors also contribute to foreign exchange volatility which also impacts the Group's financial performance.

The Group is also expecting positive contributions from its subsidiary involved in the production of test and measurement equipment in the financial year 2013 arising from the forecasted increase in trading volume by the said subsidiary.

3. Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee previously in any public document.

4. Taxation

The taxation charges for the current financial quarter and the cumulative financial period ended 31 December 2012 are as follows: -

	Individual Quarter ended		Cumulative Period ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
In respect of current period: -				
- Current tax	(2,616)	(829)	(5,403)	(1,569)
- Deferred tax	-	(15)	13	(15)
	(2,616)	(844)	(5,390)	(1,584)

The effective tax rate of the Group for the current financial quarter and the cumulative financial period ended 31December 2012 is higher than the statutory tax rate of 25% mainly due to non-deductible expenses for tax purpose.

5. Sale of Unquoted Investments and Properties

There was no sale of unquoted investment and properties during the current financial quarter.

6. Purchase or Sale of Quoted Securities

There were no purchases or sales of quoted securities during the current financial quarter.

7. Status of Utilization of Proceeds

On 13 July 2012, the Company received proceeds of RM1.7 million from the private placement of 5.0 million new ordinary shares of RM0.10 each at an issue price of RM0.34 per share. The proceeds has been utilized in the following manners as at 15 Feb 2013: -

Purpose	Proposed Utilisation	Actual Utilisation
	RM'000	RM'000
Working Capital	1,700	1,700

7. Status of Utilization of Proceeds (Cont'd)

The Company has received proceeds of RM31.54 million from the public issue of 83,000,000 shares at the issue price of RM0.38 per ordinary share, and the proceeds has been utilised in the following manner as at 15 Feb 2013: -

Purpose	Proposed Utilisation	Actual Utilisation
	RM'000	RM'000
Purchase of property, plant and equipment	17,500	196
Working Capital	*12,040	12,040
Payment of listing expenses	2,000	2,000
Total	31,540	14,236

Note:

* Comprising the following: -

Purpose	Proposed Utilisation
	RM'000
Repayment of the remaining Debt Settlement	7,550
Working Capital	4,490
Total	**12,040**

8. Status of Corporate Proposals

a. On 23 July 2012, the Company announced the following transaction and proposals:

(i) Inari International Limited ("**Inari International**"), a wholly-owned subsidiary of the Company, had on 23 July 2012 entered into a conditional sale and purchase agreement with the vendors of Amertron Inc (Global) Limited ("**Amertron Global**"), namely Wang Stanley Ta-Chuang, Richard Ta-Chung Wang, John Montgomery Lynch and Soong, Wang Hsiao-Lee (collectively, the "**Vendors**") for the proposed acquisition of 100% equity interest in Amertron Global, comprising 23,732,859 ordinary shares of USD1.00 each in Amertron Global for a total purchase consideration of USD32,000,000 (equivalent to RM101,760,000) subject to adjustment ("**Proposed Acquisition**") to be satisfied by a combination of cash and shares in Inari;

8. Status of Corporate Proposals (Cont'd)

(ii) Proposed rights issue of 84,152,175 new ordinary shares of RM0.10 each in Inari ("**Inari Shares**" or "**Shares**") ("**Rights Shares**") on the basis of one (1) Right Share for every four (4) Inari Shares held together with 168,304,350 free warrants ("**Warrants**") on the basis of two (2) Warrants for every one (1) Rights Share subscribed to partly fund the cash portion of the Proposed Acquisition;

(iii) Proposed issuance of up to 24,819,512 new Inari Shares to the Vendors as part payment for the Proposed Acquisition ("**Proposed Issuance of New Shares**");

(iv) Proposed issuance of 11,520,000 new redeemable preference shares of USD0.01 each in Inari International ("**RPS**") at an indicative issue price of USD1.00 per RPS together with 34,560,000 free Warrants on the basis of three (3) free Warrants for every RPS subscribed by third party investors to be identified to partly fund the cash portion of the Proposed Acquisition;

(v) Proposed variation to the utilisation of listing proceeds from the Company's Initial Public Offering completed on 19 July 2011 to partly fund the cash portion of the Proposed Acquisition;

(vi) Proposed increase in the authorised share capital of the Company from RM50,000,000 comprising 500,000,000 Inari Shares to RM100,000,000 comprising 1,000,000,000 Inari Shares ("**Proposed IASC**"); and

(vii) Proposed amendments to the Articles of Association of the Company for the Proposed IASC.

The above proposals are subject to and conditional upon approvals from, amongst others, the following parties:

(i) Bursa Malaysia Securities Berhad ("**Bursa Securities**"), for the listing of and quotation for the following on the ACE Market of Bursa Securities:

(a) the Rights Shares to be issued;

(b) the new Inari Shares to be issued pursuant to the Proposed Issuance of New Shares;

(c) the Warrants; and

(d) the new Shares to be issued pursuant to the exercise of the Warrants.

8. Status of Corporate Proposals (Cont'd)

(ii) The shareholders of Inari at an extraordinary general meeting to be convened;

(iii) Bank Negara Malaysia for the issuance of Warrants to non-resident shareholders; and

(iv) Other relevant parties/authorities, if required.

Barring any unforeseen circumstances, the Proposals are expected to be completed within nine (9) months from 23 July 2012.

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

9. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2012 were as follows: -

	Short Term RM'000	Long Term RM'000	Total RM'000
Term loans	4,259	5,899	10,158
Finance lease liabilities	387	160	547
Total Borrowings (secured)	4,646	6,059	10,705
Government loan	-	2,700	2,700
Total Borrowings	4,646	8,759	13,405

All borrowings are denominated in Ringgit Malaysia.

10. Disclosure pursuant to implementation of FRS 139: Recognition and Measurement

With the adoption of FRS 139 Financial Instruments: Recognition and Measurement, off balance sheet financial instruments are now recognised in the financial statements.

The Group does not have any contracts involving off balance sheet risk as at the end of the reporting period and the date of this Report.

11. Changes in Material Litigation

There are no material progress/changes on pending material litigation since the last annual balance sheet date up to the date of this Report. The Group was not engaged in any litigation which is likely to give rise to proceedings which may materially and adversely affect the financial position or the business operations of the Group.

12. Dividend

(a) The directors had declared a second interim single tier dividend of 0.9 sen per ordinary share of RM0.10 each in respect of the financial year ended 30 June 2013.

The total dividend for the financial year ended 30 June 2013: -

	Net Per Share (sen)
First Interim Dividend	
Single tier dividend	0.80
Second Interim Dividend	
Single tier dividend	0.90
	1.70

(b) The total dividend for the financial year ended 30 June 2012: -

	Net Per Share (sen)
First Interim Dividend	
Single tier dividend	0.60
Second Interim Dividend	
Single tier dividend	0.60
Third Interim Dividend	
Single tier dividend	0.80
Fourth Interim Dividend	
Single tier dividend	0.80
	2.80

13. Earnings Per Share

(b) Basic earnings per share

The basic earnings per share for the current financial quarter and period to date have been calculated by dividing the net profit attributable to shareholders of the Company for the financial quarter and period to date by the weighted average number of ordinary shares in issue during the financial quarter and period to date.

	Individual Quarter ended		Cumulative Period ended	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and period to date (RM'000)	8,982	6,188	16,510	10,147
Weighted average number of ordinary shares in issue ('000)	336,283	325,293	336,283	325,293
Basic earnings per share (sen)	2.67	1.90	4.91	3.12

(c) Diluted earnings per share

Diluted earnings per share is not computed as there were no dilutive potential on the ordinary shares during the reporting period.

14. Disclosure of realised and unrealised profit/loss

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdown of unappropriated profits as at the reporting date has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 – Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, as issued by the Malaysian Institute of Accountants.

