

**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 31 DECEMBER 2013**

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	Current Year Quarter	Preceding Year Corresponding Quarter	%	Current Year To Date	Preceding Year Corresponding Period	%
	31/12/2013 RM'000	31/12/2012 RM'000		31/12/2013 RM'000	31/12/2012 RM'000	
<b>Revenue</b>	186,618	62,057	200.7%	377,957	116,703	223.9%
<b>Cost of sales</b>	(149,235)	(44,154)	238.0%	(312,002)	(82,991)	275.9%
<b>Gross Profit</b>	37,383	17,903	108.8%	65,955	33,712	95.6%
<b>Other operating income</b>	2,588	208	1144.2%	7,580	828	815.5%
<b>Administrative expenses</b>	(11,963)	(6,649)	79.9%	(22,493)	(12,708)	77.0%
<b>Operating Profit</b>	28,008	11,462	144.4%	51,042	21,832	133.8%
<b>Finance costs</b>	(1,451)	(193)	651.8%	(2,419)	(404)	498.8%
<b>Profit before taxation</b>	26,557	11,269	135.7%	48,623	21,428	126.9%
<b>Taxation</b>	(1,482)	(2,616)	-43.3%	(2,674)	(5,390)	-50.4%
<b>Profit for the period</b>	25,075	8,653	189.8%	45,949	16,038	186.5%
<b>Profit for the year attributable to:</b>						
Owners of the parent	24,429	8,982	172.0%	45,463	16,510	175.4%
Non-controlling interests	646	(329)	296.4%	486	(472)	203.0%
	25,075	8,653	189.8%	45,949	16,038	186.5%
<b>Other comprehensive loss, net of tax:</b>						
Foreign currency translation differences for foreign operations	1,463	-	100%	(715)	-	100%
<b>Total comprehensive income for the year</b>	26,538	8,653	206.7%	45,234	16,038	182.0%
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	25,892	8,982	188.3%	44,748	16,510	171.0%
Non-controlling interests	646	(329)	296.4%	486	(472)	203.0%
	26,538	8,653	206.7%	45,234	16,038	182.0%

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**FOR THE PERIOD ENDED 31 DECEMBER 2013**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Period</b>
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
<b>Earnings per share attributable to owners of the parent (sen) <sup>(2)</sup></b>				
Basic	5.31	2.67	10.01	4.91
Diluted	4.13	2.67	7.83	4.91

- (1) The condensed unaudited consolidated statement of other 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 31 December 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.

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**NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 31 DECEMBER 2013**

	<b>Individual Quarter Ended</b>		<b>Cumulative Period Ended</b>	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
The following items have been included in arriving at profit before tax: -				
Allowance for slow moving inventories	-	(1,374)	-	(348)
Provision for stock loss	-	2,300	-	2,300
Amortisation of development cost	31	17	62	33
Depreciation	5,156	3,411	10,380	6,772
Deferred income recognized	(407)	(159)	(258)	(519)
Property, plant and equipment written off	10	16	10	16
<u>(Gain) / loss on foreign exchange translation</u>				
- Realised	(1,49)	1,384	(2,145)	1,255
- Unrealised	(2,134)	783	(4,125)	88
<u>Finance costs</u>				
- Interest expenses	1,451	192	2,419	404
- Interest income	(85)	(122)	(195)	(247)

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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**(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

	Unaudited As at 31 December 2013 RM'000	Audited As at 30 June 2013 <sup>(4)</sup> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	114,036	111,088
Land use right	678	778
Retirement benefits assets	163	555
Deferred tax assets	2,242	2,183
Development costs	4,568	3,358
Goodwill	5,066	5,066
	126,753	123,028
<b>Current assets</b>		
Inventories	126,152	108,271
Trade and other receivables	123,464	94,901
Tax recoverable	2,130	1,509
Short-term deposits with licensed banks	338	338
Cash and bank balances	59,965	44,228
	312,049	249,247
	438,802	372,275
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
Share capital <sup>(3)</sup>	47,237	44,299
Share premium	62,924	54,700
Other reserves	4,640	5,355
Retained profits	87,435	53,584
<b>Equity attributable to owners of the parent</b>	202,236	157,938
<b>Non-controlling interests</b>	(298)	(784)
<b>Total equity</b>	201,938	157,154
<b>Non-current liabilities</b>		
Borrowings	16,393	10,261
Redeemable preference shares	39,874	38,611
Deferred rental	-	309
Deferred cash payment	9,488	9,151
Deferred tax liabilities	3,008	2,933
	68,763	61,265
<b>Current liabilities</b>		
Trade and others payables	131,235	131,321
Borrowings	26,246	20,377
Deferred income	1,783	950
Provision for taxation	1,759	1,208
Dividend payable	7,078	-
	168,101	153,856
<b>Total liabilities</b>	236,864	215,121
<b>TOTAL EQUITY AND LIABILITIES</b>	438,802	372,275

