

INARI BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2011 QUARTER ENDED 6/30/2011 RM'000	2010 QUARTER ENDED 6/30/2010 RM'000	2011 YEAR TO DATE 6/30/2011 RM'000	2010 YEAR TO DATE 6/30/2010 RM'000
Revenue	42,661	N/A	119,624	N/A
Cost of sales	(34,007)	N/A	(93,841)	N/A
Gross profit	8,654	N/A	25,783	N/A
Other operating income	3	N/A	7,518	N/A
Administrative expenses	(3,123)	N/A	(11,953)	N/A
Other operating and distribution expenses	-	N/A	(25)	N/A
Operating profit	5,534	N/A	21,323	N/A
Finance costs	(273)	N/A	(839)	N/A
Profit before taxation	5,261	N/A	20,484	N/A
Taxation	(1,151)	N/A	(1,725)	N/A
Profit for the period, representing total comprehensive income for the period	4,110	N/A	18,759	N/A
Attributable to : Equity holders of the parent	4,110	N/A	18,759	N/A
Earnings per share ⁽²⁾				
(i) Basic (sen)	2.46	N/A	11.21	N/A
(ii) Diluted (sen)	2.46	N/A	11.21	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 30 June 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) 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.
- (3) 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 dated 28 June 2011 and the accompanying notes attached to this interim financial report.
- (4) No comparable figures are available for the preceding period as this is the second quarterly announcement to Bursa Malaysia Securities Berhad ("Bursa Securities").

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

	<u>As at</u> <u>30 June 2011</u> RM'000	<u>As at</u> <u>30 June 2010</u> RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,972	N/A
Deferred tax assets	954	N/A
	<u>45,926</u>	<u>N/A</u>
Current assets		
Inventories	18,078	N/A
Trade and other receivables	22,573	N/A
Cash and bank balances	15,395	N/A
	<u>56,046</u>	<u>N/A</u>
TOTAL ASSETS	<u>101,972</u>	<u>N/A</u>
EQUITY AND LIABILITIES		
Share capital	24,861	N/A
Share premium	1,750	N/A
Retained profits	18,759	N/A
Total equity	<u>45,370</u>	<u>N/A</u>
Non-current liabilities		
Borrowings	4,687	
Deferred tax liabilities	845	N/A
	<u>5,532</u>	<u>N/A</u>
Current liabilities		
Trade and other payables	49,171	N/A
Borrowings	1,899	N/A
Provision for taxation	-	N/A
	<u>51,070</u>	<u>N/A</u>
Total liabilities	<u>56,602</u>	<u>N/A</u>
TOTAL EQUITY AND LIABILITIES	<u>101,972</u>	<u>N/A</u>
Net assets per share attributable to equity holders of the parent (sen)	<u>18.25</u>	<u>N/A</u>

Notes :

N/A - Not applicable.

* less than RM1,000

- (1) Based on the issued and paid-up share capital of 248,608,700 ordinary shares of RM0.10 each for the financial period ended June 2011.
- (2) 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 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 30 JUNE 11

	Share Capital (RM'000)	Share Premium (RM'000)	Distributable (Accumulated Loss)/ Retained Profit (RM'000)	Total Equity (RM'000)
At 5 May 2010 (Date of incorporation)	*	-	-	-
Transaction with owners :				
Share issue	24,861	1,750	-	26,611
Total comprehensive income for the period	-	-	18,759	18,759
Balance at 30 June 2011	24,861	1,750	18,759	45,370

Notes :

* less than RM1,000

- (1) 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 dated 28 June 2011 and the accompanying notes attached to this interim financial report.
- (2) No comparative figures are available for the preceding periods as this is the 2nd quarterly announcement to Bursa Securities