14. Disclosures of realised and unrealised profit/losses (Cont'd)

The Group's retained profits as at 31 December 2012 is analysed as follow:-

	Cumulative Period ended	
	31/12/2012	31/12/2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	**46,030**	33,253
- Unrealised	**(5,252)**	2,172
	40,778	35,425
Less: Consolidated adjustments	**(3,609)**	(14,478)
Total Group retained profits as per consolidated financial statements	**37,169**	20,947

Approved by:

Dr. Tan Seng Chuan
Managing Director

Grant Thornton
An instinct for growth™

(PREPARED FOR INCLUSION IN THE ABRIDGED PROSPECTUS)

Date: 29 April 2013

The Board of Directors
Inari Berhad
No. 51, Hilir Sungai Keluang 4
Bayan Lepas Free Industrial Zone Phase 4
11900 Bayan Lepas
Penang

SJ Grant Thornton (AF:0737)
Level 11 Sheraton Imperial Court
Jalan Sultan Ismail
50250 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 the Company's abridged prospectus in connection with the Proposed Acquisition of Amertron Inc. (Global) Limited and its subsidiary companies ("Amertron Global") comprising 23,732,859 ordinary shares of USD 1.00 each which representing 100% equity interest in Amertron Global for a total purchase consideration of United States Dollar ("USD") 32,000,000 (equivalent to Ringgit Malaysia ("RM") 101,760,000) ("Proposed Acquisition").

2. GENERAL INFORMATION

2.1 Background

Amertron Global ("The Company") was incorporated in 20 February 2001 under the Cayman Company Law of Cayman Islands.

2.2 Share capital

The changes in authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	Number of ordinary shares	Par value	← Cumulative Total	→
		USD	USD	No. of ordinary shares
20 February 2001	3,000,000	1	3,000,000	3,000,000
2 August 2004	37,000,000	1	40,000,000	40,000,000

2. GENERAL INFORMATION (CONT'D)

2.2 Share capital (cont'd)

The changes in issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative Total →	
		USD		USD	No. of ordinary shares
20 February 2001	1	1	Subscriber's share	1	1
10 June 2004	2,874,999	1	Cash	2,875,000	2,875,000
27 August 2004	18,326,448	1	Cash	21,201,448	21,201,448
1 September 2004	850,000	1	Cash	22,051,448	22,051,448
1 January 2008	1,681,411	1	Cash	23,732,859	23,732,859

2.3 Principal activity

The Company's principal activity is investment holding.

The principal activities of its subsidiary companies are as follows:-

Name of Company	Effective Ownership	Principal Activities	Date and Place of Incorporation
Amertron Incorporated	99.99%	Manufacturer of electronics and optical fiber cable devices	9 November 1988 Philippines
Amertron Technology (Kunshan) Co., Ltd. ("Amertron Kunshan")	100.00%	Manufacturer of electronics and optical fiber cable devices	19 June 2001 The People's Republic of China ("PRC")
Amertron Optoelectronics Kunshan Co., Ltd. ("Amertron Opto")	100.00%	Manufacturer of Light Emitting Diode(LED), researching and selling of optoelectronic devices	24 February 2009 PRC

Amertron Global, Amertron Incorporated, Amertron Kunshan and Amertron Opto are collectively refer to as "Amertron Group" or "The Group".

Amertron Global holds 100% equity interest in Amertron Incorporated and Amertron Kunshan, while Amertron Kunshan holds 100% equity interest in Amertron Opto.

On 10 February 2012, Amertron Kunshan has disposed its subsidiary company, Amertron Opto to Ambrite International Co., Limited.

2. GENERAL INFORMATION (CONT'D)

2.4 Share capital history of subsidiary companies

AMERTRON INCORPORATED

The changes in Amertron Incorporated's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of creation	Number of ordinary shares	Par value	← Cumulative Total →	
		PHP	PHP	No. of ordinary shares
9 November 1988	5,000,000	20	100,000,000	5,000,000
11 October 2002	20,000,000	20	500,000,000	25,000,000

The changes in the Amertron Incorporated's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	← Cumulative Total →	
		PHP		PHP	No. of ordinary shares
9 November 1988	1,250,000	20	Subscribers' share	25,000,000	1,250,000
11 June 1992	3,750,000	20	Cash	100,000,000	5,000,000
11 October 2002	5,550,000	20	Cash	211,000,000	10,550,000
21 July 2004	14,450,000	20	Cash	500,000,000	25,000,000

AMERTRON KUNSHAN

The present registered and paid-up capital of Amertron Kunshan is USD10,000,000.

The contributions to Amertron Kunshan's paid up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of contribution	Value USD	Consideration	Cumulative Total USD
23 April 2001	19,964	Cash	19,964
16 July 2001	300,000	Cash	319,964
23 August 2001	370,000	Cash	689,964
27 September 2001	99,974	Cash	789,938
24 October 2001	389,985	Cash	1,179,923
04 March 2003	125,000	Cash	1,304,923
17 April 2003	4,180,711	Assets	5,485,634
08 May 2003	374,945	Cash	5,860,579

2. GENERAL INFORMATION (CONT'D)

2.4 Share capital history of subsidiary companies (cont'd)

AMERTRON KUNSHAN (CONT'D)

Date of contribution	Value USD	Consideration	Cumulative Total USD
19 June 2003	250,000	Cash	6,110,579
04 July 2003	250,000	Cash	6,360,579
04 December 2003	130,000	Cash	6,490,579
14 April 2004	50,000	Cash	6,540,579
01 June 2004	250,000	Cash	6,790,579
07 June 2004	250,000	Cash	7,040,579
15 November 2005	377,416	Cash	7,417,995
21 March 2006	199,980	Cash	7,617,975
03 April 2006	29,990	Cash	7,647,965
07 April 2006	219,980	Cash	7,867,945
19 April 2006	549,985	Cash	8,417,930
28 April 2006	499,980	Cash	8,917,910
12 May 2006	649,980	Cash	9,567,890
01 June 2006	431,985	Cash	9,999,875
15 June 2006	125	Cash	10,000,000

AMERTRON OPTO

The present registered and paid-up capital of Amertron Opto is USD73,055.

The contribution to Amertron Opto's paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of Contribution	Value USD	Contribution	Cumulative Total USD
24 February 2009	73,055	Cash	73,055

3. FINANCIAL STATEMENTS AND AUDITORS

Deloitte & Touche Taiwan has performed an audit in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the PRC on the Amertron Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, a summary of significant accounting policies and other explanatory notes ("Audited Consolidated Financial Statements") for the Financial Years Ended ("FYE") 31 December 2009, 2010 and 2011.

The Audited Consolidated Financial Statements were reported without any audit qualification for FYE 31 December 2009, 2010 and 2011.

The financial year ended adopted by Amertron Group is 31 December.

The auditors' reports on the Audited Consolidated Financial Statements for FYE 31 December 2009, 2010 and 2011 are set out in Appendix I to III respectively to this report.

