

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 DECEMBER 2023

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year	Preceding Year	%	Current Year	Preceding Year	%
	Quarter	Corresponding		Quarter	Quarter	
31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2022		
	RM'000	RM'000		RM'000	RM'000	
Revenue	414,076	402,456	2.9%	798,008	779,456	2.4%
Cost of sales	<u>(316,175)</u>	<u>(272,809)</u>	15.9%	<u>(607,759)</u>	<u>(540,130)</u>	12.5%
Gross profit	97,901	129,647	-24.5%	190,249	239,326	-20.5%
Other income	2,092	2,098	-0.3%	3,837	3,341	14.8%
Finance income	16,240	12,981	25.1%	31,481	21,643	45.5%
Administrative expenses	<u>(25,704)</u>	<u>(43,730)</u>	-41.2%	<u>(44,636)</u>	<u>(42,607)</u>	4.8%
Operating profit	90,529	100,996	-10.4%	180,931	221,703	-18.4%
Finance costs	(328)	(299)	9.7%	(710)	(658)	7.9%
Share of (loss)/profit of equity-accounted associate	<u>129</u>	<u>(484)</u>	126.7%	<u>(174)</u>	<u>225</u>	-177.3%
Profit before tax	90,330	100,213	-9.9%	180,047	221,270	-18.6%
Tax expense	<u>(3,730)</u>	<u>(7,064)</u>	-47.2%	<u>(8,118)</u>	<u>(21,742)</u>	-62.7%
Profit for the financial period	<u>86,600</u>	<u>93,149</u>	-7.0%	<u>171,929</u>	<u>199,528</u>	-13.8%
Profit attributable to:						
Owners of the Company	86,809	93,609	-7.3%	171,787	199,861	-14.0%
Non-controlling interests	<u>(209)</u>	<u>(460)</u>	-54.6%	<u>142</u>	<u>(333)</u>	142.6%
	<u>86,600</u>	<u>93,149</u>	-7.0%	<u>171,929</u>	<u>199,528</u>	-13.8%
Other comprehensive income, net of tax:						
Foreign currency translation of foreign operations	<u>(4,784)</u>	<u>(23,412)</u>	-79.6%	<u>(4,335)</u>	<u>1,164</u>	>-200%
Total comprehensive income	<u>81,816</u>	<u>69,737</u>	17.3%	<u>167,594</u>	<u>200,692</u>	-16.5%
Total comprehensive income attributable to:						
Owners of the Company	82,025	70,197	16.8%	167,452	201,025	-16.7%
Non-controlling interests	<u>(209)</u>	<u>(460)</u>	-54.6%	<u>142</u>	<u>(333)</u>	142.6%
	<u>81,816</u>	<u>69,737</u>	17.3%	<u>167,594</u>	<u>200,692</u>	-16.5%

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 DECEMBER 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter		
	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
Earnings per share attributable to owners of the Company (sen) ⁽²⁾				
Basic	<u>2.32</u>	<u>2.51</u>	<u>4.59</u>	<u>5.37</u>
Diluted	<u>2.31</u>	<u>2.51</u>	<u>4.58</u>	<u>5.36</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 2023 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.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
NOTES TO CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year	Preceding Year
	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
	RM'000	RM'000	RM'000	RM'000
Allowance/(Reversal) for slow moving inventories	(95)	46	(3,444)	(1,077)
Depreciation	28,929	26,517	58,298	53,414
Loss/(Gain) on disposal of property, plant and equipment	(227)	12	(209)	40
Property, plant and equipment written off	-	1	1	1
<u>Loss*/(Gain)** on foreign exchange translation</u>				
- Realised	3,758	15,466	3,599	(13)
- Unrealised	3,240	9,161	4,064	3,408
<i>* Included in "Administrative expenses"</i>				
<i>** Included in "Other income"</i>				
<u>Finance costs/(income)</u>				
- Interest expenses [#]	328	299	710	658
- Interest income ^{##}	(16,240)	(12,981)	(31,481)	(21,643)

[#] *Included finance costs of lease liabilities*

^{##} *Included profit received from Islamic deposit and current accounts and Islamic money market instruments with licensed financial institutions for the current quarter and financial period to date ended 31 December 2023 of RM12.1 million and RM23.6 million respectively.*

