



Mi TECHNOVATION BERHAD

(Company No. 201701021661(1235827-D))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30-Jun-2021	30-Jun-2020	30-Jun-2021	30-Jun-2020
	RM '000	RM '000	RM '000	RM '000
Revenue	117,291	61,916	171,471	97,159
Operating expenses	(86,663)	(43,139)	(138,092)	(72,463)
Depreciation and amortisation	(4,115)	(1,683)	(6,720)	(3,277)
Non-operating income	218	1,329	3,518	7,376
Finance costs	(286)	(39)	(447)	(76)
Profit before tax	<u>26,445</u>	<u>18,384</u>	<u>29,730</u>	<u>28,719</u>
Tax expense	(579)	(284)	(670)	(436)
Profit for the financial period	<u>25,866</u>	<u>18,100</u>	<u>29,060</u>	<u>28,283</u>
Other comprehensive income/(loss), net of tax:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translations	2,556	238	3,699	369
Total comprehensive income	<u>28,422</u>	<u>18,338</u>	<u>32,759</u>	<u>28,652</u>
Profit attributable to:				
Owners of the parent	26,105	18,182	29,624	28,480
Non-controlling interests	(239)	(82)	(564)	(197)
	<u>25,866</u>	<u>18,100</u>	<u>29,060</u>	<u>28,283</u>
Total comprehensive income attributable to:				
Owners of the parent	28,672	18,419	33,336	28,843
Non-controlling interests	(250)	(81)	(577)	(191)
	<u>28,422</u>	<u>18,338</u>	<u>32,759</u>	<u>28,652</u>
Earnings per share attributable to owners of the parent:				
Basic and diluted (sen) ⁽²⁾	<u>3.35</u>	<u>2.44</u>	<u>3.82</u>	<u>3.82</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.
- (2) Based on weighted average number of ordinary shares outstanding during the financial period under review after deducting for treasury shares.

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾

	Unaudited As at 30-Jun-2021 RM'000	Audited As at 31-Dec-2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	246,057	119,081
Right-of-use assets	27,981	27,035
Intangible assets ⁽²⁾	210,215	8,504
Lease receivable	3,007	2,124
Defined benefit asset	1,657	-
Deferred tax assets	2,604	341
Total non-current assets	<u>491,521</u>	<u>157,085</u>
Current assets		
Inventories	119,392	70,265
Trade and other receivables	176,699	103,811
Lease receivable	619	546
Current tax assets	-	8
Short term funds ⁽³⁾	28,910	52,871
Cash and bank balances	97,956	56,026
Total current assets	<u>423,576</u>	<u>283,527</u>
TOTAL ASSETS	<u>915,097</u>	<u>440,612</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	564,465	252,615
Treasury shares	(5,247)	(5,247)
Reserves	172,432	140,959
	<u>731,650</u>	<u>388,327</u>
Non-controlling interests	(636)	(51)
TOTAL EQUITY	<u>731,014</u>	<u>388,276</u>

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾ (Cont'd)

	Unaudited As at 30-Jun-2021 RM'000	Audited As at 31-Dec-2020 RM'000
LIABILITIES		
Non-current liabilities		
Borrowings	62,958	2,616
Provisions	2,704	626
Defined benefit liability	121	-
Lease liabilities	1,445	1,877
Deferred tax liabilities	18,600	1,811
Total non-current liabilities	<u>85,828</u>	<u>6,930</u>
Current liabilities		
Trade and other payables	35,056	39,618
Borrowings	49,540	2,481
Provisions	9,847	1,553
Lease liabilities	1,015	1,660
Current tax liabilities	2,797	94
Total current liabilities	<u>98,255</u>	<u>45,406</u>
TOTAL LIABILITIES	<u>184,083</u>	<u>52,336</u>
TOTAL EQUITY AND LIABILITIES	<u>915,097</u>	<u>440,612</u>
Net asset per share (RM)	<u>0.89</u>	<u>0.52</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.
- (2) Included in the intangible assets are goodwill and customer relationships amounting to RM119 million and RM84 million respectively, arising from business combination in respect of the equity interest in Accurus Scientific Co. Ltd. acquired by the Company as at the completion date of 19 April 2021.
- (3) Short term funds comprise the following:

