

**INARIAMERTRON BERHAD**  
**(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1) & (2)</sup>**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter	Preceding Year Corresponding Quarter	%	Current Year <sup>(1)</sup>	Preceding Year	%
	31/12/2020 <u>RM'000</u>	31/12/2019 <u>RM'000</u>		31/12/2020 <u>RM'000</u>	31/12/2019 <u>RM'000</u>	
Revenue	376,830	265,437	42.0%	724,451	582,044	24.5%
Cost of sales	<u>(256,109)</u>	<u>(206,056)</u>	24.3%	<u>(505,891)</u>	<u>(455,855)</u>	11.0%
Gross profit	120,721	59,381	>+100%	218,560	126,189	73.2%
Other income	2,019	2,782	-27.4%	5,060	6,626	-23.6%
Administrative expenses	(27,816)	(19,369)	43.6%	(51,143)	(34,959)	46.3%
Operating profit	<u>94,924</u>	<u>42,794</u>	>+100%	<u>172,477</u>	<u>97,856</u>	76.3%
Finance costs	(61)	(142)	-57.0%	(141)	(315)	-55.2%
Share of loss of equity-accounted associate	<u>(150)</u>	<u>-</u>	100.0%	<u>(209)</u>	<u>-</u>	100.0%
Profit before tax	94,713	42,652	>+100%	172,127	97,541	76.5%
Tax expense	<u>(4,628)</u>	<u>(5,156)</u>	-10.2%	<u>(11,977)</u>	<u>(12,301)</u>	-2.6%
Profit for the financial period	<u>90,085</u>	<u>37,496</u>	>+100%	<u>160,150</u>	<u>85,240</u>	87.9%
<b>Profit attributable to:</b>						
Owners of the Company	90,097	37,485	>+100%	160,167	85,215	88.0%
Non-controlling interests	<u>(12)</u>	<u>11</u>	>-100%	<u>(17)</u>	<u>25</u>	>-100%
	<u>90,085</u>	<u>37,496</u>	>+100%	<u>160,150</u>	<u>85,240</u>	87.9%
<b>Other comprehensive income, net of tax:</b>						
Foreign currency translation of foreign operations	<u>(12,506)</u>	<u>(7,671)</u>	63.0%	<u>(22,740)</u>	<u>(4,092)</u>	>+100%
Total comprehensive income	<u>77,579</u>	<u>29,825</u>	>+100%	<u>137,410</u>	<u>81,148</u>	69.3%
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	77,591	29,814	>+100%	137,427	81,123	69.4%
Non-controlling interests	<u>(12)</u>	<u>11</u>	>-100%	<u>(17)</u>	<u>25</u>	>-100%
	<u>77,579</u>	<u>29,825</u>	>+100%	<u>137,410</u>	<u>81,148</u>	69.3%

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**CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1) & (2)</sup>**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year	Preceding Year
	<u>31/12/2020</u>	<u>31/12/2019</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
	RM'000	RM'000	RM'000	RM'000
<b>Earnings per share attributable to owners of the Company (sen) <sup>(3)</sup></b>				
Basic	<u>2.74</u>	<u>1.18</u>	<u>4.89</u>	<u>2.68</u>
Diluted	<u>2.73</u>	<u>1.16</u>	<u>4.83</u>	<u>2.63</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 2020 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 December 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 DECEMBER 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter	Preceding Year Corresponding Quarter	Current Period	Preceding Financial Year
	<u>31/12/2020</u> RM'000	<u>31/12/2019</u> RM'000	<u>31/12/2020</u> RM'000	<u>31/12/2019</u> RM'000
Reversal of inventories to net realisable value	(2,220)	(6,959)	(3,018)	(6,164)
Depreciation	25,371	25,486	50,782	50,695
Loss on disposal of property, plant & equipment	-	213	1	187
<u>Loss* on foreign exchange translation</u>				
- Realised	7,674	2,356	14,123	431
- Unrealised	3,998	487	4,663	718
<i>* Included in "Administrative expenses"</i>				
<u>Finance costs</u>				
- Interest expenses	61	142	141	315
- Interest income	(1,311)	(2,146)	(2,660)	(4,937)

