

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ^{(1)&(2)}
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter	Preceding Year Corresponding Quarter	%	Current Year ⁽¹⁾	Preceding Year	%
	31/03/2020 RM'000	31/03/2019 RM'000		31/03/2020 RM'000	31/03/2019 RM'000	
Revenue	242,566	256,322	-5.4%	824,610	882,190	-6.5%
Cost of sales	(200,220)	(197,790)	1.2%	(656,075)	(673,157)	-2.5%
Gross profit	42,346	58,532	-27.7%	168,535	209,033	-19.4%
Other income	13,183	1,107	>100%	13,723	6,847	>100%
Finance income	2,447	2,132	14.8%	7,384	6,850	7.8%
Administrative expenses	(16,929)	(18,929)	-10.6%	(50,739)	(54,880)	-7.5%
Operating profit	41,047	42,842	-4.2%	138,903	167,850	-17.2%
Finance costs	(147)	(272)	-46.0%	(462)	(906)	-49.0%
Share of result of an associate	(143)	-	100.0%	(143)	-	100.0%
Profit before tax	40,757	42,570	-4.3%	138,298	166,944	-17.2%
Tax expense	(5,699)	(3,823)	49.1%	(18,000)	(12,924)	39.3%
Profit for the financial period	35,058	38,747	-9.5%	120,298	154,020	-21.9%
Profit attributable to:						
Owners of the Company	35,062	38,188	-8.2%	120,277	153,429	-21.6%
Non-controlling interests	(4)	559	>100%	21	591	-96.4%
	35,058	38,747	-9.5%	120,298	154,020	-21.9%
Other comprehensive income, net of tax:						
Remeasurement of retirement benefits	122	-	100.0%	122	-	100.0%
Foreign currency translation of foreign operations	17,188	(4,371)	>100%	13,096	2,690	>100%
Total comprehensive income	52,368	34,376	52.3%	133,516	156,710	-14.8%
Total comprehensive income attributable to:						
Owners of the Company	52,372	33,817	54.9%	133,495	156,119	-14.5%
Non-controlling interests	(4)	559	>100%	21	591	-96.4%
	52,368	34,376	52.3%	133,516	156,710	-14.8%

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year	Preceding Year
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Earnings per share attributable to owners of the Company (sen) ⁽³⁾				
Basic	1.08	1.20	3.77	4.85
Diluted	1.08	1.18	3.73	4.76

- (1) The condensed unaudited consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.
- (2) The condensed unaudited consolidated statements of profit or loss and 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 2020.
- (3) 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 - REGISTRATION NO. 201001016131 (1000809-U))

NOTES TO CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter	Preceding Year Corresponding Quarter	Current Period	Preceding Financial Year
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
(Reversal)/Write down of inventories to net realisable value	(681)	428	(6,845)	827
Depreciation	25,463	24,220	76,158	70,837
(Gain)/Loss on disposal of property, plant & equipment	(5)	(38)	182	(198)
<u>(Gain)*/Loss** on foreign exchange translation</u>				
- Realised	(4,555)	3,110	(4,124)	(3,282)
- Unrealised	(8,077)	44	(7,359)	(189)
<i>* Included in "Other income"</i>				
<i>** Included in "Administrative expenses"</i>				
<u>Finance costs</u>				
- Interest expenses	147	272	462	906
- Interest income	(2,447)	(2,132)	(7,384)	(6,850)

