

**INARI BERHAD**  
**(INCORPORATED IN MALAYSIA- COMPANY NO. 1000809-U)**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 31 MARCH 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2011 QUARTER ENDED 31/3/2011 RM'000	2010 QUARTER ENDED 31/3/2010 RM'000	2011 YEAR TO DATE 31/3/2011 RM'000	2010 YEAR TO DATE 31/3/2010 RM'000
Revenue	35,826	N/A	76,982	N/A
Cost of sales	(28,175)	N/A	(59,834)	N/A
Gross profit	7,651	N/A	17,128	N/A
Other operating income	4	N/A	7,515	N/A
Administrative expenses	(4,335)	N/A	(8,828)	N/A
Other operating and distribution expenses	-	N/A	(25)	N/A
Operating profit	3,320	N/A	15,790	N/A
Finance costs	(275)	N/A	(566)	N/A
Profit before taxation	3,045	N/A	15,224	N/A
Taxation	(411)	N/A	(574)	N/A
Profit for the period, representing total comprehensive income for the period	2,634	N/A	14,650	N/A
Attributable to : Equity holders of the parent	2,634	N/A	14,650	N/A
Earnings per share <sup>(3)</sup>				
(i) Basic (Sen)	1.82	N/A	10.11	N/A
(ii) Diluted (Sen)	1.82	N/A	10.11	N/A

**Notes :**

N/A - Not applicable.

- (1) The Condensed Consolidated Statements of Comprehensive Income are prepared based on the consolidated results of Inari Berhad ("Inari") and its subsidiaries for the quarter ended 31 March 2011. The cumulative quarter results of Inari Berhad takes into consideration the post-acquisition results of its subsidiaries which falls after 21 September 2010 being the completion date of the acquisition of the subsidiaries.
- (2) No comparable figures are available for the preceding period as this is the first quarterly announcement to Bursa Malaysia Securities Berhad ("Bursa Securities").
- (3) Basic and diluted 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 period respectively.
- (4) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report as disclosed in the Prospectus of the Company to be dated 28 June 2011 and the accompanying notes attached to this interim financial report.

**INARI BERHAD**  
**(INCORPORATED IN MALAYSIA- COMPANY NO. 1000809-U)**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2011 AND 30 JUNE 2010**

	<b>QUARTER ENDED March 2011 RM'000</b>	<b>YEAR ENDED June 2010 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	36,000	-
Deferred tax assets	1,540	-
	<u>37,540</u>	<u>-</u>
<b>Current assets</b>		
Inventories	13,565	-
Trade and other receivables	20,123	-
Cash and bank balances	15,318	-
	<u>49,004</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><b>86,544</b></u>	<u><b>-</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital</b>		
Share capital	24,861	-
Share premium	1,750	-
Retained profits	14,648	(2)
<b>Total equity</b>	<u>41,259</u>	<u>(2)</u>
<b>Non-current liabilities</b>		
Borrowings	5,160	-
Deferred tax liabilities	843	-
	<u>6,003</u>	<u>-</u>
<b>Current liabilities</b>		
Trade and other payables	37,281	2
Borrowings	1,881	-
Provision for taxation	120	-
	<u>39,282</u>	<u>2</u>
<b>Total liabilities</b>	<u>45,285</u>	<u>2</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>86,544</b></u>	<u><b>-</b></u>
<b>Net assets per share attributable to equity holders of the parent (Sen)</b>	<u>16.60</u>	<u>N/A</u>

**Notes :**

N/A - Not applicable.

- (1) No comparable figures are available for the preceding period as this is the first quarterly announcement to Bursa Securities
- (2) Based on the issued and paid-up share capital of 248,608,700 ordinary shares of RM0.10 each for the financial period.
- (3) The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report as disclosed in the Prospectus of the Company to be dated 28 June 2011 and the accompanying notes attached to this interim financial report.

**INARI BERHAD**  
**(INCORPORATED IN MALAYSIA- COMPANY NO. 1000809-U)**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31 MARCH 2011**

	Share Capital (RM'000)	Share Premium (RM'000)	Distributable (Accumulated Loss)/ Retained Profit (RM'000)	Total Equity (RM'000)
<b>At 1 July 2010</b>	*	-	(2)	(2)
Transaction with owners :				
Share issue	24,861	1,750	-	26,611
Total comprehensive income for the period	-	-	14,650	14,650
<b>Balance at 31 March 2011</b>	<b>24,861</b>	<b>1,750</b>	<b>14,648</b>	<b>41,259</b>

**Notes :**

\* less than RM1,000

- (1) No comparable figures are available for the preceding period as this is the first quarterly announcement to Bursa Securities.
- (2) The Condensed Unaudited Consolidated Statement of Comprehensive Income should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report as disclosed in the Prospectus of the Company to be dated 28 June 2011 and the accompanying notes attached to this interim financial report.

