

INARI AMERTRON BERHAD
(FORMERLY KNOWN AS INARI BERHAD)
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2013

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	CURRENT YEAR QUARTER 30/6/2013 RM'000	PRECEDING YEAR CORRESPON- DING QUARTER 30/6/2012 RM'000	%	CURRENT YEAR TO DATE 30/6/2013 RM'000	PRECEDING YEAR CORRESPON- DING PERIOD 30/6/2012 ⁽³⁾ RM'000	%
Revenue	67,661	41,799	62%	241,140	180,775	33%
Cost of sales	(48,258)	(34,424)	40%	(174,717)	(144,408)	21%
Gross Profit	19,403	7,375	163%	66,423	36,367	83%
Other operating income	2,350	1,908	23%	3,410	2,337	46%
Administrative expenses	(7,288)	(5,209)	40%	(24,977)	(17,835)	40%
Operating Profit	14,465	4,074	255%	44,856	20,869	115%
Finance costs	(928)	(232)	300%	(1,567)	(567)	176%
Profit before taxation	13,537	3,842	252%	43,289	20,302	113%
Taxation	(769)	1,288	-160%	(2,046)	(1,016)	101%
Profit for the period, representing total comprehensive income for the period	12,768	5,130	149%	41,243	19,286	114%
Profit for the period attributable to:						
Owners of the Parent	13,116	5,481	139%	42,014	19,887	111%
Non-controlling interests	(348)	(351)	-1%	(771)	(601)	28%
	12,768	5,130	149%	41,243	19,286	114%
Earnings per share attributable to owners of the parent ⁽²⁾						
Basic	3.69	1.67		12.32	6.06	
Diluted	3.50	1.67		12.15	6.06	

Notes:

- (1) The condensed consolidated statements of comprehensive income are prepared based on the consolidated results of Inari Amertron Berhad (formerly known as Inari Berhad) and its subsidiaries for the current quarter ended 30 June 2013.
- (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. Diluted earnings per share for the current financial period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.
- (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 AMERTRON BERHAD
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(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2013

	Individual Quarter Ended		Cumulative Period Ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	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	(2,057)	158	2,959	214
Stock losses	(18)	-	2,102	-
Amortisation of development cost	31	-	80	-
Depreciation	3,897	3,073	14,559	13,581
Deferred income recognised	318	-	(201)	-
Property, plant and equipment written off	-	208	16	208
(Gain) / loss on disposal of property, plant & equipment	3	(80)	(1)	(42)
<u>(Gain) / loss on foreign exchange translation</u>				
- Realised	52	33	1,107	(764)
- Unrealised	(297)	(1,332)	(460)	(762)
<u>Interest (income) / expenses</u>				
- Interest expenses	929	232	1,567	967
- Interest income	(443)	(147)	(807)	(482)

There is no income/expenses in relation to the below items: -

- Investment income;
- Impairment of assets;
- Bad debts written off;
- (Gain) / loss on derivatives;
- (Gain) / loss on disposal of quoted or unquoted investment;
- Provision for doubtful debts;
- Reversal of provision of inventory loss.

INARI AMERTRON BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Unaudited As at 30 June 2013 RM'000	Audited As at 30 June 2012⁽⁵⁾ RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	111,088	54,814
Land use right	778	-
Available for sale investment	3	-
Retirement benefits assets	555	-
Deferred tax assets	2,774	1,990
Development costs	3,358	1,098
Goodwill	3,338	3,338
	<u>121,894</u>	<u>61,240</u>
Current assets		
Inventories	105,521	22,175
Trade and other receivables	92,954	24,370
Tax recoverable	1,509	13
Short-term deposits with licensed banks	-	328
Cash and bank balances	44,566	40,462
	<u>244,550</u>	<u>87,348</u>
TOTAL ASSETS	<u>366,444</u>	<u>148,588</u>
EQUITY AND LIABILITIES		
Share capital ⁽⁴⁾	44,299	33,161
Share premium	54,700	24,078
Other reserve	(6,029)	-
Warrants reserve	11,387	-
Translation reserve	(43)	-
Retained profits	49,078	26,045
Equity attributable to owners of the parent	<u>153,392</u>	<u>83,284</u>
Non-controlling interests	<u>(782)</u>	<u>(351)</u>
Total equity	<u>152,610</u>	<u>82,933</u>
Non-current liabilities		
Borrowings	10,261	8,414
Redeemable preference shares	38,611	-
Deferred rental	309	-
Deferred cash payment	14,481	-
Deferred tax liabilities	2,901	854
	<u>66,563</u>	<u>9,268</u>
Current liabilities		
Trade and others payables	120,230	48,337
Borrowings	20,377	4,501
Deferred income	950	896
Provision for taxation	1,207	-
Dividend payable	4,507	2,653
	<u>147,271</u>	<u>56,387</u>
Total liabilities	<u>213,834</u>	<u>65,655</u>
TOTAL EQUITY AND LIABILITIES	<u>366,444</u>	<u>148,588</u>

