



MMIS BERHAD

(Registration No.: 201901006068 (1315395-W))
(Incorporated in Malaysia under the Companies Act, 2016)

UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 1st HALF-YEAR ENDED 31 DECEMBER 2020

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“LEAP MARKET”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET AND MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY US. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN US AND SHOULD MAKE THEIR DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

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Unaudited Consolidated Statement of Financial Position as at 31 December 2020

	Unaudited as at 31.12.2020 RM	Audited as at 30.6.2020 RM
Assets		
Property, plant and equipment	13,371,799	12,783,235
Investment property	1,079,807	1,086,678
Total non-current assets	<u>14,451,606</u>	<u>13,869,913</u>
Inventories	3,748,266	3,104,678
Contract assets	3,463,607	2,548,116
Trade receivables	6,073,865	3,301,302
Other receivables, deposits and prepayments	145,444	136,828
Current tax assets	1,180,025	1,369,746
Fixed deposits with a licensed bank	34,219	33,916
Cash and cash equivalents	3,887,198	4,774,955
Total current assets	<u>18,532,624</u>	<u>15,269,541</u>
Total assets	<u>32,984,230</u>	<u>29,139,454</u>
Equity		
Share capital	14,768,002	14,768,002
Merger deficit	(8,850,000)	(8,850,000)
Retained earnings	12,504,334	9,988,903
Total equity	<u>18,422,336</u>	<u>15,906,905</u>
Liabilities		
Lease liabilities	1,661,248	2,077,771
Loan and borrowings	6,520,812	4,257,795
Deferred income	195,000	210,000
Deferred tax liabilities	601,000	461,000
Total non-current liabilities	<u>8,978,060</u>	<u>7,006,566</u>
Lease liabilities	816,594	616,653
Loan and borrowings	573,291	831,646
Trade payables	1,599,381	577,250
Other payables and accruals	594,568	2,200,434
Amounts due to Directors	2,000,000	2,000,000
Total current liabilities	<u>5,583,834</u>	<u>6,225,983</u>
Total liabilities	<u>14,561,894</u>	<u>13,232,549</u>
Total equity and liabilities	<u>32,984,230</u>	<u>29,139,454</u>
Net assets per share (sen)⁽¹⁾	<u>3.68</u>	<u>3.18</u>

Note: -

(1) Net assets per share is calculated based on the Company's issued number of 500,000,000 ordinary shares as at the reporting date.

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Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 1st Half Year Ended 31 December 2020

	Individual 6 months ended		Cumulative 6 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM	RM	RM	RM
Revenue	9,515,487	5,813,723	9,515,487	5,813,723
Cost of sales	(5,338,707)	(2,921,121)	(5,338,707)	(2,921,121)
Gross profit ("GP")	<u>4,176,780</u>	<u>2,892,602</u>	<u>4,176,780</u>	<u>2,892,602</u>
GP Margin	43.89%	49.75%	43.89%	49.75%
Other operating income	70,739	40,888	70,739	40,888
Administrative expenses	(1,038,753)	(1,152,162)	(1,038,753)	(1,152,162)
Selling and distribution costs	(135,437)	(83,210)	(135,437)	(83,210)
Results from operating activities	<u>3,073,329</u>	<u>1,698,118</u>	<u>3,073,329</u>	<u>1,698,118</u>
Finance costs	(130,943)	(191,387)	(130,943)	(191,387)
Profit before tax ("PBT")	<u>2,942,386</u>	<u>1,506,731</u>	<u>2,942,386</u>	<u>1,506,731</u>
PBT margin	30.92%	25.92%	30.92%	25.92%
Tax expense	(426,955)	(200,297)	(426,955)	(200,297)
Tax rate	14.51%	13.29%	14.51%	13.29%
Profit for the period	<u>2,515,431</u>	<u>1,306,434</u>	<u>2,515,431</u>	<u>1,306,434</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u><u>2,515,431</u></u>	<u><u>1,306,434</u></u>	<u><u>2,515,431</u></u>	<u><u>1,306,434</u></u>
Earnings per share ("EPS") (sen)				
Basic ⁽¹⁾	0.50	0.27	0.50	0.27
Diluted ⁽²⁾	N/A	N/A	N/A	N/A

Notes: -

(1) Basic EPS is calculated based on MMIS Berhad's ("MMIS") weighted average number of ordinary shares ("MMIS Shares") of 500,000,000 MMIS Shares as at 31 December 2020 and 481,521,739 MMIS Shares as at 31 December 2019.

