

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2011	QUARTER ENDED 31/12/2010	YEAR TO DATE 31/12/2011	YEAR TO DATE 31/12/2010
	RM'000	RM'000	RM'000	RM'000
Revenue	46,790	41,136	95,138	41,136
Cost of sales	<u>(36,787)</u>	<u>(31,659)</u>	<u>(75,421)</u>	<u>(31,659)</u>
Gross Profit	10,003	9,477	19,717	9,477
Other operating income	1,121	7,511	1,494	7,511
Administrative expenses	(3,863)	(4,495)	(8,997)	(4,495)
Other operating and distribution expenses	-	(25)	-	(25)
Operating Profit	<u>7,261</u>	<u>12,468</u>	<u>12,214</u>	<u>12,468</u>
Finance costs	<u>(229)</u>	<u>(291)</u>	<u>(483)</u>	<u>(291)</u>
Profit before taxation	7,032	12,177	11,731	12,177
Taxation	(844)	(163)	(1,584)	(163)
Profit for the period, representing total comprehensive income for the period	<u>6,188</u>	<u>12,014</u>	<u>10,147</u>	<u>12,014</u>
Attributable to:				
Equity holders of the parent	<u>6,188</u>	<u>12,014</u>	<u>10,147</u>	<u>12,014</u>
Earnings per share				
(i) Basic (sen)	1.90	11.31	3.12	11.31
(ii) Diluted (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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 second quarter ended 31 Dec 2011.
- (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 accompanying explanatory notes attached to the interim financial report and the annual report for the period ended 30 June 2011.

INARI BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Unaudited As at 31 December 2011 RM'000	Audited As at 30 June 2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,080	44,972
Deferred tax assets	954	954
	<u>45,034</u>	<u>45,926</u>
Current assets		
Inventories	26,635	18,078
Trade and other receivables	19,472	22,510
Tax recoverable	-	63
Cash and bank balances	45,341	15,395
	<u>91,448</u>	<u>56,046</u>
TOTAL ASSETS	<u>136,482</u>	<u>101,972</u>
EQUITY AND LIABILITIES		
Share capital	33,161	24,861
Share premium	24,078	1,750
Retained profits	20,947	18,759
Total equity	<u>78,186</u>	<u>45,370</u>
Non-current liabilities		
Borrowings	10,700	4,687
Deferred tax liabilities	860	845
	<u>11,560</u>	<u>5,532</u>
Current liabilities		
Trade and others payables	42,059	49,171
Borrowings	4,351	1,899
Provision for taxation	326	-
	<u>46,736</u>	<u>51,070</u>
Total liabilities	<u>58,296</u>	<u>56,602</u>
TOTAL EQUITY AND LIABILITIES	<u>136,482</u>	<u>101,972</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.23</u>	<u>0.18</u>

Notes:

- (1) Based on the issued and paid-up share capital of 331,608,700 (248,608,700) ordinary shares of RM0.10 each for the financial period ended December 2011 (June 2011).
- (2) The condensed consolidated statements of financial position should be read in conjunction with the annual report for period ended 30 June 2011 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 2011

	Share Capital (RM'000)	Share Premium (RM'000)	Distributable Retained Profit (RM'000)	Total Equity (RM'000)
At 1 July 2011	24,861	1,750	18,759	45,370
Allotments	8,300	23,240	-	31,540
Listing expenses	-	(912)	-	(912)
Total comprehensive income for the period	-	-	10,147	10,147
Interim dividend – period ended 30 June 2011	-	-	(7,959)	(7,959)
Balance at 31 December 2011	<u>33,161</u>	<u>24,078</u>	<u>20,947</u>	<u>78,186</u>

	Share Capital (RM'000)	Share Premium (RM'000)	Distributable Retained Profit (RM'000)	Total Equity (RM'000)
At 4 May 2010	*	-	-	-
Allotments	24,861	1,750	-	26,611
Total comprehensive income for the period	-	-	12,015	12,015
Balance at 31 December 2010	<u>24,861</u>	<u>1,750</u>	<u>12,015</u>	<u>38,626</u>

Notes:

* less than RM1,000

- (1) The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the annual report for the period ended 30 June 2011.

