



Mi TECHNOVATION BERHAD

(Company No. 201701021661(1235827-D))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31-Dec-2022	31-Dec-2021	31-Dec-2022	31-Dec-2021
	RM '000	RM '000	RM '000	RM '000
Revenue	117,150	90,041	389,477	375,479
Operating expenses	(89,614)	(70,028)	(313,460)	(300,738)
Depreciation and amortisation	(5,437)	(5,333)	(22,526)	(16,954)
Non-operating income	(2,927)	(1,460)	23,930	6,543
Finance costs	(527)	(12)	(1,972)	(825)
Profit before tax	<u>18,645</u>	<u>13,208</u>	<u>75,449</u>	<u>63,505</u>
Tax expense	(1,466)	(482)	(9,198)	(3,370)
Profit for the financial period	<u>17,179</u>	<u>12,726</u>	<u>66,251</u>	<u>60,135</u>
Other comprehensive income/(loss), net of tax:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translations	(12,705)	(369)	(14,044)	4,633
Remeasurements of defined benefit obligations	332	(121)	332	(121)
Total comprehensive income	<u>4,806</u>	<u>12,236</u>	<u>52,539</u>	<u>64,647</u>
Profit attributable to:				
Owners of the parent	17,111	13,266	68,862	61,845
Non-controlling interests	68	(540)	(2,611)	(1,710)
	<u>17,179</u>	<u>12,726</u>	<u>66,251</u>	<u>60,135</u>
Total comprehensive income attributable to:				
Owners of the parent	5,068	12,779	55,227	66,332
Non-controlling interests	(262)	(543)	(2,688)	(1,685)
	<u>4,806</u>	<u>12,236</u>	<u>52,539</u>	<u>64,647</u>
Earnings per share attributable to owners of the parent:				
Basic (sen) ⁽²⁾	<u>1.91</u>	<u>1.48</u>	<u>7.69</u>	<u>7.50</u>
Diluted (sen) ⁽²⁾	<u>1.91</u>	<u>1.48</u>	<u>7.67</u>	<u>7.48</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 31-Dec-2022 RM'000	Audited As at 31-Dec-2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	223,899	234,090
Right-of-use assets	18,369	17,604
Investment properties	34,967	35,609
Intangible assets	84,444	90,063
Investment in associate	25,476	28,614
Goodwill on consolidation	115,345	118,699
Deferred tax assets	8,128	5,057
Lease receivable	3,594	4,054
Defined benefit asset	2,463	1,748
Total non-current assets	516,685	535,538
Current assets		
Inventories	142,947	110,413
Trade and other receivables	153,627	155,379
Lease receivable	1,547	1,403
Current tax assets	240	129
Short term funds ⁽²⁾	241,964	289,480
Cash and bank balances	176,563	120,696
Total current assets	716,888	677,500
TOTAL ASSETS	1,233,573	1,213,038
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	855,459	855,459
Treasury shares	(4,700)	(5,247)
Reserves	202,349	179,893
	1,053,108	1,030,105
Non-controlling interests	(4,434)	(1,746)
TOTAL EQUITY	1,048,674	1,028,359

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

	Unaudited As at 31-Dec-2022 RM'000	Audited As at 31-Dec-2021 RM'000
LIABILITIES		
Non-current liabilities		
Borrowings	45,633	48,064
Government grants	2,902	4,016
Provisions	434	1,412
Defined benefit liability	-	166
Lease liabilities	12	1,150
Deferred tax liabilities	17,818	18,003
Total non-current liabilities	66,799	72,811
Current liabilities		
Trade and other payables	58,830	39,049
Contract liabilities	3,132	-
Borrowings	36,885	60,300
Government grants	161	211
Provisions	3,973	2,470
Lease liabilities	3,715	1,365
Current tax liabilities	11,404	8,473
Total current liabilities	118,100	111,868
TOTAL LIABILITIES	184,899	184,679
TOTAL EQUITY AND LIABILITIES	1,233,573	1,213,038
Net asset per share (RM)	1.17	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:

	31-Dec-2022 RM'000	31-Dec-2021 RM'000
Short term funds		
Money market funds	241,964	273,932
Bond Funds	-	15,548
	241,964	289,480

