

**INARI AMERTRON BERHAD**  
**(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Period Quarter	Preceding Year Corresponding Quarter	%	Current Period To Date	Preceding Financial Period	%
	31/12/2015 RM'000	31/12/2014 RM'000		31/12/2015 RM'000	31/12/2014 RM'000	
<b>Revenue</b>	293,640	227,912	28.8%	568,589	449,795	26.4%
<b>Cost of sales</b>	(230,334)	(178,483)	29.1%	(447,618)	(356,926)	25.4%
<b>Gross Profit</b>	63,306	49,429	28.1%	120,971	92,869	30.3%
<b>Other operating income</b>	3,179	12,824	-75.2%	10,287	19,101	-46.1%
<b>Administrative expenses</b>	(20,176)	(20,508)	-1.6%	(39,687)	(35,259)	12.6%
<b>Operating Profit</b>	46,309	41,745	10.9%	91,571	76,711	19.4%
<b>Finance costs</b>	(1,471)	(1,756)	-16.2%	(2,797)	(2,774)	0.8%
<b>Profit before taxation</b>	44,838	39,989	12.1%	88,774	73,937	20.1%
<b>Taxation</b>	(1,993)	(662)	>100.0%	(3,440)	(1,004)	>100.0%
<b>Profit for the period</b>	42,845	39,327	8.9%	85,334	72,933	17.0%
<b>Profit for attributable to:</b>						
Owners of the parent	41,425	40,324	2.7%	86,934	74,080	17.4%
Non-controlling interests	1,420	(997)	>100.0%	(1,600)	(1,147)	39.5%
	42,845	39,327	8.9%	85,334	72,933	17.0%
<b>Other comprehensive income, net of tax:</b>						
Foreign currency translation differences for foreign operations	(4,859)	1,855	>-100.0%	17,393	2,332	>100.0%
<b>Total comprehensive income</b>	37,986	41,182	-7.8%	102,727	75,265	36.5%
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	36,566	42,179	-13.3%	104,327	76,412	36.5%
Non-controlling interests	1,420	(997)	>100.0%	(1,600)	(1,147)	39.5%
	37,986	41,182	-7.8%	102,727	75,265	36.5%

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**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Financial Period
	<u>31/12/2015</u>	<u>31/12/2014</u>	<u>31/12/2015</u>	<u>31/12/2014</u>
<b>Earnings per share attributable to owners of the parent (sen) <sup>(2)</sup></b>				
Basic	5.61	6.59	11.84	12.61
Diluted	5.35	6.44	11.27	11.46

- (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/financial period ended 31 December 2015.
- (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 period 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 FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	<b>Individual Quarter Ended</b>		<b>Cumulative Period Ended</b>	
	<b>31/12/2015</b>	<b>31/12/2014</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
	<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	(39)	49	-	296
Amortisation of development cost	222	213	443	431
Depreciation	11,679	7,556	23,297	14,269
Grant income recognised	-	-	-	(141)
Property, plant and equipment written off	1	-	1	1
Gain on disposal of property, plant & equipment	(6)	(24)	(6)	(46)
<u>(Gain)/Loss on foreign exchange translation</u>				
- Realised	(911)	(3,953)	(6,444)	(4,749)
- Unrealised	913	(6,236)	3,115	(9,158)
<u>Finance costs</u>				
- Interest expenses	1,471	1,756	2,797	2,774
- Interest income	(1,551)	(646)	(1,729)	(1,142)

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

- (Gain) / loss on disposal of quoted or unquoted investment;
- Impairment of assets;
- Provision for doubtful debts;

**INARI AMERTRON BERHAD**  
**(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Unaudited As at 31 December 2015 RM'000	Audited As at 30 June 2015 <sup>(5)</sup> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	243,672	193,817
Deferred tax assets	5,129	4,786
Development costs	4,856	5,299
Intangible assets	5,622	5,340
	259,279	209,242
<b>Current assets</b>		
Inventories	167,368	145,318
Trade and other receivables	168,462	182,820
Tax recoverable	623	712
Short-term deposits with licensed banks	186,366	161,097
Cash and bank balances	139,283	137,494
	662,102	627,441
<b>TOTAL ASSETS</b>	<b>921,381</b>	<b>836,683</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital <sup>(3)</sup>	75,745	72,739
Share premium	284,385	232,450
Other reserves	30,382	12,876
Retained profits	268,207	218,917
<b>Equity attributable to owners of the parent</b>	658,719	536,982
<b>Non-controlling interests</b>	(3,492)	(1,892)
<b>Total equity</b>	655,227	535,090
<b>Non-current liabilities</b>		
Borrowings	26,252	25,757
Redeemable preference shares	45,885	40,450
Deferred rental	520	456
Deferred tax liabilities	3,402	3,059
Retirement benefits obligations	4,088	3,585
	80,147	73,307
<b>Current liabilities</b>		
Trade and others payables	144,143	171,451
Borrowings	39,739	41,533
Provision for taxation	2,125	40
Dividend payable	-	15,262
	186,007	228,286
<b>Total liabilities</b>	266,154	301,593
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>921,381</b>	<b>836,683</b>
<b>Net assets per share attributable to owners of the parent <sup>(4)</sup> (RM)</b>	0.8697	0.7382