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

	Cumulative Quarter 6 Months Ended 31/12/2011 RM'000	Cumulative Quarter 6 Months Ended 31/12/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	11,731	12,177
Adjustment for :		
Allowance for slow moving inventories	228	195
Depreciation	7,347	3,240
Property, plant and equipment written off	-	-
Gain arising on a bargain purchase	-	(7,505)
Interest income	(232)	(7)
Interest expense	483	291
Unrealised loss/(gain) in foreign exchange	420	(186)
Operating profit before working capital	19,977	8,205
(Increase) / Decrease in inventories	(8,784)	1,421
Decrease / (Increase) in receivables	2,956	(2,788)
Decrease in payables	(1,543)	(2,398)
Cash generated from operations	12,606	4,440
Income tax paid	(1,180)	(419)
Interest received	232	7
Interest paid	(483)	(291)
Net cash from operating activities	11,175	3,737
CASH FLOW FROM INVESTING ACTIVITIES		
Net cash inflow on acquisition of a subsidiary	-	15,570
Proceeds from issuance of shares	30,628	-
Proceeds from disposal of property, plant and equipment	*	-
Purchase of property, plant and equipment	(6,456)	(546)
Net cash from investing activities	24,172	15,024
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(5,969)	-
Net changes in long term borrowings	6,014	(474)
Net changes in short term borrowings	2,452	(247)
Repayment to Associate Company	(7,550)	-
Net cash used in financing activities	(5,053)	(721)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	30,294	18,040
Effect of exchange rate	(348)	50
CASH AND CASH EQUIVALENTS AT BEGINNING	15,395	-
CASH AND CASH EQUIVALENTS AT END	45,341	18,090
Represented by:		
Cash and bank balances	45,341	18,090

* less than RM1,000

- (1) The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial report and the annual report for the period ended 30 June 2011.

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 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim report should also be read in conjunction with the Group’s audited financial statements for the period ended 30 June 2011.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the period ended 30 June 2011.

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 2011, except for the adoption of the following:

Amendments/Improvements to FRSs		Effective date
FRS 1	- Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
FRS 2	- Group Cash-settled Share-based Payment Transactions	1 January 2011
FRS 3	- Business Combinations	1 January 2011
FRS 7	- Improving Disclosures about Financial Instruments	1 January 2011
FRS 101	- Presentation of Financial Statements	1 January 2011
FRS 121	- The Effects of Changes in Foreign Exchange Rates	1 January 2011
FRS 128	- Investment in Associates	1 January 2011
FRS 131	- Investment in Joint Ventures	1 January 2011
FRS 132	- Financial Instruments : Presentation	1 January 2011
FRS 134	- Interim Financial Reporting	1 January 2011
FRS 139	- Financial Instruments : Recognition and Measurement	1 January 2011
IC Int		
IC Int 4	- Determining Whether an Arrangement contains a Lease	1 January 2011
IC Int 18	- Transfers of Assets from Customers	1 January 2011
IC Int 19	- Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Int		
IC Int 13	- Customer Loyalty Programmes	1 January 2011
IC Int 14	- Prepayments of a Minimum Funding Requirement	1 July 2011

The adoption of these revised FRSs, amendments/improvements to FRS, IC Int and amendments to IC Int did not have any material impact on the current quarter financial statements.

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 estimates for the current quarter.

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

A single tier interim dividend of 1.8 sen per ordinary share of RM0.10 each amounting to RM5.97 million for the financial period ended 30 June 2012 was duly paid on 7 September 2011.

On 24 November 2011, a single tier interim dividend of 0.6 sen per ordinary share of RM0.10 each amounting to RM2.0 million for the financial period ended 30 June 2012 was declared and duly 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 are as follows: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2011 <u>RM'000</u>	QUARTER ENDED 31/12/2010 <u>RM'000</u>	YEAR TO DATE 31/12/2011 <u>RM'000</u>	YEAR TO DATE 31/12/2010 <u>RM'000</u>
Malaysia	1,308	203	2,728	203
Singapore	45,482	40,933	92,410	40,933
	<u>46,790</u>	<u>41,136</u>	<u>95,138</u>	<u>41,136</u>

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

Information of major customers

The Group has a customer which is also a substantial shareholder of the Company that contributed approximately RM92.4 million or 97.1% to the Group's total revenue for the 31 December 2011 respectively.

9. Valuation of Property, Plant and Equipment

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

10. Subsequent Events

There were no material subsequent events to be disclosed as at the date of this report other than below events: -

On 6 January 2012, Inari Berhad has successfully subscribed for a 51% equity stake in Ceedtec Sdn Bhd for a cash consideration of RM3.6 million.

On 9 January 2012, Inari Berhad entered into a Memorandum of Understanding (“MOU”) with the existing shareholders of Amertron Inc (Global) Limited (“Amertron”) to enter into negotiations for the proposed acquisition of 100% equity interest in Amertron.

Both parties has an understanding that that the net purchase price for the 100% equity interest of Amertron shall be based on the audited net tangible asset (NTA) value of Amertron group based on its latest audited financial statements. The indicative NTA value is USD32 million based on the audited accounts of Amertron as at 30 June 2011. The final purchase consideration will be subject to verification and adjustments in the ensuing due diligence exercise and also subject to such adjustments arising from appreciation or impairment of the Amertron group’s landed property assets.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the 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 financial statements as at 31 December 2011 are as follows: -

	RM’000
Property, plant and equipment	<u>1,024</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.

