

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 2021

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter	Preceding Year Corresponding Quarter	%	Current Year ⁽¹⁾	Preceding Year	%
	31/03/2021	31/03/2020		31/03/2021	31/03/2020	
	RM'000	RM'000		RM'000	RM'000	
Revenue	342,933	242,566	41.4%	1,067,384	824,610	29.4%
Cost of sales	(249,307)	(200,220)	24.5%	(755,198)	(656,075)	15.1%
Gross profit	93,626	42,346	121.1%	312,186	168,535	85.2%
Other income	14,731	15,630	-5.8%	12,817	21,107	-39.3%
Administrative expenses	(21,462)	(16,929)	26.8%	(65,631)	(50,739)	29.4%
Operating profit	86,895	41,047	111.7%	259,372	138,903	86.7%
Finance costs	(65)	(147)	-55.8%	(206)	(462)	-55.4%
Share of loss of equity-accounted associate	(103)	(143)	-28.0%	(312)	(143)	118.2%
Profit before tax	86,727	40,757	112.8%	258,854	138,298	87.2%
Tax expense	(4,835)	(5,699)	-15.2%	(16,812)	(18,000)	-6.6%
Profit for the financial period	81,892	35,058	133.6%	242,042	120,298	101.2%
Profit attributable to:						
Owners of the Company	81,946	35,062	133.7%	242,113	120,277	101.3%
Non-controlling interests	(54)	(4)	1250.0%	(71)	21	-438.1%
	81,892	35,058	133.6%	242,042	120,298	101.2%
Other comprehensive income, net of tax:						
Remeasurement of retirement benefits	(1,456)	122	-1293.4%	(1,456)	122	-1293.4%
Foreign currency translation of foreign operations	12,919	17,188	-24.8%	(9,821)	13,096	-175.0%
Total comprehensive income	93,355	52,368	78.3%	230,765	133,516	72.8%
Total comprehensive income attributable to:						
Owners of the Company	93,409	52,372	78.4%	230,836	133,495	72.9%
Non-controlling interests	(54)	(4)	1250.0%	(71)	21	-438.1%
	93,355	52,368	78.3%	230,765	133,516	72.8%

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	Quarter	Quarter
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Earnings per share attributable to owners of the Company (sen) ⁽³⁾				
Basic	2.47	1.08	7.36	3.77
Diluted	2.46	1.08	7.28	3.73

Notes:

- (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 March 2021.
- (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
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NOTES TO CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding	Current Year	Preceding Year
	Quarter	Year	Current Year	Preceding Year
		Corresponding		
	31/03/2021	Quarter	31/03/2021	31/03/2020
	RM'000	31/03/2020	RM'000	RM'000
		RM'000		
Write down/(Reversal) of inventories to net realisable value	740	(681)	(2,278)	(6,845)
Depreciation	25,736	25,463	76,518	76,158
(Gain)/Loss on disposal of property, plant & equipment	(43)	(5)	(42)	182
Property, plant and equipment written off	7	-	7	-
<u>(Gain)*/Loss** on foreign exchange translation</u>				
- Realised	(2,311)	(4,555)	11,812	(4,124)
- Unrealised	(7,872)	(8,077)	(3,209)	(7,359)
 * Included in "Other income"				
** Included in "Administrative expenses"				
 <u>Finance costs</u>				
- Interest expenses	65	147	206	462
- Interest income	(2,243)	(2,447)	(4,903)	(7,384)

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 2021

	Unaudited As at 31-Mar-21 RM'000	Audited As at 30-Jun-20 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	456,660	479,351
Intangible assets	2,209	2,274
Investment in an associate	5,376	5,688
Deferred tax assets	14,986	6,061
	<u>479,231</u>	<u>493,374</u>
Current assets		
Inventories	140,721	145,889
Trade and other receivables	195,594	214,901
Tax recoverable	6,185	15,393
Cash and cash equivalents	878,940	594,594
	<u>1,221,440</u>	<u>970,777</u>
TOTAL ASSETS	<u>1,700,671</u>	<u>1,464,151</u>
EQUITY AND LIABILITIES		
Share capital ⁽⁴⁾	869,558	704,840
Other reserves	18,055	47,522
Retained earnings	507,528	452,339
Equity attributable to owners of the Company	<u>1,395,141</u>	<u>1,204,701</u>
Non-controlling interests	4,160	4,231
Total equity	<u>1,399,301</u>	<u>1,208,932</u>
Non-current liabilities		
Borrowings	-	1,147
Lease liabilities	1,148	1,866
Retirement benefits obligations	3,371	891
Deferred tax liabilities	11,273	11,291
	<u>15,792</u>	<u>15,195</u>
Current liabilities		
Trade and other payables	192,131	199,154
Lease liabilities	1,274	1,706
Borrowings	2,230	5,006
Tax payable	6,468	1,664
Dividend payable	83,475	32,494
	<u>285,578</u>	<u>240,024</u>
Total liabilities	<u>301,370</u>	<u>255,219</u>
TOTAL EQUITY AND LIABILITIES	<u>1,700,671</u>	<u>1,464,151</u>
Net assets per share attributable to owners of the Company ⁽⁵⁾ (RM)	0.4178	0.3707