	30-Jun-2021 RM'000	31-Dec-2020 RM'000
Short term funds		
Money market funds	3,532	27,346
Bond Funds	25,378	25,525
	<u>28,910</u>	<u>52,871</u>

Unaudited Condensed Consolidated Statement of Changes in Equity ⁽¹⁾

	← Non-distributable →					Distributable		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Legal reserve RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000	
Balance as at 1 January 2021	252,615	(5,247)	148	(485)	(63,558)	204,854	(51)	388,276
Profit for the financial period	-	-	-	-	-	29,624	(564)	29,060
Other comprehensive income, net of tax	-	-	-	3,712	-	-	(13)	3,699
Issuance of shares	311,850	-	-	-	-	-	-	311,850
Acquisition of a subsidiary	-	-	-	(984)	-	(879)	(8)	(1,871)
Balance as at 30 June 2021	564,465	(5,247)	148	2,243	(63,558)	233,599	(636)	731,014
Balance as at 1 January 2020	252,615	(5,247)	42	203	(63,558)	195,712	-	379,767
Profit for the financial period	-	-	-	-	-	28,480	(197)	28,283
Other comprehensive income, net of tax	-	-	-	363	-	-	6	369
Dividends paid	-	-	-	-	-	(22,380)	-	(22,380)
Incorporation of a subsidiary	-	-	-	6	-	-	238	244
Balance as at 30 June 2020	252,615	(5,247)	42	572	(63,558)	201,812	47	386,283

Note:

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾

	6 months ended 30-Jun-2021 RM '000	6 months ended 30-Jun-2020 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	29,730	28,719
Adjustments for:		
Amortisation of intangible assets	1,053	85
Depreciation of property, plant and equipment	4,771	2,824
Depreciation of right-of-use assets	896	368
Provision for warranty replacement costs	2,097	862
Reversal of provision for warranty replacement costs	(249)	(383)
Impairment loss on trade receivables	180	-
Finance costs	447	76
Interest income	(489)	(2,124)
Loss on disposal of property, plant and equipment	7	23
Loss/(gain) on fair value changes on bond funds	358	(213)
Property, plant and equipment written off	26	6
Unrealised gain on foreign exchange	(4,045)	(4,128)
Inventories written down	450	-
Inventories written off	918	-
Operating profit before changes in working capital	<u>36,150</u>	<u>26,115</u>
Increase in inventories	(18,245)	(35,649)
(Increase)/Decrease in trade and other receivables	(29,296)	9,937
(Decrease)/Increase in trade and other payables	(10,304)	12,795
Warranty paid	(715)	(983)
Cash (used in)/generated from operations	<u>(22,410)</u>	<u>12,215</u>
Tax paid	<u>(184)</u>	<u>(161)</u>
Net cash (used in)/from operating activities	<u>(22,594)</u>	<u>12,054</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	489	2,124
Additional of defined benefit asset	(52)	-
Acquisition of subsidiary, net cash acquired ⁽²⁾	30,109	-
Net proceeds of shares from non-controlling interest	-	244
Purchase of bond funds	(211)	(44,164)
Disposal/(Purchase) of intangible asset	680	(1,697)
Purchase of property, plant and equipment	(23,953)	(23,164)
Proceeds from disposal of property, plant and equipment	-	65
Net cash from/(used in) investing activities	<u>7,062</u>	<u>(66,592)</u>

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾ (Cont'd)