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3. **FINANCIAL STATEMENTS AND AUDITORS (CONT'D)**

SJ Grant Thornton had performed independent audit procedures in accordance with International Standards on Auditing on the Amertron Group's Audited Consolidated Financial Statements. There were no material adjustments required to the Audited Consolidated Financial Statements except for the following:-

	As per Audited Consolidated Financial Statements		Adjustments*		As per Accountants' Report	
	USD	RM	USD	RM	USD	RM
31 December 2010						
Consolidated statement of financial position						
Inventories	24,032,607	74,152,610	434,506	1,340,668	24,467,113	75,493,278
Reserves	(11,303,608)	(25,811,331)	(434,506)	(1,340,668)	(11,738,114)	(27,151,999)
Consolidated statement of comprehensive income						
Costs of sales	102,315,713	329,200,807	(434,506)	(1,398,023)	101,881,207	327,802,784
Profit before tax	(5,152,213)	(16,577,246)	(434,506)	(1,398,023)	(5,586,719)	(17,975,269)
Profit after tax	(4,264,551)	(13,721,194)	(434,506)	(1,398,023)	(4,699,057)	(15,119,217)
Consolidated statement of changes in equity						
Net profit for the financial year	(4,264,551)	(13,721,194)	(434,506)	(1,398,023)	(4,699,057)	(15,119,217)
Currency translation differences	-	(11,056,275)	-	(57,355)	-	(11,113,630)
Consolidated statement of cash flows						
Profit before tax	(5,152,213)	(16,577,246)	(434,506)	(1,398,023)	(5,586,719)	(17,975,269)
Increased in inventories	7,969,881	25,643,092	434,506	1,398,023	8,404,387	27,041,115
31 December 2011						
Consolidated statement of comprehensive income						
Costs of sales	111,225,085	340,204,168	434,506	1,329,023	111,659,591	341,533,191
Profit before tax	(3,787,475)	(11,584,750)	434,506	1,329,023	(3,352,969)	(10,255,727)
Profit after tax	(3,992,294)	(12,211,230)	434,506	1,329,023	(3,557,788)	(10,882,207)
Consolidated statement of changes in equity						
Net profit for financial year	(3,992,294)	(12,211,230)	434,506	1,329,023	(3,557,788)	(10,882,207)
Currency translation differences	-	3,410,167	-	(11,644)	-	3,398,523
Consolidated statement of cash flows						
Profit before tax	(3,787,475)	(11,584,750)	434,506	1,329,023	(3,352,969)	(10,255,727)
Increased in inventories	4,833,029	14,782,785	(434,506)	(1,329,023)	4,398,523	13,453,762

* This adjustment relates to timing differences on expense off the variance incurred from the differences between the standard costing and actual costing in work-in-process to profit or loss account.

There were no material adjustments required to restate the Audited Consolidation Financial Statements in accordance with Prospectus Guidelines – Paragraph 13.03 where the Audited Consolidated Financial Statements provided in this report must be prepared in accordance with the approved accounting standards as defined in the Financial Reporting Act 1997, which include International Accounting Standards.

4. CONVERSION RATE

The functional currencies of Amertron Group is USD. In preparing this report, the Company has converted all figures stated in USD into RM based on the following exchange rates:

	FYE 2009 USD	FYE 2010 USD	FYE 2011 USD
Statement of comprehensive income based on average rates for the relevant years			
USD	3.5233	3.2175	3.0587
Statement of financial position based on closing rates at the respective reporting dates			
USD	3.4265	3.0855	3.1685

The functional currency and presentation currency for Audited Consolidated Financial Statements are both in USD. RM is neither the functional currency nor presentation currency.

The translation from USD into RM in this report is to comply with the requirements of Prospectus Guidelines – Paragraph 13.12 where all financial statements prepared in currency other than RM must be translated into RM.

5. BASIS OF PREPARATION OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the PRC.

6. SIGNIFICANT ACCOUNTING POLICIES

6.1 Principles of consolidation

The consolidated financial statements have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 7, "Consolidated Financial Statements", and included the financial statements of Amertron Global and its direct and indirect subsidiaries with at least 50% shareholding and other investees controlled by the Group. When majority of the stockholders' equity of subsidiary is obtained during the financial year, the Group consolidates the related revenues and expenses of the subsidiary from the financial date the controlling interest was obtained.

All significant intercompany balances and transactions have been eliminated upon consolidation.

The consolidated entities are as follows:-

Year ended 31 December 2011, 2010 and 2009
Amertron Global
Amertron Kunshan
Amertron Incorporated
Amertron Opto

6.2 Foreign currencies

Non-derivative foreign-currency transactions are recorded in USD at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognised in profit or loss.

At the reporting date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognised in profit or loss.

At the reporting date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:-

a. Recognised in shareholders' equity if changes in fair value recognised in shareholders's equity;
b. Recognised in profit or loss if the changes in fair value is recognised in profit or loss.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.3 Accounting estimates

Under above principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, allowance for loss on inventories, depreciation of property, plant and equipment, income tax, pension cost, compensation cost of employee stock options, income tax loss on pending litigations, etc. Actual results may differ from these estimates.

6.4 Current and non-current assets and liabilities

Current assets include cash and cash equivalents, and those assets held primarily for trading purposes or to be realised, sold or consumed within one year from the reporting date. All other assets such as property, plant and equipment and intangible assets are classified as non-current. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the reporting date. All other liabilities are classified as non-current.

6.5 Available-for-sale financial assets

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each reporting date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognised in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognised in equity is included in profit or loss for the financial year. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The recognition, derecognition and the fair value bases of available-for-sale financial assets are the same with those of financial assets at fair value through profit or loss.

Cash dividends are recognised on the ex-dividend date except for dividends distributed from the pre-acquisition profit, which are treated as a reduction of investment cost. Stock dividends are not recognised as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share.

An impairment loss is recognised when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognised directly in equity.

6.6 Impairment of accounts receivable

An allowance for doubtful accounts is provided on the basis of a review of the collectability of accounts receivable. The Group assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.6 Impairment of accounts receivable (cont'd)

On January 1, 2011, the Group adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No.34, "Financial Instruments: Recognition and Measurement." One of the main revisions is that the impairment of receivables originated by the Group should be covered by SFAS No.34. Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- Accounts receivable becoming overdue; or
- It becoming probable that the debtor will enter bankruptcy or financial re-organisation.

Accounts receivable that are assessed not to be impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of accounts receivable could include the Group's past experience of collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The amount of the impairment loss recognised is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collateral and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognised as bad debts in profit or loss.

6.7 Impairment of assets

If the recoverable amount of an asset (mainly property, plant and equipment and intangible assets) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a deduction to the unrealised revaluation increment.

If the impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.7 Impairment of assets (cont'd)

For the purpose of impairment testing, goodwill is allocated to each of the relevant cash-generating units ("CGU(s)") that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually or whenever there is an indication that the CGU may be impaired. If the recoverable amount of the CGU becomes less than its carrying amount, the impairment is allocated to first reduce the carrying amount of the goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of carrying amount of each asset in the CGU. A reversal of an impairment loss on goodwill is disallowed.

6.8 Inventories

Inventories consist of raw materials, finished goods and work-in-process and are stated at the lower of cost or net realisable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realisable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

6.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are capitalised as part of the cost of those assets. Major additions and improvement to property, plant and equipment are capitalised, while cost of repairs and maintenance are expensed currently.

Depreciation is provided on a straight-line basis over estimated useful lives as follows: buildings - 35 years; machinery and equipment - 10 years; motor vehicle - 5 years; office equipment - 5 years; leasehold improvement - the shorter period of 10 years or leasehold period and other equipment - 3 to 5 years.

Property, plant and equipment still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

The related cost, accumulated depreciation and accumulated impairment losses of an item of property, plant and equipment are derecognised upon its disposal. Any gain or loss on disposal of the asset is included in non-operating or losses in the financial year of disposal.

6.10 Intangible assets

Computer software

Computer software acquired is initially recorded at cost and is amortised on a straight-line basis over their estimated useful lives.

Goodwill

If the Group cannot measure the differences between acquisition cost and the Group's proportionate share in the investee's equity, it was determined to be goodwill.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.10 Intangible assets (cont'd)

Land use right

Land use right is initially recorded at cost and then amortised on a straight-line basis over the shorter of operating period or legal usage period from the time main operating activities had started.

6.11 Deferred charges

Deferred charges acquired are initially recorded at cost and are amortised on a straight-line basis over their useful lives.

6.12 Pension cost and state-managed retirement benefit

Amertron Incorporated's pension cost under a defined benefit plan is determined by actuarial valuations. Amertron Kunshan's and Amertron Opto's contributions made under a defined contribution plan are recognised as pension cost during the period in which employees render services.

