

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Period Quarter	Preceding Year Corresponding Quarter	%	Current Period To Date	Preceding Financial Period	%
	<u>31/03/2016</u> RM'000	<u>31/03/2015</u> RM'000		<u>31/03/2016</u> RM'000	<u>31/03/2015</u> RM'000	
Revenue	217,321	228,288	-4.8 %	785,910	678,083	15.9%
Cost of sales	(175,933)	(180,599)	-2.6%	(623,551)	(537,525)	16.0%
Gross Profit	41,388	47,689	-13.2%	162,359	140,558	15.5%
Other operating income	578	10,469	-94.5%	10,865	29,570	-63.3%
Administrative expenses	(17,139)	(18,753)	-8.6%	(56,826)	(54,012)	5.2%
Operating Profit	24,827	39,405	-37.0%	116,398	116,116	0.2%
Finance costs	(1,796)	(1,444)	24.4%	(4,593)	(4,218)	8.9%
Profit before taxation	23,031	37,961	-39.3%	111,805	111,898	-0.1%
Taxation	(288)	(768)	-62.5%	(3,728)	(1,772)	>100.0%
Profit for the period	<u>22,743</u>	<u>37,193</u>	-38.9%	<u>108,077</u>	<u>110,126</u>	-1.9%
Profit for attributable to:						
Owners of the parent	21,402	38,078	-43.8%	108,336	112,158	-3.4%
Non-controlling interests	1,341	(885)	>-100.0%	(259)	(2,032)	-87.3%
	<u>22,743</u>	<u>37,193</u>	-38.9%	<u>108,077</u>	<u>110,126</u>	-1.9%
Other comprehensive income, net of tax:						
Foreign currency translation differences for foreign operations	(14,304)	6,705	>-100.0%	3,089	9,037	-65.8%
Fair value changes of available-for-sale investment	(6,135)	-	>100.0%	(6,135)	-	>100.0%
Total comprehensive income	<u>2,304</u>	<u>43,898</u>	-94.8%	<u>105,031</u>	<u>119,163</u>	-11.9%
Total comprehensive income attributable to:						
Owners of the parent	963	44,783	-97.8%	105,290	121,195	-13.1%
Non-controlling interests	1,341	(885)	>-100.0%	(259)	(2,032)	-87.3%
	<u>2,304</u>	<u>43,898</u>	-94.8%	<u>105,031</u>	<u>119,163</u>	-11.9%

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Financial Period
	<u>31/03/2016</u>	<u>31/03/2015</u>	<u>31/03/2016</u>	<u>31/03/2015</u>
Earnings per share attributable to owners of the parent (sen) ⁽²⁾				
Basic	2.22	5.69	11.61	18.62
Diluted	2.15	5.42	11.25	15.33

Notes:

- (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 March 2016.
- (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 MARCH 2016

	Individual Quarter Ended		Cumulative Period Ended	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
The following items have been included in arriving at profit before tax:				
(Reversal) for slow moving inventories	-	(1,596)	-	(1,300)
Amortisation of development cost	221	243	664	644
Depreciation	10,803	8,165	34,100	22,434
Deferred income reversal	-	141	-	-
Property, plant and equipment written off	-	-	-	1
Loss/(Gain) on disposal of property, plant & equipment	-	25	(6)	(21)
<u>(Gain)/Loss on foreign exchange translation</u>				
- Realised	6,633	(6,359)	189	(11,108)
- Unrealised	529	(490)	3,645	(9,648)
<u>Finance costs</u>				
- Interest expenses	1,796	1,444	4,593	4,218
- Interest income	(3,136)	(1,777)	(4,865)	(2,319)

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 MARCH 2016

	Unaudited As at 31 March 2016 RM'000	Audited As at 30 June 2015 ⁽⁵⁾ RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	228,706	193,817
Available-for-sale investment	38,710	-
Deferred tax assets	3,629	4,786
Development costs	8,488	5,299
Intangible assets	5,431	5,340
	284,964	209,242
Current assets		
Inventories	161,916	145,318
Trade and other receivables	169,304	182,820
Tax recoverable	600	712
Short-term deposits with licensed banks	143,120	161,097
Cash and bank balances	105,667	137,494
	580,607	627,441
TOTAL ASSETS	865,571	836,683
EQUITY AND LIABILITIES		
Share capital ⁽³⁾	95,556	72,739
Share premium	278,334	232,450
Other reserves	9,039	12,876
Retained profits	266,676	218,917
Equity attributable to owners of the parent	649,605	536,982
Non-controlling interests	(2,151)	(1,892)
Total equity	647,454	535,090
Non-current liabilities		
Borrowings	21,631	25,757
Redeemable preference shares	42,225	40,450
Deferred rental	477	456
Deferred tax liabilities	3,170	3,059
Retirement benefits obligations	3,746	3,585
	71,249	73,307
Current liabilities		
Trade and others payables	104,305	171,451
Borrowings	16,516	41,533
Provision for taxation	3,114	40
Dividend payable	22,933	15,262
	146,868	228,286
Total liabilities	218,117	301,593
TOTAL EQUITY AND LIABILITIES	865,571	836,683
Net assets per share attributable to owners of the parent ⁽⁴⁾ (RM)	0.6798	0.7382

