

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 31 MARCH 2023

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year	Preceding Year	%	Current Year	Preceding Year	%
	Quarter 31/3/2023 RM'000	Corresponding Quarter 31/3/2022 RM'000		31/3/2023 RM'000	31/3/2022 RM'000	
Revenue	275,795	360,342	-23.5%	1,055,251	1,211,722	-12.9%
Cost of sales	<u>(213,654)</u>	<u>(250,253)</u>	-14.6%	<u>(753,784)</u>	<u>(837,353)</u>	-10.0%
Gross profit	62,141	110,089	-43.6%	301,467	374,369	-19.5%
Other income	7,821	6,560	19.2%	7,741	15,010	-48.4%
Finance income	14,563	5,353	172.1%	36,206	15,923	127.4%
Administrative expenses	<u>(22,879)</u>	<u>(18,772)</u>	21.9%	<u>(62,065)</u>	<u>(66,932)</u>	-7.3%
Operating profit	61,646	103,230	-40.3%	283,349	338,370	-16.3%
Finance costs	(298)	21	>200%	(956)	(31)	>200%
Share of profit/(loss) of equity-accounted associate	<u>546</u>	<u>(173)</u>	>200%	<u>771</u>	<u>(215)</u>	>200%
Profit before tax	61,894	103,078	-40.0%	283,164	338,124	-16.3%
Tax expense	<u>(4,634)</u>	<u>(12,794)</u>	-63.8%	<u>(26,376)</u>	<u>(32,896)</u>	-19.8%
Profit for the financial period	<u>57,260</u>	<u>90,284</u>	-36.6%	<u>256,788</u>	<u>305,228</u>	-15.9%
Profit/(Loss) attributable to:						
Owners of the Company	57,362	90,475	-36.6%	257,223	304,701	-15.6%
Non-controlling interests	<u>(102)</u>	<u>(191)</u>	-46.6%	<u>(435)</u>	<u>527</u>	-182.5%
	<u>57,260</u>	<u>90,284</u>	-36.6%	<u>256,788</u>	<u>305,228</u>	-15.9%
Other comprehensive income, net of tax:						
Foreign currency translation of foreign operations	<u>(1,464)</u>	<u>2,791</u>	-152.5%	<u>(300)</u>	<u>4,721</u>	>-200%
Total comprehensive income	<u>55,796</u>	<u>93,075</u>	-40.1%	<u>256,488</u>	<u>309,949</u>	-17.2%
Total comprehensive income/(expense) attributable to:						
Owners of the Company	55,898	93,266	-40.1%	256,923	309,422	-17.0%
Non-controlling interests	<u>(102)</u>	<u>(191)</u>	-46.6%	<u>(435)</u>	<u>527</u>	-182.5%
	<u>55,796</u>	<u>93,075</u>	-40.1%	<u>256,488</u>	<u>309,949</u>	-17.2%

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CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter 31/3/2023	Corresponding Quarter 31/3/2022	Quarter 31/3/2023	Quarter 31/3/2022
Earnings per share attributable to owners of the Company (sen) ⁽²⁾				
Basic	<u>1.54</u>	<u>2.44</u>	<u>6.90</u>	<u>8.33</u>
Diluted	<u>1.54</u>	<u>2.44</u>	<u>6.90</u>	<u>8.28</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.

INARIAMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))

NOTES TO CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

INDIVIDUAL QUARTER **CUMULATIVE QUARTER**

	Current Year Quarter 31/3/2023 RM'000	Preceding Year Corresponding Quarter 31/3/2022 RM'000	Current Year 31/3/2023 RM'000	Preceding Year 31/3/2022 RM'000
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Allowance/(Reversal) for slow moving inventories	297	(663)	(780)	(328)
Depreciation	25,965	28,802	79,379	82,821
(Gain)/Loss on disposal of property, plant and equipment	(271)	64	(231)	5
Property, plant and equipment written off	7	-	8	-