Notes: (Please mark this notes)

- (4) Based on the issued and paid-up share capital of 442,993,780 (331,608,700) ordinary shares of RM0.10 each for the financial period ended 30 June 2013 (June 2012).
- (5) 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.

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CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2013

	< ----- Attributable to Owners of the Parent ----- >					Total	Non Controlling interest	Total Equity
	Share Capital	Share Premium	Other Reserve	Warrants Reserve	Foreign Exchange Reserves			
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 July 2012	33,161	24,078	-	-	-	26,045	(351)	82,933
Issuance of new ordinary shares pursuant to private placement	500	1,200	-	-	-	-	-	1,700
Issuance of rights shares with warrants	8,415	21,470	(11,387)	11,387	-	-	-	29,885
CRPS issued by subsidiary not held by the parent	-	-	-	-	-	-	340	340
Issuance of new shares on acquisition of subsidiary	2,223	7,952	5,358	-	-	-	-	15,533
Total comprehensive income for the period	-	-	-	-	(43)	42,014	(771)	41,200
Dividend	-	-	-	-	-	(18,981)	-	(18,981)
At 30 June 2013	44,229	54,700	(6,029)	11,387	(43)	49,078	(782)	152,610

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AS AT 30 JUNE 2013

	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	-	-	19,887	19,987	(351)	19,536
Interim dividend – period ended 30 June 2012	-	-	(12,601)	(12,601)	-	(12,601)
At 30 June 2012	33,161	24,078	26,045	83,284	(351)	82,933

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.

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CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2013

	Cumulative Quarter 12 Months Ended 30/6/2013 RM'000	Cumulative Quarter 12 Months Ended 30/6/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	43,289	20,302
Adjustment for: -		
Allowance for slow moving inventories	2,959	214
Amortisation of development cost	80	-
(Gain)/loss on disposal of property, plant & equipment	(1)	38
Gain on disposal of non-current assets held for sale		(80)
Property, plant and equipment written off	16	208
Deferred income (recognized)/reversal	(201)	(15)
Depreciation	14,559	13,581
Interest income	(807)	(482)
Interest expenses	1,567	566
Unrealised (gain)/loss on foreign exchange	(461)	(757)
Operating profit before working capital changes	61,000	33,575
Increase in inventories	(10,071)	(3,777)
(Increase)/Decrease in receivables	(7,901)	(120)
Increase/(Decrease) in payables	46,356	(8,983)
Cash generated from operations	89,894	20,694
Income tax paid	(2,816)	(1,993)
Interest received	807	482
Interest paid	(1,567)	(966)
Net cash from operating activities	86,318	18,217
CASH FLOW FROM INVESTING ACTIVITIES		
Development costs	(2,341)	(608)
Proceeds from disposal of non-current assets held for sale	-	680
Proceeds from issuance of shares	41,760	30,628
Net cash inflow/(outflow) on acquisition of subsidiaries	(110,379)	2,291
Proceeds from disposal of property, plant and equipment	1	26
Purchase of property, plant and equipment	(41,211)	(21,031)
Net cash (used in)/from investing activities	(112,170)	11,986
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(17,127)	(9,948)
Net change in short term borrowings	6,346	-
Net change in long term borrowings	1,847	-
Proceeds from issuance of convertible RPS	38,611	-
Drawdown of term loan	-	7,550
Proceeds from government grant	-	912
Repayment of finance leases	-	(342)
Repayment of term loan	-	(3,453)
Net cash from/(used in) financing activities	29,671	(5,282)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	3,819	24,921
Effects of changes on foreign exchange rates	(43)	146
CASH AND CASH EQUIVALENTS AT BEGINNING	40,790	15,395
CASH AND CASH EQUIVALENTS AT END	44,566	40,462
Represented by:		
Short-term deposits with licensed banks	-	33,450
Cash and bank balances	44,566	7,012
	44,566	40,462