**Notes:**

(3) Based on the issued and paid up share capital of 472,368,170 (442,993,780) ordinary shares of RM0.10 each for the financial period ended 31 December 2013 (June 2013).

(4) The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year as at 30 June 2013 and the accompanying explanatory notes attached to the interim financial report.

**INARI AMERTRON BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2013**

	----- Attributable to Owners of the Parent -----						Distributable	Total	Non- controlling interests	Total Equity
	-----Non-Distributable -----									
	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Discount on Shares RM'000	Capital Reserve RM'000	Exchange translation reserve RM'000	Retained profits RM'000	RM'000	RM'000	RM'000
<b>At 1 July 2013</b>	44,299	54,700	11,387	(11,387)	5,387	(32)	53,584	157,938	(784)	157,154
Total comprehensive income for the period	-	-	-	-	-	(715)	45,463	44,748	486	45,234
<b>Transactions with owners:-</b>										
Warrants exercised	2,938	8,224	(1,987)	1,987	-	-	-	11,162	-	11,162
Dividends	-	-	-	-	-	-	(11,612)	(11,612)	-	(11,612)
	2,938	8,224	(1,987)	1,987	-	-	(11,612)	(450)	-	(450)
<b>Balance at 31 December 2013</b>	<b>47,237</b>	<b>62,924</b>	<b>9,400</b>	<b>(9,400)</b>	<b>5,387</b>	<b>(747)</b>	<b>87,435</b>	<b>202,236</b>	<b>(298)</b>	<b>201,938</b>
<b>At 1 July 2012</b>	33,161	24,078	-	-	-	-	26,045	83,284	(351)	82,933
Total comprehensive income for the year	-	-	-	-	-	-	16,510	16,510	(472)	16,038
<b>Transactions with owners:-</b>										
Private placement	500	1,200	-	-	-	-	-	1,700	-	1,700
RCPS issued by subsidiary not held by the parent	-	-	-	-	-	-	-	-	2,307	2,307
Dividend	-	-	-	-	-	-	(5,386)	(5,386)	-	(5,386)
	500	1,200	-	-	-	-	(5,386)	(3,686)	2,307	(1,379)
<b>Balance at 31 December 2012</b>	<b>33,661</b>	<b>25,278</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,169</b>	<b>96,108</b>	<b>1,484</b>	<b>97,592</b>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the Interim Financial Statements)

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**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 31 DECEMBER 2013**