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

- Provision of doubtful debt

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽⁶⁾
AS AT 31 MARCH 2020

	Unaudited As at 31-Mar-20 RM'000	Audited As at 30-Jun-19 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	490,873	489,505
Intangible assets	2,286	2,200
Investment in an associate	608	-
Deferred tax assets	786	2,205
	<u>494,553</u>	<u>493,910</u>
Current assets		
Inventories	133,313	172,694
Trade and other receivables	194,431	233,048
Tax recoverable	14,567	10,967
Cash and cash equivalents	584,198	429,716
	<u>926,509</u>	<u>846,425</u>
TOTAL ASSETS	<u>1,421,062</u>	<u>1,340,335</u>
EQUITY AND LIABILITIES		
Share capital ⁽⁴⁾	693,548	650,450
Other reserves	49,627	29,995
Retained earnings	448,175	437,973
Equity attributable to owners of the Company	<u>1,191,350</u>	<u>1,118,418</u>
Non-controlling interests	<u>3,562</u>	<u>3,541</u>
Total equity	<u>1,194,912</u>	<u>1,121,959</u>
Non-current liabilities		
Borrowings	2,307	8,709
Lease liabilities	14,631	-
Deferred rental	-	185
Retirement benefits obligations	871	407
Deferred tax liabilities	8,741	8,583
	<u>26,550</u>	<u>17,884</u>
Current liabilities		
Trade and other payables	159,428	160,776
Lease liabilities	331	-
Borrowings	5,347	6,161
Tax payable	2,101	1,786
Dividend payable	32,393	31,769
	<u>199,600</u>	<u>200,492</u>
Total liabilities	<u>226,150</u>	<u>218,376</u>
TOTAL EQUITY AND LIABILITIES	<u>1,421,062</u>	<u>1,340,335</u>
Net assets per share attributable to owners of the Company ⁽⁵⁾ (RM)	0.3678	0.3520

Notes:

- (4) Based on 3,239,284,999 (as at 30 June 2019: 3,177,150,546) ordinary shares in issue as at 31 March 2020.
- (5) Net assets per share attributable to owners of the Company is computed based on equity attributable to owners of the Company divided by the total number of ordinary shares in issue.
- (6) The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	-----Attributable to Owners of the Company----->							Distributable	Total	Non-controlling interests	Total equity
	<-----Non-Distributable----->						Foreign currency translation reserve				
	Share capital	Warrants reserve	Discount on shares	Capital reserve	ESOS reserve	Legal reserve	Foreign currency translation reserve	Retained earnings	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2019	650,450	4,832	(4,832)	5,387	22,658	-	1,950	437,973	1,118,418	3,541	1,121,959
Effect of adoption of MFRS 16 (Part A Note 2)	-	-	-	-	-	-	-	2,298	2,298	-	2,298
At 1 July 2019 (Restated)	650,450	4,832	(4,832)	5,387	22,658	-	1,950	440,271	1,120,716	3,541	1,124,257
Total comprehensive income for the period	-	-	-	-	-	-	13,096	120,399	133,495	21	133,516
<i>Transactions with owners:</i>											
Issued pursuant to:											
-Exercise of warrants	27,695	(4,721)	4,721	-	-	-	-	-	27,695	-	27,695
-Exercise of ESOS	15,403	-	-	-	(3,541)	-	-	-	11,862	-	11,862
Pursuant to ESOS granted:											
Share-based compensation	-	-	-	-	6,585	-	-	-	6,585	-	6,585
Share issuance expenses	-	-	-	-	-	-	-	-	-	-	-
Expiry of Warrants B 2015/2020 (Note 8)	-	(111)	111	-	-	-	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-	3,492	-	(3,492)	-	-	-
Dividends	-	-	-	-	-	-	-	(109,003)	(109,003)	-	(109,003)
	43,098	(4,832)	4,832	-	3,044	3,492	-	(112,495)	(62,861)	-	(62,861)
Balance at 31 March 2020	693,548	-	-	5,387	25,702	3,492	15,046	448,175	1,191,350	3,562	1,194,912
At 1 July 2018	607,781	6,489	(6,489)	5,387	14,903	-	(5,458)	439,525	1,062,138	8,679	1,070,817
Total comprehensive income for the period	-	-	-	-	-	-	2,690	153,429	156,119	591	156,710
<i>Transactions with owners:</i>											
Issued pursuant to:											
-Exercise of warrants	6,768	(1,153)	1,153	-	-	-	-	-	6,768	-	6,768
-Exercise of ESOS	32,332	-	-	-	(4,930)	-	-	-	27,402	-	27,402
Pursuant to ESOS granted:											
Share-based compensation	-	-	-	-	9,134	-	-	-	9,134	-	9,134
Share issuance expenses	(3)	-	-	-	-	-	-	(3)	(3)	-	(3)
Dividends	-	-	-	-	-	-	-	(161,500)	(161,500)	(2,881)	(164,381)
	39,097	(1,153)	1,153	-	4,204	-	-	(161,500)	(118,199)	(2,881)	(121,080)
Balance at 31 March 2019	646,878	5,336	(5,336)	5,387	19,107	-	(2,768)	431,454	1,100,058	6,389	1,106,447