Loss*/(Gain)** on foreign exchange translation

- Realised	3,914	(2,162)	3,901	(4,893)
- Unrealised	(5,165)	(1,478)	(1,757)	(2,091)

* *Included in "Administrative expenses"*

** *Included in "Other income"*

Finance costs/(income)

- Interest expenses***	298	(21)	956	31
- Interest income	(14,563)	(5,353)	(36,206)	(15,923)

*** *Included finance costs of lease liabilities*

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 ⁽⁶⁾
AS AT 31 MARCH 2023

	Unaudited As at 31-Mar-23 RM'000	Audited As at 30-Jun-22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	468,287	499,524
Intangible assets	2,342	2,340
Investment in an associate	141,598	5,410
Deferred tax assets	1,654	1,704
	<u>613,881</u>	<u>508,978</u>
Current assets		
Inventories	145,507	147,037
Trade and other receivables	180,555	266,598
Tax recoverable	672	903
Cash and cash equivalents ⁽⁵⁾	1,886,345	1,971,021
	<u>2,213,079</u>	<u>2,385,559</u>
TOTAL ASSETS	<u>2,826,960</u>	<u>2,894,537</u>
EQUITY AND LIABILITIES		
Share capital ⁽³⁾	2,033,398	1,977,180
Other reserves	36,886	54,407
Retained earnings	481,707	473,464
Equity attributable to owners of the Company	<u>2,551,991</u>	<u>2,505,051</u>
Non-controlling interests	<u>1,293</u>	<u>5,984</u>
Total equity	<u>2,553,284</u>	<u>2,511,035</u>
Non-current liabilities		
Lease liabilities	13,022	14,408
Retirement benefits obligations	3,278	2,751
Deferred tax liabilities	10,602	11,528
	<u>26,902</u>	<u>28,687</u>
Current liabilities		
Trade and other payables	158,462	262,570
Lease liabilities	1,739	652
Tax payable	4,448	10,032
Dividend payable	82,125	81,561
	<u>246,774</u>	<u>354,815</u>
Total liabilities	<u>273,676</u>	<u>383,502</u>
TOTAL EQUITY AND LIABILITIES	<u>2,826,960</u>	<u>2,894,537</u>
Net assets per share attributable to owners of the Company ⁽⁴⁾ (RM)	<u>0.6836</u>	<u>0.6756</u>

Notes:

- (3) Based on 3,732,934,799 (as at 30 June 2022: 3,707,673,199) ordinary shares in issue as at 31 March 2023.
- (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 equivalents consist of RM 1,413.2 million (as at 30 June 2022: RM 1,548.2 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.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽⁸⁾
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Cumulative Quarter 9 Months Ended 31/3/2023 RM'000	Cumulative Quarter 9 Months Ended 31/3/2022 RM'000
OPERATING ACTIVITIES		
Profit before tax	283,164	338,124
Adjustments for:		
Depreciation	79,379	82,821
Equity-settled share based payment transactions	3,831	11,927
(Gain)/Loss on disposal of property, plant and equipment	(231)	5
Interest income	(36,206)	(15,923)
Interest expenses	956	31
Reversal for slow moving inventories	(780)	(328)
Provision for retirement benefits obligations	578	369
Property, plant and equipment written off	8	-
Share of (profit)/loss of equity-accounted associate	(771)	215
Unrealised gain on foreign exchange	(1,757)	(2,091)
Operating profit before working capital changes	328,171	415,150
Changes in working capital:		
Inventories	1,149	1,237
Receivables	84,861	74,739
Payables	(103,465)	(81,571)
Cash generated from operations	310,716	409,555
Income tax paid	(32,165)	(13,017)
Income tax refunded	-	90
Interest received	36,206	15,923
Interest paid	(956)	(31)
Net cash from operating activities	313,801	412,520
INVESTING ACTIVITIES		
Investment in an associate	(136,741)	-
Proceeds from disposal of property, plant and equipment	282	678
Increase of share capital in a subsidiary, net of cash acquired	-	1,235
Acquisition of property, plant and equipment	(48,276)	(111,956)
Uplift of fixed deposits with licensed banks	27,732	19,941
Net cash used in investing activities	(157,003)	(90,102)
FINANCING ACTIVITIES		
Dividend paid to owners of the Company	(260,258)	(329,427)
Dividend paid to non-controlling interests	(4,256)	-
Net repayment of lease liabilities	(558)	(1,390)
Net repayment of borrowings	-	(1,114)
Net proceeds from issuance of ESOS	47,008	59,547
Net proceeds from private placement	-	1,020,323
Net cash (used in)/generated from financing activities	(218,064)	747,939
NET CHANGES IN CASH AND CASH EQUIVALENTS	(61,266)	1,070,357
Effects of changes in foreign exchange rates	4,505	3,204
CASH AND CASH EQUIVALENT AT BEGINNING	1,917,352	831,217
CASH AND CASH EQUIVALENT AT END	1,860,591	1,904,778
Represented by:		
Cash and cash equivalents	1,886,345	1,958,506
Less: Fixed deposits more than 3 months to maturity	(25,754)	(53,728)
	1,860,591	1,904,778

