

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year	Preceding Year	%	Current Year	Preceding Year	%
	Quarter 30/09/2022	Corresponding Quarter 30/09/2021		30/09/2022	30/09/2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	377,000	431,123	-12.6%	377,000	431,123	-12.6%
Cost of sales	<u>(267,321)</u>	<u>(299,431)</u>	-10.7%	<u>(267,321)</u>	<u>(299,431)</u>	-10.7%
Gross profit	109,679	131,692	-16.7%	109,679	131,692	-16.7%
Other income	22,462	6,511	245.0%	22,462	6,511	245.0%
Finance income	8,662	4,432	95.4%	8,662	4,432	95.4%
Administrative expenses	<u>(20,096)</u>	<u>(24,232)</u>	-17.1%	<u>(20,096)</u>	<u>(24,232)</u>	-17.1%
Operating profit	120,707	118,403	1.9%	120,707	118,403	1.9%
Finance costs	(359)	(27)	1229.6%	(359)	(27)	1229.6%
Share of profit/(loss) of equity-accounted associate	<u>709</u>	<u>(54)</u>	1413.0%	<u>709</u>	<u>(54)</u>	1413.0%
Profit before tax	121,057	118,322	2.3%	121,057	118,322	2.3%
Tax expense	<u>(14,678)</u>	<u>(11,429)</u>	28.4%	<u>(14,678)</u>	<u>(11,429)</u>	28.4%
Profit for the financial period	<u>106,379</u>	<u>106,893</u>	-0.5%	<u>106,379</u>	<u>106,893</u>	-0.5%
Profit/(Loss) attributable to:						
Owners of the Company	106,252	106,927	-0.6%	106,252	106,927	-0.6%
Non-controlling interests	<u>127</u>	<u>(34)</u>	473.5%	<u>127</u>	<u>(34)</u>	473.5%
	<u>106,379</u>	<u>106,893</u>	-0.5%	<u>106,379</u>	<u>106,893</u>	-0.5%
Other comprehensive income, net of tax:						
Foreign currency translation of foreign operations	<u>24,576</u>	<u>3,104</u>	691.8%	<u>24,576</u>	<u>3,104</u>	691.8%
Total comprehensive income	<u>130,955</u>	<u>109,997</u>	19.1%	<u>130,955</u>	<u>109,997</u>	19.1%
Total comprehensive income/(expense) attributable to:						
Owners of the Company	130,828	110,031	18.9%	130,828	110,031	18.9%
Non-controlling interests	<u>127</u>	<u>(34)</u>	473.5%	<u>127</u>	<u>(34)</u>	473.5%
	<u>130,955</u>	<u>109,997</u>	19.1%	<u>130,955</u>	<u>109,997</u>	19.1%

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CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	Quarter	Quarter
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	<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) ⁽²⁾				
Basic	<u>2.86</u>	<u>2.98</u>	<u>2.86</u>	<u>2.98</u>
Diluted	<u>2.86</u>	<u>2.96</u>	<u>2.86</u>	<u>2.96</u>

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 2022 and the accompanying explanatory notes attached to the interim financial statements.
- (2) Basic earnings per share is calculated based on the profit for the financial period attributable to owners of the Company divided by the weighted average number of ordinary shares in issue. Diluted earnings per share is calculated by dividing the profit for the financial period attributable to owners of the Company to the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

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**NOTES TO CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	Quarter	Quarter
	<u>30/09/2022</u>	<u>30/09/2021</u>	<u>30/09/2022</u>	<u>30/09/2021</u>
	RM'000	RM'000	RM'000	RM'000
(Reversal)/Allowance for slow moving inventories	(1,123)	1,070	(1,123)	1,070
Depreciation	26,897	26,428	26,897	26,428
Loss on disposal of property, plant and equipment	28	14	28	14
<u>Gain* on foreign exchange translation</u>				
- Realised	(15,479)	(2,967)	(15,479)	(2,967)
- Unrealised	(5,753)	(1,377)	(5,753)	(1,377)
<i>* Included in "Other income"</i>				
<u>Finance costs/(income)</u>				
- Interest expenses**	359	27	359	27
- Interest income	(8,662)	(4,432)	(8,662)	(4,432)

