

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2014

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	Current Year Quarter	Preceding Year Corresponding Quarter	%	Current Year To Date	Preceding Year Corresponding Period	%
	31/12/2014 RM'000	31/12/2013 RM'000		31/12/2014 RM'000	31/12/2013 RM'000	
Revenue	227,912	186,618	22.1%	449,795	377,957	19.0%
Cost of sales	(178,483)	(149,235)	19.6%	(356,926)	(312,002)	14.4%
Gross Profit	49,429	37,383	32.2%	92,869	65,955	40.8%
Other operating income	12,824	2,588	395.5%	19,101	7,580	152.0%
Administrative expenses	(20,508)	(11,963)	71.4%	(35,259)	(22,493)	56.8%
Operating Profit	41,745	28,008	49.0%	76,711	51,042	50.3%
Finance costs	(1,756)	(1,451)	21.0%	(2,774)	(2,419)	14.7%
Profit before taxation	39,989	26,557	50.6%	73,937	48,623	52.1%
Taxation	(662)	(1,482)	-55.3%	(1,004)	(2,674)	-62.5%
Profit for the period	39,327	25,075	56.8%	72,933	45,949	58.7%
Profit for the year attributable to:						
Owners of the parent	40,324	24,429	65.1%	74,080	45,463	62.9%
Non-controlling interests	(997)	646	-254.3%	(1,147)	486	-336.0%
	39,327	25,075	56.8%	72,933	45,949	58.7%
Other comprehensive income/(loss), net of tax:						
Foreign currency translation differences for foreign operations	1,855	1,463	26.8%	2,332	(715)	426.2%
Total comprehensive income for the year	41,182	26,538	55.2%	75,265	45,234	66.4%
Total comprehensive income attributable to:						
Owners of the parent	42,179	25,892	62.9%	76,412	44,748	70.8%
Non-controlling interests	(997)	646	-254.3%	(1,147)	486	-336.0%
	41,182	26,538	55.2%	75,265	45,234	66.4%

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	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current	Preceding Year	Current Year	Preceding Year
	Year	Corresponding	To Date	Corresponding
	Quarter	Quarter		Period
	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
Earnings per share attributable to owners of the parent (sen) ⁽²⁾				
Basic	6.59	5.31	12.61	10.01
Diluted	6.44	4.13	11.46	7.83

- (1) The condensed unaudited consolidated statement of other comprehensive income are prepared based on the consolidated results of Inari Amertron Berhad and its subsidiaries for the current quarter ended 31 December 2014.
- (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.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2014

	Individual Quarter Ended		Cumulative Period Ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	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	49	-	296	-
Amortisation of development cost	213	31	431	62
Depreciation	7,556	5,156	14,269	10,380
Deferred income (recognized)/reversal	-	(407)	(141)	(258)
Property, plant and equipment written off	-	10	1	10
(Gain) on disposal of property, plant & equipment	(24)	-	(46)	-
<u>Gain on foreign exchange translation</u>				
- Realised	(3,953)	(149)	(4,749)	(2,145)
- Unrealised	(6,236)	(2,134)	(9,158)	(4,125)
<u>Finance costs</u>				
- Interest expenses	1,756	1,451	2,774	2,419
- Interest income	(646)	(85)	(1,142)	(195)

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

- Bad debt written off;
- (Gain) / loss on derivatives;
- (Gain) / loss on disposal of quoted or unquoted investment;
- Investment income;
- Impairment of assets;
- Provision for doubtful debts;
- Stock losses;

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Unaudited As at 31 December 2014 RM'000	Audited As at 30 June 2014 ⁽⁴⁾ RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	159,185	129,761
Deferred tax assets	4,865	4,324
Development costs	6,835	6,168
Intangible assets	6,960	5,066
	<u>177,845</u>	<u>145,319</u>
Current assets		
Inventories	133,959	137,832
Trade and other receivables	128,066	137,314
Tax recoverable	307	39
Short-term deposits with licensed banks	46,564	19,630
Cash and bank balances	96,746	57,041
	<u>405,642</u>	<u>351,856</u>
TOTAL ASSETS	<u>583,487</u>	<u>497,175</u>
EQUITY AND LIABILITIES		
Share capital ⁽³⁾	62,228	51,607
Share premium	110,196	77,425
Other reserves	10,198	7,670
Retained profits	171,045	121,470
Equity attributable to owners of the parent	<u>353,667</u>	<u>258,172</u>
Non-controlling interests	<u>(752)</u>	<u>395</u>
Total equity	<u>352,915</u>	<u>258,567</u>
Non-current liabilities		
Borrowings	14,859	18,567
Redeemable preference shares	37,626	39,031
Deferred rental	-	292
Deferred cash consideration	5,454	5,006
Deferred tax liabilities	4,991	2,993
Retirement benefits obligations	1,078	2,820
	<u>64,008</u>	<u>68,709</u>
Current liabilities		
Trade and others payables	107,272	120,089
Borrowings	44,763	36,431
Provision for taxation	861	3,237
Dividend payable	13,668	10,142
	<u>166,564</u>	<u>169,899</u>
Total liabilities	<u>230,572</u>	<u>238,608</u>
TOTAL EQUITY AND LIABILITIES	<u>583,487</u>	<u>497,175</u>