	6 months ended 30-Jun-2021 RM '000	6 months ended 30-Jun-2020 RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(22,380)
Interest paid	(379)	(68)
Repayment of borrowings	(1,313)	(1,363)
Drawdown of borrowings	35,153	3,926
Placement of deposits pledged to a licensed bank	(2)	(5)
Payment of lease liabilities	(2,974)	(131)
Net cash from/(used in) financing activities	<u>30,485</u>	<u>(20,021)</u>
Net increase/(decrease) in cash and cash equivalents	14,953	(74,559)
Effect on foreign exchange rates changes	3,091	2,510
Cash and cash equivalents at beginning of financial period	81,312	149,331
Cash and cash equivalents at end of financial period	<u><u>99,356</u></u>	<u><u>77,282</u></u>
Cash and cash equivalents at end of financial period comprises:		
Cash and bank balances	95,824	24,098
Money market funds	3,532	53,184
Deposits with a licensed bank	2,132	2,194
	<u>101,488</u>	<u>79,476</u>
<u>Less:</u>		
Deposits pledged to a licensed bank	<u>(2,132)</u>	<u>(2,194)</u>
	<u><u>99,356</u></u>	<u><u>77,282</u></u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾ (Cont'd)

Notes:

(2) Acquisition of subsidiary

- a) The Company had completed the acquisition of 99% equity interest in Accurus Scientific Co. Ltd. ("Accurus Scientific") with purchase consideration fully settled via issuance of new ordinary shares on 19 April 2021. The fair values of assets acquired and liabilities assumed were as follows:

	RM'000
Total Assets	
Property, plant and equipment	54,478
Capital work-in-progress	52,131
Intangible assets	84,735
Deferred tax assets	(14,700)
Net defined benefit assets	1,583
Inventories	31,750
Trade and other receivables	41,317
Cash and cash equivalents	32,954
	284,248
Total Liabilities	
Borrowings	72,435
Provisions	1,234
Trade and other payables	12,852
Current tax liabilities	2,576
	(89,097)
Non-controlling interests	(44)
Net Assets Acquired	195,107
Company's equity interest in Accurus Scientific	99%
Net assets attributable to the acquisition	193,151
Goodwill arising from business combination	118,699
Fair value of purchase consideration *	311,850
Less: Portion discharged by issuance of share capital	(311,850)
Purchase consideration discharged by cash	-

* Purchase consideration was calculated based on 74,250,000 new ordinary shares issued multiplied by the share price of RM4.20 as at completion date, i.e. 19 April 2021.

- b) The balance 1% equity interest in Accurus Scientific was acquired on 31 May 2021 with purchase consideration fully settled via cash, amounted to RM2.85 million. Hence, the net effects on cash flows arising from the acquisition were as follows:

	RM'000
Cash and cash equivalents acquired on 19 April 2021	32,954
Purchase consideration paid via cash on 31 May 2021	(2,845)
Net cash inflow arising from acquisition	30,109

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) (“Listing Requirements”).

This interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2020, except for the adoption of the following new MFRS, Amendments to MFRSs and Annual Improvements to MFRS Standards.

a) New MFRSs adopted during the financial year

On 1 January 2021, the Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2021.

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
<i>Covid-19 Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 <i>Leases</i>)	1 April 2021

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (Cont'd)

A2. Significant Accounting Policies (Cont'd)

b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group.

Title	Effective Date
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Disclosure of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2020.

A4. Seasonal or Cyclical Factors

The business operation of the Group, in general, is subject to the cyclical trend of the global semiconductor and electronics industry.

A5. Material Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period under review.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A6. Material Changes in Estimates

There were no changes in estimates that have a material effect in the current quarter and financial period under review.

A7. Debt and Equity Securities

Save as disclosed in Note A11, there were no other issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.

A8. Dividends Paid

No dividend was paid during the current quarter and financial period under review.

A9. Segment Information

The Group has two reportable segments, aptly named Business Unit (“BU”) which comprised its major operating segments. These business units are involved in different activities and industry segments and separately managed by General Managers who report to the BU President.

The reportable segments of the Group are as follows:

(a) Semiconductor Equipment Business Unit (“SEBU”)

Involved in the manufacturing and sales of the semiconductor manufacturing equipment, paired with smart factory automation solutions for Industrial 4.0, as well as the provision of maintenance services and technical support for these machines, and the sale of related spare parts and components.