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 DECEMBER 2023

	Unaudited As at 31-Dec-23 RM'000	Audited As at 30-Jun-23 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	520,434	509,024
Intangible assets	2,439	2,486
Investment in an associate	-	6,675
Deferred tax assets	9,916	9,918
	<u>532,789</u>	<u>528,103</u>
Current assets		
Inventories	169,063	183,216
Trade and other receivables	383,130	411,037
Tax recoverable	34,096	13,402
Cash and cash equivalents ⁽⁵⁾	1,830,037	1,830,994
	<u>2,416,326</u>	<u>2,438,649</u>
TOTAL ASSETS	<u>2,949,115</u>	<u>2,966,752</u>
EQUITY AND LIABILITIES		
Share capital ⁽³⁾	2,070,713	2,033,398
Other reserves	65,430	72,678
Retained earnings	511,113	496,554
Equity attributable to owners of the Company	<u>2,647,256</u>	<u>2,602,630</u>
Non-controlling interests	<u>3,360</u>	<u>3,218</u>
Total equity	<u>2,650,616</u>	<u>2,605,848</u>
Non-current liabilities		
Lease liabilities	15,302	15,159
Retirement benefits obligations	3,131	2,787
Deferred tax liabilities	10,851	11,508
	<u>29,284</u>	<u>29,454</u>
Current liabilities		
Trade and other payables	182,579	276,119
Lease liabilities	136	345
Tax payable	4,086	2,725
Dividend payable	82,414	52,261
	<u>269,215</u>	<u>331,450</u>
Total liabilities	<u>298,499</u>	<u>360,904</u>
TOTAL EQUITY AND LIABILITIES	<u>2,949,115</u>	<u>2,966,752</u>
Net assets per share attributable to owners of the Company ⁽⁴⁾ (RM)	<u>0.7065</u>	<u>0.6972</u>

Notes:

- (3) Based on 3,747,167,299 (as at 30 June 2023: 3,732,934,799) ordinary shares in issue as at 31 December 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 RM1,354.6 million (as at 30 June 2023: RM1,370.5 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 2023 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 CHANGES IN EQUITY ⁽⁷⁾
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	<-----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 2023	2,033,398	5,387	11,683	55,608	496,554	2,602,630	3,218	2,605,848
Total comprehensive income/(expense) for the period	-	-	-	(4,335)	171,787	167,452	142	167,594
<i>Transactions with owners:</i>								
Ordinary share issued pursuant to exercise of ESOS	37,315	-	(2,913)	-	-	34,402	-	34,402
Dividends	-	-	-	-	(157,228)	(157,228)	-	(157,228)
	37,315	-	(2,913)	-	(157,228)	(122,826)	-	(122,826)
At 31 December 2023	2,070,713	5,387	8,770	51,273	511,113	2,647,256	3,360	2,650,616
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/(expense) for the period	-	-	-	1,164	199,861	201,025	(333)	200,692
<i>Transactions with owners:</i>								
Ordinary share issued pursuant to exercise of ESOS	55,875	-	(9,195)	-	-	46,680	-	46,680
Share-based compensation pursuant to ESOS granted	-	-	2,043	-	-	2,043	-	2,043
Expiry of share option under ESOS	-	-	(11,842)	-	11,842	-	-	-
Dividends	-	-	-	-	(178,697)	(178,697)	-	(178,697)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4,256)	(4,256)
	55,875	-	(18,994)	-	(166,855)	(129,974)	(4,256)	(134,230)
At 31 December 2022	2,033,055	5,387	2,043	29,147	506,470	2,576,102	1,395	2,577,497

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 2023 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 DECEMBER 2023