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	Share grant 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 2022	855,459	(5,247)	2,326	360	4,123	(63,558)	236,642	(1,746)	1,028,359
Profit for the financial period	-	-	-	-	-	-	68,862	(2,611)	66,251
Other comprehensive income, net of tax	-	-	-	-	(13,967)	-	332	(77)	(13,712)
Share grant scheme ("SGS") expenses	-	-	-	3,616	-	-	-	-	3,616
Share vested under SGS	-	547	-	(904)	-	-	357	-	-
Transfer to legal reserve	-	-	2,675	-	-	-	(2,675)	-	-
Dividends paid	-	-	-	-	-	-	(35,840)	-	(35,840)
Balance as at 31 December 2022	855,459	(4,700)	5,001	3,072	(9,844)	(63,558)	267,678	(4,434)	1,048,674
Balance as at 1 January 2021	252,615	(5,247)	148	-	(485)	(63,558)	204,854	(51)	388,276
Profit for the financial period	-	-	-	-	-	-	61,845	(1,710)	60,135
Other comprehensive income, net of tax	-	-	-	-	4,608	-	(121)	25	4,512
Transfer to legal reserve	-	-	2,178	-	-	-	(2,178)	-	-
Issuance of shares	607,275	-	-	-	-	-	-	-	607,275
Acquisition of a subsidiary	-	-	-	-	-	-	-	1,956	1,956
Acquisition of a shares from non-controlling interest	-	-	-	-	-	-	(878)	(1,966)	(2,844)
Share Grant Scheme(SGS) Expense	-	-	-	360	-	-	-	-	360
Shares issued expenses	(4,431)	-	-	-	-	-	-	-	(4,431)
Dividends paid	-	-	-	-	-	-	(26,880)	-	(26,880)
Balance as at 31 December 2021	855,459	(5,247)	2,326	360	4,123	(63,558)	236,642	(1,746)	1,028,359

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⁾

	12 months ended 31-Dec-2022 RM '000	12 months ended 31-Dec-2021 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	75,449	63,505
Adjustments for:		
Amortisation of intangible assets	6,264	4,091
Depreciation of property, plant and equipment	13,624	10,760
Depreciation of right-of-use assets	1,996	1,889
Depreciation of investment properties	642	214
Interest expense	1,972	825
Gain on lease modification	-	(2)
Impairment loss on trade receivables	260	646
Intangible asset written off	-	1,594
(Reversal)/Additional Defined benefit expenses	(348)	254
Interest income	(4,107)	(2,922)
Inventories written down	1,086	1,705
Inventories written off	491	1,185
Loss on fair value changes on bond funds	268	699
Loss on fair value changes on derivative	-	6
Gain on disposal of property, plant and equipment	-	(123)
Property, plant and equipment written off	34	136
Provision for warranty replacement costs	2,794	3,581
Reversal of impairment loss on trade receivables	(74)	-
Reversal of inventories written down	-	(972)
Reversal of provision for warranty replacement costs	(1,365)	(714)
Share grant expenses	3,616	360
Share of result of an associate, net of tax	2,216	854
Unrealised gain on foreign exchange	(3,886)	(1,304)
Operating profit before changes in working capital	100,932	86,267
Increase in inventories	(34,111)	(9,529)
Decrease/(Increase) in trade and other receivables	2,128	(8,332)
Increase/(Decrease) in trade and other payables	16,933	(19,933)
Increase/(Decrease) in contract liabilities	3,132	(8)
Cash generated from/(used in) operations	89,014	48,465
Lease payment received	316	797
Defined benefit paid	(502)	(368)
Government grant received	-	2,999
Warranty paid	(907)	(1,163)
Tax paid	(9,621)	(775)
Net cash from operating activities	78,300	49,955