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 Contracts: Cost of Fulfilling a Contract	1 January 2022
Annual Improvements MFRS Standards 2018-2020	1 January 2022
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 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non - Current	1 January 2023

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NOTES TO THE REPORT

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>Amendments/Improvements to MFRSs</u>		<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 101	Presentation of Financial Statements – Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 16	Leases – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 10 and MFRS 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

For the nine months period ended 31 March 2023, the issued and paid-up ordinary share capital of the Company was increased from RM1,977,180,395 to RM2,033,397,743 by way of issuance of 25,261,600 new ordinary shares pursuant to the exercise of share options under the Employees’ Share Option Scheme (“ESOS”) at the following exercise prices:

(i) Exercise prices and number of shares issued under “Inari Amertron Berhad’s ESOS”

<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>	993,600	5,083,700	9,222,800	6,370,000	609,800

<i>Exercise price (RM)</i>	2.460	3.030	3.420
<i>No of shares issued</i>	2,486,900	10,000	600

All unexercised share options offered under the Inari Amertron Berhad’s ESOS automatically lapsed on 4 October 2022 upon the expiry of the ESOS.

(ii) Exercise price and number of shares issued under Inari Employees’ Share Option Scheme 2022 (“ESOS 2022”)

<i>Exercise price (RM)</i>	2.56
<i>No of shares issued</i>	127,500

The new ordinary shares issued pursuant to the exercise of ESOS 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.

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8. Dividends Paid

Dividends paid during the financial period ended 31 March 2023 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.
- ii. Fourth 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 6 October 2022.
- iii. First interim single tier dividend of 2.60 sen per ordinary share amounting to RM97.1 million for the financial year ending 30 June 2023 paid on 6 January 2023.

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 31/03/2023 RM'000	Quarter Ended 31/03/2022 RM'000	Period To date 31/03/2023 RM'000	Period To date 31/03/2022 RM'000
Malaysia	12,966	25,063	54,164	63,815
Singapore	244,460	302,179	928,517	1,037,724
China	16,799	30,391	68,925	97,994
Others	1,570	2,709	3,645	12,189
	<u>275,795</u>	<u>360,342</u>	<u>1,055,251</u>	<u>1,211,722</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.

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NOTES TO THE REPORT

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 financial period under review and up to the date of this report that have not been reflected in this interim financial report.

12. Changes in the Composition of the Group

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

Voluntary winding-up of dormant subsidiary

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 had 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, CT was dissolved.

Investment in an associate

Pursuant to the Equity Subscription Agreement (“ESA”) disclosed in Note 5 in Part B of this report on the status of corporate proposals, on 2 November 2022, an indirect wholly-owned subsidiary of the Company, Amertron International Limited (“AIL”) has subscribed registered capital of RMB284.6 million in Yiwu Semiconductor International Corporation (“JV Company”) representing 26.9886% equity interest in the share capital of JV Company.