	Cumulative Quarter 6 Months Ended 31/12/2023 RM'000	Cumulative Quarter 6 Months Ended 31/12/2022 RM'000
OPERATING ACTIVITIES		
Profit before tax	180,047	221,270
Adjustments for:		
Depreciation	58,298	53,414
Equity-settled share based payment transactions	-	2,043
Gain on disposal of associate company	(174)	-
(Gain)/Loss on disposal of property, plant and equipment	(209)	40
Interest income	(31,481)	(21,643)
Interest expenses	710	658
Reversal for slow moving inventories	(3,444)	(1,077)
Provision for retirement benefits obligations	398	386
Property, plant and equipment written off	1	1
Share of loss/(profit) of equity-accounted associate	174	(225)
Unrealised loss on foreign exchange	4,064	3,408
Operating profit before working capital changes	<u>208,384</u>	<u>258,275</u>
Changes in working capital:		
Inventories	19,515	1,159
Receivables	31,003	62,788
Payables	<u>(99,252)</u>	<u>(45,096)</u>
Cash generated from operations	159,650	277,126
Income tax paid	(28,445)	(24,539)
Income tax refunded	276	-
Interest received	31,481	21,643
Interest paid	(34)	(658)
Net cash from operating activities	<u>162,928</u>	<u>273,572</u>
INVESTING ACTIVITIES		
Payment for proposed investment	-	(136,741)
Proceeds from disposal of associate company	6,676	-
Proceeds from disposal of property, plant and equipment	4,477	11
Acquisition of property, plant and equipment	(75,144)	(28,522)
Placement of fixed deposits with licensed banks	(6)	-
Net cash used in investing activities	<u>(63,997)</u>	<u>(165,252)</u>
FINANCING ACTIVITIES		
Dividend paid to owners of the Company	(127,075)	(163,205)
Dividend paid to non-controlling interests	-	(4,256)
Net repayment of lease liabilities	(514)	(430)
Net proceeds from issuance of ESOS	34,402	46,680
Net cash used in financing activities	<u>(93,187)</u>	<u>(121,211)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	5,744	(12,891)
Effects of changes in foreign exchange rates	(6,193)	(800)
CASH AND CASH EQUIVALENT AT BEGINNING	<u>1,803,506</u>	<u>1,917,352</u>
CASH AND CASH EQUIVALENT AT END	<u>1,803,057</u>	<u>1,903,661</u>
Represented by:		
Cash and cash equivalents	1,830,037	1,957,493
Less: Fixed deposits more than 3 months to maturity	<u>(26,980)</u>	<u>(53,832)</u>
	<u>1,803,057</u>	<u>1,903,661</u>

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))
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 2023.

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 2023 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 2023:

<u>Amendments/Improvements to MFRSs</u>		<u>Effective for annual period beginning on or after</u>
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 – Disclosure of Accounting Policies	1 January 2023
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 112	Income Taxes – International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16	Leases – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2024

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))
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 2023 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 2023 (continued):

<u>Amendments/Improvements to MFRSs</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRS 101	Presentation of Financial Statements – Non-current Liabilities with Covenants 1 January 2024
Amendments to MFRS 107 and MFRS 7	Statement of Cash Flows and Financial Instruments: Disclosures – Supplier Finance Arrangements 1 January 2024
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability 1 January 2025
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.

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

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 six months period ended 31 December 2023, the issued and paid-up ordinary share capital of the Company was increased from RM2,033,397,743 to RM2,070,712,653 by way of issuance of 14,232,500 new ordinary shares pursuant to the exercise of share options under the Employees' Share Option Scheme 2022 ("ESOS 2022") at the following exercise prices:

Exercise prices and number of shares issued

<i>Exercise price (RM)</i>	<i>2.560</i>	<i>2.340</i>
<i>No of shares issued</i>	<i>4,989,500</i>	<i>9,243,000</i>

The new ordinary shares issued pursuant to the exercise of ESOS 2022 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 December 2023 were as follows:

- i. Third interim single tier dividend of 1.40 sen per ordinary share amounting to RM52.3 million for the financial year ended 30 June 2023 paid on 7 July 2023.
- ii. Fourth interim single tier dividend of 2.00 sen per ordinary share amounting to RM74.8 million for the financial year ended 30 June 2023 paid on 6 October 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.

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

9. Segmental Information (continued)

Geographical information

The Group’s revenue disaggregated by primary geographical markets is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31/12/2023 RM’000	Quarter Ended 31/12/2022 RM’000	Period To date 31/12/2023 RM’000	Period To date 31/12/2022 RM’000
Malaysia	19,260	15,590	37,535	41,198
Singapore	369,246	360,138	708,795	684,057
China	21,557	25,006	44,001	52,126
Others	4,013	1,722	7,677	2,075
	414,076	402,456	798,008	779,456

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 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

On 18 December 2023, a wholly-owned subsidiary of the Company, Inari Matrix Sdn Bhd, entered into a Share Sale and Purchase Agreement to dispose its entire 30% equity interest in PCL Inari Technologies Sdn Bhd (“PCLI”) to PCL Technologies Trading, Inc, a shareholder who owned 70% equity interest of PCLI for a cash consideration of RM6,675,670. The disposal consideration was agreed and derived based on the audited net assets of PCLI as at financial year ended 30 June 2023, a gain on disposal of RM174,401 was recognised in the current quarter. There are no material financial impact to the earnings per share, net asset per share and gearing of the Group for the financial year ending 30 June 2024.

