

INARIAMERTRON BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Period Quarter	Preceding Year Corresponding Quarter	%	Current Period To Date	Preceding Financial Period	%
	<u>30 June 2016</u> RM'000	<u>30 June 2015</u> RM'000		<u>30 June 2016</u> RM'000	<u>30 June 2015</u> RM'000	
Revenue	254,972	255,016	-0.2%	1,040,882	933,099	11.6%
Cost of sales	<u>(203,008)</u>	<u>(198,469)</u>	2.3%	<u>(826,559)</u>	<u>(736,047)</u>	12.3%
Gross Profit	51,964	56,547	-8.1%	214,323	197,052	8.8%
Other operating income	4,986	2,264	>100.0%	15,851	27,499	-42.4%
Administrative expenses	(14,972)	(17,543)	-14.7%	(71,798)	(66,963)	7.2%
Operating Profit	<u>41,978</u>	<u>41,268</u>	1.7%	<u>158,376</u>	<u>157,588</u>	0.5%
Finance costs	<u>(652)</u>	<u>(1,490)</u>	-56.2%	<u>(5,245)</u>	<u>(5,621)</u>	-6.7%
Profit before taxation	41,326	39,778	3.9%	153,131	151,967	0.8%
Taxation	(2,312)	344	>-100.0%	(6,040)	(1,719)	>100.0%
Profit for the year	<u>39,014</u>	<u>40,122</u>	-2.8%	<u>147,091</u>	<u>150,248</u>	-2.1%
Profit for attributable to:						
Owners of the parent	39,918	40,376	-1.1%	148,254	152,535	-2.8%
Non-controlling interests	<u>(904)</u>	<u>(254)</u>	>100.0%	<u>(1,163)</u>	<u>(2,287)</u>	-49.1%
	<u>39,014</u>	<u>40,122</u>	-2.8%	<u>147,091</u>	<u>150,248</u>	-2.1%
Other comprehensive income, net of tax:						
Remeasurement of retirement benefits	126	(800)	>-100.0%	126	(714)	>-100.0%
Foreign currency translation differences for foreign operations	(848)	(3,487)	-75.7%	2,241	5,285	-57.6%
Fair value changes of available-for-sale investment	(2,396)	-	100.0%	(8,531)	-	100.0%
Total comprehensive income	<u>35,896</u>	<u>35,835</u>	0.2%	<u>140,927</u>	<u>154,819</u>	-9.0%
Total comprehensive income attributable to:						
Owners of the parent	36,800	36,089	2.0%	142,090	157,106	-9.6%
Non-controlling interests	<u>(904)</u>	<u>(254)</u>	>100.0%	<u>(1,163)</u>	<u>(2,287)</u>	-49.1%
	<u>35,896</u>	<u>35,835</u>	0.2%	<u>140,927</u>	<u>154,819</u>	-9.0%

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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter	Preceding Year Corresponding Quarter	Current Period To Date	Preceding Financial Period
	<u>30 June 2016</u>	<u>30 June 2015</u>	<u>30 June 2016</u>	<u>30 June 2015</u>
Earnings per share attributable to owners of the parent (sen) ⁽²⁾				
Basic	3.97	4.42*	15.79	18.39*
Diluted	3.85	4.33*	15.09	17.22*

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 year ended 30 June 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.

* For comparison purpose, the Earnings Per Share for the quarter and year-to-date ended 30 June 2015 had been adjusted to reflect the bonus issue of one bonus share for every four existing ordinary shares of RM0.10 each which completed on 7 January 2016.

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CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter	Preceding Year Corresponding Quarter	Current Period To Date	Preceding Financial Period
	<u>30 June 2016</u> RM'000	<u>30 June 2015</u> RM'000	<u>30 June 2016</u> RM'000	<u>30 June 2015</u> RM'000
Amortisation of development cost	219	212	885	970
Amortisation of discount on RCPS	99	92	99	92
Bad debts	23	-	23	-
Depreciation	14,361	10,050	48,461	32,011
Development cost written off	66	-	66	-
Property, plant and equipment written off	-	33	-	41
Loss / (Gain) on disposal of property, plant & equipment	10	(37)	10	(102)
Write down / (Reversal) of inventories to net realisable value	7,220	(159)	7,220	(5,532)
<i>(Gain)/Loss on foreign exchange translation</i>				
- Realised	4,383	(730)	4,572	(11,575)
- Unrealised	(10,520)	3,131	(6,875)	(6,464)
<i>Finance costs</i>				
- Interest expenses	771	1,490	5,245	5,621
- Interest income	-	(1,756)	(4,746)	(3,311)