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.

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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

Except as disclosed in Note 11, there were no items of unusual nature, size, or incidence 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

The issued and paid-up share capital has been increased from RM33,160,870 to RM44,299,378 by the allotment of 11,138,508 new ordinary shares of RM0.10 each pertaining to the following:

- i. Issuance of 5,000,000 ordinary shares at an issue price of RM0.34 each pursuant to a private placement exercise;
- ii. Issuance of 84,152,175 rights shares of RM0.10 each at an issue price of RM0.36 per right shares together with 168,304,350 free warrants on the basis of one (1) right share for every four (4) Inari shares held together with two (2) free warrants for every 1 right share subscribed. These warrants are convertible into ordinary shares at an exercise price of RM0.38 per share;
- iii. Issuance of 22,232,903 new ordinary shares at an issue price of RM0.4577 per placement shares as part of the consideration on the acquisition of Amertron Global Limited.

Inari International Limited, a wholly-owned subsidiary of Inari Amertron Berhad issued 11,520,000 cumulative redeemable preference shares ("CRPS") of USD0.01 each at an issue price of USD1.00 per CRPS together with 34,560,000 free warrants in Inari Amertron Berhad, on the basis of three (3) free warrants for every one (1) CRPS subscribed by third party subscribers. The CRPS is redeemable within 5 years and carry an annual coupon of 7%, while the warrants are convertible into ordinary shares at an exercise price of RM0.38 per share.

Save as disclosed above, there were no other issuance, cancellation, share splits repurchase, resale and repayment of debt and equity securities for the financial year 30 June 2013.

7. Dividend Paid

In respect of the financial year ended 30 June 2013, the Company: -

- i. on 27 Aug 2012, the Board of Directors declare the fourth single tier interim dividend of 0.01 sen per ordinary share of RM0.10 each.
- ii. on 16 May 2013, declared the third single tier interim dividend of 0.9 sen plus a special dividend of 0.9 sen per ordinary share of RM0.1 each, and was paid on 27 June 2013
- iii. on 25 Feb 2013, declared the second single tier interim dividend of 0.90 sen per ordinary share of RM0.10 each, and was paid on 30 Apr 2013.
- iv. on 20 Nov 2012, declared the first interim single-tier dividend 0.8 sen per ordinary share of RM0.10 each, and was paid on 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 30/6/2013 RM'000	Quarter Ended 30/6/2012 RM'000	Year to date 30/6/2013 RM'000	Year To date 30/6/2012 RM'000
Malaysia	7,066	5,135	19,216	9,284
Singapore	60,595	36,664	221,924	171,491
	<u>67,661</u>	<u>41,799</u>	<u>241,140</u>	<u>180,775</u>

Information of major customers

The Group has a customer which is also a substantial shareholder of the Company that contributed approximately RM226.5 million or 93.9% to the Group's total revenue for the twelve months ended 30 June 2013. (30 June 2012: RM176 million or 97.2%)

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 30 June 2013 and up to the date of this report.

11. Changes in the Composition of the Group

On 25 June 2013, the Group through its wholly owned subsidiary, Inari International Limited, completed the acquisition of entire equity interest in Amertron Inc (Global) Limited at a consideration of USD32 million, which is subject to final adjustment on excess net tangible asset (NTA) after a special audit by the company's auditor Grant Thornton. As at the date of this announcement, the final purchase consideration has not been finalized.