*** Included finance costs of lease liabilities*

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

- Provision of doubtful debt

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽⁶⁾
AS AT 30 SEPTEMBER 2022

	Unaudited As at 30-Sep-22 RM'000	Audited As at 30-Jun-22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	491,563	499,524
Intangible assets	2,465	2,340
Investment in an associate	6,119	5,410
Deferred tax assets	552	1,704
	<u>500,699</u>	<u>508,978</u>
Current assets		
Inventories	143,796	147,037
Trade and other receivables	224,119	266,598
Tax recoverable	122	903
Cash and cash equivalents ⁽⁵⁾	2,055,735	1,971,021
	<u>2,423,772</u>	<u>2,385,559</u>
TOTAL ASSETS	<u><u>2,924,471</u></u>	<u><u>2,894,537</u></u>
EQUITY AND LIABILITIES		
Share capital ⁽³⁾	2,025,865	1,977,180
Other reserves	70,853	54,407
Retained earnings	498,072	473,464
Equity attributable to owners of the Company	<u>2,594,790</u>	<u>2,505,051</u>
Non-controlling interests	<u>1,855</u>	<u>5,984</u>
Total equity	<u>2,596,645</u>	<u>2,511,035</u>
Non-current liabilities		
Lease liabilities	12,649	14,408
Retirement benefits obligations	2,895	2,751
Deferred tax liabilities	10,456	11,528
	<u>26,000</u>	<u>28,687</u>
Current liabilities		
Trade and other payables	204,599	262,570
Lease liabilities	2,087	652
Tax payable	13,494	10,032
Dividend payable	81,646	81,561
	<u>301,826</u>	<u>354,815</u>
Total liabilities	<u>327,826</u>	<u>383,502</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,924,471</u></u>	<u><u>2,894,537</u></u>
Net assets per share attributable to owners of the Company ⁽⁴⁾ (RM)	<u>0.6957</u>	<u>0.6756</u>

Notes:

- (3) Based on 3,729,572,599 (as at 30 June 2022: 3,707,673,199) ordinary shares in issue as at 30 September 2022.
- (4) 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.
- (5) The cash and cash equivalent consist of RM1,515.9 million (as at 30 June 2022: RM1,548.2 million) is placed in Islamic deposit and current accounts and Islamic money market instruments with licensed financial institutions.
- (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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽⁷⁾
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	←-----Attributable to Owners of the Company-----→							
	←-----Non-Distributable-----→				Distributable			
	Share capital 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 2022	1,977,180	5,387	21,037	27,983	473,464	2,505,051	5,984	2,511,035
Total comprehensive income for the period	-	-	-	24,576	106,252	130,828	127	130,955
<i>Transactions with owners:</i>								
Ordinary share issued pursuant to exercise of ESOS	48,685	-	(8,130)	-	-	40,555	-	40,555
Dividends	-	-	-	-	(81,644)	(81,644)	-	(81,644)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4,256)	(4,256)
	48,685	-	(8,130)	-	(81,644)	(41,089)	(4,256)	(45,345)
At 30 September 2022	2,025,865	5,387	12,907	52,559	498,072	2,594,790	1,855	2,596,645
At 1 July 2021	885,182	5,387	17,483	2,966	461,946	1,372,964	4,473	1,377,437
Total comprehensive income/(expense) for the period	-	-	-	3,104	106,927	110,031	(34)	109,997
<i>Transactions with owners:</i>								
Ordinary share issued pursuant to:								
- Exercise of ESOS	12,414	-	(1,730)	-	-	10,684	-	10,684
- Private placement	1,032,300	-	-	-	-	1,032,300	-	1,032,300
Share issuance expenses pursuant to private placement	(11,977)	-	-	-	-	(11,977)	-	(11,977)
Share-based compensation pursuant to ESOS granted	-	-	6,005	-	-	6,005	-	6,005
Dividends	-	-	-	-	(92,083)	(92,083)	-	(92,083)
	1,032,737	-	4,275	-	(92,083)	944,929	-	944,929
At 30 September 2021	1,917,919	5,387	21,758	6,070	476,790	2,427,924	4,439	2,432,363

Notes:

(7) The condensed unaudited consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements.

INARI AMERTRON BERHAD
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CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽⁸⁾
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