	<b>Cumulative Quarter 6 Months Ended <u>31/12/2013</u> RM'000</b>	<b>Cumulative Quarter 6 Months Ended <u>31/12/2012</u> RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	48,623	21,428
Adjustments for:		
Allowance for slow moving stocks	-	(348)
Provision for stock loss	-	2,300
Amortisation of development costs	62	33
Property, plant and equipment written off	10	16
Depreciation	10,380	6,772
Dividend on Redeemable Preference Shares	1,321	-
Deferred income recognised	(258)	(519)
Interest income	(195)	(247)
Interest expenses	1,098	404
Unrealised gain on foreign exchange	(4,125)	88
Operating profit before working capital changes	56,916	29,927
Decrease/(Increase) in inventories	(17,881)	(4,319)
Increase in receivables	(28,851)	(12,538)
(Decrease)/Increase in payables	2,839	5,821
Cash generated from operations	13,023	18,891
Income tax paid	(670)	(1,136)
Interest received	195	247
Interest paid	(1,098)	(404)
<b>Net cash generated from operating activities</b>	<b>11,450</b>	<b>17,598</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Development cost	(1,272)	(1,060)
Proceeds from RCPS issued by subsidiary	-	2,307
Proceeds from issuance of shares	-	1,700
Proceeds from disposal of property, plant and equipment	-	26
Purchase of property, plant and equipment	(13,238)	(20,213)
<b>Net cash used in investing activities</b>	<b>(14,510)</b>	<b>(17,240)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(4,534)	(5,345)
Proceeds from government grant	1,091	2,848
Dividend on Redeemable Preference Shares	(1,321)	2,700
Net change in short term borrowings	5,869	145
Net change in long term borrowings	6,132	(2,355)
Proceeds from warrants conversion	11,162	-
<b>Net cash generated from / (used in) financing activities</b>	<b>18,399</b>	<b>(2,007)</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,339	(1,649)
Effect of changes on foreign exchange rates	398	26
<b>CASH AND CASH EQUIVALENT AT BEGINNING</b>	<b>44,566</b>	<b>40,790</b>
<b>CASH AND CASH EQUIVALENT AT END</b>	<b>60,303</b>	<b>39,167</b>
Represented by:		
Short-term deposits with licensed banks	338	24,183
Cash and bank balances	60,968	14,984
Bank overdraft	(1,003)	-
	<b>60,303</b>	<b>39,167</b>

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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 30<sup>th</sup> June 2013.

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.

**2. Changes in accounting policies**

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 2013 except for the adoption of the following new/revised Malaysian Financial Reporting Standards (“MFRSs”) and Amendments to MFRSs issued by the MASB that became effective and relevant to the Group for the financial year beginning 1 July 2013:

**MFRSs, Amendments to MFRSs**

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard (“IAS”) 19 as amended by International Accounting Standards Board (“IASB”) in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)

## **2. Changes in accounting policies (cont'd)**

### **MFRSs, Amendments to MFRSs (cont'd)**

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRSs	Annual Improvements 2009 – 2011 Cycle issued in July 2012

The adoption of the above new/revised MFRs and Amendments to MFRSs are not expected to have any material financial impact on the financial statements of the Group.

## **3. Auditors' Report on Preceding Annual Financial Statements**

The preceding annual financial statements of the Group were not subject to any qualification.

## **4. Comments About Seasonal or Cyclical Factors**

The Group's present earnings base is not subject to any material seasonal or cyclical changes.

## **5. Unusual Items Due to their Nature, Size or Incidence**

During the financial period under review, 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.

## **6. Changes in Estimates**

There were no changes in the estimates of amounts which give a material effect in the current quarter under review.

## **7. Debt and Equity Securities**

The issued and paid up share capital was increased from RM44,299,378 to RM47,236,817 by the allotment of 29,374,392 new ordinary shares of RM0.10 each pursuant to conversion of the warrants.

Other than the above, 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.



## 8. Dividend Paid

The first single tier interim dividend of 1.10 sen and a special dividend of 0.40 sen per ordinary share of RM0.10 each declared on 26 November 2013 in respect of the financial year ending 30 June 2014 were paid on 16 January 2014.

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

- i. on 27 Aug 2013, declared the fourth single tier interim dividend of 1.0 sen per ordinary share of RM0.10 each amounting to RM4.53 million, and was paid on 4 October 2013.
- 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 RM0.10 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.

## 9. Segmental Information

### Business segments

The Group has only one reportable business segment that is its manufacturing of electronic products segment. As such, no operating segment information is prepared.

### Geographical information

Revenue information based on the geographical location of customers is as follows: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31/12/2013 RM'000	Quarter Ended 31/12/2012 RM'000	Year to date 31/12/2013 RM'000	Year To date 31/12/2012 RM'000
Malaysia	33,581	5,922	63,488	6,677
Singapore	139,758	56,135	293,799	110,026
Others	13,279	-	20,670	-
	<u>186,618</u>	<u>62,057</u>	<u>377,957</u>	<u>116,703</u>

## 10. Valuation of Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

## 11. Subsequent Events

There were no material events subsequent to the current financial period ended 31 December 2013 and up to the date of this report, which affects substantially the results of the operation of the Group.

