



Mi TECHNOVATION BERHAD

(Company No. 201701021661(1235827-D))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30-Sep-2022	30-Sep-2021	30-Sep-2022	30-Sep-2021
	RM '000	RM '000	RM '000	RM '000
Revenue	89,659	113,967	272,327	285,438
Operating expenses	(73,062)	(90,172)	(223,846)	(228,264)
Depreciation and amortisation	(6,149)	(4,901)	(17,089)	(11,621)
Non-operating income	12,178	2,039	26,857	5,557
Finance costs	(484)	(366)	(1,445)	(813)
Profit before tax	<u>22,142</u>	<u>20,567</u>	<u>56,804</u>	<u>50,297</u>
Tax expense	(3,240)	(2,218)	(7,732)	(2,888)
Profit for the financial period	<u>18,902</u>	<u>18,349</u>	<u>49,072</u>	<u>47,409</u>
Other comprehensive income/(loss), net of tax:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translations	(611)	1,303	(1,339)	5,002
Total comprehensive income	<u>18,291</u>	<u>19,652</u>	<u>47,733</u>	<u>52,411</u>
Profit attributable to:				
Owners of the parent	20,253	18,955	51,751	48,579
Non-controlling interests	(1,351)	(606)	(2,679)	(1,170)
	<u>18,902</u>	<u>18,349</u>	<u>49,072</u>	<u>47,409</u>
Total comprehensive income attributable to:				
Owners of the parent	19,468	20,217	50,159	53,553
Non-controlling interests	(1,177)	(565)	(2,426)	(1,142)
	<u>18,291</u>	<u>19,652</u>	<u>47,733</u>	<u>52,411</u>
Earnings per share attributable to owners of the parent:				
Basic (sen) ⁽²⁾	<u>2.26</u>	<u>2.24</u>	<u>5.78</u>	<u>6.06</u>
Diluted (sen) ⁽²⁾	<u>2.25</u>	<u>2.24</u>	<u>5.76</u>	<u>6.06</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 2021 and the accompanying explanatory notes attached to the interim financial report.
- (2) Calculation of earnings per share are disclosed in explanatory note B11 attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾

	Unaudited As at 30-Sep-2022 RM'000	Audited As at 31-Dec-2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	224,130	234,090
Right-of-use assets	16,268	17,604
Investment properties	35,127	35,609
Intangible assets	85,831	90,063
Investment in associate	27,052	28,614
Goodwill on consolidation	118,699	118,699
Deferred tax assets	5,298	5,058
Lease receivable	3,708	4,054
Defined benefit asset	1,943	1,748
Total non-current assets	518,056	535,539
Current assets		
Inventories	153,285	110,413
Trade and other receivables	159,272	155,379
Lease receivable	1,547	1,403
Current tax assets	31	129
Short term funds ⁽²⁾	237,264	289,480
Cash and bank balances	171,293	120,696
Total current assets	722,692	677,500
TOTAL ASSETS	1,240,748	1,213,039
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	855,459	855,459
Treasury shares	(5,181)	(5,247)
Reserves	196,935	179,893
	1,047,213	1,030,105
Non-controlling interests	(4,172)	(1,746)
TOTAL EQUITY	1,043,041	1,028,359

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

	Unaudited As at 30-Sep-2022 RM'000	Audited As at 31-Dec-2021 RM'000
LIABILITIES		
Non-current liabilities		
Borrowings	40,443	48,064
Government grants	4,066	4,016
Provisions	1,130	1,412
Defined benefit liability	52	166
Lease liabilities	85	1,150
Deferred tax liabilities	17,708	18,003
Total non-current liabilities	63,484	72,811
Current liabilities		
Trade and other payables	75,494	39,049
Borrowings	46,322	60,300
Government grants	223	211
Provisions	3,402	2,471
Lease liabilities	1,202	1,365
Current tax liabilities	7,580	8,473
Total current liabilities	134,223	111,869
TOTAL LIABILITIES	197,707	184,680
TOTAL EQUITY AND LIABILITIES	1,240,748	1,213,039
Net asset per share (RM)	1.16	1.15

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 2021 and the accompanying explanatory notes attached to the interim financial report.
- (2) Short term funds comprise the following:

	30-Sep-2022 RM'000	31-Dec-2021 RM'000
Short term funds		
Money market funds	237,264	273,932
Bond Funds	-	15,548
	237,264	289,480

Unaudited Condensed Consolidated Statement of Changes in Equity ⁽¹⁾

	←			Non-distributable			→		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Legal reserve RM'000	Share grant reserve RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000	Distributable Retained earnings RM'000	Non-controlling interests RM'000	
Balance as at 1 January 2022	855,459	(5,247)	2,326	360	4,123	(63,558)	236,642	(1,746)	1,028,359
Profit for the financial period	-	-	-	-	-	-	51,751	(2,679)	49,072
Other comprehensive income, net of tax	-	-	-	-	(1,592)	-	-	253	(1,339)
Share grant scheme ("SGS") expenses	-	-	-	2,789	-	-	-	-	2,789
Share vested under SGS	-	66	-	(77)	-	-	11	-	-
Transfer to legal reserve	-	-	2,675	-	-	-	(2,675)	-	-
Dividends paid	-	-	-	-	-	-	(35,840)	-	(35,840)
Balance as at 30 September 2022	855,459	(5,181)	5,001	3,072	2,531	(63,558)	249,889	(4,172)	1,043,041
Balance as at 1 January 2021	252,615	(5,247)	148	-	(485)	(63,558)	204,854	(51)	388,276
Profit for the financial period	-	-	-	-	-	-	48,579	(1,170)	47,409
Other comprehensive income, net of tax	-	-	-	-	4,974	-	-	28	5,002
Issuance of shares	602,578	-	-	-	-	-	-	-	602,578
Acquisition of a subsidiary	-	-	-	-	(982)	-	(879)	(8)	(1,869)
Balance as at 30 September 2021	855,193	(5,247)	148	-	3,507	(63,558)	252,554	(1,201)	1,041,396

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 2021 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾

	9 months ended 30-Sep-2022 RM '000	9 months ended 30-Sep-2021 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	56,804	50,297
Adjustments for:		
Amortisation of intangible assets	4,708	2,376
Depreciation of property, plant and equipment	10,454	7,830
Depreciation of right-of-use assets	1,445	1,415
Depreciation of investment properties	482	-
Interest expense	1,431	603
Impairment loss on trade receivables	632	270
Interest income	(2,685)	(1,435)
Inventories written down	360	675
Inventories written off	-	1,185
Loss on fair value changes on bond funds	268	468
Loss on disposal of property, plant and equipment	-	23
Property, plant and equipment written off	32	26
Provision for warranty replacement costs	1,587	2,911
Reversal of provision for warranty replacement costs	(153)	(484)
Share grant expenses	2,789	-
Share of result of an associate, net of tax	1,502	-
Unrealised gain on foreign exchange	(12,604)	(4,419)
Operating profit before changes in working capital	67,052	61,741
Increase in inventories	(43,232)	(17,755)
Decrease/(Increase) in trade and other receivables	8,803	(65,555)
Increase/(Decrease) in trade and other payables	31,616	(12,827)
Cash generated from/(used in) operations	64,239	(34,396)
Lease payment received	201	-
Defined benefit paid	(146)	-
Warranty paid	(771)	(910)
Tax paid	(9,050)	(271)
Net cash from/(used in) operating activities	54,473	(35,577)