Curtailment or settlement gains or losses of the defined benefit plan are recognised as part of the net periodic pension cost for the financial year.

6.13 Income tax

The Group applies the intra-year and inter-year allocations methods to its income tax, whereby deferred income tax assets and liabilities are recognised for the tax effects of temporary differences and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realised. A deferred tax asset or liability is classified as current or non-current in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or non-current based on the expected length of time before it is realised or settled.

If the Group can control the timing of the reversal of a temporary difference arising from the difference between the book value and the tax basis of a long-term equity investment in a foreign subsidiary or joint venture and if the temporary difference is not expected to reverse in the foreseeable future and will, in effect, exist indefinitely, then a deferred tax liability or asset is not recognised.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.14 Stock-based compensation

Employee stock options granted are accounted for under SFAS No. 39, "Accounting for Share-based Payment." Under the statement, the value of the stock options granted, which is equal to the best available estimate of the number of stock options expected to vest multiplied by the grant-date fair value, is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to capital surplus - employee stock options. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

6.15 Revenue recognition

Revenue from sales of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, primarily upon shipment, because the earnings process has been completed and the economic benefits associated with the transaction have been realised or are realisable.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts agreed between the Group and the customers for goods sold in the normal course of business, net of sales discounts and volume rebates. For trade receivables due within one year from the reporting date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

7. HISTORICAL FINANCIAL INFORMATION

7.1 Summarised consolidated statement of comprehensive income

The following tables set out the summary of the consolidated financial results prepared based on the Audited Consolidated Financial Statements of Amertron Group for the FYE 31 December 2009 to FYE 31 December 2011:

Years ended	Note	31/12/2009		31/12/2010		31/12/2011	
		USD	RM	USD	RM	USD	RM
Revenue		74,535,425	262,610,663	110,764,821	356,385,812	120,752,656	369,346,149
Gross profit		6,739,814	23,746,387	8,883,614	28,583,028	9,093,065	27,812,958
Profit before amortisation, depreciation, interest and tax		5,495,029	19,360,637	6,996,071	22,509,859	4,771,342	14,594,104
Amortisation		(199,924)	(704,392)	(205,562)	(661,396)	(131,556)	(402,390)
Depreciation		(983,417)	(3,464,873)	(1,028,019)	(3,307,651)	(1,081,921)	(3,309,272)
Finance costs		(191,060)	(673,162)	(175,771)	(565,543)	(204,896)	(626,715)
Profit before tax but after amortisation, depreciation and interest expense		4,120,628	14,518,210	5,586,719	17,975,269	3,352,969	10,255,727
Tax expense		(617,082)	(2,174,165)	(887,662)	(2,856,052)	204,819	626,480
Profit after tax		3,503,546	12,344,045	4,699,057	15,119,217	3,557,788	10,882,207
Gross profit margin (%)		9.04	9.04	8.02	8.02	7.53	7.53
Pre-tax profit margin (%)		5.53	5.53	5.04	5.04	2.78	2.78
Profit after tax margin (%)		4.70	4.70	4.24	4.24	2.95	2.95
Effective tax rate (%)		14.98	14.98	15.89	15.89	(6.11)	(6.11)
Gross earnings per share* (USD/RM)		0.17	0.61	0.24	0.76	0.14	0.43
Net earnings per share* (USD/RM)		0.15	0.52	0.20	0.64	0.15	0.46

- There were no exceptional or extraordinary items in all the FYEs under review.
- There were no accounting policies which are peculiar to Amertron Group as a result of the nature of business or industry it was involved in that would affect the determination of the Amertron Group's financial results or financial position.

* Based on share capital of 23,732,859 ordinary shares.

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Summarised consolidated statement of financial position

The following table sets out the summary of consolidated statement of financial position prepared based on the Audited Consolidated Financial Statements of Amertron Group for the FYE 31 December 2009 to FYE 31 December 2011:-

Years ended	Note	31/12/2009		31/12/2010		31/12/2011	
		USD	RM	USD	RM	USD	RM
Assets							
Non- current assets							
Property, plant and equipment	(i)	7,203,836	24,683,945	8,043,057	24,816,853	8,745,575	27,710,354
Available-for-sale investment	(ii)	995	3,409	1,072	3,308	1,004	3,181
Computer software	(iii)	337,095	1,155,056	155,782	480,665	39,127	123,974
Goodwill	(iv)	6,306,737	21,610,034	6,306,737	19,459,437	6,306,737	19,982,896
Land use right	(v)	120,993	414,583	118,072	364,311	115,150	364,853
Deferred income tax assets	(vi)	602,563	2,064,682	135,204	417,172	603,553	1,912,357
Total non-current assets		14,572,219	49,931,709	14,759,924	45,541,746	15,811,146	50,097,615
Current assets							
Inventories	(vii)	15,913,888	54,528,938	24,467,113	75,493,278	29,101,029	92,206,610
Trade receivables	(viii)	13,913,901	47,675,981	18,893,247	58,295,114	16,780,470	53,168,919
Other receivables	(ix)	1,735,395	5,946,331	2,250,599	6,944,223	2,717,048	8,608,966
Cash and bank	(x)	3,908,205	13,391,465	1,718,122	5,301,265	2,162,850	6,852,990
Total current assets		35,471,389	121,542,715	47,329,081	146,033,880	50,761,397	160,837,485
Total assets		50,043,608	171,474,424	62,089,005	191,575,626	66,572,543	210,935,100
Equity							
Share capital		23,732,859	82,293,689	23,732,859	82,293,689	23,732,859	82,293,689
Reserves		7,039,667	23,148,374	11,738,114	27,151,999	15,876,879	43,209,763
Total equity		30,772,526	105,442,063	35,470,973	109,445,688	39,609,738	125,503,452
Liabilities							
Non-current liabilities							
Accrued pension cost	(xi)	534,845	1,832,646	677,522	2,090,494	556,785	1,764,173
Deferred income tax liabilities	(vi)	-	-	112,379	346,745	-	-
Deferred rental	(xii)	78,234	268,069	88,502	273,073	95,405	302,291
Total non-current liabilities		613,079	2,100,715	878,403	2,710,312	652,190	2,066,464

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Summarised consolidated statement of financial position (cont'd)

The following table sets out the summary of consolidated statement of financial position prepared based on the Audited Consolidated Financial Statements of Amertron Group for the FYE 31 December 2009 to FYE 31 December 2011(cont'd):-

Years ended	Note	31/12/2009		31/12/2010		31/12/2011	
		USD	RM	USD	RM	USD	RM
Liabilities (cont'd)							
Current liabilities							
Trade payables	(xiii)	13,101,931	44,893,767	16,297,136	50,284,813	17,816,316	56,450,997
Other payables	(xiv)	2,687,288	9,207,991	3,594,775	11,091,679	2,837,180	8,989,605
Borrowings	(xv)	2,800,000	9,594,200	5,750,000	17,741,625	5,420,000	17,173,270
Tax payable		68,784	235,688	97,718	301,509	237,119	751,312
Total current liabilities		18,658,003	63,931,646	25,739,629	79,419,626	26,310,615	83,365,184
Total liabilities		19,271,082	66,032,361	26,618,032	82,129,938	26,962,805	85,431,648
Total equity and liabilities		50,043,608	171,474,424	62,089,005	191,575,626	66,572,543	210,935,100
Net assets ("NA")		30,772,526	105,442,063	35,470,973	109,445,688	39,609,738	125,503,452
NA per share* (USD/RM)		1.30	4.44	1.49	4.61	1.67	5.29

* Based on share capital of 23,732,859 ordinary shares.

