



Mi TECHNOVATION BERHAD

(Company No. 201701021661(1235827-D))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 June 2024

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30-Jun-2024	30-Jun-2023	30-Jun-2024	30-Jun-2023
	RM '000	RM '000	RM '000	RM '000
Revenue	127,183	84,052	234,308	160,898
Operating expenses	(94,043)	(70,638)	(178,872)	(136,659)
Depreciation and amortisation	(6,453)	(6,336)	(13,025)	(12,705)
Non-operating income	6,791	17,187	22,204	19,916
Finance costs	(382)	(496)	(747)	(1,001)
Profit before tax	<u>33,096</u>	<u>23,769</u>	<u>63,868</u>	<u>30,449</u>
Tax expense	(5,984)	(2,014)	(10,415)	(3,345)
Net Profit for the financial period	<u>27,112</u>	<u>21,755</u>	<u>53,453</u>	<u>27,104</u>
Other comprehensive income/(loss), net of tax:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translations	(3,598)	2,269	(4,203)	6,737
Total comprehensive income	<u>23,514</u>	<u>24,024</u>	<u>49,250</u>	<u>33,841</u>
Net Profit attributable to:				
Owners of the parent	27,577	22,733	54,371	29,130
Non-controlling interests	(465)	(978)	(918)	(2,026)
	<u>27,112</u>	<u>21,755</u>	<u>53,453</u>	<u>27,104</u>
Total comprehensive income attributable to:				
Owners of the parent	23,957	25,259	50,137	35,980
Non-controlling interests	(443)	(1,235)	(887)	(2,139)
	<u>23,514</u>	<u>24,024</u>	<u>49,250</u>	<u>33,841</u>
Earnings per share attributable to owners of the parent:				
Basic (sen) ⁽²⁾	<u>3.09</u>	<u>2.54</u>	<u>6.08</u>	<u>3.25</u>
Diluted (sen) ⁽²⁾	<u>3.08</u>	<u>2.54</u>	<u>6.08</u>	<u>3.25</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 2023 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-Jun-2024 RM'000	Audited As at 31-Dec-2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	181,438	195,978
Right-of-use assets	31,810	34,044
Investment properties	44,266	34,324
Intangible assets	75,429	78,352
Investment in associate	58,676	40,938
Goodwill on consolidation	120,635	120,635
Deferred tax assets	10,109	10,357
Lease receivable	3,209	3,597
Defined benefit asset	2,927	2,771
Total non-current assets	528,499	520,996
Current assets		
Inventories	151,756	130,626
Trade and other receivables	168,705	144,923
Lease receivable	1,547	1,416
Current tax assets	1,819	1,193
Short term funds ⁽²⁾	99,147	98,174
Cash and bank balances	309,629	324,554
Total current assets	732,603	700,886
TOTAL ASSETS	1,261,102	1,221,882
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	855,459	855,459
Treasury shares	(9,039)	(9,561)
Reserves	261,222	229,124
	1,107,642	1,075,022
Non-controlling interests	(1,212)	(325)
TOTAL EQUITY	1,106,430	1,074,697

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

	Unaudited As at 30-Jun-2024 RM'000	Audited As at 31-Dec-2023 RM'000
LIABILITIES		
Non-current liabilities		
Borrowings	23,466	18,432
Government grants	3,483	3,549
Provisions	3,151	1,782
Lease liabilities	14,413	16,362
Deferred tax liabilities	16,373	16,809
Total non-current liabilities	60,886	56,934
Current liabilities		
Trade and other payables	65,398	50,125
Contract liabilities	5,885	6,846
Borrowings	8,946	17,916
Government grants	211	208
Provisions	2,346	2,732
Lease liabilities	2,678	2,679
Current tax liabilities	8,322	9,745
Total current liabilities	93,786	90,251
TOTAL LIABILITIES	154,672	147,185
TOTAL EQUITY AND LIABILITIES	1,261,102	1,221,882
Net asset per share (RM)	1.24	1.20

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 2023 and the accompanying explanatory notes attached to the interim financial report.
- (2) Short term funds comprise the following:

	30-Jun-2024 RM'000	31-Dec-2023 RM'000
Short term funds		
Money market funds	99,147	98,174
	99,147	98,174