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

	9 months ended 30-Sep-2022 RM '000	9 months ended 30-Sep-2021 RM '000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary, net cash acquired	-	30,109
Additional of defined benefit asset	-	(134)
Interest received	2,685	1,435
Proceeds from disposal of property, plant and equipment	15	317
Proceeds from redemption of bond funds	15,280	-
(Purchase)/Disposal of intangible asset	(353)	2,195
Purchase of property, plant and equipment	(4,396)	(31,091)
Purchase of bond funds	-	(469)
Net cash from investing activities	<u>13,231</u>	<u>2,362</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(35,840)	-
Interest paid	(1,366)	(503)
Net proceeds from issuance of ordinary shares	-	290,728
Drawdown of borrowings	31,450	37,894
Repayment of borrowings	(51,562)	(6,349)
Payment of lease liabilities	(1,268)	(3,403)
Placement of deposits to a licensed bank	-	(2)
Withdrawn of deposits pledged to a licensed bank	-	2,156
Net cash (used in)/from financing activities	<u>(58,586)</u>	<u>320,521</u>
Net increase in cash and cash equivalents	9,118	287,306
Effect on foreign exchange rates changes	4,767	6,754
Cash and cash equivalents at beginning of financial period	394,540	81,312
Cash and cash equivalents at end of financial period	<u>408,425</u>	<u>375,372</u>
Cash and cash equivalents at end of financial period comprises:		
Cash and bank balances	171,161	100,575
Money market funds	237,264	274,797
Deposits with a licensed bank	132	-
	<u>408,557</u>	<u>375,372</u>
<u>Less:</u>		
Deposits with licensed bank	(132)	-
	<u>408,425</u>	<u>375,372</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 2021 and the accompanying explanatory notes attached to the interim financial report.

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 2021 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 2021, 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

The Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2022.

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

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 2023

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
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
Amendment to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Amendment to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements - Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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 2021.

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 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 under review.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter under review except for the transfer of treasury shares. The details of the shares held as treasury shares for the financial period ended 30 September 2022 were as follows:

	Number of Treasury Shares (‘000)	Total Cost Consideration RM‘000
Balance as at 1 January 2022	4,000	5,247
Transferred during the year	(50)	(66)
Balance as at 30 September 2022	3,950	5,181

A8. Dividends Paid

Dividend paid during current quarter and financial period under review are as follows:

- a) A second single-tier dividend of 2.0 sen per ordinary shares amounting to RM17.92 million in respect of the financial year ended 31 December 2021 was paid on 22 March 2022.
- b) A first single-tier dividend of 1.0 sen per ordinary shares amounting to RM8.96 million in respect of the financial year ending 31 December 2022 was paid on 2 June 2022.
- c) A second single-tier dividend of 1.0 sen per ordinary shares amounting to RM8.96 million in respect of the financial year ending 31 December 2022 was paid on 26 August 2022.

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 industry segments and separately managed by the BU Presidents who report directly to the Group Chief Executive Officer.

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

A9. Segment Information (cont'd)

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, together with the provision of maintenance services and technical support for these machines, as well as 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, FOWLP, 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 Pyeongtaek, 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.

(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 September 2022 ⁽¹⁾

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	120,555	151,751	21	-	272,327
Inter-segment revenue	4	231	841	(1,076)	-
Total revenue	120,559	151,982	862	(1,076)	272,327
Interest income	464	31	2,190	-	2,685
Interest expense	(1,653)	(1,402)	(14)	1,638	(1,431)
Net interest income/(expense)	(1,189)	(1,371)	2,176	1,638	1,254
Share of result of an associate	(1,502)	-	-	-	(1,502)
Segment profit/(loss) before tax	20,883	33,179	5,745	(3,003)	56,804
Tax expense					(7,732)
Other material non-cash items:					
- Depreciation of property, plant and equipment	(6,287)	(4,028)	(233)	94	(10,454)
- Depreciation of right-of-use assets	(1,361)	(36)	(158)	110	(1,445)
- Depreciation of investment properties	(482)	-	-	-	(482)
- Amortisation of intangible assets	(1,158)	(3,421)	(129)	-	(4,708)
- Provision for warranty replacement costs	(1,587)	-	-	-	(1,587)
- Reversal of provision for warranty replacement costs	153	-	-	-	153

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 September 2022⁽¹⁾ (cont'd)

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Assets					
Segment assets	352,821	406,451	154,964	(116,369)	797,867
Investment in associate					27,052
Deferred tax assets					5,298
Defined benefit asset					1,943
Current tax assets					31
Short term funds					237,264
Cash and bank balances					171,293
					<u>1,240,748</u>
Liabilities					
Segment liabilities	202,817	109,386	1,808	(141,644)	172,367
Deferred tax liabilities					17,708
Defined benefit liability					52
Current tax liabilities					7,580
					<u>197,707</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 2021, under Note 36 *Operating Segments*.