(i) Detailed disclosures on property, plant and equipment are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Net carrying amount						
Buildings	2,299,727	7,880,015	2,247,322	6,934,112	2,146,253	6,800,403
Machinery and equipment	2,800,096	9,594,529	3,818,467	11,781,880	4,237,221	13,425,635
Transportation equipment	39,666	135,916	27,648	85,308	53,813	170,506
Office equipment	264,643	906,799	231,768	715,120	284,014	899,898
Leasehold improvements	562,763	1,928,307	503,212	1,552,661	515,490	1,633,330
Other equipment	1,117,139	3,827,877	1,167,247	3,601,541	1,384,819	4,387,799
Construction in progress	119,802	410,502	47,393	146,231	123,965	392,783
	7,203,836	24,683,945	8,043,057	24,816,853	8,745,575	27,710,354
Machinery and equipment pledged to the bank as securities	503,402	1,724,907	487,942	1,505,545	600,113	1,901,458

All property, plant and equipment held by Amertron Group are located in the PRC and Philippines.

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Summarised consolidated statement of financial position (cont'd)

(ii) Detailed disclosures on available-for-sale investment are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Net carrying amount						
Quoted preferred stocks	995	3,409	1,072	3,308	1,004	3,181

(iii) Detailed disclosures on computer software are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Net carrying amount						
Accounting software	337,095	1,155,056	155,782	480,665	39,127	123,974

(iv) Detailed disclosures on goodwill are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Net carrying amount						
Goodwill on consolidation	6,306,737	21,610,034	6,306,737	19,459,437	6,306,737	19,982,896

Goodwill on consolidation arises on acquisition of Amertron Incorporated in 2004.

(v) Detailed disclosures on land use right are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Net carrying amount						
Land use right	120,993	414,583	118,072	364,311	115,150	364,853

The land use right is located in the PRC.

The land use right is pledged to a bank as security for borrowings granted to Amertron Kunshan.

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Summarised consolidated statement of financial position (cont'd)

(vi) Detailed disclosures on deferred income tax assets/(liabilities) are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Deferred income tax assets	602,563	2,064,682	135,204	417,172	603,553	1,912,357
Deferred income tax liabilities	-	-	(112,379)	(346,745)	-	-
	602,563	2,064,682	22,825	70,427	603,553	1,912,357

Deferred tax assets/(liabilities) are made up of the tax effect on temporary differences arising from:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Deferred income tax assets						
Bad debts expenses	8,376	28,700	702	2,166	702	2,224
Unrealised allowance for loss in inventories	130,879	448,458	109,767	338,686	74,411	235,771
Retirement benefit obligation	88,249	302,385	119,638	369,143	135,020	427,811
Deferred rental	2,816	9,649	4,425	13,653	8,993	28,494
Unrealised exchange loss	76,679	262,741	865,456	2,670,364	94,835	300,485
Carry forward benefits of excess Minimum Corporate Income Tax	175,869	602,615	244,630	754,806	173,985	551,271
Provision for loss	127,986	438,544	2,971	9,167	69,619	220,588
Impairment loss on property, plant and equipment	113,149	387,704	122,129	376,829	127,727	404,703
	724,003	2,480,796	1,469,718	4,534,814	685,292	2,171,347
Deferred income tax liabilities						
Unrealised exchange gain	(121,440)	(416,114)	(1,446,893)	(4,464,387)	(81,739)	(258,990)
	(121,440)	(416,114)	(1,446,893)	(4,464,387)	(81,739)	(258,990)
	602,563	2,064,682	22,825	70,427	603,553	1,912,357

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Summarised consolidated statement of financial position (cont'd)

(vii) Detailed disclosures on inventories are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Raw material	10,090,278	34,574,338	14,742,708	45,488,626	16,102,888	51,022,001
Work in process	2,668,230	9,142,690	3,728,889	11,505,487	5,106,816	16,180,946
Finished goods	3,155,380	10,811,910	5,995,516	18,499,165	7,891,325	25,003,663
	15,913,888	54,528,938	24,467,113	75,493,278	29,101,029	92,206,610
Cost of sales	67,795,611	238,864,276	101,881,207	327,802,784	111,659,591	341,533,191
% of inventories to cost of sales #	27.78	*	19.82	*	23.99	*
Inventories turnover period (day) #	101	*	72	*	88	*

\# Based on average balances of inventories
* The financial ratio is computed and presented based on the functional currency only.

The inventory written down or allowance made for inventory are USD679,457 (RM 2,328,159); USD530,619 (RM1,637,225) and USD295,226 (RM935,424) respectively for FYE 31 December 2009, 2010 and 2011.

Other than the above write down and allowance, the Directors are of the view that no further write down and allowance are required.

(viii) Detailed disclosures on trade receivables are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Trade receivables	13,913,901	47,675,981	18,893,247	58,295,114	16,780,470	53,168,919
Revenue	74,535,425	262,610,663	110,764,821	356,385,812	120,752,656	369,346,149
% of trade receivables to revenue #	15.22	*	14.81	*	14.77	*
Trade receivables turnover period (day) #	56	*	54	*	54	*

\# Based on average balances of trade receivables
* The financial ratio is computed and presented based on the functional currency only

Trade receivables generally have credit terms ranging from 30 to 120 days.

In the opinion of the Directors, there is no further bad debts written off or allowance for doubtful debts required for all FYEs under review and all the outstanding receivables are recoverable.

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Summarised consolidated statement of financial position (cont'd)

(viii) Detailed disclosures on trade receivables are as below (cont'd):-

Included in trade receivables is an amount pledged to a bank as securities for borrowings granted to the Group are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Trade receivables	967,813	3,316,211	1,949,831	6,016,203	1,666,463	5,280,188

Trade receivables are denominated in the following currencies:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
RMB	32,642	111,848	-	-	66,231	209,853
USD	13,881,259	47,564,133	18,893,247	58,295,114	16,714,239	52,959,066
	13,913,901	47,675,981	18,893,247	58,295,114	16,780,470	53,168,919

(ix) Detailed disclosures on other receivables are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Prepayment	570,823	1,955,925	744,615	2,297,510	1,131,093	3,583,868
Other receivables	942,308	3,228,818	1,253,459	3,867,547	1,331,058	4,217,457
Deposits	222,264	761,588	252,525	779,166	254,897	807,641
	1,735,395	5,946,331	2,250,599	6,944,223	2,717,048	8,608,966

In the opinion of the Directors, there is no further bad debt written off or allowance for doubtful debts required for all FYEs under review and all the outstanding receivables are recoverable.

Other receivables are denominated in the following currencies:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
USD	228,591	783,267	273,890	845,088	323,616	1,025,378
RMB	451,966	1,548,662	685,653	2,115,582	1,125,047	3,564,710
PHP	1,054,838	3,614,402	1,291,056	3,983,553	1,268,385	4,018,878
	1,735,395	5,946,331	2,250,599	6,944,223	2,717,048	8,608,966

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Summarised consolidated statement of financial position (cont'd)

(x) Detailed disclosures on cash and bank balances are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Net carrying amount						
Cash on hand	3,062	10,492	5,159	15,918	5,674	17,978
Cash at bank	3,890,450	13,330,627	1,704,985	5,260,731	2,149,001	6,809,110
Fixed deposit with licensed banks	14,693	50,346	7,978	24,616	8,175	25,902
	3,908,205	13,391,465	1,718,122	5,301,265	2,162,850	6,852,990

Cash and bank balances are denominated in the following currencies:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
USD	3,499,528	11,991,134	1,185,633	3,658,281	1,428,162	4,525,132
PHP	341,309	1,169,495	477,930	1,474,653	511,866	1,621,847
RMB	67,137	230,045	54,293	167,511	222,624	705,384
RM	32	111	102	315	162	513
HKD	3	10	2	6	3	10
SGD	8	27	5	15	6	19
WON	24	82	17	52	18	57
BRU DOLLAR	8	27	6	19	8	25
BAHT	33	113	-	-	-	-
NTS	123	421	134	413	1	3
	3,908,205	13,391,465	1,718,122	5,301,265	2,162,850	6,852,990

(xi) Detailed disclosures on accrued pension cost are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Accrued pension cost	534,845	1,832,646	677,522	2,090,494	556,785	1,764,173

Accrued pension cost arises from Amertron Incoporated where it is an unfunded, non-contributory defined benefit plan covering substantially all of its qualified employees which provides for a retirement benefit equal to 22.5 days pay for every year of credited service in accordance with Retirement Pay Law (Republic Art No.7641) in Philippines.

