

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 YEAR ENDED 30 JUNE 2020

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year	Preceding Year	%	Current Year	Preceding Year	%
	Quarter	Corresponding		(¹)	Year	
		Quarter	Quarter			
	(Restated)		(Audited)			
	30/06/2020	30/06/2019		30/06/2020	30/06/2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	233,341	270,670	-13.8%	1,057,951	1,152,860	-8.2%
Cost of sales	(185,647)	(210,254)	-11.7%	(841,722)	(883,411)	-4.7%
Gross profit	47,694	60,416	-21.1%	216,229	269,449	-19.8%
Other income	11,084	8,151	36.0%	26,853	21,848	22.9%
Administrative expenses	(24,167)	(18,939)	27.6%	(69,568)	(73,819)	-5.8%
Operating profit	34,611	49,628	-30.3%	173,514	217,478	-20.2%
Finance costs	(121)	(367)	-67.0%	(583)	(1,273)	-54.2%
Share of result of an associate	(424)	-	100.0%	(567)	-	100.0%
Profit before tax	34,066	49,261	-30.8%	172,364	216,205	-20.3%
Tax expense	2,076	(10,934)	>100%	(15,924)	(23,858)	-33.3%
Profit for the financial period	36,142	38,327	-5.7%	156,440	192,347	-18.7%
Profit attributable to:						
Owners of the Company	35,473	38,294	-7.4%	155,750	191,723	-18.8%
Non-controlling interests	669	33	>100%	690	624	10.6%
	36,142	38,327	-5.7%	156,440	192,347	-18.7%
Other comprehensive income, net of tax:						
Remeasurement of retirement benefits	(9)	(6)	50.0%	113	(6)	>100%
Foreign currency translation of foreign operations	(1,920)	4,718	>-100%	11,176	7,408	50.9%
Total comprehensive income	34,213	43,039	-20.5%	167,729	199,749	-16.0%
Total comprehensive income attributable to:						
Owners of the Company	33,544	43,006	-22.0%	167,039	199,125	-16.1%
Non-controlling interests	669	33	>100%	690	624	10.6%
	34,213	43,039	-20.5%	167,729	199,749	-16.0%

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year	Preceding Year
	30/06/2020	30/06/2019 (Restated)	30/06/2020	30/06/2019 (Audited)
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Earnings per share attributable to owners of the Company (sen) ⁽³⁾				
Basic	<u>1.09</u>	<u>1.21</u>	<u>4.85</u>	<u>6.06</u>
Diluted	<u>1.09</u>	<u>1.19</u>	<u>4.81</u>	<u>5.95</u>

- (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 30 June 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 YEAR ENDED 30 JUNE 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter	Preceding Year Corresponding Quarter (Restated)	Current Period	Preceding Financial Year
	<u>30/06/2020</u> RM'000	<u>30/06/2019</u> RM'000	<u>30/06/2020</u> RM'000	<u>30/06/2019</u> RM'000
Write down/(Reversal) of inventories to net realisable value	4,508	(8,806)	(2,337)	(7,979)
Depreciation	26,264	24,028	102,422	94,865
(Gain)/Loss on disposal of property, plant & equipment	(3,649)	195	(3,467)	(3)
<u>(Gain)* / Loss** on foreign exchange translation</u>				
- Realised	(3,129)	(6,777)	(7,253)	(10,059)
- Unrealised	5,338	3,039	(2,021)	2,850
<i>* Included in "Other income"</i>				
<i>** Included in "Administrative expenses"</i>				
<u>Finance costs</u>				
- Interest expenses	121	367	583	1,273
- Interest income	(3,017)	(2,520)	(10,401)	(9,370)

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 30 JUNE 2020

	Unaudited As at 30-Jun-20 RM'000	Audited As at 30-Jun-19 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	478,751	489,505
Intangible assets	2,274	2,200
Investment in an associate	5,688	-
Deferred tax assets	6,061	2,205
	<u>492,774</u>	<u>493,910</u>
Current assets		
Inventories	145,889	172,694
Trade and other receivables	215,141	233,048
Tax recoverable	15,393	10,967
Cash and cash equivalents	594,594	429,716
	<u>971,017</u>	<u>846,425</u>
TOTAL ASSETS	<u>1,463,791</u>	<u>1,340,335</u>
EQUITY AND LIABILITIES		
Share capital ⁽⁴⁾	704,840	650,450
Other reserves	47,521	29,995
Retained earnings	452,338	437,973
Equity attributable to owners of the Company	<u>1,204,699</u>	<u>1,118,418</u>
Non-controlling interests	<u>4,231</u>	<u>3,541</u>
Total equity	<u>1,208,930</u>	<u>1,121,959</u>
Non-current liabilities		
Borrowings	1,147	8,709
Lease liabilities	1,305	-
Deferred rental	-	185
Retirement benefits obligations	890	407
Deferred tax liabilities	11,291	8,583
	<u>14,633</u>	<u>17,884</u>
Current liabilities		
Trade and other payables	199,396	160,776
Lease liabilities	1,667	-
Borrowings	5,006	6,161
Tax payable	1,664	1,786
Dividend payable	32,495	31,769
	<u>240,228</u>	<u>200,492</u>
Total liabilities	<u>254,861</u>	<u>218,376</u>
TOTAL EQUITY AND LIABILITIES	<u>1,463,791</u>	<u>1,340,335</u>
Net assets per share attributable to owners of the Company ⁽⁵⁾ (RM)	0.3707	0.3520