**INARI BERHAD**  
**(INCORPORATED IN MALAYSIA- COMPANY NO. 1000809-U)**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTER ENDED 31 MARCH 2011**

	<b>Cumulative Quarter 9 Months Ended 31/3/2011 RM'000</b>	<b>Cumulative Quarter 9 Months Ended 31/3/2010 RM'000</b>
Profit before tax	15,224	N/A
Adjustment for :		
Allowance for slow moving inventories	(44)	N/A
Depreciation	6,548	N/A
Property, plant and equipment written off	1	N/A
Excess of fair value of subsidiaries acquired over investment cost	(7,504)	N/A
Interest income	(10)	N/A
Interest expense	566	N/A
Unrealised gain on foreign exchange	379	N/A
Operating profit before working capital	15,160	N/A
Decrease in inventories	72	N/A
Increase in receivables	(2,719)	N/A
Decrease in payables	(4,114)	N/A
Cash generated from operations	8,399	N/A
Income tax paid	(1,445)	N/A
Interest received	10	N/A
Interest paid	(566)	N/A
Net cash from operating activities	6,398	N/A
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash inflow on acquisition of subsidiaries	15,570	N/A
Proceeds from issuance of shares	*	N/A
Purchase of property, plant and equipment	(5,066)	N/A
Net cash from investing activities	10,504	N/A
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net changes in long term borrowings	(958)	N/A
Net changes in short term borrowings	(218)	N/A
Net cash used in financing activities	(1,176)	N/A
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	15,726	N/A
Effect of exchange rate	(410)	N/A
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	-	N/A
<b>CASH AND CASH EQUIVALENTS AT END</b>	15,316	N/A

**Notes :**

N/A - Not applicable.

\* less than RM1,000

- (1) No comparable figures are available for the preceding period as this is the first quarterly announcement to Bursa Securities.
- (2) The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report as disclosed in the Prospectus of the Company to be dated 28 June 2011 and the accompanying notes attached to this 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 report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). This is the first interim financial report on the results of the third quarter ended 31 March 2011 announced by the Company in compliance with the Listing Requirements and as such, there were no comparative figures for the preceding year’s corresponding period.

The interim financial report should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants’ Report as disclosed in the Prospectus of the Company to be dated 28 June 2011 and the accompanying notes attached to this interim financial report.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the year ended 30 June 2010, except for the adoption of the following:

<b>FRSs</b>	<b>Effective date</b>
FRS 4 - Insurance Contracts	1 January 2010
FRS 7 - Financial Instruments: Disclosures	1 January 2010
FRS 101 - Presentation of Financial Statements (revised)	1 January 2010
FRS 123 - Borrowing Costs	1 January 2010
FRS 139 - Financial Instruments: Recognition and Measurement	1 January 2010
FRS 1 - First-time Adoption of Financial Reporting Standards (amended)	1 July 2010
FRS 3 - Business Combination (revised)	1 July 2010
FRS 127 - Consolidated and Separate Financial Statements (amended)	1 July 2010

Other than the new, revised and amended FRSs as stated above, the Group has also adopted various amendments and IC interpretations relating to the existing FRSs adopted by the Group.

The adoption of the aforementioned standards, amendments and interpretations do not have any material impact on the financial statements of the Group except for the adoption of the following standards:

**(a) FRS 101 – Presentation of Financial Statements (revised)**

The revised FRS 101 requires changes in the format of the financial statements including the amounts directly attributable to shareholders in the primary statements, but does not affect the measurement of reported profit or equity. The Group has elected to show other comprehensive income in one statement of comprehensive income and hence, all owner changes in equity

are presented in the consolidated statement of changes in equity, whereas non-owner changes in equity are shown in the consolidated statement of comprehensive income.

**(b) FRS 7 – Financial Instruments: Disclosures**

This standard requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures has been made in these interim financial statements.

**(c) Amendments to FRS 117 – Leases**

The Group has adopted the amendment to FRS 117. The Group has reassessed the classification of its leasehold land and concluded that these leasehold land are finance lease in substance. Accordingly, these leasehold land were reclassified to property, plant and equipment and in accordance with the accounting policy for property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment. The reclassification does not affect the basic profit per share for the current financial period.

**(d) FRS 139 - Financial Instruments: Recognition and Measurement**

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provision of the instrument. It is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

The Group categories its financial instruments as follows:

**Financial assets**

The Group's financial assets which comprise of trade and other receivables and cash and cash equivalents are categorised under loans and receivables.

These financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method and are subject to impairment review.

**Financial liabilities**

The Group's financial liabilities which comprise of trade and other payables and borrowings are subsequently measured at amortised cost using the effective interest method.

## 2. Auditors' Report

No audited financial statements have been prepared by the Company since its incorporation on 5 May 2010. The first set of audited financial statements of the Company will be for the financial period ending 30 June 2011. There were no qualifications on the audited financial statements of the subsidiaries of the Company for the financial year ended 30 June 2010.

## 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

The following is the exceptional item that occurred during the current financial quarter and financial period under review which affected the profit or loss and cash flows of the Group:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2011 QUARTER ENDED 31/3/2011 RM'000	2010 QUARTER ENDED 31/3/2010 RM'000	2011 YEAR TO DATE 31/3/2011 RM'000	2010 YEAR TO DATE 31/3/2010 RM'000
Excess of fair value of subsidiaries acquired over the investment cost	-	N/A	7,504	N/A

## 5. Changes in Estimates

There were no changes in estimates for the quarter ended 31 March 2011.

## 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 this financial quarter.

## 7. Dividend Paid

There were no dividends paid during the current financial quarter.

## 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 are as follows: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2011 QUARTER ENDED 31/3/2011 RM'000	2010 QUARTER ENDED 31/3/2010 RM'000	2011 YEAR TO DATE 31/3/2011 RM'000	2010 YEAR TO DATE 31/3/2010 RM'000
Malaysia	478	N/A	1,108	N/A
Singapore	35,348	N/A	75,854	N/A
	<u>35,826</u>	<u>N/A</u>	<u>76,962</u>	<u>N/A</u>

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

### Information of major customers

The Group has a customer which is also a substantial shareholder of the Company which contributed RM35.7 million or 99.63% and RM76.6 million or 99.56% to the Group's total revenue for the individual quarter ended 31 March 2011 and cumulative quarter ended 31 March 2011 respectively.

## 9. Valuation of Property, Plant and Equipment

There were no valuations of property, plant and equipment in the current financial quarter.

## 10. Subsequent Events

The Group is expected to list on the ACE Market of Bursa Securities on 19 July 2011 ("Listing").



## 11. Changes in the Composition of the Group

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

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

The above acquisitions were completed on 21 September 2010.

## 12. Contingent Liabilities and Contingent Assets

There are no contingent liabilities or contingent assets as at the end of the quarter.

## 13. Capital Commitments

Contractual commitments not provided for in the financial statements as at 31 March 2011 are as follow: -

	RM'000
To acquire property, plant and equipment	<u>6,225</u>

#### 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.

	INDIVIDUAL QUARTER	CUMULATIVE QUARTER
	2011 QUARTER ENDED 31/3/2011	2011 YEAR TO DATE 31/3/2011
	RM'000	RM'000
Interest paid to Insas Technology Berhad	149	301
Lease rental paid to Insas Technology Berhad	-	137
Network repair cost paid to Vigtech Labs Sdn. Bhd	15	30
Packing charges by related parties		
- Insas Technology Berhad	54	108
- Langdale E3 Pte. Ltd.	-	12
Sales to Avago Technologies Limited	35,692	76,625
Advisor fees relating to listing paid to M&A Securities Sdn. Bhd.	71	241

#### Related party

#### Relationship

Insas Technology Berhad  
("Insas")

Insas is related by virtue of it being a substantial shareholder of the Company.

Vigtech Labs Sdn. Bhd.  
and Langdale E3 Pte. Ltd.

Related by virtue of being subsidiaries of Insas.

Avago Technologies Limited  
("Avago")

Avago is related by virtue of it being a substantial shareholder of the Company.

M&A Securities Sdn. Bhd.  
("M&A")

M&A is related by virtue of being a related company of a substantial shareholder of the Company.

**Part B – Additional Information as Required By Listing Requirement of Bursa Securities (Part A of Appendix 9B)**

**15. Review of Performance**

**Current financial quarter**

For the current financial quarter ended 31 March 2011, the Group reported revenue of RM35.8 million and pre-tax profit of RM3.0 million. As this is the first interim report being prepared by the Group, there was no comparative preceding quarter result prepared by the Group for comparison and comment.

**Financial period to date**

For the nine-month period ended 31 March 2011, the Group reported revenue of RM77.0 million and a pre-tax profit of RM15.2 million. The pre-tax profit of the Group for the current nine-month period ended 31 March 2011 includes the excess of fair value of the subsidiaries acquired over the investment cost amounting to RM7.504 million as disclosed in Note 4 of this interim report. As this is the first interim report being prepared by the Group, there was no comparative preceding cumulative period result prepared by the Group for comparison and comment.