Notes:

(7) 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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

(8) Warrant B 2015/2020 expired on 17 February 2020.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Cumulative Quarter 9 Months Ended 31/03/2020 RM'000	Cumulative Quarter 9 Months Ended 31/03/2019 RM'000
OPERATING ACTIVITIES		
Profit before tax	138,298	166,944
Adjustments for:		
Depreciation	76,158	70,837
Equity-settled share based payment transactions	6,585	9,134
Loss/(Gain) on disposal of property, plant and equipment	182	(198)
Interest income	(7,384)	(6,850)
Interest expenses	462	906
Impairment loss on other receivables	-	58
Reversal of provision for warranty	-	(1,305)
(Reversal)/Write down of inventories to net realisable value	(6,845)	827
Share of result of an associate	143	-
Unrealised gain on foreign exchange	(7,359)	(189)
Operating profit before working capital changes	<u>200,240</u>	<u>240,164</u>
Changes in working capital:		
Inventories	49,080	(14,369)
Receivables	42,066	56,771
Payables	6,407	(46,591)
Cash generated from operations	<u>297,793</u>	<u>235,975</u>
Net income tax paid	(21,214)	(28,603)
Interest received	7,384	6,850
Interest paid	(462)	(906)
Net cash from operating activities	<u>283,501</u>	<u>213,316</u>
INVESTING ACTIVITIES		
Investment in associate	(751)	-
Proceeds from disposal of property, plant and equipment	37	1,029
Acquisition of property, plant and equipment	(60,336)	(158,890)
Placement of fixed deposits with licensed bank	(5,098)	(1,072)
Net cash used in investing activities	<u>(66,148)</u>	<u>(158,933)</u>
FINANCING ACTIVITIES		
Dividend paid	(108,379)	(164,054)
Dividend paid to non-controlling interests	-	(2,881)
Dividend on RCPS paid	-	(2,307)
Net repayment of borrowings	(7,217)	(6,925)
Proceeds from issuance of shares	39,557	34,170
Share issuance expenses	-	(3)
Net cash used in financing activities	<u>(76,039)</u>	<u>(142,000)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	141,314	(87,617)
Effect of changes in foreign exchange rates	8,070	759
CASH AND CASH EQUIVALENT AT BEGINNING	360,800	463,410
CASH AND CASH EQUIVALENT AT END	<u>510,184</u>	<u>376,552</u>
Represented by:		
Cash and cash equivalents	584,198	444,176
Less: Fixed deposits pledged to licensed banks	(157)	(732)
Less: Fixed deposits more than 3 months to maturity	(73,857)	(66,892)
	<u>510,184</u>	<u>376,552</u>

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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 2019.

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 2019 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 2020:

<u>New MFRSs</u>	<u>Effective for annual period beginning on or after</u>
MFRS 17 Insurance Contracts	1 January 2021
 <u>Amendments/Improvements to MFRSs</u>	
Amendments to MFRS 2 Share-based Payment	1 January 2020
Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020

2. Changes in Accounting Policies (continued)

**Effective for annual
period beginning on
or after**

Amendments/Improvements to MFRSs

Amendments to IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Int. 22	Foreign Currency Transactions and Advance Consideration	1 January 2020

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.

The initial application of the new standards, amendments and interpretations that are relevant to the financial statements of the Group are as mentioned below:

MFRS 16: Leases

The new MFRS 16, which replaces MFRS 117 'Leases' ('MFRS 117') and IC Interpretation 4 'Determining whether an Arrangement contains a Lease' ('IC 4') introduces a new model for lessee accounting and makes some improvements to the current MFRS 117.

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under MFRS 117 are no longer required. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ('ROU') asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 'Property, Plant and Equipment' ('MFRS 116') whereas lease liability is accreted to reflect interest and is reduced to reflect payments made.