Notes:

(3) Based on the issued and paid up share capital of 622,227,565 (516,067,770) ordinary shares of RM0.10 each for the financial period ended 31 December 2014 (30 June 2014).

(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 2014 and the accompanying explanatory notes attached to the interim financial report.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – COMPANY NO. 1000809-U)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014

	----- Attributable to Owners of the Parent -----										
	----- Non-Distributable -----								Distributable		
	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Discount on Shares RM'000	Capital Reserve RM'000	Share option Reserve RM'000	Exchange translation reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	
At 1 July 2014	51,607	77,425	6,542	(6,542)	5,387	3,432	(1,149)	121,470	258,172	395	258,567
Total comprehensive income for the year	-	-	-	-	-	-	2,332	74,080	76,412	(1,147)	75,265
Transactions with owners:-											
<i>Issued, at premium pursuant to:</i>											
Exercise of warrants	10,429	29,202	(6,542)	6,542	-	-	-	-	39,631	-	39,631
Exercise of ESOS	192	3,569	-	-	-	(851)	-	-	2,910	-	2,910
Pursuant to ESOS granted:											
Share-based compensation	-	-	-	-	-	1,047	-	-	1,047	-	1,047
Dividends	-	-	-	-	-	-	-	(24,505)	(24,505)	-	(24,505)
	10,621	32,771	(6,542)	6,542	-	196	-	(24,505)	19,083	-	19,083
Balance at 31 December 2014	62,228	110,196	-	-	5,387	3,628	1,183	171,045	353,667	(752)	352,915
At 1 July 2013	44,299	54,700	11,387	(11,387)	5,387	-	(32)	53,584	157,938	(784)	157,154
Total comprehensive income for the year	-	-	-	-	-	-	(715)	45,463	44,748	486	45,234
Transactions with owners:-											
<i>Issued, at premium pursuant to:</i>											
Exercise of warrants	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)
Balance at 31 December 2013	47,237	62,924	9,400	(9,400)	5,387	-	(747)	87,435	202,236	(298)	201,938

(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 2014 and the accompanying explanatory notes attached to the Interim Financial Statements)

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2014

	Cumulative Quarter 6 Months Ended 31/12/2014 RM'000	Cumulative Quarter 6 Months Ended 31/12/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	73,937	48,623
Adjustments for:		
Allowance for slow moving stocks	296	-
Amortisation of development costs	431	62
Property, plant and equipment written off	1	10
Gain on disposal of property, plant and equipment	(46)	-
Depreciation	14,269	10,380
Dividend on Redeemable Preference Shares	1,207	1,321
Deferred income (recognised)/reversal	(141)	(258)
Interest income	(1,142)	(195)
Interest expenses	1,567	1,098
Share based payments	1,047	-
Unrealised gain on foreign exchange	(9,158)	(4,125)
Operating profit before working capital changes	82,268	56,916
Decrease / (Increase) in inventories	3,577	(17,881)
Decrease / (Increase) in receivables	12,609	(28,851)
(Decrease) / Increase in payables	(9,189)	2,839
Cash generated from operations	89,265	13,023
Income tax paid	(515)	(670)
Interest received	1,142	195
Interest paid	(1,567)	(1,098)
Net cash generated from operating activities	88,325	11,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Development cost	(1,098)	(1,272)
Investment in subsidiaries	(25,607)	-
Proceeds from disposal of property, plant and equipment	281	-
Purchase of property, plant and equipment	(18,429)	(13,238)
Net cash used in investing activities	(44,853)	(14,510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(20,979)	(4,534)
Dividend on Redeemable Preference Shares	(1,207)	(1,321)
Redemption on Redeemable Preference Shares	(3,676)	-
Proceeds from government grant	-	1,091
Net changes in short term borrowings	8,544	5,869
Net changes in long term borrowings	(3,708)	6,132
Proceeds from warrants conversion	39,631	11,162
Proceeds from ordinary shares pursuant to exercise of ESOS	2,910	-
Net cash generated from financing activities	21,515	18,399
NET INCREASE IN CASH AND CASH EQUIVALENTS	64,987	15,339
Effect of changes on foreign exchange rates	1,864	398
CASH AND CASH EQUIVALENT AT BEGINNING	75,070	44,566
CASH AND CASH EQUIVALENT AT END	141,921	60,303
Represented by:		
Short-term deposits with licensed banks	46,564	338
Cash and bank balances	96,746	60,968
Fixed deposit pledged to bank	(394)	-
Bank overdraft	(995)	(1,003)
	141,921	60,303