INARI BERHAD
(INCORPORATED IN MALAYSIA- COMPANY NO. 1000809-U)
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2011

	Cumulative Quarter 12 Months Ended 6/30/2011 RM'000	Cumulative Quarter 2 Months Ended 6/30/2010 RM'000
Profit before tax	20,484	N/A
Adjustment for non-cash items	3,565	
Operating profit before working capital	24,049	N/A
Increase in inventories	(4,462)	N/A
Increase in receivables	(4,724)	N/A
Increase in payables	7,657	N/A
Cash generated from operations	22,520	N/A
Income tax paid	(2,190)	N/A
Interest received	14	N/A
Interest paid	(839)	N/A
Net cash from operating activities	19,505	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow on acquisition of subsidiaries	15,570	N/A
Proceeds from disposal of property, plant and equipment	*	N/A
Purchase of property, plant and equipment	(17,658)	N/A
Net cash from investing activities	(2,088)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Net changes in long term borrowings	(1,431)	N/A
Net changes in short term borrowings	(201)	N/A
Proceeds from issuance of shares	*	N/A
Net cash used in financing activities	(1,632)	N/A
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,785	N/A
Effect of exchange rate	(390)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING	-	N/A
CASH AND CASH EQUIVALENTS AT END	15,395	N/A

Notes :

N/A - Not applicable.

* less than RM1,000

- (1) 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 dated 28 June 2011 and the accompanying notes attached to this interim financial report.
- (2) No comparative figures are available for the preceding periods as this is the 2nd quarterly announcement to Bursa Securities

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 fourth quarter ended 30 June 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 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:

FRSs	Effective date
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 30/6/2011 RM'000	2010 QUARTER ENDED 30/6/2010 RM'000	2011 YEAR TO DATE 30/6/2011 RM'000	2010 YEAR TO DATE 30/6/2010 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 30 June 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 Payable

The Company has not declared any dividend save for a Single Tier Interim Dividend of 1.8 sen per ordinary share amounting to RM5.97 million for the financial period ended 30 June 2011 which was declared on 14 July 2011 and shall be payable on 7 September 2011.

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 30/6/2011 RM'000	2010 QUARTER ENDED 30/6/2010 RM'000	2011 YEAR TO DATE 30/6/2011 RM'000	2010 YEAR TO DATE 30/6/2010 RM'000
Malaysia	751	N/A	1,860	N/A
Singapore	41,910	N/A	117,764	N/A
	<u>42,661</u>	<u>N/A</u>	<u>119,624</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 that contributed approximately RM42.3 million or 99.20% and RM118.9 million or 99.42% to the Group's total revenue for the individual quarter ended 30 June 2011 and cumulative quarter ended 30 June 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 following are material events subsequent to the end of the current quarter:

- i) On 19 July 2011, the Company was officially listed on the ACE Market of Bursa Securities and in conjunction with this listing exercise, the Company completed its initial public offering comprising a public issue of 83,000,000 new ordinary shares of RM0.10 each at a issue price of RM0.38 per ordinary share.
- ii) On 2 August 2011, the Group had drawdown term loan amounting to RM7.55 million. The term loan is repayable over a period of four (4) years by forty eight (48) equal monthly installments of RM0.177 million per month commencing from 1 September 2011.

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 30 June 2011 are as follow: -

	RM'000
Property, plant and equipment	<u>2,240</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 2011 QUARTER ENDED <u>30/6/2011</u> RM'000	CUMULATIVE QUARTER 2011 YEAR TO DATE <u>30/6/2011</u> RM'000
Interest expenses paid to Insas Technology Berhad	150	451
Packing charges by related parties		
Insas Technology Berhad	107	215
Langdale E3 Pte. Ltd.	-	12
Lease interest expenses paid to Insas Technology Berhad	-	1
Lease rental paid to Insas Technology Berhad	-	137
Network repair, web and maintenance cost paid to - Vigtech Labs Sdn. Bhd.	14	44
Purchase of production supplies from Vigsys Sdn Bhd	6	6
Purchase of raw material from Vigsys Sdn. Bhd.	8	8
Purchase of hardware, software and peripherals from Vigtech Labs Sdn. Bhd.	-	2
Sale to related parties		
- Avago Technologies Limited	42,320	118,945
- Ceedtec Sdn. Bhd.	216	222
Sales of production supplies to Ceedtec Sdn. Bhd	18	18
Service fees relating to listing paid to Insas Technology Berhad	18	18
Secretarial fee paid to Megapolitan Management Service Sdn Bhd	3	1