Notes:

- (4) Based on 3,249,764,599 (as at 30 June 2019: 3,177,150,546) ordinary shares in issue as at 30 June 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 YEAR ENDED 30 JUNE 2020

	-----Attributable to Owners of the Company----->						Distributable	Total	Non-controlling interests	Total equity
	-----Non-Distributable----->									
	Share capital	Warrants reserve	Discount on shares	Capital reserve	ESOS 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
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
Total comprehensive income for the year	-	-	-	-	-	11,176	155,863	167,039	690	167,729
<i>Transactions with owners:</i>										
Issued pursuant to:										
-Exercise of warrants	27,695	(4,721)	4,721	-	-	-	-	27,695	-	27,695
-Exercise of ESOS	26,695	-	-	-	(4,565)	-	-	22,130	-	22,130
Pursuant to ESOS granted:										
Share-based compensation	-	-	-	-	10,915	-	-	10,915	-	10,915
Expiry of Warrants B 2015/2020 (Note 8)	-	(111)	111	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(141,498)	(141,498)	-	(141,498)
	54,390	(4,832)	4,832	-	6,350	-	(141,498)	(80,758)	-	(80,758)
Balance at 30 June 2020	704,840	-	-	5,387	29,008	13,126	452,338	1,204,699	4,231	1,208,930
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 year	-	-	-	-	-	7,408	191,717	199,125	624	199,749
<i>Transactions with owners:</i>										
Issued pursuant to:										
-Exercise of warrants	9,722	(1,657)	1,657	-	-	-	-	9,722	-	9,722
-Exercise of ESOS	32,950	-	-	-	(5,054)	-	-	27,896	-	27,896
Pursuant to ESOS granted:										
Share-based compensation	-	-	-	-	12,809	-	-	12,809	-	12,809
Share issuance expenses	(3)	-	-	-	-	-	-	(3)	-	(3)
Dividends	-	-	-	-	-	-	(193,269)	(193,269)	-	(193,269)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(5,762)	(5,762)
	42,669	(1,657)	1,657	-	7,755	-	(193,269)	(142,845)	(5,762)	(148,607)
Balance at 30 June 2019	650,450	4,832	(4,832)	5,387	22,658	1,950	437,973	1,118,418	3,541	1,121,959

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 YEAR ENDED 30 JUNE 2020

	Current Year 30/06/2020 RM'000	Preceding Year 30/06/2019 RM'000
OPERATING ACTIVITIES		
Profit before tax	172,364	216,205
Adjustments for:		
Depreciation	102,422	94,865
Equity-settled share based payment transactions	10,915	12,809
Dividend for RCPS	-	94
Gain on disposal of property, plant and equipment	(3,467)	(3)
Interest income	(10,401)	(9,370)
Interest expenses	583	1,179
Inventories written off	-	104
Property, plant and equipment written off	-	113
Impairment loss on other receivables	1,022	109
Reversal of retirement benefits obligations	-	339
Provision/(Reversal) of provision for warranty	336	(2,216)
Reversal of inventories to net realisable value	(2,337)	(7,979)
Share of result of an associate	567	-
Unrealised (gain)/loss on foreign exchange	(2,021)	2,850
Operating profit before working capital changes	<u>269,983</u>	<u>309,099</u>
Changes in working capital:		
Inventories	31,634	(1,877)
Receivables	19,157	1,169
Payables	38,787	(11,009)
Cash generated from operations	<u>359,561</u>	<u>297,382</u>
Net income tax paid	(21,765)	(35,081)
Interest received	10,401	9,370
Interest paid	(583)	(1,179)
Net cash from operating activities	<u>347,614</u>	<u>270,492</u>
INVESTING ACTIVITIES		
Investment in an associate	(6,255)	-
Proceeds from disposal of property, plant and equipment	8,569	1,094
Uplift of fixed deposits pledged to licensed banks	150	388
Acquisition of property, plant and equipment	(91,592)	(183,905)
Placement of fixed deposits with licensed bank	(6,265)	(2,752)
Net cash used in investing activities	<u>(95,393)</u>	<u>(185,175)</u>
FINANCING ACTIVITIES		
Dividend paid	(140,772)	(211,621)
Dividend paid to non-controlling interests	-	(5,762)
Dividend on RCPS paid	-	(94)
RCPS redemption paid to non-controlling interests	-	(2,307)
Net repayment of borrowings	(8,717)	(8,716)
Proceeds from issuance of shares	49,825	37,618
Share issuance expenses	-	(3)
Net cash used in financing activities	<u>(99,664)</u>	<u>(190,885)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	152,557	(105,568)
Effect of changes in foreign exchange rates	6,206	2,958
CASH AND CASH EQUIVALENT AT BEGINNING	360,800	463,410
CASH AND CASH EQUIVALENT AT END	519,563	360,800
Represented by:		
Cash and cash equivalents	594,594	429,716
Less: Fixed deposits pledged to licensed banks	(157)	(307)
Less: Fixed deposits more than 3 months to maturity	(74,874)	(68,609)
	<u>519,563</u>	<u>360,800</u>