No.	Entity	Product Portfolio
1	Mi Equipment Penang, Malaysia	Mi Series Die sorting machine for advanced packaging, such as WLP, WLCSP, FOWLSP, CSP for flip chip.
2	Mi Equipment Hsinchu, Taiwan	Vi Series Vision inspection machine for wafer and package inspection both in 2D and 3D mode.
3	Mi Equipment Suwon, Korea	Ai Series Precision bonding machine (LAB/LCB) for extra fine pitch with thin die and substrate.
4	Mi Equipment Suzhou, China	Si Series Final test handler for high power, fine pitch device and KGD.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segment Information (cont'd)

(b) Semiconductor Material Business Unit (“SMBU”)

Involved in the manufacturing and sale of solder spheres (also known as solder balls), a key assembly and packaging material in semiconductor industry.

No.	Entity	Product Portfolio
1	Accurus Scientific Tainan, Taiwan	Solder spheres (ball)
2	Accurus Scientific Ningbo, China	Solder spheres (ball)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Inter-segment transactions have been accounted for on a basis that is consistent with the Group’s accounting policies. No other operating segments have been aggregated to form the above reportable segments. Investment holding and other activities are not considered as reporting segment and the related financial information has been included under “Others”.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segment Information (cont'd)

Results for the financial period ended 30 June 2021 ⁽¹⁾

	SEBU ⁽²⁾ RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	144,804	26,561	106	-	171,471
Inter-segment revenue	92	-	7,156	(7,248)	-
Total revenue	144,896	26,561	7,262	(7,248)	171,471
Interest income	211	20	258	-	489
Interest expense	(270)	(109)	-	-	(379)
Net interest income/(expense)	(59)	(89)	258	-	110
Segment profit/(loss) before tax	34,542	2,721	(595)	(6,938)	29,730
Tax expense					(670)
Other material non-cash items:					
- Depreciation of property, plant and equipment	(3,733)	(667)	(393)	22	(4,771)
- Depreciation of right-of-use assets	(839)	(8)	(49)	-	(896)
- Amortisation of intangible assets	(229)	(5)	(114)	(705)	(1,053)
- Provision for warranty replacement costs	(2,048)	-	(49)	-	(2,097)
- Reversal of provision for warranty replacement costs	141	-	108	-	249

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segment Information (cont'd)

Results for the financial period ended 30 June 2021⁽¹⁾ (cont'd)

	SEBU ⁽²⁾ RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Assets					
Segment assets	381,318	161,264	46,055	195,333	783,970
Deferred tax assets					2,604
Defined benefit asset					1,657
Short term funds					28,910
Cash and bank balances					97,956
					<u>915,097</u>
Liabilities					
Segment liabilities	90,897	100,860	2,800	(31,992)	162,565
Deferred tax liabilities					18,600
Defined benefit liability					121
Current tax liabilities					2,797
					<u>184,083</u>

Notes:

- (1) The segment information should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020, under Note 30 *Operating Segments*.
- (2) There were changes in the reportable segments where Automation and Robotics segment has been integrated and form part of SEBU effective Q2'2021, to spur the development activities and gain better cost efficiency on investment, under the Smart Factory Automation Division. As both have similar economic characteristics and exhibit similar long-term financial performance, hence, evaluated internally as a single business unit.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segment Information (cont'd)

Results for the financial period ended 30 June 2020 ⁽¹⁾

	SEBU ⁽²⁾ RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	97,109	-	50	-	97,159
Inter-segment revenue	5,311	-	19,793	(25,104)	-
Total revenue	102,420	-	19,843	(25,104)	97,159
Interest income	515	-	1,609	-	2,124
Interest expense	(68)	-	-	-	(68)
Net interest income/(expense)	447	-	1,609	-	2,056
Segment profit before tax	31,431	-	7,301	(10,013)	28,719
Tax expense					(436)
Other material non-cash items:					
- Depreciation of property, plant and equipment	(2,356)	-	(472)	4	(2,824)
- Depreciation of right-of-use assets	(286)	-	(82)	-	(368)
- Amortisation of intangible assets	-	-	(85)	-	(85)
- Provision for warranty replacement costs	(854)	-	(8)	-	(862)
- Reversal of provision for warranty replacement costs	382	-	1	-	383