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Summarised consolidated statement of financial position (cont'd)

(xii) Details disclosures on deferred rental are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Deferred rental	78,234	268,069	88,502	273,073	95,405	302,291

Deferred rental is the sum of the difference between rent expense recognised and rent paid by Amertron Group in Philippines.

(xiii) Detailed disclosures on trade payables are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Trade payables	13,101,931	44,893,767	16,297,136	50,284,813	17,816,316	56,450,997
Cost of sales	67,795,611	238,864,276	101,881,207	327,802,784	111,659,591	341,533,191
% of trade payables to cost of sales #	20.36	*	14.43	*	15.28	*
Trade payable turnover period (day) #	74	*	53	*	56	*

\# Based on average balances of trade payables
* The financial ratio is computed and presented based on the functional currency only

Trade payables generally have credit terms ranging from 60 to 90 days.

Trade payables are denominated in the following currencies:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
TWD	17,541	60,104	39,282	121,205	21,805	69,089
SGD	-	-	-	-	3,144	9,962
PHP	697,154	2,388,798	708,566	2,186,280	835,622	2,647,668
USD	11,672,697	39,996,497	14,748,825	45,507,498	16,051,211	50,858,264
EUR	227,569	779,765	225,028	694,324	180,998	573,492
JPY	27,635	94,691	36,718	113,294	91,772	290,782
RM	154	528	-	-	-	-
RMB	459,181	1,573,384	538, 717	1,662,212	631,764	2,001,740
	13,101,931	44,893,767	16,297,136	50,284,813	17,816,316	56,450,997

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Summarised consolidated statement of financial position (cont'd)

(xiv) Detailed disclosures on other payables are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Accrued expenses	1,781,150	6,103,110	3,230,548	9,967,856	2,433,983	7,712,075
Advance from customers	557,600	1,910,616	152,266	469,817	160,805	509,511
Other payables	348,538	1,194,265	211,961	654,006	242,392	768,019
	2,687,288	9,207,991	3,594,775	11,091,679	2,837,180	8,989,605

Other payables are denominated in the following currencies:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
USD	557,700	1,910,959	152,266	469,817	158,702	502,847
PHP	1,114,330	3,818,252	1,966,138	6,066,519	1,718,825	5,446,097
RMB	1,015,258	3,478,780	1,476,371	4,555,343	959,653	3,040,661
	2,687,288	9,207,991	3,594,775	11,091,679	2,837,180	8,989,605

(xv) Detailed disclosures on borrowings are as below:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Short- term loans	2,800,000	9,594,200	5,750,000	17,741,625	5,420,000	17,173,270
Interest rate range (%)	2.88 - 7.25	2.88 - 7.25	1.40 - 5.00	1.40 - 5.00	2.44 - 4.50	2.44 - 4.50

The Group's borrowings are secured by the followings:-

a) certain property, plant and equipment in Note 7.2(i);
b) land use right in Note 7.2(v); and
c) assignment of trade receivables in Note 7.2(viii).

The repayment terms of the borrowing ranging from 2 months to 12 months.

Borrowings are denominated in the following currency:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
USD	2,800,000	9,594,200	5,750,000	17,741,625	5,420,000	17,173,270

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.3 Summarised consolidated statement of cash flows

The following table set out the summary of the consolidated cash flows based on the Audited Consolidated Financial Statements of Amertron Group for the FYE 31 December 2009 to FYE 31 December 2011:-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Cash flow from operating activities						
Profit before tax	4,120,628	14,518,210	5,586,719	17,975,269	3,352,969	10,255,727
Adjustments:						
Depreciation	983,417	3,464,873	1,028,019	3,307,651	1,081,921	3,309,272
Amortisation of intangible assets	197,003	694,101	197,175	634,411	117,181	358,422
Amortisation of land use right	2,921	10,291	2,921	9,398	2,922	8,937
Amortisation of others	-	-	5,466	17,587	11,453	35,031
Reversal of impairment on doubtful receivables	(403,287)	(1,420,901)	(44,737)	(143,941)	-	-
Compensation costs of employees stock options	117,563	414,210	970	3,121	581,581	1,778,882
Loss on disposal of property, plant and equipment	12,000	42,280	32,685	105,164	94,472	288,962
Provision/(Reversal) for loss on inventories	9,379	33,045	(148,838)	(478,886)	(235,393)	(719,997)
Impairment loss on property, plant and equipment	434,080	1,529,394	-	-	-	-
Deferred cost of pension	(9,025)	(31,798)	142,677	459,063	(120,737)	(369,298)
Deferred rental	(36,409)	(128,280)	10,268	33,037	6,903	21,114
Interest expenses	191,060	673,162	175,771	565,543	204,896	626,715
Operating profit before working capital changes	5,619,330	19,798,587	6,989,096	22,487,417	5,098,168	15,593,767
Decrease/(Increase) in inventories	5,833,851	20,554,407	(8,404,387)	(27,041,115)	(4,398,523)	(13,453,762)
(Increase)/Decrease in receivables	(4,485,915)	(15,805,224)	(5,453,940)	(17,548,052)	1,636,900	5,006,786
(Decrease)/Increase in payables	(2,018,269)	(7,110,967)	4,102,692	13,200,412	761,585	2,329,461
Cash generated from/(used in) operating activities	4,948,997	17,436,803	(2,766,539)	(8,901,338)	3,098,130	9,476,252
Interest paid	(191,060)	(673,162)	(175,771)	(565,543)	(204,896)	(626,715)
Income tax paid	(581,991)	(2,050,529)	(278,990)	(897,650)	(236,508)	(723,407)
Net cash from/(used in) operating activities	4,175,946	14,713,112	(3,221,300)	(10,364,531)	2,656,726	8,126,130
Cash flow from investing activities						
Purchase of property, plant and equipment	(603,662)	(2,126,882)	(1,920,479)	(6,179,141)	(1,886,067)	(5,768,913)
Purchase of computer software	(5,967)	(21,024)	(15,380)	(49,485)	-	-
Proceeds from disposal of property, plant and equipment	-	-	22,435	72,185	10,913	33,380
Net cash used in investing activities	(609,629)	(2,147,906)	(1,913,424)	(6,156,441)	(1,875,154)	(5,735,533)

7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.3 Summarised consolidated statement of cash flows (cont'd)

The following table set out the summary of the consolidated cash flows based on the Audited Consolidated Financial Statements of Amertron Group for the FYE 31 December 2009 to FYE 31 December 2011(cont'd):-

Years ended	31/12/2009		31/12/2010		31/12/2011	
	USD	RM	USD	RM	USD	RM
Cash flows from financing activities						
(Decrease)/Increase in short-term loans	(2,450,000)	(8,632,085)	2,950,000	9,491,625	(330,000)	(1,009,371)
Decrease in shareholder accounts	(250,000)	(880,825)	-	-	-	-
Net cash (used in)/generated from financing activities	(2,700,000)	(9,512,910)	2,950,000	9,491,625	(330,000)	(1,009,371)
Effect of exchange translation	13,356	(38,097)	(5,359)	271,846	(6,844)	27,895
Net increase/(decrease) in cash and cash equivalents	879,673	3,014,199	(2,190,083)	(6,757,501)	444,728	1,409,121
Cash and cash equivalents						
As previously reported	3,028,532	10,501,435	3,908,205	13,391,465	1,718,122	5,301,265
Effect on exchange rate changes	-	(124,169)	-	(1,332,698)	-	142,604
As restated	3,028,532	10,377,266	3,908,205	12,058,767	1,718,122	5,443,869
Cash and cash equivalents at end of the financial year	3,908,205	13,391,465	1,718,122	5,301,265	2,162,850	6,852,990