Notes:

- (3) Based on the issued and paid up share capital of 955,557,904 (727,389,018) ordinary shares of RM0.10 each for the financial period ended 31 March 2016.
- (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.

	-----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	Available-For- Sale Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 July 2015	72,739	232,450	27,831	(27,831)	5,387	3,353	4,136	-	218,917	536,982	(1,892)	535,090
Profit for the financial year	-	-	-	-	-	-	-	-	108,336	108,336	(259)	108,077
Other comprehensive income							3,089	(6,135)	-	(3,046)	-	(3,046)
Total comprehensive income for the period	-	-	-	-	-	-	3,089	(6,135)	108,336	105,290	(259)	105,031
Transactions with owners:												
<i>Issued, at premium pursuant to:</i>												
Exercise of warrants	3,433	57,626	(11,193)	11,193	-	-	-	-	-	61,059	-	61,059
Exercise of ESOS	448	7,347	-	-	-	(1,781)	-	-	-	6,014	-	6,014
Pursuant to ESOS granted:												
Issuance of bonus shares	18,936	(18,936)	-	-	-	-	-	-	-	-	-	-
Share issue expenses	-	(153)	-	-	-	-	-	-	-	(153)	-	(153)
Share-based compensation	-	-	-	-	-	990	-	-	-	990	-	990
Dividends	-	-	-	-	-	-	-	-	(60,577)	(60,577)	-	(60,577)
	22,817	45,884	(11,193)	11,193	-	(791)	-	-	(60,577)	7,333	-	7,333
Balance at 31 March 2016	95,556	278,334	16,638	(16,638)	5,387	2,562	7,225	(6,135)	266,676	649,605	(2,151)	647,454
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
Profit for the financial year	-	-	-	-	-	-	-	-	112,158	112,158	(2,032)	110,126
Other comprehensive income	-	-	-	-	-	-	9,037	-	-	9,037	-	9,037
Total comprehensive income for the period	-	-	-	-	-	-	9,037	-	112,158	121,195	(2,032)	119,163
<i>Issued, at premium pursuant to:</i>												
Right Issue	7,870	110,181	27,771	(27,771)	-	-	-	-	-	118,051	-	118,051
Exercise of warrants	12,402	34,098	(6,053)	6,053	-	-	-	-	-	46,500	-	46,500
Exercise of ESOS	351	6,480	-	-	-	(1,693)	-	-	-	5,138	-	5,138
Pursuant to ESOS granted:												
Share-based compensation	-	-	-	-	-	1,590	-	-	-	1,590	-	1,590
Dividends	-	-	-	-	-	-	-	-	(39,112)	(39,112)	-	(39,112)
	20,623	150,759	21,718	(21,718)	-	(103)	-	-	(39,112)	132,167	-	132,167
Balance at 31 March 2015	72,230	228,184	28,260	(28,260)	5,387	3,329	7,888	-	194,516	511,534	(1,637)	509,897