For a lessor, MFRS 16 continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

The Group apply MFRS 16 for the first time using the modified retrospective method of which the comparative amounts for the year prior to the first adoption of the new standard will not be restated.

As at 1 July 2019, the Group recognised ROU assets of RM13.0 million and corresponding lease liabilities of RM13.0 million.

Accordingly, there will not be any material impact to the Group's gearing ratio, results of operations, operating cash flows and earnings before income tax, depreciation and amortisation.

3. Auditors' Report on Preceding Annual Financial Statements

The preceding annual financial statements of the Group were reported without any audit qualification.

4. Comments About Seasonal or Cyclical Factors

There were no material seasonal or cyclical factors affecting the results of the quarter under review.

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

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidence during the quarter under review and financial period to date.

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, the issued and paid-up ordinary share capital was increased from RM650,449,724 to RM693,547,918 by way of issuance of 62,134,453 new ordinary shares pursuant to the following:

- i. 10,203,600 new ordinary shares arising from the exercise of options under the Employees' Share Options Scheme ("ESOS") at the following exercise prices:

Exercise price and number of shares issuance

<i>Exercise price (RM)</i>	<i>0.357</i>	<i>0.533</i>	<i>0.797</i>	<i>1.000</i>	<i>0.977</i>
<i>No of shares issued</i>	<i>107,400</i>	<i>47,900</i>	<i>159,100</i>	<i>72,000</i>	<i>3,790,100</i>

<i>Exercise price (RM)</i>	<i>0.863</i>	<i>0.983</i>	<i>1.187</i>	<i>1.438</i>	<i>1.721</i>
<i>No of shares issued</i>	<i>121,200</i>	<i>1,634,600</i>	<i>824,200</i>	<i>2,745,800</i>	<i>384,200</i>

<i>Exercise price (RM)</i>	<i>1.880</i>	<i>1.890</i>
<i>No of shares issued</i>	<i>244,100</i>	<i>73,000</i>

7. Debt and Equity Securities (continued)

- ii. 51,930,853 new ordinary shares arising from the exercise of warrants at the following exercise prices:

Exercise price and number of shares issuance

<i>Exercise price (RM)</i>	<i>0.5333</i>
<i>No of shares issued</i>	<i>51,930,853</i>

The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

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. Dividends Paid

Dividends paid during the financial period end 31 March 2020 were as follows:

- i) Third interim single tier dividend of 1.00 sen per ordinary share each amounting to RM31.8 million for the financial year ended 30 June 2019 paid on 5 July 2019.
- ii) Fourth interim single tier dividend of 1.10 sen per ordinary share each amounting to RM35.0 million for the financial year ended 30 June 2019 paid on 10 October 2019.
- iii) First interim single tier dividend of 1.30 sen per ordinary share each amounting to RM41.6 million for the financial year ending 30 June 2020 paid on 9 January 2020.

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 reported.

Geographical information

The Group's revenue disaggregated by primary geographical markets is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31/03/2020	Quarter Ended 31/03/2019	Period to date 31/03/2020	Period To date 31/03/2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	50,663	85,707	172,010	231,875
Singapore	188,096	166,083	634,752	639,441
Others	3,807	4,532	17,848	10,874
	<u>242,566</u>	<u>256,322</u>	<u>824,610</u>	<u>882,190</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 March 2020 and up to the date of this report, which affect substantially the results of the operation of the Group that have not been reflected in the financial statements for the current quarter and financial period under review.

During the current quarter under review and up to the date of this report, the outbreak of Covid-19 pandemic and ensuing enforcement of lockdowns by the respective Government had restricted our China plant from operating between 30 January 2020 and 16 February 2020; and enforcement of lockdowns had restricted our Philippines and Malaysia plants to operating at partial capacity since 17 March 2020 and 18 March 2020 respectively.

12. Changes in the Composition of the Group

Investment in subsidiary

On 19 September 2019, the Company incorporated a new wholly owned subsidiary, namely Inari Matrix Sdn. Bhd. (“IMSB”) with the subscription of 1 new ordinary share at an issue price of RM1.00, representing 100% equity interest in the share capital in IMSB.