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 FINANCIAL YEAR ENDED 30 JUNE 2016

	Unaudited As at 30 June 2016 RM'000	Audited As at 30 June 2015 ⁽⁵⁾ RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	273,932	193,817
Available-for-sale investment	36,315	-
Deferred tax assets	4,543	4,786
Development costs	4,348	5,299
Intangible assets	5,483	5,340
	<u>324,621</u>	<u>209,242</u>
Current assets		
Inventories	164,745	145,318
Trade and other receivables	171,802	182,820
Tax recoverable	1,179	712
Short-term deposits with licensed banks	105,958	161,097
Cash and bank balances	104,256	137,494
	<u>547,940</u>	<u>627,441</u>
TOTAL ASSETS	<u>872,561</u>	<u>836,683</u>
EQUITY AND LIABILITIES		
Share capital ⁽³⁾	95,653	72,739
Share premium	280,002	232,450
Other reserves	11,252	12,876
Retained profits	297,155	218,917
Equity attributable to owners of the parent	<u>684,062</u>	<u>536,982</u>
Non-controlling interests	<u>(3,055)</u>	<u>(1,892)</u>
Total equity	<u>681,007</u>	<u>535,090</u>
Non-current liabilities		
Borrowings	17,762	25,757
Preference shares	2,205	40,450
Deferred rental	427	456
Deferred tax liabilities	3,256	3,059
Retirement benefits obligations	5,043	3,585
	<u>28,693</u>	<u>73,307</u>
Current liabilities		
Trade and others payables	135,689	171,451
Borrowings	16,034	41,533
Provision for taxation	1,573	40
Dividend payable	9,565	15,262
	<u>162,861</u>	<u>228,286</u>
Total liabilities	<u>191,554</u>	<u>301,593</u>
TOTAL EQUITY AND LIABILITIES	<u>872,561</u>	<u>836,683</u>
Net assets per share attributable to owners of the parent⁽⁴⁾ (RM)	0.7151	0.7382

Notes:

- (3) Based on the issued and paid up share capital of 956,527,932 (727,389,018) ordinary shares of RM0.10 each for the financial year ended 30 June 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.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – COMPANY NO. 1000809-U)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Attributable to Owners of the Parent						Disistributable					
	Non-Distributable						Disistributable					
	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	Fair Value 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
Total comprehensive income for the period	-	-	-	-	-	-	2,241	(8,531)	148,380	142,090	(1,163)	140,927
Transactions with owners:												
Issued, at premium pursuant to:												
Exercise of warrants	3,470	58,120	(11,310)	11,310	-	-	-	-	-	61,590	-	61,590
Exercise of ESOS	508	8,521	-	-	-	(1,978)	-	-	-	7,051	-	7,051
Pursuant to ESOS granted:												
Issuance of bonus share	18,936	(18,936)	-	-	-	-	-	-	-	-	-	-
Share issuance expenses	-	(153)	-	-	-	-	-	-	-	(153)	-	(153)
Share-based compensation	-	-	-	-	-	6,644	-	-	-	6,644	-	6,644
Dividends	-	-	-	-	-	-	-	-	(70,142)	(70,142)	-	(70,142)
	22,914	47,552	(11,310)	11,310	-	4,666	-	-	(70,142)	4,990	-	4,990
Balance at 30 June 2016	95,653	280,002	16,521	(16,521)	5,387	8,019	6,377	(8,531)	297,155	684,062	(3,055)	681,007
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 period	-	-	-	-	-	-	5,285	-	151,821	157,106	(2,287)	154,819
Transactions with owners:												
Issued, at premium pursuant to:												
Right issue	7,870	110,181	27,771	(27,771)	-	-	-	-	-	118,051	-	118,051
Exercise of warrants	12,763	36,005	(6,482)	6,482	-	-	-	-	-	48,768	-	48,768
Exercise of ESOS	499	8,839	-	-	-	(2,209)	-	-	-	7,129	-	7,129
Pursuant to ESOS granted:												
Share-based compensation	-	-	-	-	-	2,130	-	-	-	2,130	-	2,130
Dividends	-	-	-	-	-	-	-	-	(54,374)	(54,374)	-	(54,374)
	21,132	155,025	21,289	(21,289)	-	(79)	-	-	(54,374)	121,704	-	121,704
Balance at 30 June 2015	72,739	232,450	27,831	(27,831)	5,387	3,353	4,136	-	218,917	536,982	(1,892)	535,090