The Consideration was satisfied by USD28.8 million in cash and issuance of 22,232,903 ordinary shares of RM0.10 each in Inari Amertron Berhad shares at an issue price of RM0.4577 for each Inari Amertron Berhad Share.

- Details of the purchase consideration as follows:

Details	Before fair value USD'000	After fair value USD'000 ⁽⁶⁾	After fair value RM'000
Cash consideration	24,000	24,000	76,236
Deferred cash payment ⁽⁷⁾	4,800	4,559	14,481
Issuance of equity instruments ⁽⁸⁾	3,200	4,887	15,523
	32,000	33,446	106,240
Estimated excess NTA ⁽⁹⁾	5,845	5,845	18,568
Total purchase consideration	37,845	39,291	124,808

Notes:

- Being fair value of total purchase consideration for the purpose of business combination.
- Being fair value of deferred cash payment, discounted at 6.82% which represented the Group weighted average cost of capital
- Being issuance of ordinary shares valued at fair value of RM0.70 each at the date of allotment of shares.
- Being provision for final adjustment on purchase consideration, which yet to be finalized.

- The fair value of the net assets acquired and cash flow arising from the acquisition are as follows:

Details	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
	USD'000	USD'000	USD'000	RM'000	RM'000	RM'000
Assets	56,204	1,668	57,882	178,532	5,329	183,861
Liabilities	(17,954)	(636)	(18,591)	(57,032)	(2,021)	(59,053)
Net identifiable assets	38,250	1,041	39,291	121,742	3,308	124,808
Excess fair value over investment costs			-			-
Total purchase consideration (1)			39,291			124,808
Cash and cash equivalents on the subsidiary acquired			(4,542)			(14,429)
Net cash outflow of the Group on acquisition			34,749			110,379

The initial accounting for the acquisition currently has been determined provisionally.

Save as disclosed above, there were no changes in the Group structure for the financial year and up to the date of this report.

12. Contingent Liabilities and Contingent Assets

The Company provides corporate guarantees up to a total amount of RM38,257,000 (as at 30 June 2012: RM10,824,118) to licensed banks for banking facilities granted to certain subsidiaries. Consequently, the Company is contingently liable for the amounts of banking facilities utilized by these subsidiaries totaling RM22,510,000 (as at 30 June 2012:RM6,190,411).

13. Capital Commitments

Contractual commitments not provided for in the interim financial statements as at 30 June 2013 are as follows: -

	Cumulative Period ended	
	30/6/2013	30/6/2012
	RM'000	RM'000
Property, plant and equipment	7,366	9,655

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 RM67.7 million for the current quarter under review, which represented an increase of approximately 61.9% as compared to the revenue for the corresponding quarter in the previous year of RM41.8 million. The higher revenue recorded was mainly due to increased orders from the Group's major customer. The higher trading volume have resulted in relatively lower fixed costs and the Group enjoyed higher utilization of production capacity.

As a result, the Group's gross profit increased by about 163.1% to RM19.4 million for the quarter ended 30 June 2013 as compared to a gross profit of RM7.4 million in the corresponding quarter in the previous year.

Similarly, the Group reported a higher profit before tax that increased by 252.3% to RM13.4 million for the quarter under review as compared to RM3.8 million for the corresponding quarter in the previous year 2012.

The Group's net profit after tax increased by 148.9% to RM12.8 million for the quarter under review as compared to RM5.1 million for the corresponding quarter ended 30 June 2012.

Comparison with the preceding quarter

The Group generated total revenue of RM67.7 million for the quarter ended 30 June 2013, approximately 19.2% higher than the preceding quarter's total revenue of RM56.8 million due to the increase in trading volumes.

Accordingly, the Group's profit before tax increased by 61.4% to RM13.4 million for the current quarter as compared to the Group's profit before tax of RM8.3 million for the preceding quarter.

Similarly, the Group recorded a higher profit after tax of RM12.8 million, an increase of 3.2% from the Group's profit after tax of RM12.4 million for the preceding quarter.