	Cumulative Quarter 3 Months Ended 30/09/2022 RM'000	Cumulative Quarter 3 Months Ended 30/09/2021 RM'000
OPERATING ACTIVITIES		
Profit before tax	121,057	118,322
Adjustments for:		
Depreciation	26,897	26,428
Equity-settled share based payment transactions	-	6,005
Loss on disposal of property, plant and equipment	28	14
Interest income	(8,662)	(4,432)
Interest expenses	359	27
(Reversal)/Allowance for slow moving inventories	(1,123)	1,070
Provision for retirement benefits obligations	193	-
Share of (profit)/loss of equity-accounted associate	(709)	54
Unrealised gain on foreign exchange	(5,753)	(1,377)
Operating profit before working capital changes	132,287	146,111
Changes in working capital:		
Inventories	6,893	(13,013)
Receivables	51,120	18,751
Payables	(66,015)	(59,533)
Cash generated from operations	124,285	92,316
Income tax paid	(10,711)	(8,527)
Interest received	8,662	4,432
Interest paid	(359)	(27)
Net cash from operating activities	121,877	88,194
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	7	200
Acquisition of property, plant and equipment	(15,606)	(21,278)
Uplift of fixed deposits with licensed banks	-	20,245
Net cash used in investing activities	(15,599)	(833)
FINANCING ACTIVITIES		
Dividend paid to owners of the Company	(81,561)	(133,794)
Dividend paid to non-controlling interests	(4,256)	-
Net repayment of lease liabilities	(125)	-
Net repayment of borrowings	-	(1,578)
Net proceeds from issuance of ESOS	40,555	10,684
Net proceeds from private placement	-	1,020,323
Net cash (used in)/generated from financing activities	(45,387)	895,635
NET CHANGES IN CASH AND CASH EQUIVALENTS	60,891	982,996
Effects of changes in foreign exchange rates	20,880	6,043
CASH AND CASH EQUIVALENT AT BEGINNING	1,917,352	831,217
CASH AND CASH EQUIVALENT AT END	1,999,123	1,820,256
Represented by:		
Cash and cash equivalents	2,055,735	1,873,678
Less: Fixed deposits more than 3 months to maturity	(56,612)	(53,422)
	1,999,123	1,820,256

Notes:

(8) The condensed unaudited consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE REPORT

Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (“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 Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022.

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 2022 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 2022:

<u>Amendments/Improvements to MFRSs</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Assets: Onerous Contract: Cost of Fulfilling a Contract	1 January 2022
Annual Improvements MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 4 Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
MFRS 17 and Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
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

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2. Changes in Accounting Policies (continued)

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 2022 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 2022 (continued):

		<u>Effective for Annual period beginning on or after</u>
Amendments to MFRS 108	Accounting policies, changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 period under review.

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6. Changes in Estimates

There were no changes in the estimates of amounts which give a material effect in the period under review.

7. Debt and Equity Securities

During the financial period, the issued and paid-up ordinary share capital was increased from RM1,977,180,395 to RM2,025,864,817 by way of issuance of 21,899,400 new ordinary shares pursuant to the exercise of share options under the Employees’ Share Option Scheme (“ESOS”) at the following exercise prices:

Exercise price and number of shares issuance

<i>Exercise price (RM)</i>	0.797	0.977	0.863	0.983	1.187
<i>No of shares issued</i>	23,700	51,000	44,000	62,000	176,000

<i>Exercise price (RM)</i>	1.438	1.721	1.880	1.890	0.980
<i>No of shares issued</i>	701,100	4,795,700	8,163,400	5,166,600	594,800

<i>Exercise price (RM)</i>	2.460	3.030	3.420
<i>No of shares issued</i>	2,114,500	6,000	600

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 30 September 2022 were as follows:

- i. Third interim single tier dividend of 2.20 sen per ordinary share amounting to RM81.6 million for the financial year ended 30 June 2022 paid on 8 July 2022.

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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 30/09/2022 RM'000	Quarter Ended 30/09/2021 RM'000	Period To date 30/09/2022 RM'000	Period To date 30/09/2021 RM'000
Malaysia	25,608	24,635	25,608	24,635
Singapore	323,919	369,133	323,919	369,133
China	27,120	33,724	27,120	33,724
Others	353	3,631	353	3,631
	<u>377,000</u>	<u>431,123</u>	<u>377,000</u>	<u>431,123</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. Material Events Subsequent to the end of the Quarter

Save as disclosed in Note 5 in Part B of this report on the status of corporate proposals, there were no other material events subsequent to the end of the current quarter and current financial period under review and up to the date of this report that have not been reflected in this interim financial report.

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12. Changes in the Composition of the Group

During the financial period, the following changes in composition were effected: -

Voluntary winding-up of dormant subsidiaries

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

During the current quarter under review and up to the date of this report, the voluntary winding-up of CT is still in progress.

13. Contingent Liabilities and Contingent Assets

	30/09/2022	30/09/2021
	RM’000	RM’000
Corporate guarantee extended to licensed banks and financial institutions for credit facilities granted to subsidiaries:		
- Limit	13,000	13,000
- Amount utilised	75	4,236

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

14. Capital Commitments

	30/09/2022	30/09/2021
	RM’000	RM’000
- Construction of building	1,262	2,740
- Purchase of plant, machinery and equipment	20,396	40,683
	<u>21,658</u>	<u>43,423</u>

15. Significant Related Party Transactions

There is no significant transaction with related parties.