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 September 2021 ⁽¹⁾

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	209,028	76,304	106	-	285,438
Inter-segment revenue	92	105	1,639	(1,836)	-
Total revenue	209,120	76,409	1,745	(1,836)	285,438
Interest income	364	29	1,042	-	1,435
Interest expense	(454)	(277)	(24)	152	(603)
Net interest income/(expense)	(90)	(248)	1,018	152	832
Segment profit/(loss) before tax	44,677	14,149	23,103	(31,632)	50,297
Tax expense					(2,888)
Other material non-cash items:					
- Depreciation of property, plant and equipment	(5,871)	(1,518)	(493)	52	(7,830)
- Depreciation of right-of-use assets	(1,324)	(24)	(258)	191	(1,415)
- Amortisation of intangible assets	(424)	(1,795)	(157)	-	(2,376)
- Provision for warranty replacement costs	(2,849)	-	(62)	-	(2,911)
- Reversal of provision for warranty replacement costs	362	-	122	-	484

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 September 2021 ⁽¹⁾ (cont'd)

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Assets					
Segment assets	390,108	390,813	77,640	(38,604)	819,957
Deferred tax assets					2,626
Defined benefit asset					1,756
Short term funds					300,323
Cash and bank balances					100,575
					<u>1,225,237</u>
Liabilities					
Segment liabilities	120,023	102,344	1,391	(63,646)	160,112
Deferred tax liabilities					18,388
Defined benefit liability					122
Current tax liabilities					5,219
					<u>183,841</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 2021, under Note 36 *Operating Segments*.

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

A10. Material Events Subsequent to the end of the Quarter

There were no material events subsequent to the end of current quarter that have not been reflected in the interim financial report.

A11. Changes in the Composition of the Group

Voluntary liquidation of dormant subsidiaries

The Company's wholly owned subsidiaries which are dormant, namely Mi Sales & Services (M) Sdn Bhd ("MiSSB") and Mi Components Sdn Bhd ("MiCSB"), have been placed under members' voluntary winding-up procedures. MiSSB and MiCSB had been struck off and ceased to be a wholly owned subsidiary of the Group on 15 February 2022 and 30 August 2022 respectively.

The financial results of the abovementioned subsidiaries is insignificant and will not have any material impact on the earnings and net assets of the Group for the financial period ended 30 September 2022.

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.

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.

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

A13. Material Capital Commitment

Save as disclosed below, as of 30 September 2022, 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	12,678
- Contracted but not provided for	1,155
	<u>13,833</u>

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		Changes		CUMULATIVE QUARTER		Changes	
	3 months ended				9 months ended			
	30-Sep-2022	30-Sep-2021	RM'000	%	30-Sep-2022	30-Sep-2021	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	89,659	113,967	(24,308)	-21.3%	272,327	285,438	(13,111)	-4.6%
Operating expenses	(73,062)	(90,172)			(223,846)	(228,264)		
Depreciation and amortisation	(6,149)	(4,901)			(17,089)	(11,621)		
Operating profit	10,448	18,894	(8,446)	-44.7%	31,392	45,553	(14,161)	-31.1%
Non-operating income	12,178	2,039			26,857	5,557		
Finance costs	(484)	(366)			(1,445)	(813)		
Profit before tax	22,142	20,567	1,575	7.7%	56,804	50,297	6,507	12.9%
PBT Margin	24.7%	18.0%			20.9%	17.6%		

Individual Quarter:

Comparison with corresponding quarter in previous year (Q3 2022 vs Q3 2021)

The Group recorded a revenue of RM89.7 million for the current quarter, a drop of 21.3% amounting to RM24.3M from RM114.0 million the previous year. The revenue contribution by business unit is as follows:

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

SEBU contributed RM34.9 million to Group’s top line during the current quarter, representing 39.0% of total revenue.

The revenue declined by 45.6% amounting to RM29.3M, from RM64.2 million to RM34.9 million year-on-year, due to:

- i. Cautious capital expenditure spending from customers due to slowdown in semiconductor industry especially for consumer electronics market.
- ii. Worsening geo-political tensions increase the uncertainty in investment.
- iii. Deferral in order delivery for the quarter under review due to slowdown in customers’ expansion pace as well as parts shortage for internal production.

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

SMBU contributed RM54.8 million to Group’s top line during the current quarter, representing approximately 61.0% of total revenue.