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

- Provision of doubtful debt

**INARIAMERTRON BERHAD**  
**(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION <sup>(6)</sup>**  
**AS AT 31 DECEMBER 2020**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	475,562	479,351
Intangible assets	2,132	2,274
Investment in an associate	5,479	5,688
Deferred tax assets	12,013	6,061
	495,186	493,374
<b>Current assets</b>		
Inventories	134,603	145,889
Trade and other receivables	216,917	214,901
Tax recoverable	7,189	15,393
Cash and cash equivalents	758,543	594,594
	1,117,252	970,777
<b>TOTAL ASSETS</b>	1,612,438	1,464,151
<b>EQUITY AND LIABILITIES</b>		
Share capital <sup>(4)</sup>	789,854	704,840
Other reserves	16,571	47,522
Retained earnings	510,511	452,339
<b>Equity attributable to owners of the Company</b>	1,316,936	1,204,701
<b>Non-controlling interests</b>	4,214	4,231
<b>Total equity</b>	1,321,150	1,208,932
<b>Non-current liabilities</b>		
Borrowings	-	1,147
Lease liabilities	1,381	1,866
Retirement benefits obligations	1,217	891
Deferred tax liabilities	11,038	11,291
	13,636	15,195
<b>Current liabilities</b>		
Trade and other payables	200,950	199,154
Lease liabilities	1,285	1,706
Borrowings	3,227	5,006
Tax payable	6,178	1,664
Dividend payable	66,012	32,494
	277,652	240,024
<b>Total liabilities</b>	291,288	255,219
<b>TOTAL EQUITY AND LIABILITIES</b>	1,612,438	1,464,151
<b>Net assets per share attributable to owners of the Company <sup>(5)</sup> (RM)</b>	0.3990	0.3707

**Notes:**

- (4) Based on 3,300,592,399 (as at 30 June 2020: 3,249,764,599) ordinary shares in issue as at 31 December 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 2020 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 DECEMBER 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 2020	704,840	-	-	5,387	29,007	13,128	452,339	1,204,701	4,231	1,208,932
Total comprehensive income for the period	-	-	-	-	-	(22,740)	160,167	137,427	(17)	137,410
<i>Transactions with owners:</i>										
Issued pursuant to:										
-Exercise of ESOS	85,014	-	-	-	(12,325)	-	-	72,689	-	72,689
Pursuant to ESOS granted:										
Share-based compensation	-	-	-	-	4,114	-	-	4,114	-	4,114
Dividends	-	-	-	-	-	-	(101,995)	(101,995)	-	(101,995)
	85,014	-	-	-	(8,211)	-	(101,995)	(25,192)	-	(25,192)
<b>Balance at 31 December 2020</b>	<b>789,854</b>	<b>-</b>	<b>-</b>	<b>5,387</b>	<b>20,796</b>	<b>(9,612)</b>	<b>510,511</b>	<b>1,316,936</b>	<b>4,214</b>	<b>1,321,150</b>
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 period	-	-	-	-	-	(4,092)	85,215	81,123	25	81,148
<i>Transactions with owners:</i>										
Issued pursuant to:										
-Exercise of warrants	8,768	(1,495)	1,495	-	-	-	-	8,768	-	8,768
-Exercise of ESOS	15,083	-	-	-	(3,463)	-	-	11,620	-	11,620
Pursuant to ESOS granted:										
Share-based compensation	-	-	-	-	4,390	-	-	4,390	-	4,390
Dividends	-	-	-	-	-	-	(76,610)	(76,610)	-	(76,610)
	23,851	(1,495)	1,495	-	927	-	(76,610)	(51,832)	-	(51,832)
<b>Balance at 31 December 2019</b>	<b>674,301</b>	<b>3,337</b>	<b>(3,337)</b>	<b>5,387</b>	<b>23,585</b>	<b>(2,142)</b>	<b>446,578</b>	<b>1,147,709</b>	<b>3,566</b>	<b>1,151,275</b>

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 2020 and the accompanying explanatory notes attached to the Interim Financial Statements.