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))
NOTES TO THE REPORT

Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

1. Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 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 (continued)

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.

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 RM704,839,607 by way of issuance of 72,614,053 new ordinary shares pursuant to the following:

- i. 20,683,200 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>115,400</i>	<i>47,900</i>	<i>171,100</i>	<i>140,000</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>136,700</i>	<i>1,764,600</i>	<i>848,200</i>	<i>2,745,800</i>	<i>384,200</i>

<i>Exercise price (RM)</i>	<i>1.880</i>	<i>1.890</i>	<i>0.980</i>
<i>No of shares issued</i>	<i>244,100</i>	<i>73,000</i>	<i>10,222,100</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 year end 30 June 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 ended 30 June 2020 paid on 9 January 2020.
- iv) Second interim single tier dividend of 1.00 sen per ordinary share each amounting to RM32.4 million of the financial year ended 30 June 2020 paid on 9 April 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 30/06/2020 RM'000	Quarter Ended 30/06/2019 RM'000	Year to date 30/06/2020 RM'000	Year To date 30/06/2019 RM'000
Malaysia	54,650	89,717	226,660	321,592
Singapore	136,043	170,358	770,795	809,799
Others	42,648	10,595	60,496	21,469
	<u>233,341</u>	<u>270,670</u>	<u>1,057,951</u>	<u>1,152,860</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

Inari Matrix Sdn Bhd ("IMSB"), a wholly-owned subsidiary of the Company had on 18 August 2020 entered into a Subscription and Shareholders' agreement ("SSA") with MIT Semiconductor Pte Ltd ("MSPL") to set up an entity ("Entity") in Malaysia to carry on the business of supplying customized semiconductor process tools.

Pursuant to the SSA, the Entity shall be incorporated in Malaysia within 60 days from the date of SSA with proposed issued and paid up share capital of up to RM16.8 million representing 51:49 equity interest held respectively by IMSB and MSPL.

There were no material events subsequent to the financial period ended 30 June 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.

12. Changes in the Composition of the Group

Investment in a 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 an 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 and 24 June 2020, PCLTT and IMSB had further increased its investment representing 70:30 equity interest held respectively in PCLI by subscribing 599,900 ordinary shares and 4,400,000 ordinary shares respectively.

As of todate, total subscription of 5,000,000 ordinary shares representing 70:30 equity interest held respectively by PCLTT and IMSB with total investment of RM20.85 million had been issued pursuant to the SSA.

13. Contingent Liabilities and Contingent Assets

	Year ended	
	30/06/2020	30/06/2019
	RM'000	RM'000
Corporate guarantee extended to licensed bank and financial institutions for credit facilities granted to subsidiaries:		
- Limit	23,882	35,514
- Amount utilised	6,153	14,649

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

14. Capital Commitments

	Year ended	
	30/06/2020	30/06/2019
	RM'000	RM'000
Authorised and contracted for:		
- Construction of building	4,111	4,973
- Plant, machinery and equipment	5,849	14,404
	<u>9,960</u>	<u>19,377</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:

	30/06/2020
	RM'000
Foreign currency hedging contracts	
Notional value of contracts*	<u>35,952</u>

*Equivalent to **USD 8,400,000**

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 RM233.3 million for the current quarter, representing a decrease of 13.8% compared to the corresponding quarter in the previous year. The decrease in revenue in the current quarter was primarily due to comparatively lower volume loading.