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

	12 months ended 31-Dec-2022 RM '000	12 months ended 31-Dec-2021 RM '000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of interests in associate	-	(29,152)
Acquisition of subsidiary, net cash acquired	-	32,954
Interest received	4,107	2,806
Proceeds from disposal of property, plant and equipment	25	2,760
Proceeds from redemption of bond funds	15,280	9,895
Purchase of intangible asset	(356)	(2,516)
Purchase of property, plant and equipment	(7,055)	(47,271)
Purchase of bond funds	-	(617)
Net cash from /(used in) investing activities	12,001	(31,141)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(35,840)	(26,880)
Interest paid	(1,879)	(696)
Net proceeds from issuance of ordinary shares	-	290,994
Drawdown of borrowings	31,450	42,439
Repayment of borrowings	(53,056)	(11,204)
Payment of lease liabilities	(1,763)	(1,551)
Placement of deposits to a licensed bank	-	(88)
Withdrawn of deposits pledged to a licensed bank	-	2,060
Net cash (used in)/from financing activities	(61,088)	295,074
Net increase in cash and cash equivalents	29,213	313,888
Effect on foreign exchange rates changes	(5,357)	(660)
Cash and cash equivalents at beginning of financial period	394,540	81,312
Cash and cash equivalents at end of financial period	418,396	394,540
Cash and cash equivalents at end of financial period comprises:		
Cash and bank balances	176,432	120,608
Money market funds	241,964	273,932
Deposits with a licensed bank	131	88
	418,527	394,628
<u>Less:</u>		
Deposits pledged to a licensed bank	(131)	(88)
	418,396	394,540

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
Amendment to MFRS 9 <i>Financial Instruments</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
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 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
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 and financial year 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 year under review.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and equity securities during the current quarter and financial year under review except for the transfer of treasury shares. The details of the shares held as treasury shares for the financial year ended 31 December 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 financial period	(417)	(547)
Balance as at 31 December 2022	3,583	4,700

A8. Dividends Paid

Dividend paid during current quarter and financial year 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 year ended 31 December 2022⁽¹⁾

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	182,896	206,560	21	-	389,477
Inter-segment revenue	4	321	4,346	(4,671)	-
Total revenue	182,900	206,881	4,367	(4,671)	389,477
Interest income	707	99	3,301	-	4,107
Interest expense	(2,553)	(1,840)	(17)	2,438	(1,972)
Net interest income/(expense)	(1,846)	(1,741)	3,284	2,438	2,135
Share of result of an associate	(2,216)	-	-	-	(2,216)
Segment profit/(loss) before tax	30,363	43,823	48,012	(46,749)	75,449
Tax expense					(9,198)
Other material non-cash items:					
- Depreciation of property, plant and equipment	(8,130)	(5,303)	(315)	124	(13,624)
- Depreciation of right-of-use assets	(1,806)	(65)	(272)	147	(1,996)
- Depreciation of investment properties	(642)	-	-	-	(642)
- Amortisation of intangible assets	(1,540)	(320)	(172)	(4,232)	(6,264)
- Provision for warranty replacement costs	(2,794)	-	-	-	(2,794)
- Reversal of provision for warranty replacement costs	1,365	-	-	-	1,365

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

A9. Segment Information (cont'd)

Results for the financial year ended 31 December 2022⁽¹⁾ (cont'd)

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Assets					
Segment assets	340,978	422,621	129,561	(114,421)	778,739
Investment in associate					25,476
Deferred tax assets					8,128
Defined benefit asset					2,463
Current tax assets					240
Short term funds					241,964
Cash and bank balances					176,563
					<u>1,233,573</u>
Liabilities					
Segment liabilities	164,212	100,569	4,792	(113,896)	155,677
Deferred tax liabilities					17,818
Defined benefit liability					-
Current tax liabilities					11,404
					<u>184,899</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 year ended 31 December 2021 ⁽¹⁾

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	249,977	125,397	105	-	375,479
Inter-segment revenue	92	192	53,266	(53,550)	-
Total revenue	250,069	125,589	53,371	(53,550)	375,479
Interest income	492	41	2,389	-	2,922
Interest expense	(657)	(388)	(25)	245	(825)
Net interest income/(expense)	(165)	(347)	2,364	245	2,097
Share of results of an associate	(854)				(854)
Segment profit/(loss) before tax	49,614	24,057	26,799	(36,965)	63,505
Tax expense					(3,370)
Other material non-cash items:					
- Depreciation of property, plant and equipment	(7,852)	(2,411)	(581)	84	(10,760)
- Depreciation of right-of-use assets	(1,767)	(38)	(332)	248	(1,889)
- Depreciation of investment properties	(214)				(214)
- Amortisation of intangible assets	(1,040)	(2,852)	(199)	-	(4,091)
- Provision for warranty replacement costs	(3,533)	-	(48)	-	(3,581)
- Reversal of provision for warranty replacement costs	607	-	107	-	714

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

A9. Segment Information (cont'd)

Results for the financial year ended 31 December 2021 ⁽¹⁾ (cont'd)