Listing expenses paid to		
- M&A Securities Sdn Bhd	-	241
- Megapolitan Management Service Sdn Bhd	12	12

<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 Sdn. Bhd., Vigtech Labs Sdn.Bhd., Langdale E3 Pte. Ltd., Vigsys Sdn. Bhd., and Megapolitan Management Services Sdn. Bhd.	Related by virtue of them being subsidiaries of Insas.
Avago Technologies Limited("Avago")	Avago is related by virtue of it being a substantial shareholder of the Company.
Ceedtec Sdn. Bhd. ("Ceedtec")	Ceedtec is a company in which a director of the Company has substantial financial interest.

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

15. Review of Performance and Variation of Results against Preceding Quarter

Current financial quarter

For the current financial quarter ended 30 June 2011, the Group reported revenue of RM42.6 million and pre-tax profit of RM5.3 million, an increase of 19.0% and 76.7% as compared to preceding quarter revenue and pre-tax profit of RM35.8 million and RM3.0 million respectively. The higher revenue recorded was mainly due to increased orders from the Group's major customer.

Financial period to date

For the period ended 30 June 2011, the Group reported revenue of RM119.6 million and a pre-tax profit of RM20.5 million. The pre-tax profit of the Group for the period ended 30 June 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.

16. Commentary on Prospects

The Group expects to remain profitable in the upcoming quarter. The Group is constantly looking to sustain its competitive position by focusing on improving

operational and production efficiency so to maintain satisfactory results in the upcoming quarter.

17. Profit Forecast and Profit Guarantee

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

18. Taxation

The taxation charge for the current financial quarter and the cumulative financial period ended 30 June 2011 is as follow: -

	Individual Quarter ended 30/6/2011 RM'000	Cumulative Period ended 30/6/2011 RM'000
Provision for current/cumulative financial quarter/period to date		
- Current tax	(563)	(1,761)
- Deferred tax	(588)	36
	<u>(1,151)</u>	<u>(1,725)</u>

The effective tax rate of the Group for the current financial quarter and the cumulative financial period ended 30 June 2011 were lower than the Malaysian corporate statutory tax rate of 25% as one of the Group's subsidiaries 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.

19. Sale of Unquoted Investments and Properties

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

20. Purchase or Sale of Quoted Securities

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

21. Corporate Proposals

There are no corporate proposal(s) proposed but not completed as at the date of this Report (being the latest practicable date which is not earlier than 7 days from the date of this announcement).

The Company received proceeds of RM31.54 million from the public issue of 83,000,000 Shares at the issue price of RM0.38 per ordinary shares, and the proceeds had been utilised in the following manner as at 24 Aug 2011:

Purpose	Proposed	Actual
	Utilisation	Utilisation
	RM'000	RM'000
Purchase of property, plant and equipment	17,500	0
Repayment of the remaining Debt Settlement	7,550	0
Payment of listing expenses	2,000	1,720
Working capital	4,490	162
Total	31,540	1,882

22. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2011 are disclosed as follows:

	RM'000
Short Term Borrowings	
Secured Borrowings	1,899
Long Term Borrowings	
Secured Borrowings	4,687
	<u>6,586</u>

23. 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.

24. 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.

25. 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.

	Individual Quarter ended 30 June 2011 RM'000	Cumulative Period ended 30 June 2011 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and period to date (RM'000)	4,110	18,759
Weighted average number of ordinary shares in issue ('000)	167,294	167,294
Basic earnings per share (sen)	2.46	11.21

(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.

26. 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 30 June 2011 are analysed as follows:-

	Cumulative Period ended 30 June 2011 RM'000
<u>Total retained profits of the Company and its subsidiaries</u>	
- Realised	9,938
- Unrealised	1,359
	<hr/> 11,297
Add : Consolidated adjustments	<hr/> 7,462
	<hr/>
Total Group retained profits as per consolidated financial statements	<hr/> <hr/> 18,759

Approved by:

Dr. Tan Seng Chuan
Managing Director