## 12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

## 13. Contingent Liabilities and Contingent Assets

The Company provides corporate guarantees amounting to RM158.1 million (as at 31 December 2012: RM28.8 million) to licensed banks and financial institutions for credit facilities granted to certain subsidiaries and to RPS holders in respect of the RPS issued by a subsidiary. Consequently, the Company is contingently liable for the amounts of facilities utilised by these subsidiaries totaling RM76.4 million (as at 31 December 2012: RM16.3 million).

There is no contingent assets as at the date of this report.

## 14. Capital Commitments

Contractual commitments not provided for in the interim financial statements as at 31 December 2013 are as follows: -

	Cumulative Period ended	
	31/12/2013 RM'000	31/12/2012 RM'000
Property, plant and equipment	18,915	12,772

## 15. Significant Related Party Transactions

Significant 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, as follows:

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31/12/2013 RM'000	Quarter Ended 31/12/2012 RM'000	Year to date 31/12/2013 RM'000	Year To date 31/12/2012 RM'000
Avago Technologies Limited Group	149,747	59,659	293,173	111,983

## **Part B – Additional Information as Required By the ACE Market Listing Requirement of Bursa Securities**

### **1. Review of Performance**

#### *Comparison with the corresponding period in the previous year*

The Group posted a significant improvement in performance for the second quarter of FY2014 as compared to the corresponding quarter in the preceding year.

Total revenue was RM186.6 million for the current quarter under review, representing an increase of RM124.6 million or 200.7% as compared to the corresponding quarter in the previous year. The higher revenue was mainly due to the consolidation of Amertron Inc. (Global) Limited (“Amertron”), the acquisition of which was completed in June 2013 as well as higher trading volumes from the Group’s existing business units. Revenue contribution from the Amertron was RM105.7 million and balance increase of RM18.9 million was from existing business units.

The Group reported a higher profit before tax of RM26.6 million for the quarter under review, an increase of 135.7% as compared to pre-tax profit of RM11.3 million for the corresponding quarter of FY2013. The higher profit before tax was mainly attributable to the increase in revenue from the existing business units, strong USD and favourable gold prices during the period under review as well as consolidation of revenue and profit generated by the newly acquired Amertron Group.

The Group’s net profit after tax increased by 189.8% to RM25.0 million for the quarter under review as compared to RM8.7 million for the corresponding quarter ended 31 December 2012. Income tax decreased to RM1.5 million from RM2.6 million due to the award of pioneer status to one of its core operating subsidiary.

#### *Comparison with the immediate preceding quarter*

Against the preceding quarter, the Group’s revenue declined marginally by RM4.7 million or 2.5% and this was primarily attributed to a lower level of production activity due to the holiday season in December 2013.

The profit before tax improved by 20.4% to RM26.6 million from RM22.1 million in the preceding quarter, primarily due to improvement in product profit margins in Amertron operations as a result of improved efficiency arising from integration and initiatives undertaken by Inari management as well as favourable USD and gold prices during the period under review.

## **1. Review of Performance (cont'd)**

### *Financial Period to Date against preceding year corresponding financial period*

The Group's total revenue of RM378.0 million for the six months ended 31 December 2013 represents an increase of RM261.3 million or 223.9% as compared to RM116.7 million reported in the previous corresponding period of the preceding year. The higher revenue was mainly due to the consolidation of the revenue of Amertron Group as well as higher trading volumes from the Group's existing business units.

In line with the increase in the revenue, the profit before tax increased by 126.9% to RM48.6 million as compared to RM21.4 million reported in the previous corresponding period of the preceding year.

## **2. Commentary on Prospects**

The prospects of the global economy appear somewhat positive over the next two years, with the IMF forecasting world GDP to grow by 3.6% and 4% in 2014 and 2015 respectively. This comes on the back of a gradual recovery among advanced economies such as the United States and Europe.

Despite this positive backdrop, emerging economies such as China, Brazil, Russia, and India are anticipated to experience moderated growth going forward, as they stand to witness lowered growth potential due to stabilizing commodity prices and tighter global financial conditions.

Nevertheless, Inari Amertron remains optimistic in maintaining our profitable performance, as we operate in market segments that continue to be high-growth in the near future, such as the continued end-user adoption of smart mobile devices globally. Outlook-wise, the Group continues to work towards widening our clientele, intensify our research and development (R&D) initiatives, and expand our production capacity.