On 4 April 2023, AIL has further increased its registered capital in the JV Company from RMB284.6 million to RMB630.0 million representing 45% equity interest in the JV Company. On 23 April 2023, AIL has subscribed the registered share capital by transferring 49% equity interest in its direct wholly-owned subsidiary, Amertron Technology (Kunshan) Co. Ltd. to the JV Company.

Incorporation of a new subsidiary

The Company incorporated a wholly-owned subsidiary namely Inari Datamation Systems Sdn Bhd (“IDSB”) with initial paid up capital RM1.00 on 28 February 2023.

13. Contingent Liabilities and Contingent Assets

	31/03/2023	31/03/2022
	RM’000	RM’000
Corporate guarantee extended to licensed banks and financial institutions for credit facilities granted to subsidiaries:		
- Limit	10,000	13,000
- Amount utilised	4,928	4,236

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

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14. Capital Commitments

	31/03/2023	31/03/2022
	RM'000	RM'000
Authorised and contracted for:		
- Construction of building	1,176	2,825
- Purchase of plant, machinery and equipment	31,994	26,722
	33,170	29,547

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 2022.

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

	31/03/2023	31/03/2022
	RM'000	RM'000
Foreign currency hedging contracts		
Notional value of contracts*	43,649	40,148

* Equivalent to USD 9,900,000 (31 March 2022: USD 9,550,000)

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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NOTES TO THE REPORT

Part B - Additional Information as Required by the Main Market Listing Requirements of Bursa Securities

1. Review of Performance

Comparison with the corresponding quarter in the previous financial year

The Group recorded revenue of RM275.8 million for the current quarter, representing a decrease of 23.5% compared to the same quarter in the previous year of RM360.3 million. The decrease was mainly due to comparatively lower loading volume across all business segments in the current quarter.

The Group achieved profit after tax of RM57.3 million for the current quarter, a decrease of 36.6% from RM90.3 million recorded in the corresponding quarter in the previous financial year was mainly due to lower revenues.

Comparison with the immediate preceding quarter

The Group's revenue decreased by 31.5% to RM275.8 million in the current quarter from RM402.5 million in the immediate preceding quarter. The decrease was mainly due to lower loading volume in RF business segment due to softer smartphone demand and lower loading volume in Optoelectronics business segment in the current quarter.

The Group recorded profit after tax of RM57.3 million for the current quarter, a decrease of 38.5% from RM93.1 million recorded in the immediate preceding quarter was primarily due to lower revenues.

Financial year to date against preceding year corresponding financial period

For the nine months period ended 31 March 2023, the Group recorded revenue of RM1,055.3 million, representing a 12.9% decrease from RM1,211.7 million in the preceding year corresponding period was mainly due to lower revenues across all business segments.

The Group's profit after tax decreased by 15.9% to RM256.8 million for the period ended 31 March 2023 from RM305.2 million in the preceding year corresponding period. The decrease was mainly due to lower revenues.

2. Commentary on Prospects

The International Monetary Fund (IMF) has in its April 2023 World Economic Outlook reported that the global economic environment is expected to remain challenging and uncertain amidst slower growth and tighter monetary policies in major economies, and subdued global trade activity. Global growth is projected to decline from 3.4% in 2022 to 2.8% in 2023.

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2. Commentary on Prospects (continued)

Gartner's published in its update in April 2023 that global semiconductor revenue is projected to total USD532 billion in 2023, a decrease of 11.2% from 2022. This is lower than the 3.6% forecasted in its November 2022 update.

Following a challenging quarter, the Group is expecting improved performance for the upcoming financial period while remaining cautious of the uncertain global outlook and ongoing slowdown in the semiconductor market.