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segment Information (cont'd)

Results for the financial period ended 30 June 2020 ⁽¹⁾ (cont'd)

	SEBU ⁽²⁾ RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Assets					
Segment assets	301,451	-	69,693	(55,155)	315,989
Deferred tax assets					502
Current tax assets					8
Short term funds					109,096
Cash and bank balances					26,292
					<u>451,887</u>
Liabilities					
Segment liabilities	108,976	-	11,168	(54,998)	65,146
Deferred tax liabilities					-
Current tax liabilities					458
					<u>65,604</u>

Notes:

- (1) The segment information should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020, under Note 30 *Operating Segments*.
- (2) There were changes in the reportable segments where Automation and Robotics segment has been integrated and form part of SEBU effective Q2'2021, to spur the development activities and gain better cost efficiency on investment, under the Smart Factory Automation Division. As both have similar economic characteristics and exhibit similar long-term financial performance, hence, evaluated internally as a single business unit.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A10. Material Events Subsequent to the end of the Quarter

Save as disclosed in Note B6, there were no other material events subsequent to the financial period ended 30 June 2021 that have not been reflected in the interim financial report.

A11. Changes in the Composition of the Group

Investment in a subsidiary

The Company had completed the acquisition of 99% equity interest in Accurus Scientific Co Ltd. ("Accurus Scientific") via allotment and issuance of 74,250,000 new ordinary shares in the Company at an issue price of RM3.65 each and the shares had been listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 21 April 2021. Subsequently, on 31 May 2021, the Company had also completed the acquisition of the balance 1% equity interest in Accurus Scientific via cash. Upon completion, Accurus Scientific is now a wholly owned subsidiary of the Company.

Voluntary liquidation of dormant subsidiaries

The Company's wholly owned subsidiaries which are dormant, namely Mi Sales & Services (M) Sdn Bhd and Mi Sales & Services (S) Pte Ltd, have been placed under members' voluntary winding-up and/or striking off procedures.

The abovementioned voluntary winding-up and striking off procedures on the dormant subsidiaries will not have any material impact on the earnings and net assets of the Group for the financial period ended 30 June 2021.

Save for the above, there were no other changes in the composition of the Group that have not been reflected in the interim financial report.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A12. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this interim financial report.

A13. Material Capital Commitment

Save as disclosed below, as of 30 June 2021, the Group does not have any material capital commitment:

	RM'000
Material capital expenditure in respect of purchase of property, plant and equipment:	
- Approved but not contracted for	13,321
- Contracted but not provided for	2,845
	16,166

A14. Significant Related Party Transactions

There were no significant related party transactions during the current quarter under review.

A15. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

	INDIVIDUAL QUARTER 3 months ended		Changes		CUMULATIVE QUARTER 6 months ended		Changes	
	30-Jun-2021	30-Jun-2020			30-Jun-2021	30-Jun-2020		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	117,291	61,916	55,375	89.4%	171,471	97,159	74,312	76.5%
Operating expenses	(86,663)	(43,139)			(138,092)	(72,463)		
Depreciation and amortisation	(4,115)	(1,683)			(6,720)	(3,277)		
Operating profit	26,513	17,094	9,419	55.1%	26,659	21,419	5,240	24.5%
Non-operating income	218	1,329			3,518	7,376		
Finance costs	(286)	(39)			(447)	(76)		
Profit before tax	26,445	18,384	8,061	43.8%	29,730	28,719	1,011	3.5%
PBT Margin	22.5%	29.7%			17.3%	29.6%		

Individual Quarter:

Comparison with corresponding quarter in previous financial year (Q2 2021 vs Q2 2020)

The Group achieved a record of RM117.3 million in revenue during the current quarter, which shows a growth by 89.4% year-on-year. The contribution from each BU as follows:

- (a) SEBU contributed RM90.7 million to Group's top line during the current quarter, representing 77.4% of total revenue. This is mainly due to continuous strong demand from our customers, especially from China market with an increase of RM31.0 million as compared to a year ago.