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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 2022.

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

	30/09/2022	30/09/2021
	RM'000	RM'000
Foreign currency hedging contracts		
Notional value of contracts*	<u>56,988</u>	<u>52,978</u>

* Equivalent to USD 12,279,000 (30 September 2021: USD 12,650,000)

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.

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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 recorded revenue of RM377.0 million for the current quarter, representing a decrease of 12.6% compared to the same quarter in the previous year of RM431.1 million. The decrease was mainly due to comparatively lower loading volume in the current quarter.

The Group achieved profit after tax of RM106.4 million for the current quarter, a marginal decrease of 0.5% from RM106.9 million recorded in the corresponding quarter in the previous financial year was mainly due to lower revenue offset by favourable movement in forex exchange.

Comparison with the immediate preceding quarter

The Group's revenue increased by 12.1% to RM377.0 million in the current quarter from RM336.2 million in the immediate preceding quarter. The increase was mainly due to comparatively higher revenue growth in all business segments.

The Group recorded profit after tax of RM106.4 million for the current quarter, an increase of 23.7% from RM86.0 million recorded in the immediate preceding quarter was primarily due to higher revenue growth, favourable movement in forex exchange and lower provision of deferred taxation.

Financial year to date against preceding year corresponding financial period

The financial performance review is included under the comparison with the corresponding quarter in the previous financial year.

2. Commentary on Prospects

World Semiconductor Trade Statistics (WSTS) has in August 2022 released its latest semiconductor market forecast. WSTS expects the worldwide semiconductor market growth to increase 13.9% in 2022 and further grow by 4.6% to USD 662 billion in the year 2023, driven by mid-single digit growth of nearly all product categories. There were no updates to Gartner's forecasts after its July 2022 figures cited in Inari's earlier Q4FY22 report.

The Group views the WSTS August forecasts for 2022 as being optimistic given recent news of year-to-year declines in PC and smartphone shipments. In view of global economic uncertainties arising from inflation, conflicts and supply chain disruption due to Covid lockdowns, the Group is cautious on growth in our recurring radio frequency and optoelectronics business for the rest of FY2023. Meanwhile, the Group is working on new opportunities coming onshore into Malaysia's OSAT ecosystem at the same time bringing up our new China JV site in Yiwu to begin manufacturing during the second half of FY2024. The Group also expects to continue benefitting from the strong USD for FY2023.

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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 quarter and financial period ended 30 September 2022 are as follows:

	Individual Quarter ended		Cumulative period ended	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
In respect of current period:				
- Current tax	(14,680)	(10,852)	(14,680)	(10,852)
- Deferred tax	2	(163)	2	(163)
	<u>(14,678)</u>	<u>(11,015)</u>	<u>(14,678)</u>	<u>(11,015)</u>
Under provision in prior year:				
- Deferred tax	-	(414)	-	(414)
	<u>(14,678)</u>	<u>(11,429)</u>	<u>(14,678)</u>	<u>(11,429)</u>

The effective tax rate of the Group for the current financial quarter and financial period ended 30 September 2022 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

(i) Memorandum of Understanding (“MOU”) and Joint Venture Contract

On 18 October 2021, the Company had entered into a non-binding Memorandum of Understanding (“MOU”) with China Fortune-Tech Capital Co., Ltd (“CFTC”) with the intention to set up a joint-venture company in China in order to bring the strengths and expertise of all parties together to carry out Outsourced Semiconductor Assembly and Test (“OSAT”) manufacturing and related businesses in China for the China market, and enable the Group to expand and add onto the Group’s existing operations in the China market.

Subsequently, the Company and CFTC had mutually agreed for extensions of total 4 months on the MOU which was expired on 17 April 2022 due to CFTC is constrained by the movement controls taking place in China to carry out legal steps ahead of the signing of the Definitive Agreements and the parties consider it prudent to extend the period of the MOU in the light of this unforeseen delay.

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5. Status of Corporate Proposals (continued)

(i) Memorandum of Understanding (“MOU”) and Joint Venture Contract (continued)

In relation to the MOU abovementioned, Amertron International Limited (“AIL”), a newly set up indirect wholly-owned subsidiary of the Company, had on 28 June 2022 entered into a Joint Venture Contract (“JV Contract”) with CFTC (Yiwu) Equity Investment Fund Partnership (“CFTC (Yiwu)”) and CFTC Equity Investment Management (Beijing) Co. Ltd (“CFTC Equity”) for the purpose of carrying out OSAT manufacturing and related business in China for the China market and to expand and add onto the existing operations of the Group in China market under a joint-venture company, Yiwu Semiconductor International Corporation (“JV Company”).