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 2024	855,459	(9,561)	8,158	1,969	2,188	(63,558)	280,367	(325)	1,074,697
Profit for the financial period	-	-	-	-	-	-	54,371	(918)	53,453
Other comprehensive income, net of tax	-	-	-	-	(4,234)	-	-	31	(4,203)
Share grant scheme ("SGS") expenses	-	-	-	355	-	-	-	-	355
Share vested under SGS	-	522	-	(1,155)	-	-	633	-	-
Transfer to legal reserve	-	-	2,292	-	-	-	(2,292)	-	-
Dividends paid	-	-	-	-	-	-	(17,872)	-	(17,872)
Balance as at 30 June 2024	855,459	(9,039)	10,450	1,169	(2,046)	(63,558)	315,207	(1,212)	1,106,430
Balance as at 1 January 2023	855,459	(4,700)	5,001	3,072	(9,840)	(63,558)	267,675	(4,434)	1,048,675
Profit for the financial period	-	-	-	-	-	-	29,130	(2,026)	27,104
Other comprehensive income, net of tax	-	-	-	-	6,850	-	-	(113)	6,737
Share grant scheme ("SGS") expenses	-	-	-	1,036	-	-	-	-	1,036
Share vested under SGS	-	965	-	(2,311)	-	-	1,346	-	-
Transfer to legal reserve	-	-	3,157	-	-	-	(3,157)	-	-
Dividends paid	-	-	-	-	-	-	(17,900)	-	(17,900)
Purchase of treasury share	-	(2,190)	-	-	-	-	-	-	(2,190)
Balance as at 30 June 2023	855,459	(5,925)	8,158	1,797	(2,990)	(63,558)	277,094	(6,573)	1,063,462

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

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾

	6 months ended 30-Jun-2024 RM '000	6 months ended 30-Jun-2023 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	63,868	30,449
Adjustments for:		
Amortisation of intangible assets	2,975	3,358
Depreciation of property, plant and equipment	7,073	7,598
Depreciation of right-of-use assets	2,540	1,428
Depreciation of investment properties	437	321
Interest expense	747	992
Impairment loss on trade receivables	180	180
Defined benefit expenses	261	128
Interest income	(7,294)	(5,417)
Inventories written down	178	480
Loss on disposal of property, plant and equipment	180	471
Property, plant and equipment written off	-	1,323
Provision for warranty replacement costs	1,961	1,003
Reversal of inventories written down	(471)	(1,765)
Reversal of provision for warranty replacement costs	(668)	(880)
Share grant expenses	355	1,036
Share of result of an associate, net of tax	32	1,261
Unrealised gain on foreign exchange	(7,588)	(15,310)
Operating profit before changes in working capital	64,766	26,656
(Increase)/Decrease in inventories	(20,835)	9,871
(Increase)/Decrease in trade and other receivables	(21,941)	12,269
Increase/(Decrease) in trade and other payables	14,968	(7,029)
Decrease in contract liabilities	(960)	(79)
Cash generated from operations	35,998	41,688
Lease payment received	331	129
Defined benefit paid	(491)	(226)
Warranty paid	(376)	(85)
Tax paid	(12,888)	(13,195)
Net cash from operating activities	22,574	28,311

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

	6 months ended 30-Jun-2024 RM '000	6 months ended 30-Jun-2023 RM '000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of interests in associate	(17,785)	(14,946)
Interest received	7,220	5,340
Proceeds from disposal of property, plant and equipment	5,283	1,159
Purchase of intangible asset	(88)	(103)
Purchase of property, plant and equipment	(8,646)	(217)
Net cash used in investing activities	<u>(14,016)</u>	<u>(8,767)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(17,872)	(17,900)
Interest paid	(747)	(906)
Drawdown of borrowings	11,196	32,004
Repayment of borrowings	(14,552)	(41,130)
Payment of lease liabilities	(2,489)	(1,334)
Repurchase of treasury shares	-	(2,190)
Withdrawn of deposits pledged to a licensed bank	-	131
Net cash used in financing activities	<u>(24,464)</u>	<u>(31,325)</u>
Net decrease in cash and cash equivalents	(15,906)	(11,781)
Effect on foreign exchange rates changes	1,954	(47)
Cash and cash equivalents at beginning of financial period	422,728	418,395
Cash and cash equivalents at end of financial period	<u>408,776</u>	<u>406,567</u>
Cash and cash equivalents at end of financial period comprises:		
Cash and bank balances	308,945	187,957
Money market funds	99,147	159,666
Deposits with a licensed bank	684	58,944
	<u>408,776</u>	<u>406,567</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 2023 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 2023 and the accompanying explanatory notes attached to this interim financial report.