Financial Period to Date against preceding year corresponding financial period

The Group recorded higher revenue of RM241.1 million and higher profit before tax of RM43.3 million for the twelve months ended 30 June 2013 as compared to revenue of RM180.8 million and a profit before tax of RM20.3 million in the corresponding financial year ended 30 June 2012. The higher revenue reported in the current financial year was mainly attributed to higher trading volume and order from our customer.

Net profit after tax increased by approximately 113.7% to RM41.2 million for the twelve months ended 30 June 2013 as compared to RM19.3 million in the corresponding financial year ended 30 June 2012. The higher net profit is the result of higher trading volume, improved utilization of production capacity and favorable gold prices and the strengthening US dollar.

2. Commentary on Prospects

The International Monetary Fund has forecasted slower global growth for 2013 and 2014. In their latest update of the World Economic Outlook, IMF projects the world economy will grow at 3.1% this year (same rate as last year), down from an earlier forecast of 3.3% and 2014 forecast was cut to 3.8% from 4%.

This is due to the expectations of negative or zero growth in Europe and a slowdown in key developing countries such as China and Brazil where new risks had emerged on the possibility of a more drawn out slowdown in developing country economies. Some developing economies in the Middle East and North Africa are weighed down by difficult political transition.

A recession in the euro zone is pulling down the global economic outlook. The euro zone is expected to contract by 0.6% overall this year. While USA is expected to continue to lead growth in the global economy with encouraging help from UK and Japan, another potential drag on global growth is the possible scale back of the quantitative easing in the US economy. With markets already anticipating that, some developing country economies are already feeling the effects in the form of falling share prices and depreciating currencies.

As foreign exchange volatility impacts the Group's financial performance significantly, the recent strength of the US Dollar has a positive impact to the Group's margin.

Notwithstanding the subdued global economic outlook, the Board expects the Group to remain profitable for the next financial year 2014 arising from sustained demand for smartphones and tablet computers as the adoption of such devices as indispensable appliances in both the consumer and business markets. The smart phones and tablet markets are expected to register show strong double-digit growth in the near to medium term.

Additionally, the Group expects Amertron Group will contribute positively to the financial performance of the group with effect from FY2014.

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 30 June 2013 are as follows: -

	Individual Quarter ended		Cumulative Period ended	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
In respect of current period: -				
- Current tax	(96)	177	(121)	(2,064)
- Deferred tax	156	(21)	169	(106)
	<u>60</u>	<u>156</u>	<u>48</u>	<u>(2,170)</u>
(Under)/over provision in prior year: -				
- Current tax	13	-	(1,252)	22
- Deferred tax	(842)	1,132	(842)	1,132
	<u>(769)</u>	<u>1,288</u>	<u>(2,046)</u>	<u>(1,016)</u>

The effective tax rate of the Group for the current financial quarter and the cumulative financial period ended 30 June 2013 is lower than the statutory tax rate of 25% as one of the Group's subsidiaries has been granted pioneer status under the Promotion of Investment Act, 1986 for certain products. Accordingly, the subsidiary is granted 100% tax exemption from the statutory income derived from these pioneer products for a period of 5 years from 1 Apr 12 to 31 Mar 2017.

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 have been utilized in the following manner as at 30 June 2013: -

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000
Working Capital	1,700	1,700

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 share, and the proceeds have been utilized in the following manner as at 30 June 2013: -

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000
Purchase of property, plant and equipment	17,500	9,076
Working Capital	*12,040	12,040
Payment of listing expenses	2,000	2,000
Total	31,540	23,116

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;
 - (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.

- b. The above proposals are subject to and conditional upon approvals from, amongst others, the following parties: -
- (i) Bursa Malaysia Securities Berhad (“Bursa Securities). The Proposals stated in 8a from (i) to (iv) were approved by Bursa Securities through its letter dated 28 February 2013;
 - (ii) The shareholders of Inari. The extraordinary general meeting was convened on 29 March 2013 and the above proposals stated in 8a were approved;
 - (iii) Bank Negara Malaysia (“BNM:”). The proposal to issue Warrants to non-resident shareholders was approved by BNM through its letter dated 11 September 2012; and
 - (iv) Other relevant parties/authorities, if required.