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(INCORPORATED IN MALAYSIA – COMPANY NO. 1000809-U)

NOTES TO THE REPORT

Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 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 2014.

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 2014 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 2014:

Amendments to MFRSs and IC Int

MFRS 10, 12 and 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Int 21	Levies
Amendments to MFRS 119	Defined Benefit Plans : Employee Contributions
Amendments to MFRSs	Annual improvements to MFRSs 2010-2012 Cycle
Amendments to MFRSs	Annual improvements to MFRSs 2011-2013 Cycle

The adoption of the above new/revised MFRSs and Amendments to MFRSs are not expected to have any material financial 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

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.

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 increased from RM51,606,777 to RM62,227,565 by the allotment of 106,207,884 new ordinary shares of RM0.10 each pertaining to the followings:

- i. exercise of 104,293,484 warrants at the exercise price of RM0.38 per warrant;
- ii. exercise of 1,852,400 share options under the Employees' Share Option Scheme ("ESOS") at the exercise price of RM1.49 per share; and
- iii. exercise of 62,000 share options under the ESOS at the exercise price of RM2.18 per share.

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.

7. Dividend Paid

In respect of the financial year ending 30 June 2015, the Company: -

- i. on 25 November 2014, declared the first single tier interim dividend of 1.80 sen plus a special dividend of 0.40 sen per ordinary share of RM0.10 each amounting to RM13.7 million, and was paid on 2 January 2015.

In respect of the financial year ended 30 June 2014, the Company: -

- ii. on 26 August 2014, declared the fourth single tier interim dividend of 1.80 sen per ordinary share of RM0.10 each amounting to RM10.8 million, and was paid on 13 November 2014.
- iii. on 21 May 2014, declared the third single tier interim dividend of 1.20 sen plus a special dividend of 0.80 sen per ordinary share of RM0.10 each amounting to RM10.1 million, and was paid on 3 July 2014.
- iv. on 20 February 2014, declared the second single tier interim dividend of 1.10 sen plus a special dividend of 0.40 sen per ordinary share of RM0.10 each amounting to RM7.31 million, and was paid on 11 April 2014.
- v. on 26 November 2013, declared the first single tier interim dividend of 1.10 sen plus a special dividend of 0.40 sen per ordinary share of RM0.10 each amounting to RM7.08 million, and was paid on 16 January 2014.

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 31/12/2014 RM'000	Quarter Ended 31/12/2013 RM'000	Year to date 31/12/2014 RM'000	Year To date 31/12/2013 RM'000
Malaysia	26,210	33,581	52,903	63,488
Singapore	197,764	139,758	388,469	293,799
Others	3,938	13,279	8,423	20,670
	<u>227,912</u>	<u>186,618</u>	<u>449,795</u>	<u>377,957</u>

9. Valuation of Property, Plant and Equipment

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

10. Subsequent Events

There were no material events subsequent to the current financial period ended 31 December 2014 and up to the date of this report, which affects substantially the results of the operation of the Group.

11. Changes in the Composition of the Group

On 9 September 2014, the Company announced that it had completed the share subscription of 399,900 new ordinary shares of RM1.00 each in Inari Semiconductor Labs Sdn. Bhd. (“ISL”) (formerly known as Hektar Haruman Sdn. Bhd.) for a total subscription price of RM399,900. Consequently, ISL became a 99.975% owned subsidiary of the Company and the Company assumed total liabilities of RM25.5 million owed by ISL.