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

	<b>Cumulative Quarter 6 Months Ended 31/12/2020 RM'000</b>	<b>Cumulative Quarter 6 Months Ended 31/12/2019 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	172,127	97,541
Adjustments for:		
Depreciation	50,782	50,695
Equity-settled share based payment transactions	4,114	4,390
Loss on disposal of property, plant and equipment	1	187
Interest income	(2,660)	(4,937)
Interest expenses	141	315
Reversal of inventories to net realisable value	(3,018)	(6,164)
Share of loss of equity-accounted associate	209	-
Unrealised loss on foreign exchange	4,663	718
Operating profit before working capital changes	226,359	142,745
Changes in working capital:		
Inventories	9,981	60,786
Receivables	(6,824)	54,156
Payables	1,605	(40,121)
Cash generated from operations	231,121	217,566
Net income tax paid	(5,282)	(15,290)
Interest received	2,660	4,937
Interest paid	(141)	(315)
Net cash from operating activities	228,358	206,898
<b>INVESTING ACTIVITIES</b>		
Investment in an associate	-	(751)
Proceeds from disposal of property, plant and equipment	182	33
Acquisition of property, plant and equipment	(50,482)	(29,580)
Uplift/(Placement) of fixed deposits with licensed bank	4,168	(621)
Net cash used in investing activities	(46,132)	(30,919)
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(68,477)	(66,740)
Net repayment of borrowings	(3,674)	(3,296)
Proceeds from issuance of shares	72,689	20,388
Net cash from/(used in) financing activities	538	(49,648)
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	182,764	126,331
Effect of changes in foreign exchange rates	(14,647)	(2,638)
<b>CASH AND CASH EQUIVALENT AT BEGINNING</b>	519,563	360,800
<b>CASH AND CASH EQUIVALENT AT END</b>	687,680	484,493
<b>Represented by:</b>		
Cash and cash equivalents	758,543	554,030
Less: Fixed deposits pledged to licensed banks	(37)	(157)
Less: Fixed deposits more than 3 months to maturity	(70,826)	(69,380)
	687,680	484,493

**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 2020.

**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 2020 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:

		<b><u>Effective for annual period beginning on or after</u></b>
<b><u>Amendments/Improvements to MFRSs</u></b>		
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 9	Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets: References to the Conceptual Framework in MFRS	1 January 2020
Amendments to MFRS 138	Intangible Assets: References to the Conceptual Framework in MFRS	1 January 2020
Amendments to MFRS 3	Business Combinations	1 January 2022
Amendment to MFRS 116	Property, Plant and Equipment	1 January 2022

## 2. Changes in Accounting Policies (continued)

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

### **Amendments/Improvements to MFRSs (continued)**

Amendments to MFRS 137	Provision, Contingent Liabilities and Contingent Assets	1 January 2022
Annual Improvements	MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2023

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 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 RM704,839,607 to RM789,853,941 by way of issuance of 50,827,800 new ordinary shares pursuant to the following:

- i. 50,827,800 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>0.797</i>	<i>1.000</i>	<i>0.977</i>	<i>0.863</i>
<i>No of shares issued</i>	<i>300</i>	<i>19,400</i>	<i>211,000</i>	<i>117,200</i>	<i>115,000</i>

<i>Exercise price (RM)</i>	<i>0.983</i>	<i>1.187</i>	<i>1.438</i>	<i>1.721</i>	<i>1.880</i>
<i>No of shares issued</i>	<i>168,500</i>	<i>585,100</i>	<i>2,252,900</i>	<i>10,385,300</i>	<i>9,233,100</i>

<i>Exercise price (RM)</i>	<i>1.890</i>	<i>0.980</i>
<i>No of shares issued</i>	<i>6,299,700</i>	<i>21,440,300</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 December 2020 were as follows:

- i) Third interim single tier dividend of 1.00 sen per ordinary share each amounting to RM32.5 million for the financial year ended 30 June 2020 paid on 10 July 2020.
- ii) Fourth interim single tier dividend of 1.10 sen per ordinary share each amounting to RM36.0 million for the financial year ended 30 June 2020 paid on 9 October 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 31/12/2020 RM'000	Quarter Ended 31/12/2019 RM'000	Period To date 31/12/2020 RM'000	Period To date 31/12/2019 RM'000
Malaysia	21,601	57,977	57,445	121,347
Singapore	335,813	202,033	637,840	446,656
Others	19,416	5,427	29,166	14,041
	<u>376,830</u>	<u>265,437</u>	<u>724,451</u>	<u>582,044</u>

## 10. Valuation of Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

## 11. Subsequent Events

There were no material events subsequent to the financial period ended 31 December 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

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 customised semiconductor process tools, 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.

Pursuant to the SSA, the Entity had been incorporated on 24 September 2020, namely Inari MIT Sdn. Bhd. ("IMJV") with the initial subscription of 100 ordinary shares representing 51:49 equity interest held respectively by IMSB and MSPL.

### 13. Contingent Liabilities and Contingent Assets

	Period ended	
	31/12/2020	31/12/2019
	RM'000	RM'000
Corporate guarantee extended to licensed bank and financial institutions for credit facilities granted to subsidiaries:		
- Limit	21,516	35,145
- Amount utilised	3,227	11,575

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

### 14. Capital Commitments

	Period ended	
	31/12/2020	31/12/2019
	RM'000	RM'000
Authorised and contracted for:		
- Construction of building	1,638	4,785
- Plant, machinery and equipment	4,856	33,011
	6,494	37,796

### 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 to sales and purchases transactions and local operating expenditure that are denominated in USD. 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 2020.

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

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Foreign currency hedging contracts		
Notional value of contracts*	<u>40,079</u>	<u>36,720</u>

\* Equivalent to USD9,987,000 (31 December 2020: USD8,972,000)

## 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 quarter in the previous financial year*

The Group posted revenue of RM376.8 million for the current quarter, representing an increase of 42.0% compared to the same quarter in the previous year of RM265.4 million. The revenue rise was primarily due to increase sales volume generated by radio frequency (RF) business.

The Group achieved profit after tax of RM90.1 million for the current quarter, an increase of more than twofold from RM37.5 million recorded in the corresponding quarter ended 31 December 2019. The increase in profit after tax was primarily attributed to significantly higher revenue in the RF business and recognition of deferred tax assets despite higher foreign exchange losses in the current quarter as compared to the corresponding quarter in the previous financial year.

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

The Group's revenue for the current quarter of RM376.8 million was 8.4% higher as compared to the revenue registered in the immediate preceding quarter of RM347.6 million, which was mainly due to higher loading volume in RF products.

The Group recorded profit after tax of RM90.1 million for the current quarter, an increase of 28.6% from RM70.1 million posted in the immediate preceding quarter. Higher profit after tax was supported by further revenue growth from the RF business and lower tax provision partially offset against unfavorable movement in forex exchange.

#### *Financial year to date against preceding year corresponding financial period*

For the six months period ended 31 December 2020, the Group recorded revenue of RM724.5 million, representing a 24.5% increase from RM582.0 million in the preceding year corresponding period.

The Group's profit after tax increased by 87.9% to RM160.2 million for the period ended 31 December 2020 from RM85.2 million in the preceding year corresponding period. The increase was contributed by higher revenue partially offset by less favourable forex exchange rates.

## **2. Commentary on Prospects**

The International Monetary Fund has in its January 2021 World Economic Outlook (WEO) reported that the global economy is projected to grow 5.5% in 2021 and 4.2% in 2022. The 2021 forecast is revised up 0.3 percentage point relative to the previous forecast that was published in October 2020 WEO.

World Semiconductor Trade Statistics has on 1 December 2020 released its latest semiconductor market forecast, expects the world semiconductor market to be up by 5.1% to USD 433 billion in 2020. For 2021, the global semiconductor market is projected to grow by 8.4%, driven by double-digit growth of Memory and Optoelectronics while other product categories are also expected to show positive growth rates.