The disposal of PCLI was completed on 29 December 2023 and PCLI has ceased to be an associate company of the Group.

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

13. Contingent Liabilities and Contingent Assets

	31/12/2023	31/12/2022
	RM'000	RM'000
Corporate guarantee extended to licensed banks and financial institutions for credit facilities granted to subsidiaries:		
- Limit	5,000	10,000
- Amount utilised	<u>4,855</u>	<u>4,374</u>

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

14. Capital Commitments

	31/12/2023	31/12/2022
	RM'000	RM'000
Authorised and contracted for:		
- Construction of building	803	906
- Purchase of plant, machinery and equipment	67,146	17,820
	<u>67,949</u>	<u>18,726</u>

15. Significant Related Party Transactions

There is no significant transaction with related parties.

16. Financial Derivatives

The Group enters into forward exchange contracts to manage its exposure 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 2023.

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

	31/12/2023	31/12/2022
	RM'000	RM'000
Foreign currency hedging contracts		
Notional value of contracts*	<u>32,141</u>	<u>32,652</u>

* Equivalent to USD 7,000,000 (31 December 2022: US 7,399,000)

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

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.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))
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 RM414.1 million for the current quarter, an increase of 2.9% compared to the same quarter in the previous year of RM402.5 million. The increase was mainly due to comparatively higher loading volume in RF and optoelectronics business segments in the current quarter.

The Group recorded profit after tax of RM86.6 million for the current quarter, a decrease of 7% from RM93.1 million recorded in the corresponding quarter in the previous financial year was mainly due to set up costs for new products as well as increase in electricity rates.

Comparison with the immediate preceding quarter

The Group's revenue increased by 7.9% to RM414.1 million in the current quarter from RM383.9 million in the immediate preceding quarter. The increase was mainly due to comparatively higher loading volume in RF and optoelectronics business segments in the current quarter.

The Group recorded profit after tax of RM86.6 million for the current quarter, an increase of 1.5% from RM85.3 million recorded in the immediate preceding quarter. The increase was mainly due to higher revenue growth in the current quarter offset with less favourable movement in forex exchange rates in the current quarter.

Financial year to date against preceding financial year

For the six months period ended 31 December 2023, the Group recorded revenue of RM798.0 million, representing an increase of 2.4% from RM779.5 million in the preceding year corresponding period. The increase was mainly due to comparatively higher revenue growth in the RF business segment.

However, the Group's profit after tax decreased by 13.8% to RM171.9 million for the period ended 31 December 2023 from RM199.5 million in the preceding year corresponding period. The decrease was mainly due to unfavorable movement in forex exchange, increase in electricity rates as well as losses in work-in-progress items arising from unstable glitches in electricity supply from the grid experienced during the current financial period which has since been rectified. The Group also experienced short term lower gross margins for new products in its push for revenue growth during the period.

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

2. Commentary on Prospects

In its latest forecast for the semiconductor market in November 2023, World Semiconductor Trade Statistics (WSTS) anticipates revival in the global semiconductor market for 2024 with projections indicating a 13.1% growth.

International Data Corporation (IDC) in its publication on 21 December 2023 reported that with the gradual recovery of smartphone demand and the strong demand for AI chips, the semiconductor market is expected to recover in 2024 with an annual growth of 20%.

With the outlook for the semiconductor industry is positive in 2024, the Group continues to work on new opportunities coming onshore into Malaysia's OSAT ecosystem to grow our revenues at the same time focus on strategies to improve our production capacity and utilisation, strengthen our operational efficiencies.

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 December 2023 are as follows:

	Individual Quarter ended		Cumulative period ended	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
In respect of current period:				
- Current tax	(3,768)	(7,568)	(8,836)	(22,248)
- Deferred tax	38	546	718	548
	(3,730)	(7,022)	(8,118)	(21,700)
(Under)/Over provision in Prior year:				
- Current tax	-	(42)	-	(42)
- Deferred tax	-	-	-	-
	(3,730)	(7,064)	(8,118)	(21,742)

The effective tax rate of the Group for the current financial quarter and financial period ended 31 December 2023 is lower than the statutory tax rate of 24% as a subsidiary has been granted tax incentives under the Promotion of Investment Act, 1986.