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Assets					
Segment assets	336,152	419,286	76,491	(64,614)	767,315
Investment in an associate					28,614
Deferred tax assets					5,057
Defined benefit asset					1,748
Current tax assets					129
Short term funds					289,480
Cash and bank balances					120,696
					<u>1,213,039</u>
Additions to non-current assets other than financial instruments	39,243	10,484	966	-	50,693
Liabilities					
Segment liabilities	109,461	108,800	3,399	(63,622)	158,038
Deferred tax liabilities					18,003
Defined benefit liability					166
Current tax liabilities					8,473
					<u>184,680</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 year ended 31 December 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 31 December 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	14,429
- Contracted but not provided for	840
	15,269

A14. Significant Related Party Transactions

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

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

B1. Review of Performance

	INDIVIDUAL QUARTER 3 months ended		Changes RM'000 %		CUMULATIVE QUARTER 12 months ended		Changes RM'000 %	
	31-Dec-2022 RM'000	31-Dec-2021 RM'000			31-Dec-2022 RM'000	31-Dec-2021 RM'000		
Revenue	117,150	90,041	27,109	30.1%	389,477	375,479	13,998	3.7%
Operating expenses	(89,614)	(70,028)			(313,460)	(300,738)		
Depreciation and amortisation	(5,437)	(5,333)			(22,526)	(16,954)		
Operating profit	22,099	14,680	7,419	50.5%	53,491	57,787	(4,296)	-7.4%
Non-operating income	(2,927)	(1,460)			23,930	6,543		
Finance costs	(527)	(12)			(1,972)	(825)		
Profit before tax	18,645	13,208	5,437	41.2%	75,449	63,505	11,944	18.8%
PBT Margin	15.9%	14.7%			19.4%	16.9%		

Individual Quarter:

Comparison with corresponding quarter in previous financial year (Q4 2022 vs Q4 2021)

The Group recorded a revenue of RM117.2 million for the current quarter, an increase of 30.1% amounting to RM27.2million from RM90.0 million the previous year. The revenue contribution by business unit is as follows:

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

SEBU contributed RM62.3 million to Group’s top line during the current quarter, representing 53.2% of total revenue.

The revenue increased 52.3% amounting to RM21.4million, from RM40.9million to RM62.3 million year-on-year, mainly due to differences in customers’ capex spending timing and capacity schedule in the two quarters under review.

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

SMBU contributed RM54.9 million to Group’s top line during the current quarter, representing approximately 46.8% of total revenue.

The revenue increased by 11.6% year-on-year from RM49.2 million to RM54.9 million, amounted to RM5.7million resulting from:

- i. Sustainable production volume especially in Taiwan & China customers
- ii. Our key customers in material business had shown strong growth of market share in mobile device, HPC & automotive industries.

In tandem with revenue growth, the Group posted a profit before tax (“PBT”) of RM18.6 million in the current quarter, increase 41.2% compared to a year ago. PBT Margin for current quarter stood at 15.9% after considering the interest income.

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 year (FY 2022 vs FY 2021)

The Group recorded a revenue of RM389.5 million for the current financial year ended 31 December 2022, a marginal increase of 3.7% amounted to RM14.0 million from RM375.5 million previous year. Despite the market disruption from Russia-Ukraine War, US sanction on China semiconductor industries and China economic slowdown, the increase 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 RM75.4 million, a 18.8% increase from RM63.5 million in previous year. The better PBT margin for financial year 2022 at 19.4% compared to 16.9% previous year was mainly contributed by the foreign exchange gain resulting from strengthening of US dollar and the increase in rental & interest income.

B2. Comparison with Immediate Preceding Quarter (Q4 2022 vs Q3 2022)

	INDIVIDUAL QUARTER		Changes	
	3 months ended			
	31-Dec-2022 RM'000	30-Sep-2022 RM'000	RM'000	%
Revenue	117,150	89,659	27,491	30.7%
Operating expenses	(89,614)	(73,062)		
Depreciation and amortisation	(5,437)	(6,149)		
Operating profit	22,099	10,448	11,651	111.5%
Non-operating income	(2,927)	12,178		
Finance costs	(527)	(484)		
Profit before tax	18,645	22,142	(3,497)	-15.8%
PBT Margin	15.9%	24.7%		

The Group recorded a revenue of RM117.2million in Q4 2022 compared to RM89.7 million the previous quarter, an increase of 30.7%.