On 30 December 2019, the Company had further increased its investment in IMSB from RM1 to RM1,000,000 by subscribing 999,999 ordinary shares.

Investment in associate

The Company had on 11 September 2019 entered into a shareholders subscription agreement (“SSA”) with PCL Technologies, Inc (“PCL”) to subscribe ordinary shares in an entity (“Entity”) to be set up in Malaysia for the purpose to secure, manage and manufacture for optical transceiver and other related products.

Pursuant to the SSA, the Entity had been incorporated on 1 October 2019, namely PCL Inari Technologies Sdn. Bhd. (“PCLI”) with the initial subscription of 100 new ordinary shares representing 70:30 equity interest held respectively by PCL Technologies Trading, Inc. (“PCLTT”), a wholly-owned subsidiary of PCL, and IMSB, a wholly-owned subsidiary of the Company.

On 11 December 2019, PCLTT and IMSB had further increased its investment representing 70:30 equity interest held respectively in PCLI by subscribing 599,900 ordinary shares accordingly.

13. Contingent Liabilities and Contingent Assets

	Cumulative	
	Period ended	
	31/03/2020	30/06/2019
	RM’000	RM’000
Corporate guarantee extended to licensed bank and financial institutions for credit facilities granted to subsidiaries:		
- Limit	24,008	35,514
- Amount utilised	7,654	14,649

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

14. Capital Commitments

	Cumulative Period ended	
	31/03/2020	31/03/2019
	RM'000	RM'000
Authorised and contracted for:		
- Construction of building	4,368	6,850
- Plant, machinery and equipment	29,933	14,583
	<u>34,301</u>	<u>21,433</u>

15. Significant Related Party Transactions

There is no significant transaction with related parties.

16. Financial Derivatives

The Group enters into forward exchange contracts to manage its exposure in local operating expenditure. There is no change to the type of derivative financial contract entered into, risk associated with the derivatives, cash requirements of the derivatives and the risk management objectives and policies for the derivative financial contracts since the previous financial year ended 30 June 2019.

The notional value of foreign currency forward contracts as at financial period under review is as follows:

	31/03/2020
	RM'000
Foreign currency hedging contracts	
Notional value of contracts*	<u>64,796</u>

*Equivalent to USD 15,060

17. Fair Value of Financial Liabilities

The carrying amounts of the financial liabilities as at the end of the reporting period approximate to their fair value due to their short term nature, or that they are floating rate instruments that are re-priced to market interest rate on or near the end of the reporting period. Hence, there is no fair value gain or loss on financial liabilities.

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 financial year

The Group posted a revenue of RM242.6 million for the current quarter, representing a decrease of 5.4% compared to the corresponding quarter in the previous year. The decrease in revenue in the current quarter was primarily due to lower sales volume in optoelectronic products in January and February, and lower of production volume at our Malaysia, China and Philippines plants in current quarter resulted from the enforcement of lockdowns to contain Covid-19 by the respective Governments. Our Malaysian operations were affected partially by the Movement Control Order (MCO) since 18 March 2020; the China plant was under complete lockdown between 30 January 2020 and 16 February 2020, and operated partially until 31 March 2020. Our Philippines plant has been affected by the Enhanced Community Quarantine (ECQ) since 17 March 2020.

The Group recorded profit after tax of RM35.1 million for the current quarter, a decrease by 9.5% from RM38.7 million recorded in the corresponding quarter ended 31 March 2019. The decrease in profit after tax was mainly due to lower revenue, higher depreciation and higher tax provision.

Comparison with the immediate preceding quarter

The Group's revenue for the current quarter of RM242.6 million was 8.6% lower as compared to the revenue registered in the immediate preceding quarter of RM265.4 million, which was mainly due to lower volume loading quarter-on-quarter and lower of production volume at our China and Philippines plants in current quarter resulted from the implementation of lockdowns to contain Covid-19 by the respective Governments.

The Group's recorded profit after tax of RM35.1 million for the current quarter, a decrease by 6.5% from RM37.5 million posted in the immediate preceding quarter. These were mainly due to decrease in sales volume and changes in product mix.