The revenue increased by 10.0% year-on-year from RM49.8 million to RM54.8 million, amounted to RM5.0M resulting from:

- i. Sustainable production volume as well as seasonal ramping for launching of new product by our key customers, especially in Taiwan & China
- ii. Our key customers in material business had shown strong growth of market share in mobile device, HPC & automotive industries.
- iii. Higher average selling price compared to a year ago.

The Group posted a profit before tax (“PBT”) of RM22.1 million in the current quarter, increase 7.7% compared to a year ago. This is mainly contributed by the foreign exchange gain resulting from strengthening US dollar against majority of Asian currencies in current quarter.

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 (9M 2022 vs 9M 2021)

The Group recorded a revenue of RM272.3 million for the current financial period ended 30 September 2022, a slight decline of 4.6% amounted to RM13.1 million from RM285.4 million previous year. Despite the market disruption from Russia-Ukraine War, US sanction on China semiconductor industries and China economic slowdown, the slight decline in our revenue has proven the resilience level of our business model with a wider range of customer base and product diversification.

The Group posted PBT of RM56.8 million, a 12.9% increase from RM50.3 million in previous year. The better PBT margin for 9 months financial period 2022 at 20.9% compared to 17.6% previous year was mainly contributed by the foreign exchange gain resulting from strengthening of US dollar and the increase in interest income.

B2. Comparison with Immediate Preceding Quarter (Q3 2022 vs Q2 2022)

	INDIVIDUAL QUARTER		Changes	
	3 months ended			
	30-Sep-2022 RM'000	30-Jun-2022 RM'000	RM'000	%
Revenue	89,659	93,577	(3,918)	-4.2%
Operating expenses	(73,062)	(77,179)		
Depreciation and amortisation	(6,149)	(5,428)		
Operating profit	10,448	10,970	(522)	-4.8%
Non-operating income	12,178	10,207		
Finance costs	(484)	(455)		
Profit before tax	22,142	20,722	1,420	6.9%
PBT Margin	24.7%	22.1%		

The Group recorded a revenue of RM89.6 million in Q3 2022 compared to RM93.6 million the previous quarter, a marginal decrease of 4.2%.

SEBU's revenue decreased by 14.7% from RM40.9 million to RM34.9 million, resulting from the continued shrinking in capital expenditure for semiconductor industries due to uncertainty in market demand.

SMBU's revenue increase by 4.1%, from RM52.7 million to RM54.8 million, mainly contributed by continued momentum for production ramp-up by key customers, especially in Taiwan & China.

PBT increased by 6.9% from RM20.7 million to RM22.1 million, and PBT margin up from 22.1% to 24.7%. While operating profit margin stayed flat, the PBT margin improvement mainly contributed by the foreign exchange gain in the current quarter.

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

B3. Prospects for the Financial Year Ending 31 December 2022

The Group is facing challenges in delivering results for financial year 2022 mainly due to the worsening Sino-US semiconductor sanction and conflicts, the rising inflation and interest rate affecting consumer sentiments as well as the adverse impact by geopolitical tensions on world economy growth.

With our customers taking more cautious approach in production capacity investment and expansion plan, we expect that SEBU will show a decline in sales in year 2022. Despite uncertainties in macro environment, our key customers for SMBU had shown growth in market share. Hence, we expect a sales growth for SMBU in year 2022.

The Group will deliver more stable and consistent quarterly topline in financial year 2022 with less cyclical impact, as a result of business diversification where capital investment on equipment and production consumption ramping of material are having different purchasing cycles.

The Group is committed and focusing on our long-term business strategy to strengthen our position as a comprehensive solution provider to unlock a larger market share through the new product deployment in 2022.

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

B4. Profit Forecast

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

B5. Taxation

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30-Sep-2022 RM '000	30-Sep-2021 RM '000	30-Sep-2022 RM '000	30-Sep-2021 RM '000
Tax Expense (RM'000)	3,439	2,510	8,353	3,209
Deferred Tax (RM'000)	(212)	(212)	(634)	(353)
Withholding Tax (RM'000)	13	(80)	13	32
Total (RM'000)	3,240	2,218	7,732	2,888
Effective Tax Rate (%)	14.6	10.8	13.6	5.7
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The Group's effective tax rate for the current quarter under review was 14.6%, up from 10.8% a year ago, mainly due to tax expenses incurred by SMBU, primarily Accurus Scientific Co Ltd, which is subject to Taiwan's corporate tax rate of 20%. Because of tax incentive enjoyed by its subsidiary, Mi Equipment (M) Sdn Bhd ("Mi Equipment Malaysia"), the Group's effective tax rate remains well below the statutory rate of 24%.