**16. Material Changes in the Current Financial Quarter Results Compared to the Preceding Financial Quarter**

As this is the first interim report being prepared by the Group, there was no comparative preceding quarter result prepared by the Group for comparison and comment.

**17. Commentary on Prospects**

The Group is expected to remain profitable in the upcoming quarter despite the challenging operating environment arising from the uncertain global economic recovery, the supply chain disruption caused by the earthquake in Japan and the political upheaval in a number of Middle Eastern countries due to firm orders from the Group's major customer.

**18. Profit Forecast and Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee previously in any public document.

## 19. Taxation

The taxation charge for the current financial quarter and the cumulative financial period ended 31 March 2011 is as follow: -

	<b>Individual Quarter ended 31/3/2011 RM'000</b>	<b>Cumulative Period ended 31/3/2011 RM'000</b>
Provision for current/cumulative financial quarter/period to date		
- Current tax	419	1,197
- Deferred tax		
- Transfer to deferred tax assets	0	(612)
- Transfer to deferred tax liabilities	(8)	(36)
	(8)	(648)
	411	549
Deferred tax over provided in prior financial year	0	25
	411	574

A reconciliation of income tax expense applicable to income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follow: -

	<b>Individual Quarter ended 31/3/2011 RM'000</b>	<b>Cumulative Period ended 31/3/2011 RM'000</b>
Profit before taxation	3,045	15,223
Income tax at Malaysian statutory tax rate of 25%	761	3,806
<u>Tax effect in respect of :</u>		
- Income not subject to tax	0	(1,876)
- Non-allowable expenses	0	143
- Double deduction of expenses for tax purposes	0	(4)
- Pioneer income not subject to tax	(534)	(1,704)
- Current tax under provided in prior financial year	184	184
- Deferred tax under provided in prior financial year	0	25
	411	574

The effective tax rate of the Group for the current financial quarter and the cumulative financial period ended 31 March 2011 were lower than the Malaysian corporate statutory tax rate of 25% as one of the Group's subsidiary has been granted pioneer status for certain products and accordingly statutory income derived from this pioneer products is exempted from income tax as can be seen in the above tax reconciliation.

## 20. Sale of Unquoted Investments and Properties

There was no sale of unquoted investment and properties during the current financial quarter.

## 21. Purchase or Sale of Quoted Securities

There were no purchases or sales of quoted securities during the current financial quarter.

## 22. Corporate Proposals

Save for the Listing, there are no corporate proposal(s) proposed but not completed as at the date of this Report.

The Company will receive proceeds of RM31,540,000 from the public issue of 83,000,000 Shares at the issue price of RM0.38 per ordinary shares, and the proceeds will be utilised in the following manner:

Utilisation of Proceeds	RM'000	% of Total Proceeds
Purchase of property, plant and equipment	17,500	55.5
Repayment of the remaining Debt Settlement	7,550	23.9
Payment of listing expenses	2,000	6.4
Working capital	4,490	14.2
<b>Total</b>	<b>31,540</b>	<b>100.0</b>

### 23. Group Borrowings and Debt Securities

The Group's borrowings as at 31 March 2011 are disclosed as follows:

	<b>RM'000</b>
<b>Short Term Borrowings</b>	
Secured Borrowings	1,881
<b>Long Term Borrowings</b>	
Secured Borrowings	5,160
	<hr/>
	7,041
	<hr/>

### 24. 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.

### 25. 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.

### 26. Dividend Payable

No dividends have been declared or paid during the quarter under review.

### 27. Earnings Per Share

#### (a) 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.

	<b>Individual</b>	<b>Cumulative</b>
	<b>Quarter ended 31 March 2011</b>	<b>Period ended 31 March 2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit attributable to shareholders of the Company for the financial quarter and period to date (RM'000)	2,634	14,650
Weighted average number of ordinary shares in issue ('000)	144,938	144,938
Basic earnings per share (Sen)	1.82	10.11

**(b) Diluted earnings per shares**

Diluted earnings per share is not computed as there were no dilutive potential on the ordinary shares during the reporting periods.

**28. Disclosures of realised and unrealised profit/losses**

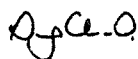
With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group 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.

The Group's retained profits as at 31 March 2011 are analysed as follows:-

	As at 31.03.2011 RM'000
<u>Total retained profits of the Company and its subsidiaries</u>	
- Realised	5,314
- Unrealised	<u>1,858</u>
	7,172
Add : Consolidated adjustments	<u>7,476</u>
Total Group retained profits as per consolidated financial statements	<u><u>14,648</u></u>

Approved by:



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Dr. Tan Seng Chuan  
Managing Director