A2. Material 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 2023, 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 2024.

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

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. Material Accounting Policies (Cont'd)

b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2025

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 121 <i>Lack of Exchangeability</i>	1 January 2025
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 2023.

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.

A6. Material Changes in Estimates

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

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

A7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale 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 June 2024 were as follows:

	Number of Treasury Shares ('000)	Total Cost Consideration RM'000
Balance as at 1 January 2024	6,414	9,561
Transferred during the financial period	(350)	(522)
Balance as at 30 June 2024	6,064	9,039

A8. Dividends Paid

Dividend paid during current quarter under review are as follows:

- a) A second single-tier dividend of 2.0 sen per ordinary shares amounting to RM17.87 million in respect of the financial year ended 31 December 2023 was paid on 25 March 2024.

A9. Segment Information

The Group 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.

The major 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, coupled with smart factory automation solutions, 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 (M) Sdn. Bhd. Penang, Malaysia	Mi Series (Assembly and Packaging Equipment) & Vi Series (Vision Inspection Equipment)
2	Mi Equipment Korea Co. Ltd. Gyeonggi, Korea	Ai Series (Bonding Equipment)
3	Suzhou Mi Equipment Co. Ltd. Suzhou, China	Si Series (Final Test Equipment)

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

A9. Segment Information (cont'd)

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

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

No.	Entity	Product Portfolio
1	Accurus Scientific Co. Ltd. Tainan, Taiwan	Solder Spheres (solder balls)
2	Accurus (Ningbo) Scientific Co. Ltd Ningbo, China	Solder Spheres (solder balls)

(c) Semiconductor Solution Business Unit (“SSBU”)

Newly developed business unit targeted to position the Group in a wider scope of the semiconductor value chain through strategic business integration and technological development synergy.

No.	Entity	Product Portfolio
1	Mi Semiconductor (Hangzhou) Co. Ltd Hangzhou, China	High power devices, modules, and systems

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. Investment holding and other activities are not considered as reporting segment and the related financial information has been included under “Others”.

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

A9. Segment Information (cont'd)

Results for the financial period ended 30 June 2024⁽¹⁾

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	133,254	98,212	2,842	-	-	234,308
Inter-segment revenue	-	-	-	1,967	(1,967)	-
Total revenue	133,254	98,212	2,842	1,967	(1,967)	234,308
Interest income	2,272	317	1,646	3,059	-	7,294
Interest expense	(1,173)	(416)	(193)	(46)	1,081	(747)
Net interest income/(expense)	1,099	(99)	1,453	3,013	1,081	6,547
Share of result of an associate						(32)
Segment profit/(loss) before tax	35,280	25,995	727	3,881	(2,015)	63,868
Tax expense						(10,415)
Other material non-cash items:						
- Depreciation of property, plant and equipment	(2,849)	(4,048)	(34)	(142)	-	(7,073)
- Depreciation of right-of-use assets	(1,189)	(35)	(822)	(494)	-	(2,540)
- Depreciation of investment properties	(321)	-	-	(116)	-	(437)
- Amortisation of intangible assets	(756)	(2,131)	-	(88)	-	(2,975)
- Inventories written down	-	(178)	-	-	-	(178)
- Reversal of inventories written down	-	471	-	-	-	471
- Unrealised gain on foreign exchange	1,668	2,933	1,612	1,375	-	7,588
- Provision for warranty replacement costs	(1,961)	-	-	-	-	(1,961)
- Reversal of provision for warranty replacement costs	668	-	-	-	-	668

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

A9. Segment Information (cont'd)

Results for the financial period ended 30 June 2024⁽¹⁾ (cont'd)

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Assets						
Segment assets	338,093	380,210	17,756	51,158	(8,422)	778,795
Investment in associate						58,676
Deferred tax assets						10,109
Defined benefit asset						2,927
Current tax assets						1,819
Short term funds						99,147
Cash and bank balances						309,629
						<u>1,261,102</u>
Liabilities						
Segment liabilities	104,248	49,825	7,437	3,375	(34,908)	129,977
Deferred tax liabilities						16,373
Current tax liabilities						8,322
						<u>154,672</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 2023, under Note 34 *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 June 2023 ⁽¹⁾