ISL owns 100% equity interest in Dufu Dyna-Edge Sdn. Bhd. (now known as Hektar Teknologi Sdn. Bhd.), which in turn is the registered owner of 5.513 acre of leasehold land with a 2 storey factory building located at Plot 98, Hala Kampung Jawa 1, Non Free Industrial Zone, Bayan Lepas Industrial Park, 11900 Bayan Lepas, Pulau Pinang (“the Factory”). The Factory has a total built up area of approximately 166,000 square feet and is presently free from all liens, charges and encumbrances.

On 24 December 2014, the Company acquired the remaining 0.025% shareholding of ISL for a total consideration of RM100, making it a wholly owned subsidiary.

Other than the above, there were no other changes in the composition of the Group during the current quarter under review.

12. Contingent Liabilities and Contingent Assets

The Company provides corporate guarantees amounting to RM146.3 million (as at 31 December 2013: RM158.1 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 RM117.3 million (as at 31 December 2013: RM76.4 million).

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

13. Capital Commitments

Contractual commitments not provided for in the interim financial statements as at 31 December 2014 are as follows: -

	Cumulative Period ended	
	31/12/2014	31/12/2013
	RM'000	RM'000
Property, plant and equipment	16,895	18,915

14. Significant Related Party Transactions

There is no significant transaction with related parties.

Part B – Additional Information as Required By the Main 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 FY2015 as compared to the corresponding quarter in the preceding year.

Total revenue was RM227.9 million for the current quarter, an increase of RM41.3 million or 22.1% as compared to the corresponding quarter in the previous year. The higher revenue was mainly due to higher trading volumes from the existing business units, in particular the Radio Frequency (“RF”) business due to the higher demand for smartphones and mobile devices.

The Group reported a higher profit before tax of RM40.0 million for the current quarter, an increase of RM13.4 million or 50.6% over the pre-tax profit of RM26.6 million recorded for the corresponding quarter ended 31 December 2013. The higher pre-tax profit was attributable to the increase in revenue and further favourable foreign exchange and gold prices during the current quarter.

In line with the increase of the profit before tax, net profit after tax increased by RM14.2 million or 56.8% to RM39.3 million for the current quarter as compared to RM25.1 million for the corresponding quarter ended 31 December 2013.

Comparison with the immediate preceding quarter

The Group’s revenue grew by 2.7% from RM221.9 million in the immediate preceding quarter to RM227.9 million this quarter.

The profit before tax was up by RM6.0 million or 17.8% to RM40.0 million from RM34.0 million in the preceding quarter and the increase was mainly attributable to higher revenue and more favourable foreign exchange and gold prices during the current quarter.

Financial Period to Date against preceding year corresponding financial period

The Group’s total revenue of RM449.8 million for the six months ended 31 December 2014 represents an increase of RM71.8 million or 19.0% as compared to RM378.0 million reported in the previous corresponding period of the preceding year. The higher revenue was mainly due to higher trading volumes from the existing business units, in particular the RF business due to the higher demand for smartphones and mobile devices.

Profit before tax improved by RM25.3 million or 52.1% to RM73.9 million from RM48.6 million in the previous corresponding period in the preceding year, mainly attributable to the increase in revenue coupled with the favourable USD and gold prices movement during the financial period under review.

2. Commentary on Prospects

The global semiconductor industry is expected to grow from USD305.6 billion in 2013 to USD381.7 billion in 2018, registering a CAGR of 4.6%. In line with the growth in the broader semiconductor industry, the global revenue of Optoelectronics semiconductor segment is also projected to expand during the 2013-2018 period, increasing from USD27.6 billion in 2013 to USD34.6 billion in 2018, registering a CAGR of 4.6%.

Inari Amertron will continue to integrate and improve the operating margins of our optoelectronics business and continue to ride the growth of the mobile smart device market. With the completion of the Rights Issue by the end of February 2015 and the utilisation of the Rights Issue proceeds to increase the manufacturing capacity, in particular, the new P13 plant, we expect the new plant will contribute positively to the Group's revenue for the rest of FY2015.

Barring any unforeseen circumstances, we are optimistic and poised to continue delivering positive performance for rest of financial year 2015.