(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 MARCH 2016

	Cumulative Quarter 9 Months Ended 31/03/2016 RM'000	Cumulative Quarter 9 Months Ended 31/03/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	111,805	111,898
Adjustments for:		
(Reversal)/Allowance for slow moving stocks	-	(1,300)
Amortisation of development costs	664	644
Property, plant and equipment written off	-	1
Gain on disposal of property, plant and equipment	(6)	(21)
Depreciation	34,100	22,434
Dividend on Redeemable Preference Shares	920	2,368
Interest income	(4,865)	(2,319)
Interest expenses	3,673	1,850
Share based payments	990	1,590
Unrealised loss/(gain) on foreign exchange	3,645	(9,648)
Operating profit before working capital changes	150,926	127,497
Decrease in inventories	(16,598)	(756)
Increase in receivables	14,695	(201)
Decrease in payables	(67,187)	(15,813)
Cash generated from operations	81,836	110,727
Net income tax paid	(544)	(635)
Interest received	4,865	2,319
Interest paid	(3,673)	(1,850)
Net cash generated from operating activities	82,484	110,561
CASH FLOWS FROM INVESTING ACTIVITIES		
Development cost	(3,853)	(1,543)
Investment in subsidiaries	-	(25,607)
Proceeds from disposal of property, plant and equipment	236	(742)
Purchase of property, plant and equipment	(69,219)	(24,834)
Acquisition of available-for-sale investment	(44,845)	-
Net cash used in investing activities	(117,681)	(52,726)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(52,905)	(49,254)
Dividend on Redeemable Preference Shares	(920)	(1,598)
Redemption on Redeemable Preference Shares	-	(3,676)
Net changes in short term borrowings	(25,017)	5,629
Net changes in long term borrowings	(4,126)	3,309
Share issuance expenses	(153)	-
Proceeds from rights issue with warrants	-	118,051
Proceeds from exercise of warrants	61,059	46,500
Proceeds from ordinary shares pursuant to exercise of ESOS	6,014	5,138
Net cash (used in) / generated from financing activities	(16,048)	124,099
NET INCREASE IN CASH AND CASH EQUIVALENTS	(51,245)	181,934
Effect of changes on foreign exchange rates	1,441	3,414
CASH AND CASH EQUIVALENT AT BEGINNING	298,591	75,070
CASH AND CASH EQUIVALENT AT END	248,787	260,418
Represented by:		
Short-term deposits with licensed banks	143,120	167,522
Cash and bank balances	105,667	94,284
Fixed deposit pledged to bank	-	(393)
Bank overdraft	-	(995)
	248,787	260,418

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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 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 June 2015 except for the adoption of the following new MFRSs and amendments/improvements to MFRSs that are issued by the MASB that became effective and relevant to the Group for the financial year beginning 1 July 2015:

<u>New MFRSs</u>		<u>Effective for financial periods beginning on or after</u>
MFRS 9	Financial instruments	1 January 2018
MFRS 15	Revenue for Contracts with Customers	1 January 2017
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 16	Leases	1 January 2019
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Assets Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 9	Financial Instruments	1 January 2018
MFRS 10	Consolidate Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 107	Statements of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 116	Property, plant and equipment	1 January 2016
MFRS 119	Employee benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 134	Interim Financial Reporting	1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

The adoption of the above new MFRSs and amendments/improvements 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

During the financial period ended 31 March 2016, the issued and paid-up share capital was increased from RM72,738,902 to RM95,555,790 by the allotment of 228,168,886 new ordinary shares of RM0.10 as follows:

- i. Bonus issue of 189,361,624 new ordinary shares of RM0.10 each on the basis of one bonus share for every four existing ordinary shares held;
- ii. Exercise of 4,481,800 share options under the Employees' Share Options Scheme at the following exercise price; and

<i>Exercise price (RM)</i>	2.99	2.392	2.00	1.60	1.34
<i>No of shares issued</i>	129,200	310,700	171,500	153,700	1,070,400

<i>Exercise price (RM)</i>	1.072	3.00
<i>No of shares issued</i>	2,634,300	12,000

- iii. Exercise of 34,325,462 warrants at the following exercise price:

<i>Exercise price (RM)</i>	0.33	0.264	2.00	1.60
<i>No of shares issued</i>	3,080,478	144,077	25,606,905	5,494,002

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.
- ii. on 23 February 2016, declared the second single tier interim dividend of 2.40 sen per ordinary share of RM0.10 each amounting to RM22.9 million, and was paid on 6 April 2016.

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 31/03/2016 RM'000	Quarter Ended 31/03/2015 RM'000	Period to date 31/03/2016 RM'000	Period To date 31/03/2015 RM'000
Malaysia	47,382	27,160	126,592	80,063
Singapore	164,458	196,125	649,447	584,594
Others	5,481	5,003	9,871	13,426
	<u>217,321</u>	<u>228,288</u>	<u>785,910</u>	<u>678,083</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 other material events subsequent to the financial period ended 31 March 2016 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

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

IIS is presently dormant and its 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 RM241.6 million (as at 31 March 2015: 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 RM73.9 million (as at 31 March 2015: 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 March 2016 are as follows:

	Cumulative Period ended	
	31/3/2016 RM’000	31/03/2015 RM’000
Property, plant and equipment	12,938	17,024

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 RM217.3 million for the current quarter, representing a decrease of 4.8% compared to the corresponding quarter in the previous year.