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	80,374	80,524	-	-	-	160,898
Inter-segment revenue	-	-	-	30,079	(30,079)	-
Total revenue	80,374	80,524	-	30,079	(30,079)	160,898
Interest income	1,023	210	-	4,184	-	5,417
Interest expense	(2,023)	(747)	-	-	1,778	(992)
Net interest income/(expense)	(1,000)	(537)	-	4,184	1,778	4,425
Share of results of an associate						(1,261)
Segment profit/(loss) before tax	11,690	10,460	-	11,009	(2,710)	30,449
Tax expense						(3,345)
Other material non-cash items:						
- Depreciation of property, plant and equipment	(3,448)	(4,025)	-	(185)	60	(7,598)
- Depreciation of right-of-use assets	(910)	(48)	-	(470)	-	(1,428)
- Depreciation of investment properties	(321)	-	-	-	-	(321)
- Amortisation of intangible assets	(990)	(2,281)	-	(87)	-	(3,358)
- Inventories written down	(480)	-	-	-	-	(480)
- Unrealised gain on foreign exchange	6,755	1,526	-	7,029	-	15,310
- Provision for warranty replacement costs	(1,003)	-	-	-	-	(1,003)
- Reversal of provision for warranty replacement costs	880	-	-	-	-	880

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

A9. Segment Information (cont'd)

Results for the financial period ended 30 June 2023 ⁽¹⁾ (cont'd)

	SEBU RM '000	SMBU RM '000	SSBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Assets						
Segment assets	345,420	380,118	-	149,539	(105,811)	769,266
Investment in an associate						39,161
Deferred tax assets						7,691
Defined benefit asset						2,684
Current tax assets						433
Short term funds						159,666
Cash and bank balances						246,901
						<u>1,225,802</u>
Liabilities						
Segment liabilities	158,985	111,207	-	4,061	(131,275)	142,978
Deferred tax liabilities						16,766
Current tax liabilities						2,596
						<u>162,340</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 2023, under Note 34 *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

Investment in an associated company

The Group had on 15 March 2024, via its wholly owned subsidiary, Mi Semiconductor (Ningbo) Co. Ltd., acquired the equity interest in Talentek Microelectronics (Hefei) Limited ('Talentek'), representing approximately 5.21% equity interest in Talentek for a purchase consideration of CNY27.0 million (equivalent to RM17.8 million). Accordingly, the Group hold 30.75% of total equity interest in Talentek and Talentek remains an associated company of the Group. The settlement for the purchase consideration was completed on 16 April 2024.

Voluntary liquidation of dormant subsidiary

The Company's wholly owned subsidiary which is dormant, namely Mi Autobotics Sdn Bhd ('MiASB') has been placed under members' voluntary winding-up procedures. On 20 March 2024, MiASB had wound up and duly dissolved.

The financial result of the abovementioned subsidiaries and associated company is insignificant and will not have any material impact on the earnings and net assets of the Group for the financial period ended 30 June 2024.

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

Saved as disclosed under B9 Material Litigation, there were no material contingent liabilities or contingent assets to be disclosed as at the date of this interim financial report.

A13. Material Capital Commitment

Save as disclosed below, as of 30 June 2024, 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	9,948
- Contracted but not provided for	10,127
	20,075

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

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:

Comparison with corresponding quarter in previous financial year (Q2 2024 vs Q2 2023)

	INDIVIDUAL QUARTER 3 months ended		Changes		CUMULATIVE QUARTER 6 months ended		Changes	
	30-Jun-2024	30-Jun-2023			30-Jun-2024	30-Jun-2023		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	127,183	84,052	43,131	51.3%	234,308	160,898	73,410	45.6%
Profit before tax	33,096	23,769	9,327	39.2%	63,868	30,449	33,419	109.8%
PBT Margin	26.0%	28.3%			27.3%	18.9%		
Net profit attributable to owners of the parent	27,577	22,733	4,844	21.3%	54,371	29,130	25,241	86.6%
Net profit margin	21.7%	27.0%			23.2%	18.1%		
Diluted earnings per share (sen)	3.08	2.54	0.54	21.3%	6.08	3.25	2.83	87.2%

The Group recorded a revenue of RM127.2 million for the current quarter, a relative increase of 51.3% comparing against a lower revenue base in previous year. SEBU contributed RM72.0 million representing 56.6% of total revenue while SMBU and SSBU contributed RM52.4 million and RM2.8 million representing 41.2% and 2.2% of total revenue respectively.