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 2014 are as follows: -

	Individual Quarter ended		Cumulative Period ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
In respect of current period: -				
- Current tax	(662)	(1,466)	(695)	(2,658)
- Deferred tax	-	(16)	-	(16)
	<u>(662)</u>	<u>(1,482)</u>	<u>(695)</u>	<u>(2,674)</u>
(Under)/over provision in prior year: -				
- Current tax	-	-	(309)	-
	<u>(662)</u>	<u>(1,482)</u>	<u>(1,004)</u>	<u>(2,674)</u>

The effective tax rate of the Group for the current financial quarter and the cumulative financial period ended 31 December 2014 is lower than the statutory tax rate of 25% as certain subsidiaries have been granted pioneer status under the Promotion of Investment Act, 1986.

5. Sale of Unquoted Investments and Properties

There were no sale of unquoted investment or 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

On 4 July 2014, the Company proposed to undertake a renounceable rights issue of up to 88,825,648 new ordinary shares of RM0.10 each (“Rights Shares”) together with up to 88,825,648 free detachable warrants (“Warrants”) at an indicative issue price of RM1.50 per Rights Share on the basis of one (1) Rights Share for every eight (8) existing ordinary share of RM0.10 each held in Inari together with one (1) Warrant for every one (1) Rights Share subscribed at an entitlement date to be determined later.

On 11 November 2014, the Rights Issue with Warrants has been approved by the shareholders at an Extraordinary General Meeting.

On 26 January 2015, the abridged prospectus together with the rights subscription form and the notice of provisional allotment in relation to the Rights Issue with Warrants has been despatched to the entitled shareholders of Inari whose name appear on the Record of Depositors of Inari on 22 January 2015.

The Rights Issue with Warrants is expected to be completed by the end of February 2015.

There is no other corporate proposal announced but not completed as at date of this report.

8. Group Borrowings and Debt Securities

The Group’s borrowings as at 31 December 2014 are as follows: -

	Short Term	Long Term	Total
	RM’000	RM’000	RM’000
Term loans	28,966	6,138	35,104
Trade financing	7,944	-	7,944
Finance lease liabilities	5,853	8,721	14,574
Total Borrowing (secured)	42,763	14,859	57,622
NCIA loan*	2,000	-	2,000
Total Borrowings	44,763	14,859	59,622

* Being interest free loan provided by Northern Corridor Implementation Authority (“NCIA”)

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. Material Litigation

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 1.80 sen per ordinary share of RM0.10 each and a special dividend of 0.50 sen per ordinary share of RM0.10 each in respect of the financial year ending 30 June 2015.

The entitlement date and payment date for both dividends totaling 2.30 sen are on 18 February 2015 and 17 March 2015 respectively.

Total dividend for the financial year ending 30 June 2015 and financial year ended 30 June 2014 are summarized as follow: -

	Net Per Share FY2015 (sen)	Net Per Share FY2014 (sen)
<u>First Interim Dividend</u>		
Single tier dividend	1.80	1.10
Special dividend	0.40	0.40
<u>Second Interim Dividend</u>		
Single tier dividend	1.80	1.10
Special dividend	0.50	0.40
<u>Third Interim Dividend</u>		
Single tier dividend		1.20
Special dividend		0.80
<u>Fourth Interim Dividend</u>		
Single tier dividend		1.80
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	4.50	6.80
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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	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and period to date (RM'000)	40,324	24,429	74,080	45,463
Weighted average number of ordinary shares in issue ('000)	612,136	459,786	587,318	453,979
Basic earnings per share (sen)	6.59	5.31	12.61	10.01

(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 and ESOS granted by the reporting date.

	Individual Quarter ended		Cumulative Period ended	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and period to date (RM'000)	40,324	24,429	74,080	45,463
Weighted average number of ordinary shares (basic) ('000)	612,136	459,786	587,318	453,979
Effect of dilution due to warrants ('000)	8,655	132,017	53,168	126,869
Effect of dilution due to ESOS ('000)	5,118	-	5,678	-
Weighted average number of ordinary shares (diluted) ('000)	625,909	591,803	646,164	580,848
Diluted earnings per share (sen)	6.44	4.13	11.46	7.83

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 2014 and 31 December 2013 are analysed as follow:-

	Cumulative Period ended	
	31/12/2014 RM'000	31/12/2013 RM'000
<u>Total retained profits of the Company and its subsidiaries</u>		
- Realised	188,961	107,780
- Unrealised	8,017	(9,023)
	<hr/>	<hr/>
Add: Consolidated adjustments	196,978	98,757
	(25,933)	(11,322)
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Total Group retained profits as per consolidated financial statements	171,045	87,435
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