The profit before tax decreased by 39.3% to RM23.0 million from RM37.9 million registered in the corresponding quarter in the previous year. The lower revenue was mainly due to the reduction in the end user demand for our products. The decrease in profit before tax was primarily due to foreign exchange losses and increase in depreciation charge.

In line with the decrease of the profit before tax, the Group's net profit after tax decreased by 38.9 % to RM22.7 million for the current quarter as compared to RM37.2 million for the corresponding quarter ended 31 March 2015.

Comparison with the immediate preceding quarter

The Group's revenue for the current quarter was 26.0% lower as compared to the revenue registered in the immediate preceding quarter of RM293.6 million was primarily due to lower volume loading.

The profit before tax decreased by 48.6% to RM23.0 million from RM44.8 million in the immediate preceding quarter, mainly attributable to the foreign exchange fluctuation during the current quarter.

Financial Period to Date against preceding year corresponding financial period

The Group's total revenue of RM785.9 million for the nine months ended 31 March 2016 represents an increase of RM107.8 million or 15.9% as compared to RM678.1 million reported in the corresponding period of the preceding year. The higher revenue was mainly due to foreign exchange fluctuation during the current financial period under review.

The profit before tax decreased slightly by 0.1% to RM111.8 million from RM111.9 million in the corresponding period of the preceding year, mainly attributable to the increase in depreciation charge.

2. Commentary on Prospects

In the recent World Economic Outlook Update released in April 2016, IMF had projected the baseline projection for global growth in 2016 is a modest 3.2%, broadly in line with last year, a downward of 0.2% from the previous estimates made in January 2016. The recovery is projected to strengthen in 2017 and beyond, driven primarily by emerging market and developing economies. Unfortunately, uncertainty has increased, and risks of weaker growth scenarios are becoming more tangible.

Worldwide semiconductor revenue is forecast to total USD333 billion in 2016, a decline of 0.6% from 2015, according to Gartner, Inc in its April 2016 update. This follows a decline of 2.3% in 2015 due to weakened demand for key electronic equipment, elevated inventory levels and the continuing impact of the strong dollar in some regions.

In another report by Gartner at the end of Mar 2016, global mobile device (mobile phones, tablets, etc) sales are estimated to reach 2.4 billion units in 2016, an increase of 0.6% only over 2015. However, in terms of US dollars, end user spending in mobile devices is projected to decline 1.6% over 2015.

During the 3rd quarter, the Ringgit strengthened about 8.4% against the USD. This impacted the financial performance of the Group in FY16Q3. Since April however, the USD has strengthened and is positive for the Group; nevertheless, the direction of the USD currency will continue to impact the financial performance of the Group for rest of the financial year and beyond.

For FY2016, the Group continues to derive its revenue and profits mainly from the Wireless RF and Optoelectronics operations. Our investments in new projects and partnerships will start to contribute to the revenue and profits beginning from FY2017.

For the financial year ending 30 June 2016, the Group remains cautiously optimistic in maintaining our financial performance in-line with industry numbers.

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 March 2016 are as follows:

	Individual Quarter ended		Cumulative Period ended	
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
In respect of current period:				
- Current tax	(199)	(1,102)	(3,640)	(1,797)
- Deferred tax	-	-	-	-
	(199)	(1,102)	(3,640)	(1,797)
Over/(Under) provision in prior year:				
- Current tax	(89)	334	(88)	25
- Deferred tax	-	-	-	-
	(288)	(768)	(3,728)	(1,772)

The effective tax rate of the Group for the current financial quarter and the financial period ended 31 March 2016 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 March 2016.

6. Purchase or Sale of Quoted Securities

On 8 March 2016, the Company acquired 5,000,000 ordinary shares in PCL Technologies Inc ("PCL"), representing 9.70% equity interest in PCL from certain major shareholders of PCL via direct business transactions through the Taiwan Stock Exchange at a total consideration of TWD355.0 million or TWD71.0 per PCL share.

7. Status of Corporate Proposals

7.1 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

7. Status of Corporate Proposals (cont'd)

7.1 On 12 November 2015, the Company proposed to undertake the following proposals (cont'd):

- (c) the corresponding amendments to the Company's Memorandum and Articles of Association as a consequence of the increase in authorised share capital ("Amendments").

(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.