As a results of higher revenue, the Group recorded a higher profit before tax (“PBT”) showing a relative increase as compared with a lower earnings base in previous year. Despite the higher PBT, the PBT Margin decreased 2.3 percentage points and closed at 26.0% during this quarter. This resulted in the Group’s Diluted EPS of 3.08 sen in the current quarter.

Cumulative Quarter: Comparison with preceding financial period (1H 2024 vs 1H 2023)

The Group recorded a revenue of RM234.3 million during the 1st half of 2024, increased by 45.6% from RM160.9 million the previous year. The increase is in comparison against a lower revenue base in the 1st half of previous year.

In tandem with higher revenue, the Group posted a profit before tax (“PBT”) of RM63.9 million, a relative increase from RM30.5 million a year ago. The Group PBT Margin increased 8.4 percentage points from a year ago. This resulted in the Group’s Diluted EPS of 6.08 sen in the cumulative quarter.

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

B2. Comparison with Immediate Preceding Quarter (Q2 2024 vs Q1 2024)

	INDIVIDUAL QUARTER 3 months ended		Changes	
	30-Jun-2024	31-Mar-2024		
	RM'000	RM'000	RM'000	%
Revenue	127,183	107,125	20,058	18.7%
Profit before tax	33,096	30,772	2,324	7.6%
PBT Margin	26.0%	28.7%		
Net profit attributable to owners of the parent	27,577	26,794	783	2.9%
Net profit margin	21.7%	25.0%		
Diluted earnings per share (sen)	3.08	3.00	0.08	2.8%

The Group recorded higher revenue of RM127.2 million as compared to RM107.1 million the previous quarter, an increase of 18.7%. SEBU and SMBU posted a 17.3% and 14.4% revenue increase respectively due to higher volume of deliveries during the quarter under review. SSBU recorded a one-off revenue amounting RM2.8 million mainly from its trading and distribution business.

In tandem with the higher revenue, the Group recorder a higher profit before tax (“PBT”) showing an increase by 7.6% quarter-on-quarter to RM33.1 million. Despite the higher PBT, the PBT margin decreased by 2.7 percentage points to 26.0% in the current quarter. The Group’s Diluted EPS is 3.08 sen, up by 2.8% from 3.00 sen in the previous quarter.

B3. Prospects for the Financial Year Ending 31 December 2024

In view of the rising trade protectionism, regional military conflicts and riots, inflation, unfair policies, tariffs and transnational sanctions, which slowed down the consumers’ spending as well as the corporate capital expenditure and led to a weak and unstable world economy in 2024. A full recovery for the semiconductor industry is not only slower than expected, in fact, to put it more honestly, a full recovery is unlikely to happen in 2024. The growth momentum in AI (Artificial Intelligence) chips may not be sustainable if earnings from AI applications fail to meet expectations or if the novelty against AI cools. The management foresee that the PAT in the 2H’2024 will be much lower than 1H’2024 under the pressure from the strengthening ringgit against the greenbacks and the Group’s plan for an additional provision of approximately MYR8.8 mils for staff costs. Considering the current walking on eggs situation of the international operations , the management of Mi Group still maintains a cautious and conservative attitude towards the prospects in 2024.

B4. Profit Forecast

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

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

B5. Taxation

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30-Jun-2024	30-Jun-2023	30-Jun-2024	30-Jun-2023
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	4,773	2,058	9,301	3,520
Deferred Tax (RM'000)	(211)	(212)	(423)	(423)
Withholding Tax (RM'000)	1,422	168	1,537	248
Total (RM'000)	5,984	2,014	10,415	3,345
Effective Tax Rate (%)	18.1	8.5	16.3	11.0
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The Group's effective tax rate for the current quarter under review remains below the statutory tax rate of 24%. This is mainly due to the relatively lower statutory tax rate of overseas subsidiaries, primarily Accurus Scientific Co. Ltd. The current provision of income tax includes the tax expenses in relation to certain non-business income and non-tax-exempted income. There was a withholding tax payment amounting RM1.25 million in relation to the dividend received from our Taiwan subsidiary in the current quarter, which represents a 12.5% withholding tax on the gross dividend received.