The Group recorded profit after tax of RM36.1 million for the current quarter, a decrease by 5.7% from RM38.3 million recorded in the corresponding quarter ended 30 June 2019. The decrease in profit after tax was mainly due to lower revenue, higher in depreciation and unfavorable movement in forex exchange, higher in depreciation, offset against gain from disposal of a property in Senai, Johor and reversal of deferred tax provision.

Comparison with the immediate preceding quarter

The Group's revenue for the current quarter of RM233.3 million was 3.8% lower as compared to the revenue registered in the immediate preceding quarter of RM242.6 million, which was mainly due to lower volume loading quarter-on-quarter.

The Group's recorded profit after tax of RM36.1 million for the current quarter, an increase by 3.1% from RM35.1 million posted in the immediate preceding quarter. These were mainly due to gain from disposal of a property in Senai, Johor and reversal of deferred tax provision in current quarter despite lower volume loading, changes in product mix and unfavorable movement in forex exchange.

Financial year to date against preceding year corresponding financial period

The Group's revenue for the year ended 30 June 2020 recorded a decrease of 8.2% to RM1,058.0 million from RM1,152.9 million in the preceding year corresponding period.

The Group's profit after tax decreased by 18.7% to RM156.4 million from RM192.3 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 and higher depreciation cost.

2. Commentary on Prospects

The International Monetary Fund (IMF) in its June 2020 World Economic Outlook (“WEO”) update reported that the global growth is projected at -4.9% and the Covid-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4% with a higher-than-usual degree of uncertainty around this forecast.

On the other hand, the worldwide semiconductor market is expected to increase by 3.3% to USD 426 billion in 2020 and projected to grow by 6.2% for 2021, according to the World Semiconductor Trade Statistics (WSTS) in its June 2020 release.

The stark difference between the IMF and WSTS projections for Year 2020 exemplifies the global economic uncertainties brought about by the Covid-19 pandemic. This has led economic growth forecasts during this period being speculative. Added to the uncertainties are the record prices of gold and the depreciation of the USD against most currencies in recent months.

The Group is of the view that until both accurate and widespread testing, and an effective vaccine are available, we should remain cautious on our prospects and to stay to our core manufacturing activities to maintain and improve utilisation of our existing plants’ capacities. 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.

In the event no major fallout happens, the Group can look forward to higher volumes for our existing and new products for FY2021 on the strength of the worldwide semiconductor market forecasted (in USD) but results will impacted in terms of revenue in MYR and higher costs if less favorable exchange rates and soaring gold prices continue.

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 financial year ended 30 June 2020 are as follows:

	Individual Quarter ended (Restated)		Cumulative Year ended	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
In respect of current period:				
- Current tax	(673)	(6,096)	(17,180)	(18,270)
Deferred tax	4,524	(4,754)	3,024	(4,919)
	<hr/>	<hr/>	<hr/>	<hr/>
	3,851	(10,850)	(14,156)	(23,189)
Over/(under) provision in prior year:				
- Current tax	29	75	36	(510)
- Deferred tax	(1,804)	(159)	(1,804)	(159)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,076	(10,934)	(15,924)	(23,858)

The effective tax rate of the Group for the current financial quarter and financial period ended 30 June 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 30 June 2020 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Term loans	<hr/>	<hr/>	<hr/>
	5,006	1,147	6,153

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 fourth single tier interim dividend of 1.10 sen per ordinary share in respect of the financial year ended 30 June 2020.

The entitlement date and payment date are on 15 September 2020 and 9 October 2020 respectively.

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

	Net Per Share FY2020 (sen)	Net Per Share FY2019 (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	1.10
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	4.40	5.20
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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	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Net profit attributable to owners of the Company for the financial quarter and financial period to date (RM'000)	35,473	38,294	155,750	191,723
Weighted average number of ordinary shares in issue ('000)	3,243,425	3,175,515	3,209,583	3,164,975
Basic earnings per share (sen)	1.09	1.21	4.85	6.06

(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	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Net profit attributable to owners of the Company for the financial quarter and financial period to date (RM'000)	35,473	38,294	155,750	191,723
Weighted average number of ordinary shares (basic) ('000)	3,243,425	3,175,515	3,209,583	3,164,975
Effect of dilution due to warrants ('000)	-	34,958	17,985	43,669
Effect of dilution due to ESOS ('000)	2,354	-	7,720	11,196
Weighted average number of ordinary shares (diluted) ('000)	3,245,779	3,210,473	3,235,288	3,219,840
Diluted earnings per share (sen)	1.09	1.19	4.81	5.95