The strong demand on semiconductor equipment in current quarter was mainly due to deployment of 5G enabled handphones as well as demand on electronics for wireless and telecommunication applications for study and work from home during pandemic. Mi Equipment Malaysia continued to be our main top line contributor which accounted for approximately 74.4% to the Group's top line while Mi Equipment Taiwan contributed 3.0%.

- (b) SMBU contributed RM26.6 million to Group's top line during the current quarter, since the completion of acquisition on 19 April 2021, representing approximately 22.6% of total revenue.

(Note: SMBU's revenue for full Q2 2021 amounted to RM33.8 million)

In line with the revenue growth, the Group posted a profit before tax ("PBT") of RM26.4 million in the current quarter, representing an increase of 43.8% year-on-year. PBT margin for Q2 2021 stood at 22.5% which is still within the guided range of 20% - 30%, although lower than the 29.7% margin in Q2 2020. This is mainly due to aggressive expansions carried out by SEBU in Taiwan, Korea and China as well as the operating expenses incurred by SMBU for the new plant in Ningbo, China.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B1. Review of Performance (cont'd)

Cumulative Quarter: Comparison with preceding financial period (1H 2021 vs 1H 2020)

The Group achieved a record of RM171.5 million in revenue during first half of 2021, with growth rate of 76.5% year-on-year. The significant increase in revenue was mainly due to high demand from customers especially from China (which seen an increase of RM46.5 million) in line with the industry trend where China is moving toward building up its own semiconductor ecosystem. Further, Accurus Scientific started to contribute to the Group's top line amounted to RM26.6 million upon completion of acquisition, approximately 15.5% of the Group's revenue for the current interim period.

In tandem with the revenue growth, the Group posted PBT of RM29.7 million, a 3.5% increase year-on-year. PBT margin for first half of 2021 stood at 17.3%, after taking into account of the unrealized foreign exchange gain and one-off operating expenses in Q1 2021.

B2. Comparison with Immediate Preceding Quarter (Q2 2021 vs Q1 2021)

	INDIVIDUAL QUARTER 3 months ended		Changes	
	30-Jun-2021	31-Mar-2021		
	RM'000	RM'000	RM'000	%
Revenue	117,291	54,180	63,111	116.5%
Operating expenses	(86,663)	(51,429)		
Depreciation and amortisation	(4,115)	(2,605)		
Operating profit	26,513	146	26,367	18059.6%
Non-operating income	218	3,300		
Finance costs	(286)	(161)		
Profit before tax	26,445	3,285	23,160	705.0%
PBT Margin	22.5%	6.1%		

The Group achieved a record of RM117.3 million in revenue during Q2 2021, compared to Q1 2021 of RM54.2 million. Revenue increased more than double mainly due to the below:

- (a) Under SEBU, the momentum of equipment demands extended to second quarter of 2021 from our customers worldwide, resulting in net increase of revenue by RM36.5 million.
- (b) As for SMBU, revenue generated by Accurus Scientific has been consolidated into the Group's top line since the completion of acquisition on 19 April 2021, amounting to RM26.6 million or approximately 22.6% of the revenue for current quarter.

In tandem with the significant increase in revenue, the Group posted a PBT of RM26.4 million, which is sevenfold of the PBT for the previous quarter. The Group managed to recover from the low Q1 PBT margin of 6.1% to a normalized margin of 22.5% as the cyclical effect and one-off operating expenses seen in previous quarter did not recur in the current quarter and SMBU started to contribute to the Group's bottom line, post-acquisition in April 2021.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B3. Prospects for the Financial Year Ending 31 December 2021

The Board is optimistic about the Group's business prospect for the financial year ending 31 December 2021, anchored by the proven business model with penetration into both semiconductor manufacturing equipment and material segment within the semiconductor value chain.