For the coming financial year ending 30 June 2014 ("FY2014"), Inari Amertron looks forward to a higher level of performance as we move ahead as an enlarged entity in the EMS industry.

## **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 2013 are as follows: -

	Individual Quarter ended		Cumulative Period ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
In respect of current period: -				
- Current tax	(1,466)	(2,616)	(2,658)	(5,403)
- Deferred tax	(16)	-	(16)	13
	<u>(1,482)</u>	<u>(2,616)</u>	<u>(2,674)</u>	<u>(5,390)</u>

The effective tax rate of the Group for the current financial quarter and the cumulative financial period ended 31 December 2013 is lower than the statutory tax rate of 25% as certain subsidiaries have been granted pioneer status under the Promotion of Investment Act, 1986 for certain products. Accordingly, these subsidiaries are granted 100% tax exemption from the statutory income derived from these pioneer products for a period of 5 years.

#### 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 Corporate Proposals

- a. On 8 July 2013, the Company has proposed the transfer listing and quotation for its entire issued and paid-up share capital from the ACE market to the Main Market of Bursa Malaysia Securities Berhad.

The proposed transfer listing was approved by the shareholders at an Extraordinary General Meeting held on 4 October 2013.

- b. On 13 August 2013, the Company has proposed to establish and implement an employees' share option scheme ("ESOS") for the eligible employees and directors of the Company and its subsidiaries.

The proposed ESOS was approved by the shareholders at an Extraordinary General Meeting held on 4 October 2013.

## 8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2013 are as follows: -

	<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term loans	22,612	9,104	31,716
Trade financing	-	-	-
Finance lease liabilities	1,634	5,289	6,923
Total Borrowing (secured)	24,246	14,393	38,639
Government loan	2,000	2,000	4,000
Total Borrowings	26,246	16,393	42,639

## 9. Disclosure pursuant to implementation of MFRS 139: Recognition and Measurement

With the adoption of MFRS 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.

## 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

The directors propose the second single tier interim dividend of 1.10 sen per ordinary share of RM0.10 each and a special dividend of 0.40 sen per ordinary share of RM0.10 each in respect of the financial year ending 30 June 2014. The date of entitlement and payment date will be finalised and announced at a later date.

Total dividend for the financial year ending 30 June 2014 and financial year ended 30 June 2013 are summarized as follow: -

	<b>Net Per Share FY2014 (sen)</b>	<b>Net Per Share FY2013 (sen)</b>
<u>First Interim Dividend</u>		
Single tier dividend	1.10	0.80
Special dividend	0.40	-
<u>Second Interim Dividend</u>		
Single tier dividend	1.10	0.90
Special dividend	0.40	-
<u>Third Interim Dividend</u>		
Single tier dividend		0.90
Special dividend		0.90
<u>Fourth Interim Dividend</u>		
Single tier dividend		1.00
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	<b>3.00</b>	<b>4.50</b>
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## 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	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and period to date (RM'000)	24,429	8,982	45,463	16,510
Weighted average number of ordinary shares in issue ('000)	459,786	336,283	453,979	336,283
Basic earnings per share (sen)	5.31	2.67	10.01	4.91

### (b) Diluted 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.

	Individual Quarter ended		Cumulative Period ended	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and period to date (RM'000)	24,429	8,982	45,463	16,510
Weighted average number of ordinary shares (basic) ('000)	459,786	336,283	453,979	336,283
Effect of dilution due to warrants ('000)	132,017	-	126,869	-
Weighted average number of ordinary shares (diluted) ('000)	591,803	-	580,848	-
Diluted earnings per share (sen)	4.13	2.67	7.83	4.91



### 13. 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 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 December 2013 and 31 December 2012 are analysed as follow:-

	<b>Cumulative Period ended</b>	
	<b>31/12/2013 RM'000</b>	<b>31/12/2012 RM'000</b>
<u>Total retained profits of the Company and its subsidiaries</u>		
- Realised	107,780	46,030
- Unrealised	(9,023)	(5,252)
	<u>98,757</u>	<u>40,778</u>
Add: Consolidated adjustments	(11,322)	(3,609)
	<u>87,435</u>	<u>37,169</u>
Total Group retained profits as per consolidated financial statements		