(2) There are no equity instruments in issue that would give a dilutive effect to the basic earnings per share.

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Unaudited Consolidated Statement of Changes in Equity for the 1st Half-Year Ended 31 December 2020

	<---- Non-distributable ---->		Distributable	Total equity RM
	Share capital	Merger deficit	Retained earnings	
	RM	RM	RM	
At 30 June 2019	10,000,002	(8,850,000)	9,881,359	11,031,361
Issuance of shares pursuant to Initial Public Offering ("IPO")	5,000,000	-	-	5,000,000
Transaction costs related to issuance of shares	(232,000)	-	-	(232,000)
Total comprehensive income for the year	-	-	2,607,544	2,607,544
Dividends to owners of the Company	-	-	(2,500,000)	(2,500,000)
At 30 June 2020 / 1 July 2020	14,768,002	(8,850,000)	9,988,903	15,906,905
Total comprehensive income for the period	-	-	2,515,431	2,515,431
At 31 December 2020	<u>14,768,002</u>	<u>(8,850,000)</u>	<u>12,504,334</u>	<u>18,422,336</u>

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Unaudited Consolidated Statement of Cash Flows

	Cumulative 6 months ended	
	31.12.2020	31.12.2019
	RM	RM
Cash flows from operating activities		
Profit before tax	2,942,386	1,506,731
Adjustments for:		
Amortisation of government grant	(15,000)	(15,000)
Depreciation of investment property	6,871	6,582
Depreciation of property, plant and equipment	375,601	431,077
Finance costs	130,943	191,387
Interest income	(22,459)	(6,491)
Operating profit before changes in working capital	3,418,342	2,114,286
Changes in working capital:		
Inventories	(643,588)	(1,078,161)
Contract assets	(915,491)	(1,576,102)
Trade receivables	(2,772,563)	(538,549)
Other receivables, deposits and prepayments	(8,616)	(322,624)
Fixed deposits with a licensed bank	(303)	(245)
Trade payables	1,022,131	448,108
Other payables and accruals	(1,605,866)	(441,752)
Cash used in operations	(1,505,954)	(1,395,039)
Interest received	22,459	6,491
Tax paid	(97,234)	(717,826)
Net cash used in operating activities	(1,580,729)	(2,106,374)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(262,915)	(93,323)
Net cash used in investing activities	(262,915)	(93,323)

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Unaudited Consolidated Statement of Cash Flows (Cont'd)

	Cumulative 6 months ended	
	31.12.2020	31.12.2019
	RM	RM
Cash flows from financing activities		
Interest paid	(130,943)	(191,387)
Proceeds from issuance of ordinary shares from IPO	-	5,000,000
Dividends paid to owners of the Company	-	(2,500,000)
Drawdown of term loans	1,316,000	2,050,000
Repayment of lease liabilities	(216,582)	(401,430)
Repayment of term loans	(12,588)	(2,082,500)
Net cash generated from financing activities	<u>955,887</u>	<u>1,874,683</u>
Net decrease in cash and cash equivalents	(887,757)	(325,014)
Cash and cash equivalents at beginning of period	<u>4,774,955</u>	<u>4,508,171</u>
Cash and cash equivalents at end of period	<u><u>3,887,198</u></u>	<u><u>4,183,157</u></u>

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1st HALF-YEAR ENDED 31 DECEMBER 2020

A1 Basis of preparation

The unaudited interim financial statements of MMIS Berhad (“MMIS” or “the Company”) and its subsidiary (“the Group”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting.

This unaudited interim financial report on the Group’s unaudited consolidated financial results for the 1st half-year ended 31 December 2020 is announced by the Company in compliance with Paragraph 6.12 of the LEAP Market Listing Requirements of Bursa Securities (“Listing Requirements”).

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to this unaudited interim financial report.

A2 Significant accounting policies

The significant accounting policies and method of computation applied in the preparation of these unaudited interim financial statements are consistent with those adopted in the most recent annual audited financial statements, except for the following

- Amendments to MFRS 3 *Business Combinations - Definition of a Business*
- Amendments to MFRS 7 *Financial Instruments: Disclosures*, MFRS 9 *Financial Instruments* and MFRS 139 *Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform*
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Definition of Material*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*

The following Standards and amendments to Standards have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective.