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 recorded total revenue of RM46.8 million for the current quarter under review and which represents an increase of approximately 13.7% from total revenue for the corresponding quarter in the previous year. The higher revenue was mainly attributable to higher trading volume. However, the Group's profit before tax of RM7.0 million for the three months ended 31.12.2011 was lower by 42.3% as compared to the Group's profit before tax of RM12.2 million for three months ended 31.12.2010. The higher in profit before tax for three months ended 31.12.2010 was mainly attributed to excess of fair value of the subsidiaries acquired over the investment cost amounting to RM7.5 million. As a result, the Group's profit after tax of RM6.2 million for the quarter under review was about 48.3% lower than the Group's profit after tax of RM12.0 million for the corresponding quarter of the preceding year.

Comparison with the preceding quarter

The Group's total revenue of RM46.8 million for the three months ended 31.12.2011 was 3.1% slightly lower than the Group's total revenue of RM48.3 million for the preceding quarter due to marginally lower trading volume. However, the Group's profit before tax increased by 48.9% to RM7.0 million for the current quarter, as compared to the Group's profit before tax of RM4.7 million for the preceding quarter largely due to the expensing of the Company's listing expenses in the preceding quarter. Consequently, the Group recorded a higher profit after tax of RM6.2 million, a 55% increase from the Group's profit after tax of RM4.0 million for the preceding quarter.

Financial Period to Date

The Group's financial performance for the six months ended 31.12.2011 is not comparable to its performance for the corresponding period ended 31.12.2010 as Inari Berhad was incorporated on 5 May 2010 and commenced business on 20 September 2010.

2. Commentary on Prospects

The Board expects the Group to remain profitable for the coming quarter arising from firm demand for smartphones and tablet computers globally. However, the ongoing European debt crisis, political volatility in the Middle East, higher energy prices and subdued economic prospects in North America and Europe continue to be notable risks factors hampering global economic growth. These risk factors also contribute to the foreign exchange volatility which also impacts the Group's financial performance.

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 2011 are as follows: -

	Individual Quarter ended		Cumulative Period ended	
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Provision for current / cumulative financial quarter / period to date				
- Current tax	(829)	(778)	(1,569)	(778)
- Deferred tax	(15)	615	(15)	615
	<u>(844)</u>	<u>(163)</u>	<u>(1,584)</u>	<u>(163)</u>

The effective tax rate of the Group for the current financial quarter and the cumulative financial period ended 31 December 2011 is 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 these pioneer products is exempted from income tax.

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. 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 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 20 February 2012: -

Purpose	Proposed Utilisation	Actual Utilisation
	RM'000	RM'000
Purchase of property, plant and equipment	17,500	196
Working Capital	*12,040	8,627
Payment of listing expenses	2,000	2,000
Total	<u>31,540</u>	<u>10,823</u>

Note:

* Comprising the following: -

Purpose	Proposed Utilisation
	RM'000
Repayment of the remaining Debt Settlement	7,550
Working Capital	4,490
Total	<u>12,040</u>

8. Group Borrowings and Debt Securities

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

	RM'000
Short Term Borrowings	
Secured Borrowings	4,351
Long Term Borrowings	
Secured Borrowings	<u>10,700</u>
	<u>15,051</u>

All borrowings are denominated in Ringgit Malaysia.

9. 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.

10. 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.

11. Dividend

- (a) The directors had declared a second interim single tier dividend of 0.6 sen per ordinary share of RM0.10 each in respect of the financial year ended 30 June 2012. The date of entitlement and date of payment will be confirmed and announced at a later date.

An interim dividend of 0.6 sen per ordinary share of RM0.10 each in respect of the financial year ended 30 June 2012 has been paid on 17 January 2012

A single tier interim dividend of 1.8 sen per ordinary share of RM 0.10 each in respect of the financial year ended 30 June 2011 has been paid on 7 September 2011.

- (b) The total dividend for the financial year ended 30 June 2012: -

	Net Per Share (sen)
<u>First Interim Dividend</u>	
Single tier dividend	0.60
<u>Second Interim Dividend</u>	
Single tier dividend	0.60

	<u>1.20</u>

12. 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		Cumulative Period ended	
	31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and period to date (RM'000)	6,188	12,014	10,147	12,014
Weighted average number of ordinary shares in issue ('000)	325,293	106,223	325,293	106,223
Basic earnings per share (sen)	1.90	11.31	3.12	11.31

(b) Diluted earnings per share

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

13. 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.

13. Disclosures of realised and unrealised profit/losses (Cont'd)

The Group's retained profits as at 31 December 2011 is analysed as follow:-

	Cumulative Period ended	
	31/12/2011 RM'000	31/12/2010 RM'000
<u>Total retained profits of the Company and its subsidiaries</u>		
- Realised	33,253	4,625
- Unrealised	2,172	(101)
	<u>35,425</u>	<u>4,524</u>
Less: Consolidated adjustments	<u>(14,478)</u>	<u>7,490</u>
Total Group retained profits as per consolidated financial statements	<u>20,947</u>	<u>12,014</u>

Approved by:

Dr. Tan Seng Chuan
Managing Director