Notes:

- (4) Based on 3,339,353,599 (as at 30 June 2020: 3,249,764,599) ordinary shares in issue as at 31 March 2021.
- (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.

INARIAMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	<-----Attributable to Owners of the Company----->							<-----Non-Distributable-----> Distributable		
	Share capital RM'000	Warrants reserve RM'000	Discount on shares RM'000	Capital reserve RM'000	ESOS reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity 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	-	-	-	-	-	(9,821)	240,657	230,836	(71)	230,765
<i>Transactions with owners:</i>										
Issued pursuant to:										
-Exercise of ESOS	164,718	-	-	-	(26,913)	-	-	137,805	-	137,805
Pursuant to ESOS granted:										
Share-based compensation	-	-	-	-	7,267	-	-	7,267	-	7,267
Dividends	-	-	-	-	-	-	(185,468)	(185,468)	-	(185,468)
	164,718	-	-	-	(19,646)	-	(185,468)	(40,396)	-	(40,396)
Balance at 31 March 2021	869,558	-	-	5,387	9,361	3,307	507,528	1,395,141	4,160	1,399,301
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	-	-	-	-	-	-	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
Expiry of Warrants B 2015/2020 (Note 8)	-	(111)	111	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(109,003)	(109,003)	-	(109,003)
	43,098	(4,832)	4,832	-	3,044	-	(109,003)	(62,861)	-	(62,861)
Balance at 31 March 2020	693,548	-	-	5,387	25,702	15,046	451,667	1,191,350	3,562	1,194,912

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.

(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 2021

	Cumulative Quarter 9 Months Ended 31/03/2021 RM'000	Cumulative Quarter 9 Months Ended 31/03/2020 RM'000
OPERATING ACTIVITIES		
Profit before tax	258,854	138,298
Adjustments for:		
Depreciation	76,518	76,158
Equity-settled share based payment transactions	7,267	6,585
(Gain)/Loss on disposal of property, plant and equipment	(42)	182
Interest income	(4,903)	(7,384)
Interest expenses	206	462
Reversal of inventories to net realisable value	(2,278)	(6,845)
Property, plant and equipment written off	7	-
Share of loss of equity-accounted associate	312	143
Unrealised gain on foreign exchange	(3,209)	(7,359)
Operating profit before working capital changes	332,732	200,240
Changes in working capital:		
Inventories	5,533	49,080
Receivables	14,955	42,066
Payables	798	6,407
Cash generated from operations	354,018	297,793
Income tax paid	(13,822)	(21,214)
Income tax refunded	2,211	-
Interest received	4,903	7,384
Interest paid	(206)	(462)
Net cash from operating activities	347,104	283,501
INVESTING ACTIVITIES		
Investment in an associate	-	(751)
Proceeds from disposal of property, plant and equipment	568	37
Uplift of fixed deposits pledged to licensed banks	150	-
Acquisition of property, plant and equipment	(55,930)	(60,336)
Uplift/(Placement) of fixed deposits with licensed bank	1,293	(5,098)
Net cash used in investing activities	(53,919)	(66,148)
FINANCING ACTIVITIES		
Dividend paid	(134,487)	(108,379)
Net repayment of borrowings	(4,983)	(7,217)
Proceeds from issuance of shares	137,805	39,557
Net cash used in financing activities	(1,665)	(76,039)
NET CHANGES IN CASH AND CASH EQUIVALENTS	291,520	141,314
Effect of changes in foreign exchange rates	(5,731)	8,070
CASH AND CASH EQUIVALENT AT BEGINNING	519,563	360,800
CASH AND CASH EQUIVALENT AT END	805,352	510,184
Represented by:		
Cash and cash equivalents	878,940	584,198
Less: Fixed deposits pledged to licensed banks	(7)	(157)
Less: Fixed deposits more than 3 months to maturity	(73,581)	(73,857)
	805,352	510,184

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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 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:

		<u>Effective for annual period beginning on or after</u>
<u>Amendments/Improvements to MFRSs</u>		
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

2. Changes in Accounting Policies (continued)

Effective for
Annual period
beginning on or
after

Amendments/Improvements to MFRs (continued)