According to the International Data Corporation (IDC) has in November 2020 reported that smartphone shipments are forecast to grow 2.4% year over year in the 4th Quarter of 2020, followed by 4.4% year-over-year growth in 2021, with 5G remains the driving force for the industry. IDC expects 5G smartphone shipments to reach close to 19% of total global smartphone volume in 2020 and grow to 58% in 2024.

The Group anticipates positive demand for the 5G smartphones to continue for subsequent quarters. The semiconductor market overall is not negatively impacted by the COVID-19 pandemic, instead the pandemic has influenced consumer behavior to shift towards higher purchases of technology devices such as smartphones while narrowing spending for other essentials. The Group is optimistic on the earnings for FY2021 and at the same time, will continue to improve its production capacity tapping on the strong growth momentum in 5G mobile phones, and to add automation processes to generate higher operating margins and revenue. The Group is also cognizant of the on-going shortages in certain sectors of the semi-conductor market and have taken steps to secure on a risk management basis our requirements for raw materials supplies ahead.

## **3. Profit Forecast and Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee previously in any public document.

#### 4. Taxation

The taxation charges for the current financial quarter and the cumulative financial period ended 31 December 2020 are as follows:

	<b>Individual Quarter ended</b>		<b>Cumulative Period ended</b>	
	<b>31/12/2020 RM'000</b>	<b>31/12/2019 RM'000</b>	<b>31/12/2020 RM'000</b>	<b>31/12/2019 RM'000</b>
In respect of current period:				
- Current tax	(8,079)	(5,156)	(17,990)	(11,801)
- Deferred tax	3,451	-	6,031	(500)
	<hr/>	<hr/>	<hr/>	<hr/>
	(4,628)	(5,156)	(11,959)	(12,301)
Under provision in prior year:				
- Current tax	-	-	(18)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(4,628)	(5,156)	(11,977)	(12,301)

The effective tax rate of the Group for the current financial quarter and financial period ended 31 December 2020 is lower than the statutory tax rate of 24% as certain subsidiaries have been granted with tax incentives 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 December 2020 are as follows:

	<b>Current RM'000</b>	<b>Non-current RM'000</b>	<b>Total RM'000</b>
Term loans	<hr/>	<hr/>	<hr/>
	3,227	-	3,227

## 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 second single tier interim dividend of 2.50 sen per ordinary share in respect of the financial year ending 30 June 2021.

The entitlement date and payment date are on 18 March 2021 and 8 April 2021 respectively.

Total dividend for the financial year ending 30 June 2021 and financial year ended 30 June 2020 are summarised as follow:

	<b>Net Per Share FY2021 (sen)</b>	<b>Net Per Share FY2020 (sen)</b>
<u>First Interim Dividend</u>		
Single tier dividend	2.00	1.30
<u>Second Interim Dividend</u>		
Single tier dividend	2.50	1.00
<u>Third Interim Dividend</u>		
Single tier dividend	*	1.00
<u>Fourth Interim Dividend</u>		
Single tier dividend	*	1.10
	----- <b>4.50</b> -----	----- <b>4.40</b> -----

\*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	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Net profit attributable to owners of the Company for the financial quarter and financial period to date (RM'000)	90,097	37,485	160,167	85,215
Weighted average number of ordinary shares in issue ('000)	3,292,863	3,188,456	3,274,649	3,183,493
Basic earnings per share (sen)	2.74	1.18	4.89	2.68

### (b) Diluted earnings per share

Diluted earnings per share for the current financial period is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that warrants are exercised at the beginning of the financial period and ESOS granted by the reporting date.

	Individual Quarter ended		Cumulative Period ended	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Net profit attributable to owners of the Company for the financial quarter and financial period to date (RM'000)	90,097	37,485	160,167	85,215
Weighted average number of ordinary shares (basic) ('000)	3,292,863	3,188,456	3,274,649	3,183,493
Effect of dilution due to warrants ('000)	-	43,401	-	44,666
Effect of dilution due to ESOS ('000)	5,401	2,204	41,103	9,941
Weighted average number of ordinary shares (diluted) ('000)	3,298,264	3,234,061	3,315,752	3,238,100
Diluted earnings per share (sen)	2.73	1.16	4.83	2.63