**Notes:**

- (3) Based on the issued and paid up share capital of 757,447,501 (727,389,018) ordinary shares of RM0.10 each for the financial period ended 31 December 2015.
- (4) Net assets per share attributable to owners of the parent is computed based on Total Shareholders' Funds (excluding Non- controlling interests) divided by the total number of ordinary shares in issue.
- (5) 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 2015 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 PERIOD ENDED 31 DECEMBER 2015**

	-----  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	Total Equity RM'000
<b>At 1 July 2015</b>	72,739	232,450	27,831	(27,831)	5,387	3,353	4,136	218,917	536,982	(1,892)	535,090
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	17,393	86,934	104,327	(1,600)	102,727
<b>Transactions with owners:</b>											
<i>Issued, at premium pursuant to:</i>											
Exercise of warrants	2,869	49,361	(9,244)	9,244	-	-	-	-	52,230	-	52,230
Exercise of ESOS	137	2,574	-	-	-	(547)	-	-	2,164	-	2,164
Pursuant to ESOS granted:											
Share-based compensation	-	-	-	-	-	660	-	-	660	-	660
Dividends	-	-	-	-	-	-	-	(37,644)	(37,644)	-	(37,644)
	3,006	51,935	(9,244)	9,244	-	113	-	(37,644)	17,410	-	17,410
<b>Balance at 31 December 2015</b>	<b>75,745</b>	<b>284,385</b>	<b>18,587</b>	<b>(18,587)</b>	<b>5,387</b>	<b>3,466</b>	<b>21,529</b>	<b>268,207</b>	<b>658,719</b>	<b>(3,492)</b>	<b>655,227</b>
<b>At 1 July 2014</b>	51,607	77,425	6,542	(6,542)	5,387	3,432	(1,149)	121,470	258,172	395	258,567
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	2,332	74,080	76,412	(1,147)	75,265
<b>Transactions with owners:</b>											
<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
<b>Balance at 31 December 2014</b>	<b>62,228</b>	<b>110,196</b>	<b>-</b>	<b>-</b>	<b>5,387</b>	<b>3,628</b>	<b>1,183</b>	<b>171,045</b>	<b>353,667</b>	<b>(752)</b>	<b>352,915</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 2015 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 FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	<b>Cumulative Quarter 6 Months Ended 31/12/2015 RM'000</b>	<b>Cumulative Quarter 6 Months Ended 31/12/2014 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	88,774	73,937
Adjustments for:		
Allowance for slow moving stocks	-	296
Amortisation of development costs	443	431
Property, plant and equipment written off	1	1
Gain on disposal of property, plant and equipment	(6)	(46)
Depreciation	23,297	14,269
Dividend on Redeemable Preference Shares	1,481	1,207
Grant income recognised	-	(141)
Interest income	(1,729)	(1,142)
Interest expenses	1,316	1,567
Share based payments	660	1,047
Unrealised loss/(gain) on foreign exchange	3,115	(9,158)
Operating profit before working capital changes	117,352	82,268
(Increase) / Decrease in inventories	(22,050)	3,577
Decrease in receivables	14,075	12,609
Decrease in payables	(12,695)	(9,189)
Cash generated from operations	96,682	89,265
Net income tax paid	(1,266)	(515)
Interest received	1,729	1,142
Interest paid	(1,316)	(1,567)
<b>Net cash generated from operating activities</b>	<b>95,829</b>	<b>88,325</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Development cost	-	(1,098)
Investment in subsidiaries	-	(25,607)
Proceeds from disposal of property, plant and equipment	15	281
Purchase of property, plant and equipment	(73,162)	(18,429)
<b>Net cash used in investing activities</b>	<b>(73,147)</b>	<b>(44,853)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(52,906)	(20,979)
Dividend on Redeemable Preference Shares	(1,481)	(1,207)
Redemption on Redeemable Preference Shares	-	(3,676)
Net changes in short term borrowings	(1,794)	8,544
Net changes in long term borrowings	495	(3,708)
Proceeds from exercise of warrants	52,230	39,631
Proceeds from ordinary shares pursuant to exercise of ESOS	2,164	2,910
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,292)</b>	<b>21,515</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,390	64,987
Effect of changes on foreign exchange rates	5,668	1,864
<b>CASH AND CASH EQUIVALENT AT BEGINNING</b>	<b>298,591</b>	<b>75,070</b>
<b>CASH AND CASH EQUIVALENT AT END</b>	<b>325,649</b>	<b>141,921</b>
Represented by:		
Short-term deposits with licensed banks	186,366	46,564
Cash and bank balances	139,283	96,746
Fixed deposit pledged to bank	-	(394)
Bank overdraft	-	(995)
	<b>325,649</b>	<b>141,921</b>