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

5. Status of Corporate Proposal

Joint Venture Contract

Amertron International Limited (“AIL”), an indirect wholly-owned subsidiary of the Company, had on 28 June 2022 entered into a Joint Venture Contract (“JV Contract”) and an Equity Subscription Agreement (“ESA”) 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 businesses in China for the China market and to expand the existing operations of the Group in the China market under a joint-venture company, namely Yiwu Semiconductor International Corporation (“JV Company”).

Pursuant to the terms of the ESA, the registered capital of the JV Company has been increased from RMB770,001,000 to RMB1,691,001,000, for which the Group via AIL has become the majority shareholder holding 54.46% of the enlarged share capital of the JV Company.

As of 31 December 2023, AIL had subscribed for the registered capital amounting to RMB210,700,000 by way of cash and RMB240,590,000 by transferring 49% of the equity interest in Amertron Technology (Kunshan) Co. Ltd. (“ATK”) to the JV Company. The subscription for the remaining registered capital of RMB469,710,000 comprising RMB219,300,000 by way of cash and the transfer of the remaining 51% equity interest in ATK valued at RMB250,410,000 to the JV Company are expected to be completed in calendar year 2024.

As at 31 December 2023, pending for the completion of cash and equity contribution as mentioned above and the fulfilment of the terms and conditions as stipulated in the JV Contract and ESA which is designed to form a single transaction to achieve an overall commercial effect, all the cash payments contributed by AIL are recognised as prepayments. The Group deems no change in the equity ownership of ATK during this transition period and remains in control over ATK and the Group consolidated ATK in full for the current financial period.

6. Status of Utilisation of Proceeds

On 30 July 2021, the Company had completed a 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.

On 22 November 2023, the Board resolved to extend the timeframe for the utilisation of the remaining unutilised proceeds earmarked for capital expenditure, acquisitions and investments for another 24 months from 30 January 2024 to 29 January 2026. As at 31 December 2023, the status of utilisation of proceeds raised is set out in the table below.

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

6. Status of Utilisation of Proceeds (continued)

Details	Proposed Utilisation RM'000	Actual Utilisation RM'000	Reallocation RM'000	Unutilised Proceeds RM'000	Revised Intended Timeframe of Utilisation
1 Capital expenditure, acquisitions and investments	1,015,500	* (426,507)	4,639	593,632	29 January 2026
2 Expenses in relation to the private placement	16,800	(12,161)	^ (4,639)	-	-
	1,032,300	(438,668)	-	593,632	

Note:-

* Consist of:-

- i. Capital expenditure: RM289.8 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 RM593.6 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 second single tier interim dividend of 2.20 sen per ordinary share in respect of the financial year ending 30 June 2024.

The entitlement date and payment date are on 15 March 2024 and 5 April 2024 respectively.

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

9. Dividend (continued)

Total dividend for the financial year ending 30 June 2024 and financial year ended 30 June 2023 are summarised as follow:

	Net Per Share FY2024 (sen)	Net Per Share FY2023 (sen)
<u>First Interim Dividend</u>		
Single tier dividend	2.20	2.60
<u>Second Interim Dividend</u>		
Single tier dividend	2.20	2.20
<u>Third Interim Dividend</u>		
Single tier dividend	*	1.40
<u>Fourth Interim Dividend</u>		
Single tier dividend	*	2.00
	4.40	8.20

* 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	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Net profit attributable to owners of the Company (RM'000)	86,809	93,609	171,787	199,861
Weighted average number of ordinary shares in issue ('000)	3,745,065	3,732,488	3,740,879	3,721,483
Basic earnings per share (sen)	2.32	2.51	4.59	5.37

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

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	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Net profit attributable to owners of the Company (RM'000)	86,809	93,609	171,787	199,861
Weighted average number of ordinary shares (basic) ('000)	3,745,065	3,732,488	3,740,879	3,721,483
Effect of dilution due to ESOS ('000)	8,685	263	10,066	3,992
Weighted average number of ordinary shares (diluted) ('000)	3,753,750	3,732,751	3,750,945	3,725,475
Diluted earnings per share (sen)	2.31	2.51	4.58	5.36

By Order of the Board,

Company Secretary
26 February 2024