(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)

INARIAMERTRON BERHAD
(INCORPORATED IN MALAYSIA - COMPANY NO. 1000809-U)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Cumulative Quarter 12 Months Ended 30 June 2016 RM'000	Cumulative Quarter 12 Months Ended 30 June 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	153,131	151,967
Adjustments for:		
Amortisation of discount on RCPS	99	92
Amortisation of development costs	885	970
Bad debts	23	-
Loss / (Gain) on disposal of property, plant and equipment	10	(102)
Depreciation	48,461	32,011
Dividend on Redeemable Preference Shares	2,971	2,487
Dividend on Redeemable Convertible Preference Shares	48	46
Development cost written off	66	-
Grant income recognised	-	(3,667)
Interest income	(4,746)	(3,311)
Interest expenses	2,127	2,996
Share based payments	6,644	2,130
Impairment loss on development cost	-	424
Impairment loss on receivables no longer required	-	(646)
Property, plant and equipment written off	-	41
Provision for retirement benefit obligations	759	727
Write down / (Reversal) of inventories to net realisable value	7,220	(5,532)
Gain on foreign exchange	(6,875)	(6,464)
Operating profit before working capital changes	<u>210,823</u>	<u>174,169</u>
(Increase) / Decrease in inventories	(26,647)	(2,451)
Decrease / (Increase) in receivables	12,607	(38,532)
(Decrease) / Increase in payables	(27,729)	<u>46,163</u>
Cash generated from operations	<u>169,054</u>	<u>179,349</u>
Net income tax paid	(6,388)	(5,919)
Income tax refunded	-	78
Interest received	4,746	3,300
Interest paid	(2,127)	(2,996)
Retirement benefits paid	(207)	(309)
Net cash generated from operating activities	<u>165,078</u>	<u>173,503</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Development cost	-	(525)
Proceeds from disposal of property, plant and equipment	215	351
Acquisition of property, plant and equipment	(128,801)	(53,926)
Acquisition of subsidiaries	-	(25,091)
Acquisition of available-for-sale investment	(44,845)	-
Net cash used in investing activities	<u>(173,431)</u>	<u>(79,191)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(75,839)	(49,254)
Dividend on Redeemable Preference Shares	(2,971)	(2,533)
Redemption on Redeemable Preference Shares	(38,305)	(4,631)
Net changes in short term borrowings	(25,499)	741
Net changes in long term borrowings	(7,995)	1,034
Share issuance expenses	(153)	-
Proceeds from issuance of shares	68,641	173,948
Government grant received	-	3,667
Net cash (used in) / generated from financing activities	<u>(82,121)</u>	<u>122,972</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(90,474)	217,284
Effect of changes on foreign exchange rates	2,097	5,877
CASH AND CASH EQUIVALENT AT BEGINNING	298,231	75,070
CASH AND CASH EQUIVALENT AT END	209,854	298,231
Represented by:		
Short-term deposits with licensed banks	105,958	161,097
Cash and bank balances	<u>104,256</u>	<u>137,494</u>
	210,214	298,591
Less: Fixed deposits pledged to a licensed bank	(360)	(360)
	<u>209,854</u>	<u>298,231</u>

INARI AMERTRON BERHAD
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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 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue for Contracts with Customers	1 January 2018
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 year 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 year 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 year under review.