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**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 30<sup>th</sup> June 2015.

**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 30<sup>th</sup> June 2015 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 January 2016:

**Amendments to MFRSs and IC Int**

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS	Annual Improvements to MFRS 2012–2014 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.

### 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 and financial period under review.

### 6. Changes in Estimates

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

### 7. Debt and Equity Securities

The issued and paid up share capital increased from RM72,738,902 to RM75,744,750 by the allotment of 30,058,483 new ordinary shares of RM0.10 each pertaining to the followings:

- i. Exercise of 1,371,100 share options under the Employees' Share Options Scheme; and

<i>Exercise price (RM)</i>	<i>1.34</i>	<i>2.00</i>	<i>2.99</i>
<i>No of shares issued</i>	<i>1,070,400</i>	<i>171,500</i>	<i>129,200</i>

- ii. Exercise of 28,687,383 warrants

<i>Exercise price (RM)</i>	<i>0.33</i>	<i>2.00</i>
<i>No of shares issued</i>	<i>3,080,478</i>	<i>25,606,905</i>

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 and financial period under review.



## 8. Dividend Paid

In respect of the financial year ended 30 June 2016, the Company:

- i. on 12 November 2015, declared the first single tier interim dividend of 2.30 sen plus a special dividend of 0.50 sen per ordinary share of RM0.10 each amounting to RM20.8 million, and was paid on 16 December 2015.

In respect of the financial year ended 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.
- ii. on 4 February 2015, declared the second single tier interim dividend of 1.80 sen plus a special dividend of 0.50 sen per ordinary share of RM0.10 each amounting to RM14.6 million, and was paid on 17 March 2015.
- iii. on 14 May 2015, declared the third single tier interim dividend of 2.10 sen per ordinary share of RM0.10 each amounting to RM15.3 million, and was paid on 3 July 2015.
- iv. on 20 August 2015, declared the fourth single tier interim dividend of 2.30 sen per ordinary share of RM0.10 each amounting to RM16.8 million, and was paid on 8 October 2015.

## 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 31/12/2015	Quarter Ended 31/12/2014	Period to date 31/12/2015	Period To date 31/12/2014
	RM'000	RM'000	RM'000	RM'000
Malaysia	40,611	26,210	79,210	52,903
Singapore	250,209	197,764	484,989	388,469
Others	2,820	3,938	4,390	8,423
	<u>293,640</u>	<u>227,912</u>	<u>568,589</u>	<u>449,795</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 financial period ended 31 December 2015 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.

On 4 February 2016, the Company acquired two (2) ordinary shares of RM1.00 each, representing 100% equity interest in Inari Intergrated Systems Sdn Bhd (“IIS”) (formerly known as Excelmation Sdn Bhd) for a total cash consideration of RM2.00. Arising from the Acquisition, IIS has become a wholly-owned subsidiary of Inari.

IIS is presently dormant and is intended for Inari’s future expansion in its core business of providing advanced semiconductor packaging and manufacturing services.

## 13. Contingent Liabilities and Contingent Assets

The Company provides corporate guarantees amounting to RM148.5 million (as at 31 December 2014: RM146.3 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 RM119.5 million (as at 31 December 2014: RM117.3 million).

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

## 14. Capital Commitments

Contractual commitments not provided for in the financial statements as at 31 December 2015 are as follows:

	Cumulative Period ended	
	31/12/2015 RM’000	31/12/2014 RM’000
Property, plant and equipment	11,721	16,895

## 15. 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 revenue of RM293.6 million for the current quarter, representing an increase of 28.8% compared to the corresponding quarter in the previous year.