MFRSs, IC Interpretations and Amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, IC Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases- Interest Rate Benchmark Reform -Phase 2*

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1st HALF-YEAR ENDED 31 DECEMBER 2020 (CONT'D)

A2 Significant accounting policies (cont'd)

MFRSs, IC Interpretations and Amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9 *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16 *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract**
- Amendments to MFRS 141 *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, IC Interpretations and Amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, IC Interpretations and Amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company do not plan to apply MFRS 17 *Insurance Contracts* that is effective for annual period beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current and prior financial statements of the Group and the Company.

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1st HALF-YEAR ENDED 31 DECEMBER 2020 (CONT'D)

A3 Audit report of preceding annual financial statements

The auditors' report on the financial statements of MMIS for the financial year ended 30 June 2020 was not subject to any qualification.

A4 Seasonal or cyclical factors

The Group's operations were not affected materially by seasonal or cyclical factors for the current financial period and the financial period-to-date under review.

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial period and financial period-to-date.

A6 Material changes in estimates

There were no material changes in accounting estimates in the current financial period and financial period-to-date.

A7 Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period and financial period-to-date.

A8 Dividend

There were no dividends proposed by the Board of Directors of the Company for the current period under review.

A9 Segment information

There were no products, services and geographical location segment information presented as the Group's business is viewed as a single reportable segment.

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1st HALF-YEAR ENDED 31 DECEMBER 2020 (CONT'D)

A10 Profit before taxation

Profit before taxation is arrived at after charging/(crediting) the following expenses/(income):

	Individual 6 months ended		Cumulative 6 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Depreciation of investment property	7	7	7	7
Depreciation of property, plant and equipment	376	431	376	431
Amortisation of government grant	(15)	(15)	(15)	(15)
Interest received	(22)	(6)	(6)	(6)
Rental income	(18)	(15)	(18)	(15)

A11 Valuation of property, plant and equipment

There was no valuation on property, plant and equipment and investment property during the current financial period and financial period-to-date.

A12 Material events subsequent to the end of the financial period

On 22 January 2020, the Company announced the proposed bonus issue of 100,000,000 MMIS Shares ("Bonus Shares") on the basis of one (1) new Bonus Share for five (5) existing MMIS Shares held by entitled shareholders on an entitlement date to be determined by the Board of Directors later ("Proposed Bonus Issue").

A13 Contingent liabilities and contingent assets

There are no material contingent liabilities and contingent assets as at the date of this unaudited interim financial report.

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EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 1st HALF-YEAR ENDED 31 DECEMBER 2020 (CONT'D)

A14 Capital commitments

Save as disclosed below, there were no material capital commitments in respect of property, plant and equipment as at the end of the current financial period.

	As at 31.12.2020 RM
Capital expenditure commitment	
Land and building	
- Contracted but not provided for	<u>140,250</u>
Motor Vehicle	
- Contracted but not provided for	<u>145,500</u>

A15 Significant related party transaction

There were no significant related party transactions in the current financial period and financial period-to-date.

A16 Financial liabilities

The Group has not entered into any derivatives instruments and does not have any other financial liabilities saved as disclosed in the Statement of Financial Position.

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B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS FOR THE LEAP MARKET

B1 Review of performance

	Individual 6 months ended		Cumulative 6 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	9,515	5,814	9,515	5,814
GP	4,177	2,893	4,177	2,893
PBT	2,942	1,507	2,942	1,507
Profit after tax ("PAT")	2,515	1,306	2,515	1,306

Review of 1st half year ended 31 December 2020 vs 1st half year ended 31 December 2019

For the 1st half year ended 31 December 2020, the Group's revenue increased by approximately RM3.701 million or 63.66% as compared to the 1st half year ended 31 December 2019. The increase in revenue was mainly due to higher orders from customers during the 1st half year ended 31 December 2020.

In tandem with the higher revenue recorded, the Group's GP increased by RM1.284 million or 44.38% for the 1st half year ended 31 December 2020 as compared to the 1st half year ended 31 December 2019. However, the Group's GP margin for the 1st half year ended 31 December 2020 decreased to 43.89% as compared to 49.75% in the 1st half year ended 31 December 2019. The decrease in the Group's GP margin was mainly due to higher cost of sales arising from an increase in the price of raw materials and higher cost of outsourcing for small precision engineering parts during the 1st half year ended 31 December 2020.