An Equity Subscription Agreement had been entered on 28 June 2022 between AIL, CFTC (Yiwu) and CFTC Equity to increase the registered capital in the JV Company from RMB770,001,000 to RMB1,691,001,000. AIL will subscribe for such registered capital by utilizing the proceeds from the private placement which was completed on 30 July 2021 to become a majority shareholder representing 54.4648% of the enlarged equity capital in the JV Company.

The share subscription in the JV Company is expected to take place progressively starting in the 3rd quarter of 2022 and is expected to be completed in the 2nd quarter of 2023.

On 2 November 2022, AIL has subscribed registered capital of RMB284,630,000 in the JV Company representing 26.9886% of the enlarged capital in the JV Company. The JV Company’s registered capital has increased from RMB770,001,000 to RMB1,054,631,000.

(ii) Proposed ESOS

On 23 September 2022, the Company announced to undertake a proposed ESOS of up to 10% of the total number of issued share capital of the Company.

The Board had decided not to extend the duration of the existing ESOS which is expired on 3 October 2022. The proposed ESOS will be implemented after the expiry of the existing ESOS.

On 30 September 2022, the Company had submitted listing application to Bursa Securities for additional new ordinary shares to be issued pursuant to the exercise of options under the proposed ESOS. Subsequently Bursa Securities had vide its letter dated 14 October 2022 approved the said listing application. The proposed ESOS is subject for approval by shareholders of the Company at the forthcoming extraordinary general meeting.

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6. Status of Utilisation of Proceeds

On 30 July 2021, the Company has completed Private Placement with the listing of and quotation for 333,000,000 Inari Shares at the issue price of RM3.10 per placement share on the Main Market of Bursa Malaysia Securities Berhad with the gross proceeds of RM1,032.3 million.

As at 30 September 2022, the status of utilisation of proceeds raised is set out as follow:

Details	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised Proceeds RM'000	Intended Timeframe of Utilisation from the Listing Date of the Placement Shares
1 Capital expenditure, acquisitions and investments	1,015,500	-	1,015,500	Within 30 months
2 Expenses in relation to the private placement	16,800	12,161	4,639	Within 6 months
	1,032,300	12,161	1,020,139	

The balance of unutilised proceeds amounting to RM1,020.1 million is placed in interest bearing deposit accounts with licensed financial institutions or in money market instruments, pending its utilisation within the intended timeframe.

7. Group Borrowings and Debt Securities

There is no outstanding borrowings during the financial period under review.

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 first single tier interim dividend of 2.60 sen per ordinary share in respect of the financial year ending 30 June 2023.

The entitlement date and payment date are on 9 December 2022 and 6 January 2023 respectively.

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9. Dividend (continued)

Total dividend for the financial year ending 30 June 2023 and financial year ended 30 June 2022 are summarised as follow:

	Net Per Share FY2023 (sen)	Net Per Share FY2022 (sen)
<u>First Interim Dividend</u>		
Single tier dividend	2.60	2.80
<u>Second Interim Dividend</u>		
Single tier dividend	*	2.80
<u>Third Interim Dividend</u>		
Single tier dividend	*	2.20
<u>Fourth Interim Dividend</u>		
Single tier dividend	*	2.20
	2.60	10.00

*Not applicable for the current quarter under review.

10. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to owners of the Company to the weighted average number of ordinary shares in issue during the financial quarter and financial period.

	Individual Quarter ended		Cumulative Period ended	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Net profit attributable to owners of the Company (RM'000)	106,252	106,927	106,252	106,927
Weighted average number of ordinary shares in issue ('000)	3,710,478	3,583,617	3,710,478	3,583,617
Basic earnings per share (sen)	2.86	2.98	2.86	2.98

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10. Earnings Per Share (continued)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company to 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 ESOS granted by the reporting date.

	Individual Quarter ended		Cumulative Period ended	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Net profit attributable to owners of the Company (RM'000)	106,252	106,927	106,252	106,927
Weighted average number of ordinary shares (basic) ('000)	3,710,478	3,583,617	3,710,478	3,583,617
Effect of dilution due to ESOS ('000)	3,235	24,069	3,235	24,069
Weighted average number of ordinary shares (diluted) ('000)	3,713,713	3,607,686	3,713,713	3,607,686
Diluted earnings per share (sen)	2.86	2.96	2.86	2.96