The profit before tax increased by 12.1% to RM44.8 million from RM40.0 million registered in the corresponding quarter in the previous year. The higher revenue and profit before tax was attributed to favourable US dollar exchange movement during the quarter under review.

In line with the increase of the profit before tax, the Group's net profit after tax increased by 8.9% to RM42.8 million for the current quarter as compared to RM39.3 million for the corresponding quarter ended 31 December 2014.

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

Against the preceding quarter, the Group's revenue was 6.8% higher as compared to the revenue registered immediate preceding quarter of RM274.9 million.

The profit before tax improved by 2.1% to RM44.8 million from RM43.9 million in the immediate preceding quarter, mainly attributable to the favourable US dollar exchange movement during the current quarter.

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

The Group's total revenue of RM568.6 million for the six months ended 31 December 2015 represents an increase of RM118.8 million or 26.4% as compared to RM449.8 million reported in the previous corresponding period of the preceding year. The higher revenue was mainly due to higher trading volumes from the Group's existing business units, in particular the Radio Frequency business due to the high demand for smartphones and mobile devices.

The profit before tax improved by RM14.8 million or 20.1% to RM88.8 million from RM73.9 million in the previous corresponding period of the preceding year, mainly attributable to the increase in revenue coupled with the favourable USD movement during the financial period under review.

## **2. Commentary on Prospects**

In the recent World Economic Outlook Update released in January 2016, IMF had projected world economy would grow at 3.4% in 2016 and 3.6% in 2017, both years down 0.2% from the previous estimates made in last October 2015.

The global semiconductor market revenue totaled USD 333.7 billion in 2015, a decline of 1.9% from 2014 revenue of USD 340.3 billion, according to Gartner, Inc. in their Oct 2015 report. The decline in the market in 2015 due to weakening demand in several electronic equipment sectors including PCs, the continuing impact of the strong dollar in some regions and the elevated inventory level.

According to Gartner, the smartphone market continues to show growth of around 10% as well as the worldwide semiconductor market is forecasted to have a positive growth of 1.9% reaching to USD 344.1 billion in 2016. Gartner estimates that 82% of mobile phones across the world will be smartphones in 2016, up by 12% from 2015 while mobile phone shipments are set to increase to 1.96 billion in 2016. The global shipments are estimated to be up by 2.6% in 2016, and will cross 2 billion in 2018.

However, subsequent to Gartner's Oct 2015 report, various major smartphone makers and suppliers announced decreased smartphone volumes due to lower commodity prices and lower China growth. This is expected to be made worse by the sharp corrections experienced by global markets since early Jan 2016. We expect the market volatility and lower commodity prices to weigh on the demand for Group's products for the first half of 2016. Already, the Group is seeing softness in the FY16Q3 shipments although FY16Q4 looks positive at this stage. Added to the uncertainties is the slight strengthening of the Ringgit versus the USD for FY16Q3. We therefore expect the results of FY16Q3 will be weaker year-on-year.

However, notwithstanding the expected weaker FY16Q3, the Group is cautiously optimistic in delivering positive performance in the full financial year of FY 2016.

## **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 2015 are as follows:

	Individual Quarter ended		Cumulative Period ended	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
In respect of current period:				
- Current tax	(1,993)	(662)	(3,440)	(695)
- Deferred tax	-	-	-	-
	(1,993)	(662)	(3,440)	(695)
Under provision in prior year:				
- Current tax	-	-	-	(309)
- Deferred tax	-	-	-	-
	(1,993)	(662)	(3,440)	(1,004)

The effective tax rate of the Group for the current financial quarter and the financial period ended 31 December 2015 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 and the financial period ended 31 December 2015.

#### 6. Purchase or Sale of Quoted Securities

There were no purchases or sales of quoted securities during the current financial quarter and the financial period ended 31 December 2015.

#### 7. Status of Corporate Proposals

On 12 November 2015, the Company proposed to undertake the following proposals:

- (a) a bonus issue of up to 206,126,317 new ordinary shares of RM0.10 each in Inari Amertron Berhad (“Inari Shares”), to be credited as fully paid-up at par, on the basis of one (1) Bonus Share for every four (4) existing Inari Shares held on an entitlement date to be determined later. (“**Proposed Bonus Issue**”);
- (b) an increase in authorised share capital of the Company from RM100,000,000 comprising 1,000,000,000 Inari Shares of RM0.10 each to RM200,000,000 comprising 2,000,000,000 Inari Shares of RM0.10 each (“**Proposed Increase in Authorised Share Capital**”); and
- (c) the corresponding amendments to the Company’s Memorandum and Articles of Association as a consequence of the increase in authorised share capital (“**Amendments**”).