The semiconductor industry has proven its unbeatable position to the world economy amid the COVID-19 pandemic, illustrating the world's increasing reliance on advanced technologies. By reshuffling the ecosystem within the semiconductor industry as a result of the US-China decoupling, the semiconductor equipment and material industry is provided with new opportunities for gaining bigger market share, including Mi Technovation group.

With semiconductor equipment business unit (post integration with automation and robotics segment for Industrial 4.0) and semiconductor material business units in place, both synergistic and complement each other, and their strategic presence in countries where key IDMs and OSATs operate, the Group is now well-positioned to benefit from the growth of cloud computing, AI, IoT, EV and 5G, by offering a total solution to the customers.

In semiconductor industry, the winner will take all is the common phenomenon. The Board believes the strategy to upsize the Group business by organic and inorganic expansion is the hard truth of success. Given this, the Group will continue its effort to develop new technologies in semiconductor industry through collaborations with customers and acquisitions of synergetic business partners.

B4. Profit Forecast

The Group did not provide any revenue or profit forecast in any public document.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B5. Taxation

The Group's taxation together with the comparison between the effective and statutory tax rates for the current quarter and financial period under review are set out below:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30-Jun-2021	30-Jun-2020	30-Jun-2021	30-Jun-2020
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	664	283	699	433
Deferred Tax (RM'000)	(141)	-	(141)	-
Withholding Tax (RM'000)	56	1	112	3
Total (RM'000)	579	284	670	436
Effective Tax Rate (%)	2.19	1.54	2.25	1.52
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rates of the Group for the current quarter and financial period under review were higher compared to the corresponding period in the previous year mainly due to the following:

- (a) Temporary differences arising from qualifying building expenditures on Bayan Lepas and Batu Kawan factories.
- (b) Tax expenses incurred by SMBU

However, the effective tax rate is still below the 24% statutory tax rate due to tax incentive enjoyed by its subsidiary, Mi Equipment (M) Sdn Bhd ("Mi Equipment Malaysia").

Mi Equipment Malaysia is entitled to pioneer status incentives under the Promotion of Investments Act, 1986 (Amendment) for the design, development and manufacturing of vision inspection and taping equipment as well as the related components. The profit derived from these products is exempted from tax for a total relief period of 5 years from 18 January 2014 to 17 January 2019 subject to a further renewal of another 5 years. On 31 January 2020, approval has been obtained from Malaysian Investment Development Authority ('MIDA') for next 5-year pioneer period, i.e. from 18 January 2019 to 17 January 2024.

Mi Equipment Malaysia has also been granted approval-in-principle by MIDA on 21 September 2018 for the design, development and manufacturing of die bonding systems and related modules. The profit derived from these activities is exempted from tax for a total relief period of 10 years from the manufacturing date. Application for pioneer certificate is to be submitted within 24 months of the approval date. On 21 July 2020, an appeal to extend the timeframe for submitting pioneer certification application has been lodged to MIDA. The approval has been granted on 30 November 2020 for extension of time until 20 September 2022. The application has yet to be submitted as at the date of this report.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B6. Status of Corporate Proposals

On 5 July 2021, the Company announced to undertake a private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares) to third party investor(s) to be identified at a later date and at an issue price to be determined later (“Proposed Private Placement”). The Proposed Private Placement will be undertaken in accordance with the general mandate approved by the shareholders of the Company at its 4th Annual General Meeting (“AGM”) duly held on 4 June 2021, pursuant to Section 75 of the Companies Act 2016.

The placement shares shall not be priced at more than 10% discount to the 5-day volume weighted average market price (“VWAP”) immediately preceding the price-fixing date. The Proposed Private Placement may be implemented in tranches within 6 months from the date of approval from Bursa Securities or any extended period as may be approved by Bursa Securities. The listing application for the placement shares to be issued pursuant to the Proposed Private Placement was submitted to Bursa Securities on 8 July 2021 and Bursa’s approval was obtained on 14 July 2021.

Save for the above, there were no other corporate proposals announced and not completed as at the date of this interim financial report.