Mi Equipment (M) Sdn. Bhd. was granted pioneer status for its promoted principal activities, the statutory income of which is 100% tax-exempted for a total period of 10 years. The extended 5-year pioneer period expired on 17 January 2024. A new application for tax incentive as submitted by Mi Equipment (M) Sdn. Bhd. is currently under the final review stage by Malaysian Investment Development Authority ("MIDA") as at the date of this interim financial report.

B6. Status of Corporate Proposals

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

B7. Utilization of Proceeds from the Private Placement

There were no proceeds from new Private Placement during the current quarter under review.

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

B8. Group Borrowings and Debt Securities

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

	Unaudited As at 30-Jun-2024 RM '000	Unaudited As at 30-Jun-2023 RM '000
<u>Borrowings (Secured)</u>		
Short term portion	8,946	36,598
Long term portion	23,466	40,318
Total	32,412	76,916

The Group's borrowings comprise the following:

- (a) Revolving credit and term loan denominated in New Taiwan Dollar ("NTD"), which were drawn down by Accurus Scientific Co. Ltd. to finance the operating expenses and capex spending.
- (b) Term loan denominated in Chinese Yuan ("CNY"), which was drawn down by Accurus (Ningbo) Scientific Co. Ltd. to partly finance the construction of factory building in Ningbo, China.
- (c) Term loan denominated in Chinese Yuan ("CNY"), which was drawn down by Suzhou Mi Equipment Co. Ltd. to partly finance the operating expenses.

B9. Material Litigation

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

- (a) Mi Technovation Berhad has on 14 May 2023 filed a writ in the Penang High Court against Mr. Chin Yong Keong, the former Chief Operation Officer cum General Manager of the Company, primarily for breach of employment contract, abuse of legal process and the false or misleading statements contained in Mr. Chin Yong Keong's profile stated in the prospectus dated 9 May 2023 published by Edelteq Holdings Berhad pertaining to his employment history in the Company ("Writ"). The Company has on 16 May 2023 received the sealed Writ from the Penang High Court and effected service of the Writ on Mr. Chin Yong Keong on 18 May 2023. On 28 July 2023, the Company's solicitors were served with the defence and counterclaim of Mr. Chin Yong Keong in response to the writ filed by the Company in the Penang High Court on 14 May 2023. The Company has sought legal advice on the counterclaim and the Company's solicitors are of the view that the Company has a strong defence to the counterclaim. The Company filed and served reply to defence and defence to counterclaim on 11 August 2023. On 9 October 2023, the Company's solicitors were served with reply to defence to counterclaim of Mr. Chin Yong Keong. The Company filed and served the rejoinder on 10 November 2023. The matter is presently fixed for trial on 9 to 11 September 2024 and 18 to 19 November 2024.

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

B9. Material Litigation (cont'd)

(b) Mi Technovation Berhad and its wholly owned subsidiary, Mi Equipment (M) Sdn. Bhd. (“the Companies”) has on 19 July 2023 filed a writ in the Penang High Court against 9 defendants, namely:

- Chin Yong Keong (former employee of Mi Technovation Berhad),
- Lee Kim Loon (former employee of Mi Equipment (M) Sdn. Bhd.),
- Edelteq Holdings Berhad (Co. No. 201901033362(1342692-X)),
- Edelteq Technologies Sdn. Bhd. (Co. No. 201901010509(1319837-U)),
- Edel Technology (M) Sdn. Bhd. (Co. No.200401018737(657240-T)),
- Edelteq Ventures Sdn. Bhd. (Co. No.201901012483(1321811-T)),
- Camyang Enterprise Sdn. Bhd. (Co. No.200601005398(725147-T)),
- Dysteq Technique Sdn. Bhd. (Co. No.201901013390(1322718-W)),
- Tan Joo Hung (former employee of Mi Technovation Berhad),

inter-alia for Breach of Confidential Information, Copyright Infringement, Patent Infringement, Conspiracy to Injure and Unlawful Interference with Trade. The relief sought for in the writ includes general damages and injunction orders. The trial dates of this action are yet to be fixed.