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 31 March 2023 are as follows:

	Individual Quarter ended		Cumulative period ended	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
In respect of current period:				
- Current tax	(5,112)	(10,269)	(27,360)	(33,506)
- Deferred tax	293	(4,335)	841	(1,127)
	(4,819)	(14,604)	(26,519)	(34,633)
(Under)/Over provision in prior year:				
- Current tax	216	1,737	174	1,737
- Deferred tax	(31)	73	(31)	-
	(4,634)	(12,794)	(26,376)	(32,896)

The effective tax rate of the Group for the current financial quarter and financial period ended 31 March 2023 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.

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5. Status of Corporate Proposals

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

On 18 October 2021, the Company had entered into a non-binding 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 to extend the validity period of the MOU up to 17 August 2022 due to CFTC being 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 considered it prudent to extend the period of the MOU in light of the unforeseen delay.

In relation to the MOU, 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 (Limited 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 (“ESA”) 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 way of cash injection via utilising the proceeds from the private placement which was completed on 30 July 2021 and 100% equity interest in Amertron Technology (Kunshan) Co. Ltd. (“ATK”) to the JV Company to become a majority shareholder representing 54.4648% of the enlarged equity capital in the JV Company.

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

On 2 November 2022, AIL subscribed for registered capital of RMB284.6 million in the JV Company representing 26.9886% of the enlarged capital in the JV Company.

On 4 April 2023, AIL has further increased its registered capital in the JV Company from RMB284.6 million to RMB630.0 million representing 45% equity interest in the JV Company. On 23 April 2023, AIL has subscribed the registered capital by transferring 49% equity interest in its direct wholly-owned subsidiary, ATK to the JV Company.

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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 31 March 2023, the status of utilisation of proceeds raised is set out as follow:

Details	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation 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	(285,733)*	4,639	734,406	Within 30 months
2 Expenses in relation to the private placement	16,800	(12,161)	(4,639)^	-	Within 6 months
	1,032,300	(297,894)	-	734,406	

Note:-

* Consist of:-

- i. Capital expenditure: RM149.0 million
- ii. Acquisitions and investments: RM136.7 million

^ The actual amount incurred for expenses in relation to the private placement was RM12.2 million with deviation of RM4.6 million being adjusted to the proceeds earmarked for capital expenditure, acquisitions and investments purposes.

The balance of unutilised proceeds amounting to RM734.4 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.

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8. Material Litigation

The Group was not engaged in any litigation which is likely to give rise to proceedings which may materially and adversely affect the financial position or the business operations of the Group.

9. Dividend

The Directors propose the third single tier interim dividend of 1.40 sen per ordinary share in respect of the financial year ending 30 June 2023.

The entitlement date and payment date are on 16 June 2023 and 7 July 2023 respectively.

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	2.20	2.80
<u>Third Interim Dividend</u>		
Single tier dividend	1.40	2.20
<u>Fourth Interim Dividend</u>		
Single tier dividend	*	2.20
	<hr style="width: 100%; border: 0.5px solid black;"/> 6.20 <hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/> 10.00 <hr style="width: 100%; border: 0.5px solid black;"/>

*Not applicable for the current quarter under review.

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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	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Net profit attributable to owners of the Company (RM'000)	57,362	90,475	257,223	304,701
Weighted average number of ordinary shares in issue ('000)	3,732,892	3,704,393	3,725,231	3,659,837
Basic earnings per share (sen)	1.54	2.44	6.90	8.33

(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	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Net profit attributable to owners of the Company (RM'000)	57,362	90,475	257,223	304,701
Weighted average number of ordinary shares (basic) ('000)	3,732,892	3,704,393	3,725,231	3,659,837
Effect of dilution due to ESOS ('000)	13	6,332	2,986	19,472
Weighted average number of ordinary shares (diluted) ('000)	3,732,905	3,710,725	3,728,217	3,679,309
Diluted earnings per share (sen)	1.54	2.44	6.90	8.28