Amendments to MFRS 138	Intangible Assets: References to the Conceptual Framework in MFRS	1 January 2020
Amendments to MFRS 16	Leases – Covid 19 – Related Rent Concessions	1 June 2020
Amendments to MFRS 9, 139, 7, 4 & 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
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 – Classification of Liabilities as Current or Non - current	1 January 2023
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Accounting policies, changes in Accounting Estimates and Errors	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 RM869,558,017 by way of issuance of 89,589,000 new ordinary shares pursuant to the following:

- i. 89,589,000 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>400</i>	<i>39,800</i>	<i>256,000</i>	<i>147,600</i>	<i>140,300</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>2,801,400</i>	<i>5,030,200</i>	<i>6,424,100</i>	<i>12,162,100</i>	<i>21,546,300</i>

<i>Exercise price (RM)</i>	<i>1.890</i>	<i>0.980</i>	<i>2.460</i>
<i>No of shares issued</i>	<i>14,741,900</i>	<i>23,450,000</i>	<i>2,848,900</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 ended 31 March 2021 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.
- iii) First interim single tier dividend of 2.0 sen per ordinary share each amounting to RM66.0 million for the financial year ending 30 June 2021 paid on 8 January 2021.

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 31/03/2021 RM'000	Quarter Ended 31/03/2020 RM'000	Period To date 31/03/2021 RM'000	Period To date 31/03/2020 RM'000
Malaysia	23,101	50,663	80,546	172,010
Singapore	291,993	188,096	929,833	634,752
Others	27,839	3,807	57,005	17,848
	<u>342,933</u>	<u>242,566</u>	<u>1,067,384</u>	<u>824,610</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 2021 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.

12. Changes in the Composition of the Group (continued)

Voluntary liquidation of dormant subsidiaries

Ceedtec Sdn Bhd (“CT”) is a 51% owned subsidiary of the Company while Ceedtec Technology Sdn Bhd (“CTT”) is a 100% owned subsidiary of CT. Both CT and CTT ceased operations and became dormant after the financial year ended 30 June 2018. Both CT and CTT have been placed under member’s voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016.

The voluntary winding-up of CT and CTT will not have any material impact on the earnings and net assets of the Group for the financial year ending 30 June 2021.

13. Contingent Liabilities and Contingent Assets

	Period ended	
	31/03/2021	31/03/2020
	RM’000	RM’000
Corporate guarantee extended to licensed bank and financial institutions for credit facilities granted to subsidiaries:		
- Limit	22,299	24,008
- Amount utilised	2,230	7,654

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

14. Capital Commitments

	Period ended	
	31/03/2021	31/03/2020
	RM’000	RM’000
Authorised and contracted for:		
- Construction of building	8,714	4,368
- Plant, machinery and equipment	37,993	29,933
	46,707	34,301

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:

	31/03/2021 RM'000	31/03/2020 RM'000
Foreign currency hedging contracts		
Notional value of contracts*	36,807	64,796

* Equivalent to USD8,850,000 (31 March 2020: USD15,060,000)

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 achieved revenue of RM342.9 million for the current quarter, representing an increase of 41.4% compared to the same quarter in the previous year of RM242.6 million. Higher revenue was primarily contributed by the Radio frequency (RF) business segment.

The Group achieved profit after tax of RM81.9 million for the current quarter, an increase of more than twofold from RM35.1 million recorded in the corresponding quarter of the preceding year, in tandem with the Group's higher revenue in RF business segments and recognition of deferred tax assets.

Comparison with the immediate preceding quarter

The Group's revenue for the current quarter of RM342.9 million was 9.0% lower as compared to the revenue registered in the immediate preceding quarter of RM376.8 million, which was mainly due to lower loading volume in RF products albeit the drop was marginally offset by the sales growth in both Optoelectronic products and Generic segments.

The Group recorded profit after tax of RM81.9 million for the current quarter, a decrease of 9.1% from RM90.1 million recorded in the immediate preceding quarter. Lower profit after tax was mainly attributed by lower revenue in RF business partially mitigated by more favorable exchange.

Financial year to date against preceding year corresponding financial period

For the nine months period ended 31 March 2021, the Group recorded revenue of RM1,067.4 million, representing a 29.4% increase from RM824.6 million in the preceding year corresponding period.

The Group's profit after tax doubled to RM242.0 million from RM120.3 million in the preceding year corresponding period. The significant increase was contributed by higher revenue growth in RF business segment despite relatively less favourable forex exchange.