7.2 On 3 March 2016, the Company announced that Inari Integrated Systems Sdn. Bhd. ("IIS") (formerly known as Excelmation Sdn Bhd), a wholly-owned subsidiary of Inari had on 12 February 2016 received a letter of approval from Malaysian Investment Development Authority ("MIDA") for a matching (1 : 1) grant to modernise and upgrade the manufacturing facilities, equipment and machineries of IIS for the manufacture of Advanced Communication Chips and Die Preparation, as follows:

- (i) RM20 million matching grant shall be in exchange of Non-Redeemable Convertible Preference Shares ("CPS") to be issued by Inari to MIDA or its nominee and the CPS is convertible into ordinary shares of Inari at any time within a period of 3 years at a conversion price to be determined. The CPS shall bear dividend at 2.0% per annum from the date of issuance until the date of conversion of the CPS; and
- (ii) RM80 million matching grant shall be disbursed by MIDA to IISB within a period of 3 years and IISB shall pay dividend/interest at the rate of 2% per annum for a period of 10 years.

The detailed terms and conditions of the CPS will be announced in due course and the issuance of the CPS and the terms thereof will be subject to the approval of the relevant authorities and the shareholders of Inari at an Extraordinary General Meeting to be convened.

7. Status of Corporate Proposals (cont'd)

7.3 On 8 March 2016, the Company acquired 5,000,000 ordinary shares in PCL Technologies Inc (“PCL”), representing 9.70% equity interest in PCL. On the same date, the Company entered into the Memorandum of Understanding (“MOU”) with PCL with the intention to set up a joint-venture entity (“JVE”) in the People’s Republic of China (“PRC”) for purpose of providing outsourced semiconductor assembly and test (“OSAT”) services to major customers in PRC, with particular focus on front-end OSAT services.

On 6 May 2016, the Company and PCL have mutually agreed to extend the term of the MOU which expires on 6 May 2016 for an additional term of 60 days or such other date to be mutually agreed by both parties to finalise all the terms and conditions, and to execute a definitive agreement.

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 March 2016:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance unutilised RM'000
1. Expansion of production capacity, including acquisition of land, acquisition of factory, and extension of existing factory	31,227	31,227	-
2. Acquisition of equipment and machinery relating to the existing core business	30,000	30,000	-
3. Repayment of bank borrowings	20,000	11,511	8,489
4. Working Capital	34,443	20,341	14,102
5. Expenses for the Rights Issue with Warrants	2,381	2,381	-
Total	118,051	95,460	22,591

9. Group Borrowings and Debt Securities

The Group's borrowings as at 31 March 2016 are as follows:

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Term loans	7,030	12,239	19,269
Trade financing	2,044	-	2,044
Finance lease liabilities	7,442	9,392	16,834
Total Borrowing	16,516	21,631	38,147

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 recognised in the financial statements.

The Group does not have any contracts involving off balance sheet risk as at the end of the reporting period and the date of this Report.

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 third single tier interim dividend of 1.00 sen per ordinary share of RM0.10 each in respect of the financial year ending 30 June 2016.

The entitlement date and payment date are on 10 June 2016 and 5 July 2016 respectively.

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

	Net Per Share FY2016 (sen)	Net Per Share FY2015 (sen)
<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	1.00	2.10
<u>Fourth Interim Dividend</u>		
Single tier dividend	*	2.30
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	6.20	8.90
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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	
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and financial period to date (RM'000)	21,402	38,078	108,336	112,158
Weighted average number of ordinary shares in issue ('000)	965,697	669,768	932,947	602,337
Basic earnings per share (sen)	2.22	5.69	11.61	18.62

(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	
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and financial period to date (RM'000)	21,402	38,078	108,336	112,158
Weighted average number of ordinary shares (basic) ('000)	965,697	669,768	932,947	602,337
Effect of dilution due to warrants ('000)	28,752	25,931	28,562	121,700
Effect of dilution due to ESOS ('000)	876	7,492	1,710	7,637
Weighted average number of ordinary shares (diluted) ('000)	995,325	703,191	963,219	731,674
Diluted earnings per share (sen)	2.15	5.42	11.25	15.33

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 March 2016 and 31 March 2015 are analysed as follow:

	Financial Period ended	
	31/03/2016	31/03/2015
	RM'000	RM'000
<u>Total retained profits of the Company and its subsidiaries</u>		
- Realised	336,922	224,772
- Unrealised	(9,186)	7,928
	<hr/>	<hr/>
Add: Consolidated adjustments	327,736	232,700
	(61,060)	(38,184)
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Total Group retained profits as per consolidated financial statements	<u>266,676</u>	<u>194,516</u>