SEBU's revenue increased significantly by 78.5% from RM34.9 million to RM62.3 million, mainly due to delivery schedule planned in current quarter by major customers especially for China market.

SMBU's revenue increased marginally by 0.2%, from RM54.8 million to RM54.9 million, mainly resulted from consistent demand from key customers, especially in Taiwan & China.

PBT in Q4 2022 decreased by 15.8% from RM22.1 million last quarter to RM18.6 million, and PBT margin down from 24.7% to 15.9% as compared to previous quarter. The slid in PBT margin is mainly due to the huge foreign exchange gain in previous quarter as compared to a foreign exchange loss 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 2023

Considering the global headwinds, 2023 will continue to be a challenging year for the Group especially in the 1st half of the year. We will be vulnerable to uncertainties due to volatile geo-political environment, downturn in consumer electronics market and the on-going inflation pressure.

Nevertheless, we remain committed in 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. With China re-opening based on the new policy adopted towards Covid-19, we expect to see significant progress in our expansion plans for both business units especially in China.

With its diversified solutions strategy and the promising aspects in the advanced Die Sorting and Laser Bonding technology that focus on the HPC segment, SEBU is expecting another prominent revenue stream in 2023. On the other hand, SMBU will continue to focus on its core competencies which are closely related to the new alloy and process development through the joint-development with its key customers in 2023 and future years.

The Group remains cautiously optimistic about the growth of the semiconductor industries in year 2023. We will continue to drive the Group's business which is robust & energized to seize the opportunities ahead of us for a sustainable profitability.

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 12 months ended	
	31-Dec-2022	31-Dec-2021	31-Dec-2022	31-Dec-2021
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	2,074	3,216	10,427	6,425
Deferred Tax (RM'000)	(959)	(2,734)	(1,593)	(3,087)
Withholding Tax (RM'000)	351	-	364	32
Total (RM'000)	1,466	482	9,198	3,370
Effective Tax Rate (%)	7.9	3.6	12.2	5.3
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The Group's effective tax rate for the financial year under review was 12.2%, up from 5.3% 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	78,365	36.3%
2)	Repayment of bank borrowings	Within 6 months	15,000	15,000	100.0%
3)	Working capital	Within 18 months	60,000	46,700	77.8%
4)	Expenses in relation to the Proposed Private Placement	Within 1 month	4,697	4,697	100.0%
	Total		295,425	144,762	49.0%

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 31-Dec-2022 RM '000	Audited As at 31-Dec-2021 RM '000
<u>Borrowings (Secured)</u>		
Short term portion	36,885	60,300
Long term portion	45,633	48,064
Total	82,518	108,364

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. This term loan had been fully settled on 1st December 2022;
- 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.
- (c) A third single-tier interim dividend of 2.0 sen per ordinary share declared on 22 Feb 2023, with the book closure and payment dates on 8 March 2023 and 21 March 2023 respectively.

B11. Earnings Per Share (“EPS”)

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31-Dec-2022	31-Dec-2021	31-Dec-2022	31-Dec-2021
Profit after tax attributable to owners of the Company (RM'000)	17,111	13,266	68,862	61,845
Weighted average number of ordinary shares in issue ('000)	896,114	896,000	896,035	825,056
Adjusted weighted average no. of ordinary shares in issue ('000)	898,134	897,400	898,055	826,456
Basic EPS (sen) ⁽¹⁾	1.91	1.48	7.69	7.50
Diluted EPS (sen) ⁽²⁾	1.91	1.48	7.67	7.48

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/year 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/year 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 12 months ended	
	31-Dec-2022	31-Dec-2021	31-Dec-2022	31-Dec-2021
	RM '000	RM '000	RM '000	RM '000
Interest income	(1,422)	(1,487)	(4,107)	(2,922)
Interest expense	541	222	1,972	825
Amortisation of intangible asset	1,556	1,715	6,264	4,091
Depreciation of property, plant and equipment	3,170	2,930	13,624	10,760
Depreciation of right-of-use asset	551	474	1,996	1,889
Depreciation of investment properties	160	214	642	214
Realised gain on foreign exchange	(2,588)	(185)	(10,113)	(597)
Unrealised loss/(gain) on foreign exchange	8,718	3,115	(3,886)	(1,304)

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
22 February 2023