7. Debt and Equity Securities

During the financial year ended 30 June 2016, the issued and paid-up share capital was increased from RM72,738,902 to RM95,652,793 by the allotment of 229,138,914 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 5,076,400 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	603,400	171,500	184,700	1,070,400

<i>Exercise price (RM)</i>	1.072	3.00
<i>No of shares issued</i>	2,905,200	12,000

- iii. Exercise of 34,700,890 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	195,905	25,606,905	5,817,602

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 year 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.
- iii. on 18 May 2016, declared the third single tier interim dividend of 1.0 sen per ordinary share of RM0.10 each amounting to RM9.6 million, and was paid on 5 July 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 30 June 2016	Quarter Ended 30 June 2015	Period to date 30 June 2016	Period To date 30 June 2015
	RM'000	RM'000	RM'000	RM'000
Malaysia	60,219	33,259	186,803	116,049
Singapore	190,108	215,091	839,563	797,652
Others	4,645	6,666	14,516	19,398
	<u>254,972</u>	<u>255,016</u>	<u>1,040,882</u>	<u>933,099</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 year ended 30 June 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”) Sdn Bhd (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 it's 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 RM119.3 million (as at 30 June 2015: RM160.1 million) to licensed banks and financial institutions for credit facilities granted to certain subsidiaries. Consequently, the Company is contingently liable for the amounts of facilities utilised by these subsidiaries totaling RM34.5 million (as at 30 June 2015: RM112.8 million).

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

14. Capital Commitments

	Cumulative Period Ended	
	30 June 2016	30 June 2015
	RM'000	RM'000
Authorised but not contracted for:		
- Construction of building and warehouse	134	11,455
- Property, plant and equipment	4,044	1,205
	<u>4,178</u>	<u>12,660</u>
Contracted but not provided for:		
- Construction of building and warehouse	-	91
- Acquisition of industrial land	-	3,922
- Property, plant and equipment	15,274	13,910
	<u>15,274</u>	<u>17,923</u>

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 RM254.9 million for the current quarter, representing a decrease of 0.2% compared to the corresponding quarter in the previous year.

The profit before tax increased by 3.9% to RM41.3 million from RM39.8 million registered in the corresponding quarter in the previous year.

Notwithstanding the increase in profit before tax, the Group's net profit after tax decreased by 2.8% to RM39.0 million for the current quarter as compared to RM40.1 million for the corresponding quarter ended 30 June 2015, mainly due to the increase in taxation.

Comparison with the immediate preceding quarter

The Group's revenue for the current quarter was 17.3% higher as compared to the revenue registered in the immediate preceding quarter of RM217.3 million was primarily due to increase in RF and fiber chip volume loading.

The profit before tax increased by 79.5% to RM41.3 million from RM23.0 million in the immediate preceding quarter, mainly attributable to the increase in demand of the products during the current quarter.

Financial Period to Date against preceding year corresponding financial period

The Group's total revenue of RM1,040.9 million for the twelve months ended 30 June 2016 represents an increase of RM107.8 million or 11.6% as compared to RM933.1 million reported in the corresponding period of the preceding year. The higher revenue was mainly due to higher trading volumes in Radio Frequency business during the current financial period under review.

The profit before tax increased by 0.8% to RM153.1 million from RM151.9 million in the corresponding period of the preceding year.

The Group's net profit after tax decreased by 2.1% to RM147.1 million as compared to RM150.2 million for the corresponding period of the preceding year ended 30 June 2015. This slight drop versus the slight increase in profit before tax mainly attributable to the increase in the taxation.

2. Commentary on Prospects

In the recent updates from World Economic Outlook (WEO) released in July 2016, the outcome of the U.K. BREXIT vote, which surprised global financial markets, has resulted in a downside risk for the world economy. As a result, the baseline global growth forecast has been revised down modestly relative to the April 2016 WEO by 0.1 percentage points for 2016 and 2017 to 3.1% and 3.4% respectively.

The World Semiconductor Trade Statistics (WSTS) has released its new semiconductor market forecast generated in May 2016. WSTS expects the world semiconductor market to be down 2.4% in 2016 at US\$327 billion with growth returning in 2017 and 2018. For both 2017 and 2018, the world semiconductor market is forecasted to grow 2% each year-on-year, reaching US\$341 billion in 2018.

Gartner, Inc in its July 2016 update, projected worldwide semiconductor capital spending to decline 0.7% in 2016. The economic instability, inventory excess, weak demand for PC's, tablets, and mobile products in the past three years has caused the overall slow growth for the semiconductor industry.

In a parallel report by Gartner in June 2016, global smartphone sales will continue to slow and will no longer grow in double digits. The worldwide smartphone sales are expected to grow 7% in 2016 to reach 1.5 billion units. This is down from 14.4% growth in 2015. By 2020, the smartphone sales are projected to total 1.9 billion units annually.