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7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 **Summarised consolidated statement of changes in equity**

The following table sets out the summary of consolidated changes in equity prepared based on the Audited Consolidated Financial Statements of Amertron Group for the FYE 31 December 2009 to FYE 31 December 2011:

	Share capital		Employees stock option reserve		Available-for-sale investment reserve		Translation cumulative adjustment		Translation reserve		Retained profits		Total equity	
	USD	RM	USD	RM	USD	RM	USD	RM	USD	RM	USD	RM	USD	RM
Balance at 1 January 2009	23,732,859	82,293,689	818,183	2,837,050	299	1,037	(20,205)	(70,061)	-	-	2,606,904	9,039,440	27,138,040	94,101,155
Compensation recognised for employee stock options	-	-	117,563	414,210	-	-	-	-	-	-	-	-	117,563	414,210
Change in unrealised loss on available-for-sale investment	-	-	-	-	(252)	(888)	-	-	-	-	-	-	(252)	(888)
Currency translation differences	-	-	-	-	-	-	13,629	48,019	-	(1,464,478)	-	-	13,629	(1,416,459)
Net profit for the financial year	-	-	-	-	-	-	-	-	-	-	3,503,546	12,344,045	3,503,546	12,344,045
Balance at 31 December 2009	23,732,859	82,293,689	935,746	3,251,260	47	149	(6,576)	(22,042)	-	(1,464,478)	6,110,450	21,383,485	30,772,526	105,442,063
Compensation recognised for employee stock options	-	-	970	3,121	-	-	-	-	-	-	-	-	970	3,121
Change in unrealised gain on available-for-sale investments	-	-	-	-	22	71	-	-	-	-	-	-	22	71
Currency translation differences	-						(1,602)	(5,154)	-	(11,113,630)	-	-	(1,602)	(11,118,784)
Net profit for the financial year	-	-	-	-	-	-	-	-	-	-	4,699,057	15,119,217	4,699,057	15,119,217
Balance at 31 December 2010	23,732,859	82,293,689	936,716	3,254,381	69	220	(8,178)	(27,196)	-	(12,578,108)	10,809,507	36,502,702	35,470,973	109,445,688
Compensation recognised for employee stock options	-	-	581,581	1,778,882	-	-	-	-	-	-	-	-	581,581	1,778,882
Change in unrealised loss on available-for- sale investment	-	-	-	-	(83)	(254)	-	-	-	-	-	-	(83)	(254)
Currency translation differences	-	-	-	-	-	-	(521)	(1,594)	-	3,398,523	-	-	(521)	3,396,929
Net profit for the financial year	-	-	-	-	-	-	-	-	-	-	3,557,788	10,882,207	3,557,788	10,882,207
Balance at 31 December 2011	23,732,859	82,293,689	1,518,297	5,033,263	(14)	(34)	(8,699)	(28,790)	-	(9,179,585)	14,367,295	47,384,909	39,609,738	125,503,452

8. **DIVIDEND RECORDS**

There were no dividends declared or paid for FYE 31 December 2009 to FYE 31 December 2011.

9. **COMMITMENTS**

Capital commitments

There were no capital commitments for the financial years under review.

10. **SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE**

Other than the following, no other item, transaction or event of a material or unusual nature has arisen in the interval between 31 December 2011 and the date of this report.

(i) On 10 February 2012, Amertron Kunshan has disposed its subsidiary company, Amertron Opto to Ambrite International Co., Limited for a total consideration of USD 78,000.

(ii) On 23 July 2012, the shareholders of the Group have entered into a sales and purchase agreement with Inari International to sell of their 100% equity interest in the Group for a total consideration of USD 32 million.

(iii) On 1 August 2012, Amertron Incorporated has entered into an Equipment Purchase Agreement with Avago Technologies Manufacturing (Singapore) Pte. Ltd. which amount to USD 1,472,000.

(iv) On 6 September 2012, Amertron Incorporated has entered into a Memorandum of Understanding (MoU) with Avago Technologies (Singapore) Pte. Ltd. and Inari Technology Sdn. Bhd. for a possible future cooperation in "SHIELD" project in Senai, Malaysia.

(v) On 1 January 2013, the Company has entered into a Manufacturing License and Services Agreement with Avago Technologies General IP (Singapore) Pte. Ltd. ("Avago General IP") and Avago Technologies International Sales Pte. Ltd. to manufacture and sell products designed by Avago General IP.

Grant Thornton
An instinct for growth™

11. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

No Audited Consolidated Financial Statements have been prepared is respect of any period subsequent to 31 December 2011.

Yours faithfully,

SJ GRANT THORNTON
Firm Number: AF 0737
Chartered Accountants

DATO' N.K. JASANI
Approval Number: 708/03/14 (J/PH)
Partner of the Firm

Deloitte
勤業眾信

勤業眾信聯合會計師事務所
10596 台北市民生東路三段156號12樓

Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Road, Sec. 3
Taipei 10596, Taiwan, ROC

Tel :+886 (2) 2545-9988
Fax:+886 (2) 2545-9966
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Amertron Inc. (Global) Limited

We have audited the accompanying consolidated balance sheets of Amertron Inc. (Global) Limited and subsidiaries (the "Group") as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amertron Inc. (Global) Limited and subsidiaries as of December 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

Deloitte & Touche

April 2, 2010

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Deloitte
勤業眾信

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INDEPENDENT AUDITORS' REPORT

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Amertron Inc. (Global) Limited

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Deloitte & Touche

March 28, 2011

<u>*Notice to Readers*</u>

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Company No. 1000809-U

APPENDIX III

Deloitte
勤業眾信

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Amertron Inc. (Global) Limited

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Deloitte & Touche

February 17, 2012

<u>*Notice to Readers*</u>

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DIRECTORS' REPORT
(Prepared for inclusion in this Abridged Prospectus)

Inari Berhad

INARI BERHAD
(Company No : 1000809-U)
Registered Office:
No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Kumpur.
Tel : 603-2284 8311 Fax : 603-2282 4688 www.inariberhad.com

Date: 6 MAY 2013

To: The Entitled Shareholders of Inari Berhad

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of Inari Berhad ("Inari" or "Company"), I wish to report that, after making due enquiries in relation to the Company and its subsidiaries ("Group") during the period between 30 June 2012, being the date on which the latest audited consolidated financial statements have been made up, and the date hereof, being a date not earlier than fourteen (14) days before the date of this Abridged Prospectus, that:-

(a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;

(c) the current assets of the Group appear in the books at values which are believed to be realizable in the ordinary course of business;

(d) save as disclosed in Section 9.4 of this Abridged Prospectus, there are no material contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the Group;

(e) since the last audited consolidated financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited consolidated financial statements of the Group.

Yours faithfully,
For and on behalf of the Board
INARI BERHAD

DR. TAN SENG CHUAN
EXECUTIVE VICE CHAIRMAN

ADDITIONAL INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights Shares, Warrants and the new Shares to be issued pursuant to the exercise of the Warrants, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

(ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.

(iii) All the Rights Shares and the new Shares to be issued pursuant to the exercise of Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing issued and paid-up ordinary share capital, save and except that such Shares will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid prior to the date of allotment of such Shares.

(iv) As at the date of this Abridged Prospectus, save for the:

(a) Entitled Shareholders who will be provisionally allotted the Rights Shares together with Warrants under the Rights Issue with Warrants;

(b) the allotment of the 11,520,000 RPS and 34,560,000 Warrants pursuant to the Issuance of Preference Shares; and

(c) the Vendors who shall receive 22,232,903 new Inari Shares pursuant to the Issuance of New Shares,

no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries as of the date of this Abridged Prospectus.