On 9 April 2013, it was 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, it was 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.

- c. On 25 June 2013, it was announced that:
- (i) The conditions for completion under the SPA have been fulfilled;
 - (ii) Inari International has received the transfer documents pursuant to the terms and conditions of the SPA;
 - (iii) Inari International has effected the payment of the Completion Cash Consideration of USD20.8 million to the Vendors;
 - (iv) Inari has instructed the issuance and allotment of 22,232,903 new Inari Shares to Richard Ta-Chung Wang; and
 - (v) The entire issued and paid-up share capital of Amertron Global comprising 23,732,859 ordinary shares of USD1.00 each in Amertron Global has been transferred and registered under the name of Inari International.

The acquisition is deemed completed on 25 June 2013

- d. On 8 July 2013, it was announced that the Company has proposed the transfer listing and quotation for the entire issued and paid-up share capital of Inari from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad.
- e. On 13 August 2013, it was announced that the Company has proposed to establish and implement an employees' share option scheme for the eligible employees and directors of Inari and its subsidiaries ("Proposed ESOS").

There are no other corporate proposals which have been announced but not completed as at the date of this announcement.

9. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2013 are as follows: -

	Short Term RM'000	Long Term RM'000	Total RM'000
Term loans	4,331	8,250	12,581
Trade financing	13,700	-	4,171
Finance lease liabilities	345	11	356
Total Borrowings (secured)	18,736	8,261	17,108
Government loan	2,000	2,000	4,000
Total Borrowings	20,376	10,261	30,637

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 recognized 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 have declared a third interim single tier dividend of 0.90 sen per ordinary share of RM0.10 each and a special dividend of 0.90 sen per ordinary share of RM0.10 each in respect of the financial year ended 30 June 2013. Both dividends will be paid on 27 June 2013.

The total dividend for the financial year ended 30 June 2013: -

	Net Per Share (sen)
<u>First Interim Dividend</u>	
Single tier dividend	0.80
<u>Second Interim Dividend</u>	
Single tier dividend	0.90
<u>Third Interim Dividend</u>	
Single tier dividend	0.90
Special dividend	0.90
<u>Fourth Interim Dividend</u>	
Single tier dividend	1.00

	<u>4.50</u>

- (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>Third Interim Dividend</u>	
Single tier dividend	0.80
<u>Fourth Interim Dividend</u>	
Single tier dividend	0.80

	<u>2.80</u>

13. 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	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and period to date (RM'000)	13,116	5,481	42,014	19,887
Weighted average number of ordinary shares in issue ('000)	355,156	327,383	341,014	328,425
Basic earnings per share (sen)	3.69	1.67	12.32	6.06

(b) Basic earnings per share

Diluted earnings per share for the current financial period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that warrants are exercised at the beginning of the financial period. The warrants are based on the assumed proceeds on the difference between average share price for the financial period and exercise price.

	Individual Quarter ended		Cumulative Period ended	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and period to date (RM'000)	13,116	5,481	42,014	19,887
Weighted average number of ordinary shares (basic) ('000)	355,156	327,383	341,014	328,425
Effect of conversion of warrants arising from rights issues	16,255	-	4,052	-
Effect of conversion of warrants arising from CRPS	3,338	-	9,832	-
Weighted average number of ordinary shares (diluted) ('000)	374,749	327,383	345,898	-
Diluted earnings per share (sen)	3.50	1.67	12.15	6.06

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.

The Group's retained profits as at 30 June 2013 are analysed as follow:-

	Cumulative Period ended	
	30/6/2013 RM'000	30/6/2012 RM'000
<u>Total retained profits of the Company and its subsidiaries</u>		
- Realised	67,399	31,653
- Unrealised	(6,642)	(1,799)
	<hr/>	<hr/>
	60,757	29,853
Add: Consolidated adjustments	(3,587)	(3,808)
	<hr/>	<hr/>
Total Group retained profits as per consolidated financial statements	57,171	26,045