## 7. Status of Corporate Proposals (cont'd)

(Proposed Bonus Issue, Proposed Increase in Authorised Share Capital and Amendments were collectively referred to as the Proposals).

On 16 December 2015, the Proposals have been approved by the shareholders at an Extraordinary General Meeting.

The Proposals were completed on 7 January 2016 following the listing of and quotation for the following securities on the Main Market of Bursa Securities:

- (i) 189,361,624 Bonus Shares issued pursuant to Bonus Issue;
- (ii) 595,867 new additional Warrants 2013/2018 arising from the adjustment to the number of outstanding Warrants 2013/2018 pursuant to the Bonus Issue; and
- (iii) 13,111,518 new additional Warrants 2015/2020 arising from the adjustment to the number of outstanding Warrants 2015/2020 pursuant to the Bonus Issue.

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

## 8. Status of Utilisation of Proceeds

The Company received proceeds of RM118.05 million from the issuance of 78,700,515 Rights Shares at the issue price of RM1.50 per ordinary share, and the proceeds have been utilised in the following manner as at 31 December 2015:

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance unutilised RM'000</b>
1. Expansion of production capacity, including acquisition of land, acquisition of factory, and extension of existing factory	31,227	23,122	8,105
2. Acquisition of equipment and machinery relating to the existing core business	30,000	-	30,000
3. Repayment of bank borrowings	20,000	2,854	17,146
4. Working Capital	34,443	13,574	20,869
5. Expenses for the Rights Issue with Warrants	2,381	2,381	-
<b>Total</b>	<b>118,051</b>	<b>41,931</b>	<b>76,120</b>

## 9. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2015 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	28,364	13,971	42,335
Trade financing	3,253	-	3,253
Finance lease liabilities	8,122	12,281	20,403
Total Borrowing	<u>39,739</u>	<u>26,252</u>	<u>65,991</u>

## 10. 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.

## 11. 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.

## 12. Dividend

The Directors propose the second single tier interim dividend of 2.4 sen per ordinary share of RM0.10 each in respect of the financial year ending 30 June 2016.

The entitlement date and payment date for the interim dividend of 2.4 sen are on 15 March 2016 and 6 April 2016 respectively.

Total dividend for the financial period ending 30 June 2016 and financial year ended 30 June 2015 are summarized as follow:

	<b>Net Per Share FY2016 (sen)</b>	<b>Net Per Share FY2015 (sen)</b>
<u>First Interim Dividend</u>		
Single tier dividend	2.30	1.80
Special dividend	0.50	0.40
<u>Second Interim Dividend</u>		
Single tier dividend	2.40	1.80
Special dividend	-	0.50
<u>Third Interim Dividend</u>		
Single tier dividend	*	2.10
<u>Fourth Interim Dividend</u>		
Single tier dividend	*	2.30
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	<b>5.20</b>	<b>8.90</b>
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\* *Not applicable for the current quarter under review*



### 13. Earnings Per Share

#### (a) Basic earnings per share

The basic earnings per share for the current financial quarter and financial period have been calculated by dividing the net profit attributable to shareholders of the Company for the financial quarter and financial period by the weighted average number of ordinary shares in issue during the financial quarter and financial period to date.

	Individual Quarter ended		Cumulative Period ended	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and financial period to date (RM'000)	41,425	40,324	86,934	74,080
Weighted average number of ordinary shares in issue ('000)	738,955	612,136	734,061	587,318
Basic earnings per share (sen)	5.61	6.59	11.84	12.61

#### (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	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and financial period to date (RM'000)	41,425	40,324	86,934	74,080
Weighted average number of ordinary shares (basic) ('000)	738,955	612,136	734,061	587,318
Effect of dilution due to warrants ('000)	29,148	8,655	31,218	53,168
Effect of dilution due to ESOS ('000)	5,881	5,118	6,042	5,678
Weighted average number of ordinary shares (diluted) ('000)	773,984	625,909	771,322	646,164
Diluted earnings per share (sen)	5.35	6.44	11.27	11.46

#### 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 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 2015 and 31 December 2014 are analysed as follow:

	<b>Financial Period ended</b>	
	<b>31/12/2015</b>	<b>31/12/2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Total retained profits of the Company and its subsidiaries</u>		
- Realised	348,224	188,961
- Unrealised	(7,388)	8,017
	<hr/>	<hr/>
	340,836	196,978
Add: Consolidated adjustments	(72,629)	(25,933)
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Total Group retained profits as per consolidated financial statements	<u>268,207</u>	<u>171,045</u>