The Group's Q4 performance and FY2016 performance have been more or less in line with industry numbers and forecasts amidst a favourable forex backdrop during the year.

As in FY2016, the Group remains cautiously optimistic in maintaining our financial performance for the FY ending 30 June 2017, in-line with industry forecasts from our continuing manufacturing activities in the Wireless RF and Optoelectronics operations. At the same time, the Group is constantly looking out for and working on new projects and investment opportunities to enhance its growth in revenue and earnings.

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 year ended 30 June 2016 are as follows:

	Individual Quarter ended		Cumulative Period ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
In respect of current period:				
- Current tax	(944)	(298)	(4,584)	(2,104)
- Deferred tax	(1,363)	368	(1,363)	(1,315)
	<u>(2,307)</u>	<u>70</u>	<u>(5,947)</u>	<u>(3,419)</u>
Over/(Under) provision in prior year:				
- Current tax	19	28	(69)	130
- Deferred tax	(24)	246	(24)	1,570
	<u>(2,312)</u>	<u>344</u>	<u>(6,040)</u>	<u>(1,719)</u>

The effective tax rate of the Group for the current financial quarter and the financial year ended 30 June 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 year ended 30 June 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.

In the current quarter under review, PCL declared share dividends and the Company entitled to 350,000 share dividends. As at to date, the Company hold 5,350,000 ordinary shares in PCL.

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");

7. Status of Corporate Proposals (cont'd)

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

- (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").

(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 expired 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.

On 1 July 2016, the Company and PCL have mutually agreed to extend the MOU which expired on 5 July 2016 for an additional term of 4 months or such other date to be agreed by both parties.

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 30 June 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	13,886	6,114
4. Working Capital	34,443	34,443	-
5. Expenses for the Rights Issue with Warrants	2,381	2,381	-
Total	118,051	111,937	6,114

9. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2016 are as follows:

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Term loans	5,072	10,048	15,120
Trade financing	3,339	-	3,339
Finance lease liabilities	7,623	7,714	15,337
Total Borrowing	16,034	17,762	33,796

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 fourth single tier interim dividend of 2.20 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 15 September 2016 and 6 October 2016 respectively.

Total dividend for the financial year 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	2.20	2.30
	8.40	8.90

13. Earnings Per Share

(a) Basic earnings per share

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

	Individual Quarter ended		Cumulative Period ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and financial year to date (RM'000)	39,918	40,376	148,254	152,535
Weighted average number of ordinary shares in issue ('000)	1,004,248	914,452*	938,744	829,634*
Basic earnings per share (sen)	3.97	4.42	15.79	18.39

(b) Diluted earnings per share

Diluted earnings per share for the current financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year 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 year and ESOS granted by the reporting date.

	Individual Quarter ended		Cumulative Period ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Net profit attributable to shareholders of the Company for the financial quarter and financial year to date (RM'000)	39,918	40,376	148,254	152,535
Weighted average number of ordinary shares (basic) ('000)	1,004,248	914,452*	938,744	829,634*
Effect of dilution due to warrants ('000)	29,399	12,511	38,728	50,409
Effect of dilution due to ESOS ('000)	1,984	4,891	4,688	5,567
Weighted average number of ordinary shares (diluted) ('000)	1,035,631	931,854*	982,160	885,610*
Diluted earnings per share (sen)	3.85	4.33	15.09	17.22

* For comparison purpose, the Earnings Per Share for the quarter and year-to-date ended 30 June 2015 had been adjusted to reflect the bonus issue of one bonus share for every four existing ordinary shares of RM0.10 each which completed on 7 January 2016.

14. Disclosure of Realised and Unrealised Profits or Losses

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 30 June 2016 and 30 June 2015 are analysed as follow:

	Financial Year Ended	
	30 June 2016 RM'000	30 June 2015 RM'000
<u>Total retained profits of the Company and its subsidiaries</u>		
- Realised	364,303	286,410
- Unrealised	8,157	2,192
	<hr/>	<hr/>
Add: Consolidated adjustments	372,460	288,602
	(75,305)	(69,685)
	<hr/>	<hr/>
Total Group retained profits as per consolidated financial statements	<u>297,155</u>	<u>218,917</u>