Financial year to date against preceding year corresponding financial period

The Group's revenue for the nine months ended 31 March 2020 recorded a decrease of 6.5% to RM824.6 million from RM882.2 million in the preceding year corresponding period.

The Group's profit after tax decreased by 21.9% to RM120.3 million from RM154.0 million in the preceding year corresponding financial period are primarily due to decrease in demand in optoelectronic products, lower of production volume, changes in product mix, higher depreciation cost and higher tax provision.

2. Commentary on Prospects

The Covid-19 pandemic has brought about global economic uncertainties within a very short period. This has led economic growth forecasts during this period to be speculative until both accurate and widespread testing and an effective vaccine are available. Until then, the Group is of the view that we should remain cautious on our prospects and to stay to our core manufacturing activities to maintain and improve utilization of our existing plants' capacities, while the outlook remains very clouded. At the same time, the management has already implemented various measures to control costs and capex, and continually streamlining our operations to mitigate short term impact on operations arising from regulatory controls resulting from the Covid-19 pandemic whilst protecting our employees' welfare.

The Group is of the view that the performance of the remaining period of financial year 2020 will be challenging even though the Group expects the bottom-line results to remain positive.

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 2020 are as follows:

	Individual Quarter ended		Cumulative Period ended	
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
In respect of current period:				
- Current tax	(4,706)	(3,073)	(16,507)	(12,174)
Deferred tax	(1,000)	(165)	(1,500)	(165)
	<hr/>	<hr/>	<hr/>	<hr/>
	(5,706)	(3,238)	(18,007)	(12,339)
Over/(under) provision in prior year:				
- Current tax	7	(585)	7	(585)
	<hr/>	<hr/>	<hr/>	<hr/>
	(5,699)	(3,823)	(18,000)	(12,924)

The effective tax rate of the Group for the current financial quarter and financial period ended 31 March 2020 is lower than the statutory tax rate of 24% as certain subsidiaries have been granted pioneer status under the Promotion of Investment Act, 1986.

5. Status of Corporate Proposals

There were no corporate proposals for the quarter under review.

6. Status of Utilisation of Proceeds

There are no unutilised proceeds from any corporate proposal.

7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 March 2020 are as follows:

	Current	Non-current	Total
	RM'000	RM'000	RM'000
Term loans	5,347	2,307	7,654

8. 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.

9. Dividend

The Directors propose the third single tier interim dividend of 1.00 sen per ordinary share in respect of the financial year ending 30 June 2020.

The entitlement date and payment date are on 16 June 2020 and 10 July 2020 respectively.

Total dividend for the financial year ending 30 June 2020 and financial year ended 30 June 2019 are summarised as follow:

	Net Per Share	Net Per Share
	FY2020	FY2019
	(sen)	(sen)
<u>First Interim Dividend</u>		
Single tier dividend	1.30	1.60
<u>Second Interim Dividend</u>		
Single tier dividend	1.00	1.50
<u>Third Interim Dividend</u>		
Single tier dividend	1.00	1.00
<u>Fourth Interim Dividend</u>		
Single tier dividend	*	1.10
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	3.30	5.20
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*Not applicable for the current quarter under review.

10. 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 owners 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	
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
Net profit attributable to owners of the Company for the financial quarter and financial period to date (RM'000)	35,062	38,188	120,277	153,429
Weighted average number of ordinary shares in issue ('000)	3,238,117	3,193,585	3,192,832	3,161,585
Basic earnings per share (sen)	1.08	1.20	3.77	4.85

(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	
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
Net profit attributable to owners of the Company for the financial quarter and financial period to date (RM'000)	35,062	38,188	120,277	153,429
Weighted average number of ordinary shares (basic) ('000)	3,238,117	3,193,585	3,192,832	3,161,585
Effect of dilution due to warrants ('000)	18,593	39,398	28,884	46,113
Effect of dilution due to ESOS ('000)	122	-	4,005	14,105
Weighted average number of ordinary shares (diluted) ('000)	3,256,832	3,232,983	3,225,721	3,221,803
Diluted earnings per share (sen)	1.08	1.18	3.73	4.76