Mi Equipment Malaysia has been granted pioneer status for its promoted principal activities, the statutory income of which is 100% tax-exempted for a period of 10 years. The initial 5-year tax relief period commenced from 18 January 2014 and expired on 17 January 2019. Approval for the extended 5-year pioneer period has been obtained from Malaysian Investment Development Authority ("MIDA"), beginning on 18 January 2019 to 17 January 2024.

B6. Status of Corporate Proposals

There were no corporate proposals announced and not completed as at the date of this interim financial report.

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

B7. Utilization of Proceeds from the Private Placement

The gross proceeds from the Private Placement of approximately RM295.4 million was intended to be utilized in the following manner:

No.	Details of utilisation	Estimated utilisation timeframe upon completion [#]	Amount RM'000	Actual utilisation RM'000	Percentage utilised %
1)	Expansion of the Group's businesses	Within 30 months	215,728	29,948	13.9%
2)	Repayment of bank borrowings	Within 6 months	15,000	15,000	100.0%
3)	Working capital	Within 18 months	60,000	30,000	50.0%
4)	Expenses in relation to the Proposed Private Placement	Within 1 month	4,697	4,697	100.0%
	Total		295,425	79,645	27.0%

Notes:

Starting from listing date of 24 August 2021

The utilization of gross proceeds as disclosed above should be read in conjunction with the announcement of the Company dated 5 July 2021.

B8. Group Borrowings and Debt Securities

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

	Unaudited As at 30-Sep-2022 RM '000	Audited As at 30-Sep-2021 RM '000
<u>Borrowings (Secured)</u>		
Short term portion	46,322	51,159
Long term portion	40,443	59,904
Total	86,765	111,063

The Group's borrowings comprise the following:

- 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;
- 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.
- 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.
- 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.

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

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

Dividend declaration in respect of the financial year ending 31 December 2022 as follows:

- (a) A first single-tier interim dividend of 1.0 sen per ordinary share declared on 29 April 2022, with the book closure and payment dates on 19 May 2022 and 2 June 2022 respectively.
- (b) A second single-tier interim dividend of 1.0 sen per ordinary share declared on 28 July 2022, with the book closure and payment dates on 12 August 2022 and 26 August 2022 respectively.

B11. Earnings Per Share ("EPS")

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30-Sep-2022	30-Sep-2021	30-Sep-2022	30-Sep-2021
Profit after tax attributable to owners of the Company (RM'000)	20,253	18,955	51,751	48,579
Weighted average number of ordinary shares in issue ('000)	896,023	844,821	896,008	801,148
Adjusted weighted average no. of ordinary shares in issue ('000)	899,201	844,821	899,186	801,148
Basic EPS (sen) ⁽¹⁾	2.26	2.24	5.78	6.06
Diluted EPS (sen) ⁽²⁾	2.25	2.24	5.76	6.06

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 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 after deducting for treasury shares and adjusted for the effects of dilutive potential ordinary shares due to share grant scheme.

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

B12. Profit Before Tax

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30-Sep-2022 RM '000	30-Sep-2021 RM '000	30-Sep-2022 RM '000	30-Sep-2021 RM '000
Interest income	(1,136)	(946)	(2,685)	(1,435)
Interest expense	479	293	1,431	603
Amortisation of intangible asset	1,573	1,323	4,708	2,376
Depreciation of property, plant and equipment	4,029	3,059	10,454	7,830
Depreciation of right-of-use asset	386	519	1,445	1,415
Depreciation of investment properties	161	-	482	-
Realised gain on foreign exchange	(2,249)	(1,021)	(7,525)	(412)
Unrealised gain on foreign exchange	(6,782)	(374)	(12,604)	(4,419)

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
7 November 2022