B7. Utilization of Proceeds from the Public Issue

The gross proceeds from the Public Issue of approximately RM190.89 million was intended to be utilized in the following manner:

No.	Details of utilisation	Estimated utilisation timeframe upon listing	Amount RM'000	Actual utilisation RM'000	Percentage utilised %
1)	Construction of new factory cum office in Bayan Lepas, Penang	Within 12 months	65,000	65,000	100%
2)	Construction of new factory cum office in Batu Kawan, Penang	Within 30 months	30,000	30,000	100%
3)	Set up of new engineering centres in Taiwan, China & Korea	Within 30 months [#]	45,000	45,000	100%
4)	R&D	Within 24 months	6,000	6,000	100%
5)	Working capital	Within 36 months	36,788	36,788	100%
6)	Listing expenses	Within 1 month	8,100	8,100	100%
	Total		190,888	190,888	100%

Notes:

From 11 September 2019 until 10 March 2022.

The utilization of gross proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 May 2018 as well as the announcement on Variation and Extension of Timeframe of the Utilization of Proceeds from the Initial Public Offering dated 11 September 2019.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B8. Group Borrowings and Debt Securities

The detail of the Group's borrowings are as follows:

	Unaudited As at	
	30-Jun-2021 RM '000	30-Jun-2020 RM '000
<u>Borrowings (Secured)</u>		
Short term portion	49,540	2,725
Long term portion	62,958	4,071
Total	112,498	6,796

The Group's borrowings comprise the following:

- (a) Term loan denominated in US Dollar ("USD"), which was drawn down by Mi Equipment (M) Sdn Bhd to partly replenish the Group's internally generated funds used to finance the purchase of the Bayan Lepas factory land;
- (b) Term loan denominated in New Taiwan Dollar ("NTD"), which was drawn down by Mi Equipment (Taiwan) Co. Ltd. to partly finance the purchase of factory in Taiwan.
- (c) Revolving credit and term loan denominated in NTD, which were drawn down by Accurus Scientific Co. Ltd. to finance the operating expenses and capex spending.
- (d) Term loan denominated in Renminbi ("RMB"), which was drawn down by Accurus (Ningbo) Scientific Co. Ltd. to partly finance the construction of factory building in Ningbo, China.

B9. Material Litigation

As at the date of this interim financial report, the Group is not engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, which may materially and adversely affect the financial position or business performance of the Group.

B10. Dividend Declared

No dividend was declared in the current quarter under review in respect of financial year ending 31 December 2021.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B11. Earnings Per Share (“EPS”)

The basic and diluted EPS for the current quarter and financial year is computed as below:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30-Jun-2021	30-Jun-2020	30-Jun-2021	30-Jun-2020
	RM '000	RM '000	RM '000	RM '000
Profit after tax attributable to the owners of the Company (RM'000)	26,105	18,182	29,624	28,480
Weighted average number of ordinary shares in issue ('000)	780,168	746,000	775,946	746,000
Basic EPS (sen) ⁽¹⁾	3.35	2.44	3.82	3.82
Diluted EPS (sen) ⁽²⁾	3.35	2.44	3.82	3.82

Notes:

- (1) Basic EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period under review, after deducting for treasury shares.
- (2) Diluted EPS equals basic EPS as there are no potentially dilutive instruments in existence as at the end of the financial period under review.

B12. Profit Before Tax

Profit before tax is arrived at after charging/(crediting):

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30-Jun-2021	30-Jun-2020	30-Jun-2021	30-Jun-2020
	RM '000	RM '000	RM '000	RM '000
Interest income	(158)	(304)	(489)	(2,124)
Interest expense	286	39	379	76
Amortisation of intangible asset	886	43	1,053	85
Depreciation of property, plant and equipment	2,781	1,456	4,771	2,824
Depreciation of right-of-use asset	448	185	896	368
Realised loss/(gain) on foreign exchange	109	(997)	609	(927)
Unrealised loss/(gain) on foreign exchange	286	2,330	(4,045)	(4,128)

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

BY ORDER OF THE BOARD
30 July 2021