For the 1st half year ended 31 December 2020 the Group's PBT increased by RM1.435 million or 95.22% and the Group's PAT increased by RM1.209 million or 92.57% as compared to the 1st half year ended 31 December 2019. The significant increase in PBT and PAT was mainly due to the increase in GP.

B2 Variance from profit forecast and profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee in any public document or announcement.

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B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS FOR THE LEAP MARKET (CONT'D)

B3 Income tax expense

	Individual 6 months ended		Cumulative 6 month ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Current year	287	200	287	200
	287	200	287	200
Deferred taxation				
- Current year	140	-	140	-
	140	-	140	-
Total tax expenses	427	200	427	200

B4 Plans & Strategies

The Group's plans and strategies to grow its business remain as follows: -

1. Expansion of production capacity via:
 - i. Increase production floor space and machines' automation; and
 - ii. Recruitment of additional manpower to populate the Group's expanded production facilities.

2. Enlarge the Group's customers base, by leveraging on its capabilities and technological know-how by:
 - i. Expanding the Group's range of offerings to its existing customers; and
 - ii. Acquiring new customers (including those in the semiconductor industry), via targeted sales and marketing activities.

There has been no change in the business direction of the Group during financial period ended 31 December 2020 which may have an impact on the business of the Group.

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B ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS FOR THE LEAP MARKET (CONT'D)

B5 Prospects

Amidst the peril of the Covid-19 pandemic, the global semiconductor market is projected to grow by approximately 8.4% in 2021 following a 5.1% increase in 2020, according to the autumn 2020 forecast of the World Semiconductor Trade Statistics (Source: DIGITIMES, 4 December 2020).

In view of the above, the Board foresees the Malaysian technology hardware sector may benefit from the positive growth of the global semiconductor industry due to amongst others, a ramp-up of semiconductor components and equipment, development of sub-sectors such as in Artificial Intelligence ("AI"), Machine Learning ("ML"), Internet of Things ("IoT"), smart phone upgrades and Fifth-Generation advance wireless technology ("5G") deployment globally, with robust demand for cloud infrastructure services, higher power management content in electric vehicles ("EVs"), and Industry 4.0. This upcycle bodes well for outsourced semiconductor assembly and test manufacturers ("OSATs"), automatic test equipment ("ATE")/automation manufacturers and electronics manufacturing services ("EMS")/precision engineering companies.

Further, the Group's customers are in the "Electrical and Electronic" sector (semiconductor and its components and equipment) are essential goods for the global economy. Hence, the Group's principal activity in precision engineering is deemed essential and critical supply to the semiconductor industry. In substance, the impetus for the growth of the global semiconductor market remains intact which is mainly driven by adoption of the higher spending and stronger demand for semiconductor equipment due to the growth in the new application for smart phone upgrades and 5G network proliferation, communication, high performance computing, AI, ML and IoT.

In view of the above and notwithstanding the challenges arising from the Covid-19 pandemic, the Board will remain vigilant, focused and adaptable when implementing its plans and strategies to further improve the Group's financial performance. Barring any unforeseen circumstances, the Group's financial performance for the 2nd half of the financial year ending 30 June 2021 is expected to remain positive.

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C OTHER INFORMATION

C1 STATUS OF CORPORATE PROPOSAL

Save for the Proposed Bonus Issue, there are no other corporate proposals announced but pending completion as at the date of this report.

C2 Material litigation

There was no material litigation as at the date of this unaudited interim financial report.

C3 Earnings per share

Basic earnings per share ("EPS")

Basic EPS was calculated by dividing the profit attributable to owners of the Company for the current financial period-to-date and the financial year by the weighted average number of ordinary shares in issue:

	Individual 6 months ended		Cumulative 6 month ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit attributable to owners of the Company (RM)	2,515,431	1,306,434	2,515,431	1,306,434
Weighted average number of ordinary shares	500,000,000	481,521,739	500,000,000	481,521,739
Basic EPS (sen)	0.50	0.27	0.50	0.27

Note: -

(1) There are no equity instruments in issue that would give a potential dilutive effect to the basic EPS.