2. Commentary on Prospects

The International Monetary Fund has in its April 2021 World Economic Outlook (WEO) reported that the global economy is projected to grow 6% in 2021 and moderating to 4.4% in 2022. The same report also stated that there is high uncertainty surrounding the global outlook in which future developments will depend on the path of the health crisis, including whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic.

World Semiconductor Trade Statistics has on 17 March 2021 released its latest semiconductor market forecast. The worldwide semiconductor market growth is expected to accelerate in 2021, by 10.9% to USD 488 billion in 2021. The growth in

2. Commentary on Prospects (continued)

global semiconductor market is projected to be driven by Sensors with 16.8%, followed by Analog with 15.2% and Logic with 13.0%. The current limit to growth in the semiconductor market in 2021 are the shortages of parts and capacity.

The International Data Corporation (IDC) has in March 2021 reported that smartphone shipments are forecast to grow 5.5% in 2021 driven by continued recovery in demand and a supply-side push of 5G devices. IDC expects 5G smartphone shipments to account for more than 40% of global volume in 2021 and grow to 69% in 2025.

The recovery in global growth, the continuing world semiconductor demand coupled with the adoption of 5G devices are all positive factors for the Group. Barring further unfavorable development of the pandemic and restrictive containment measures taken by respective governments in the countries that we operate and any worsening of shortages of income semiconductor parts we process, the Group expects positive growth in our top and bottom lines for FY2021 and continuing into FY2022. Looking ahead, the group will explore means to continue to ramp up capacity to cater to the strong demand of 5G and to be well placed for continued growth.

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 2021 are as follows:

	Individual Quarter ended		Cumulative Period ended	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
In respect of current period:				
- Current tax	(7,531)	(4,706)	(25,521)	(16,507)
- Deferred tax	2,864	(1,000)	8,895	(1,500)
	<u>(4,667)</u>	<u>(5,706)</u>	<u>(16,626)</u>	<u>(18,007)</u>
Under provision in prior year:				
- Current tax	(112)	7	(130)	7
- Deferred tax	(56)	-	(56)	-
	<u>(4,835)</u>	<u>(5,699)</u>	<u>(16,812)</u>	<u>(18,000)</u>

The effective tax rate of the Group for the current financial quarter and financial period ended 31 March 2021 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

Proposed Private Placement

On 6 May 2021, the Company announced to implement a private placement of up to 333,000,000 ordinary shares, representing approximately 10% of the total number of issued shares to independent third party investor(s) to be identified at a later date (“Proposed Private Placement”).

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 obtained from the shareholders of the Company at its 10th Annual General Meeting (“AGM”) convened on 25 November 2020.

The final issue price per Placement Share shall be fixed at discount of not more than 5.0% based on the 5D-VWAP of the Company shares immediately preceding the price-fixing date. For each placement tranche, the Board will decide on the issue price, the identity of the placees and the number of Placement Shares to be allocated, which will be dependent on the then market prices and market conditions.

The listing application for the placement shares to be issued pursuant to the Proposed Private Placement was submitted to Bursa Malaysia Securities Berhad on 11 May 2021.

Save for the above Proposed Private Placement, the Group does not have any corporate exercises which have been announced but pending completion.

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 2021 are as follows:

	Current RM’000	Non-current RM’000	Total RM’000
Term loans	2,230	-	2,230

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 2.20 sen per ordinary share and a special dividend of 1.80 sen per ordinary share in respect of the financial year ending 30 June 2021.

The entitlement date and payment date are on 9 June 2021 and 8 July 2021 respectively.

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

	Net Per Share FY2021 (sen)	Net Per Share FY2020 (sen)
<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	2.20	1.00
Special dividend	1.80	-
<u>Fourth Interim Dividend</u>		
Single tier dividend	*	1.10
	<hr/> 8.50 <hr/>	<hr/> 4.40 <hr/>

* 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	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Net profit attributable to owners of the Company for the financial quarter and financial period to date (RM'000)	81,946	35,062	242,113	120,277
Weighted average number of ordinary shares in issue ('000)	3,317,115	3,238,117	3,288,598	3,192,832
Basic earnings per share (sen)	2.47	1.08	7.36	3.77

(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	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Net profit attributable to owners of the Company for the financial quarter and financial period to date (RM'000)	81,946	35,062	242,113	120,277
Weighted average number of ordinary shares (basic) ('000)	3,317,115	3,238,117	3,288,598	3,192,832
Effect of dilution due to warrants ('000)	-	18,593	-	28,884
Effect of dilution due to ESOS ('000)	10,932	122	37,907	4,005
Weighted average number of ordinary shares (diluted) ('000)	3,328,047	3,256,832	3,326,505	3,225,721
Diluted earnings per share (sen)	2.46	1.08	7.28	3.73