(v) Save for the Rights Issue with Warrants, Issuance of New Shares, new Warrants to be issued under the Issuance of Preference Shares and as disclosed in Appendix III(A) of this Abridged Prospectus, none of our securities have been issued or agreed to be issued either as fully or partly paid-up otherwise than in cash, within the two (2) years immediately preceding the date of this Abridged Prospectus.

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2. ARTICLES OF ASSOCIATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:

Remuneration of Directors
Article 94

(1) The fees payable to the Directors shall from time to time be determined by a resolution of the Company in general meeting. Provided that such fees 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. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fee.

(2) The Directors shall also be paid such travelling, hotel and other expenses properly and reasonably incurred by them in the execution of their duties including any such reasonable expenses incurred in connection with their attendance at meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

(3) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries and other emoluments payable to executive Directors may not include a commission on or percentage of turnover.

(4) Any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

(5) An executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine.

(6) Salaries payable to executive Directors may not include a commission on or percentage of turnover.

Alternate Director
Article 120

(1) Each Director shall have power from time to time to nominate any person to act as his alternate Director and the appointment of the alternate Director shall not take effect until approved by a majority of the other Directors. An alternate Director shall be entitled to receive notice of meetings of the Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not present, and generally at such meeting to exercise all the powers, rights, duties and authorities of the Director appointing him. Every person acting as an alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall be deemed to be the agent of or for the Director appointing him. Any fee paid by the Company to the alternate Director shall be deducted from that Director's remuneration.

(2) All the appointments and removals of alternate Director made by any Directors in pursuance of these Articles shall be in writing under the hand of the Directors making the same and shall be sent to or left at the Office.

(3) If a Director making any such appointment as aforesaid shall cease or vacate office as a Director (otherwise than by reason of vacating his office at a meeting of the Company at which he is re-elected), the person appointed by him shall thereupon, ipso facto cease to have any power or authority to act as an alternate Director except retirement by rotation and immediate re-election.

(4) An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.

Director may act himself or by his firm in professional capacity
Article 107

Subject to these Articles, the Statutes and the Listing Requirements, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, PROVIDED THAT nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

Remuneration of Managing Director
Article 123

The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, the Deed Poll and Underwriting Agreement, we confirm that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years preceding the date of this Abridged Prospectus:

(i) Underwriting agreement dated 3 June 2011 between Inari and M&A Securities for the underwriting of 20,386,000 shares issued pursuant to the listing of our Company on the ACE Market, for an underwriting commission at the rate of 2.0% of the total value of underwritten shares at the issue price of RM0.38 per share;

(ii) Subscription agreement dated 15 December 2011 whereby Inari has agreed to subscribe 51% equity interest in Ceedtec Sdn Bhd (1,999,200 new ordinary shares of RM1.00 each) for a cash consideration of RM3,598,560 (equivalent to RM1.80 per share). This agreement was completed on 6 January 2012.

(iii) Concurrently, Inari had entered into a shareholders agreement on 15 December 2011 with the shareholders of Ceedtec Sdn Bhd, namely Yoon Chon Leong, Heng Fook Main, Tan Hai Poo, Choong Lee Shyue and Ho Phon Guan to regulate their relationship in relation to their shareholdings in Ceedtec Sdn Bhd;

(iv) Sale and purchase agreement dated 6 July 2012 whereby Perpetual Link Sdn Bhd has agreed to sell and Simfoni Bistari Sdn Bhd has agreed to purchase a land held under Hak Milik Sementara No. H.S (D) 35244 (formerly known as H.S.(D) 370491), No. PTD 86567, Mukim Senai (formerly known as Mukim Senai-Kulai), Daerah Kulaijaya (formerly known as Daerah Johor Bahru), Negeri Johor, measuring approximately 0.8094 hectare together with a single storey factory erected thereon, bearing postal address PLO 163, Jalan Cyber Utama, Taman Perindustrian Senai III, 81400 Senai, Johor, Malaysia subject to the terms and condition stated therein. This agreement was completed on 27 August 2012;

(v) Sale and purchase agreement dated 21 October 2011 whereby Ceedtec Sdn Bhd has disposed of the property known as Unit No. 6, Level No. 4, Block No. B held under master title Geran 1333 Lot 12033 Mukim 12, Daerah Barat Daya, Penang, bearing the postal address of 303-4-6, Jalan Sultan Azlan Shah, Mk. 12, 11900 Penang to Ji-Hax Sdn Bhd for a consideration of RM340,000. This agreement was completed on 16 July 2012;

(vi) Sale and purchase agreement dated 21 October 2011 whereby Ceedtec Sdn Bhd has disposed of the property known as Unit No. 5, Level No. 4, Block No. B held under master title Geran 1333 Lot 12033 Mukim 12, Daerah Barat Daya, Penang, bearing the postal address of 303-4-5, Jalan Sultan Azlan Shah, Mk. 12, 11900 Penang to Bestari Basa Sdn Bhd for a consideration of RM340,000. This agreement was completed on 16 July 2012; and

(vii) The SPA. The conditional period under the SPA was subsequently extended up to 23 April 2013 via the exchange of letters between the parties on 9 November 2012, 15 January 2013 and 23 April 2013. The completion date under the SPA was extended up to 30 June 2013 via the exchange of letters between the parties on 9 November 2012 and 15 January 2013.

4. MATERIAL LITIGATION

Our Board confirms that neither our Company nor any of our subsidiaries is engaged in any material litigation, claims or arbitration as at the LPD, either as plaintiff or defendant, and our Board is not aware and does not has any knowledge of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

5. GENERAL

(i) The nature of our business is set out in Section 1, Appendix III(A) of this Abridged Prospectus. Save as disclosed in Section 5, Appendix III(A) of this Abridged Prospectus, there are no corporations that are related to our Company by virtue of Section 6 of the Act as at the date of this Abridged Prospectus.

(ii) The total estimated expenses of or in connection with the Proposals including professional fees, fees payable to the relevant authorities, registration and other incidental expenses of approximately RM1.8 million will be borne by our Company.

(iii) None of our Directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year of the date of this Abridged Prospectus.

(iv) Save as disclosed in this Abridged Prospectus, our Directors are not aware of any material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

(v) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

(a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

(b) material commitments for capital expenditure;

(c) unusual of infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;

(d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact of our Group's revenue or operating income; and

(e) substantial increase in revenue.

6. WRITTEN CONSENTS

The written consents of the Adviser and Underwriter, Company Secretary, Principal Bankers, Share Registrar, IMR and the Solicitors for the Rights Issue with Warrants to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before issuance of this Abridged Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors/Reporting Accountants to the inclusion in this Abridged Prospectus of their names and letters relating to the audited consolidated financial statements of our Group for the FYE 30 June 2012, the proforma consolidated statement of financial position of our Group as at 30 June 2012 and Accountants' Report on Amertron Global respectively, in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are made available for inspection at our Registered Office at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

(i) Our Memorandum and Articles of Association;

(ii) Our audited consolidated financial statements for the 14 months FPE 30 June 2011 and FYE 30 June 2012;

(iii) Our unaudited consolidated results for the six (6) months FPE 31 December 2012;

(iv) The proforma consolidated statement of financial position of our Group as at 30 June

2012 together with the notes and Reporting Accountants' letter thereon as set out in Appendix IV of this Abridged Prospectus;

(v) Accountants' Report on Amertron Global as set out in Appendix VII of this Abridged Prospectus;

(vi) The Deed Poll;

(vii) The Directors' Report as set out in Appendix VII of this Abridged Prospectus;

(viii) The consent letters referred to in Section 6 of this Appendix;

(ix) The Undertakings as referred to in Section 2.5 of this Abridged Prospectus;

(x) The material contracts referred to in Section 3 of this Appendix; and

(xi) IMR Report.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

M&A Securities, being the Adviser and Underwriter for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.

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