We refer to the earlier disclosures in the previous Interim Financial Reports in relation to the litigation and furnish further information as below.

On 12 September 2023, the Companies took out an ex-parte application for leave to commit:- (1) Edelteq Venture Sdn. Bhd.; (2) Chin Yong Keong; (3) Khong Chee Seong; and (4) Ang Shi Jie, for disobeying the Anton Piller Order dated 27 July 2023 granted by the High Court (“APO”) and/or interfering with or obstructing the due administration of justice. On 25 October 2023, the leave order was granted by the High Court (the “Leave Order”). On 1 November 2023, the Companies then took out the inter-parte application to commit Edelteq Venture Sdn. Bhd., Chin Yong Keong, Khong Chee Seong and Ang Shi Jie (“the Application”). The Application arose from two (2) incidents which occurred during the execution of the APO as below:

- a. Digital files stored in a laptop belonging to Edelteq Venture Sdn. Bhd. (the “Said Laptop”), which was under the control and possession of Ang Shi Jie at all material times, were deleted. This occurred on 31 July 2023, after the Search Party (as defined in the APO) arrived at the premises of Edelteq Venture Sdn. Bhd, but before the Search Party commenced the execution process.
- b. After the execution of the APO was adjourned in the evening of 31 July 2023 and prior to the continuance of the same on the next day, further digital files stored in the Said Laptop were deleted.

In response to the Application, the four (4) parties filed three separate applications to set aside the order the High Court granting the Leave Order. These applications were also called up for hearing on 25 April 2024. After considering the written submissions and oral submissions of counsel for the parties, the High Court dismissed the three (3) applications filed by the four (4) parties to set aside the Leave Order, as well as the Companies’ application for committal, both with no orders as to costs.

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

B9. Material Litigation (cont'd)

(b) (cont'd)

Notwithstanding the dismissal of the Companies' application for contempt, the High Court ordered Ang Shi Jie to affirm an affidavit within fourteen (14) days from 25 April 2024 disclosing to the best of his abilities, the particulars and details of the digital files which he had deleted. On 17 May 2024, (i) Edelteq Venture Sdn. Bhd. and Chin Yong Keong; (ii) Khong Chee Seong and (iii) Ang Shi Jie also lodged 3 appeals to the Court of Appeal against the decision of the High Court which dismissed their respective applications to set aside the Leave Order.

The High Court also set down the matter for Case Management before the Deputy Registrar on 15 July 2024. The parties updated the Court that the analysis exercise is still being carried out. The next case management is now fixed on 26 August 2024 for parties to further update on the status of the forensic exercise being carried out in relation to the recovery of the deleted items found in the devices cloned during the execution of the APO.

Following the decision of the High Court given on 25 April 2024, the Companies on 16 May 2024 lodged an appeal to the Court of Appeal against the decision of the High Court which dismissed the Companies' application for a committal order given on 25 April 2024.

B10. Dividend Declared

Dividend declaration in respect of the financial year ending 31 December 2024 as follows:

- (a) A first single-tier interim dividend of 2.5 sen per ordinary share declared on 16 August 2024, with the book closure and payment dates on 30 August 2024 and 18 September 2024 respectively.

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

B11. Earnings Per Share (“EPS”)

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30-Jun-2024	30-Jun-2023	30-Jun-2024	30-Jun-2023
Net profit attributable to owners of the parent (RM'000)	27,577	22,733	54,371	29,130
Weighted average number of ordinary shares in issue ('000)	893,598	895,008	893,592	895,317
Adjusted weighted average no. of ordinary shares in issue ('000)	894,180	896,328	894,174	896,637
Basic EPS (sen) ⁽¹⁾	3.09	2.54	6.08	3.25
Diluted EPS (sen) ⁽²⁾	3.08	2.54	6.08	3.25

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.

B12. Profit Before Tax

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30-Jun-2024 RM '000	30-Jun-2023 RM '000	30-Jun-2024 RM '000	30-Jun-2023 RM '000
Interest income	(3,564)	(3,374)	(7,294)	(5,417)
Interest expense	382	491	747	992
Amortisation of intangible asset	1,408	1,683	2,975	3,358
Depreciation of property, plant and equipment	3,551	3,774	7,073	7,598
Depreciation of right-of-use asset	1,276	719	2,540	1,428
Depreciation of investment properties	218	160	437	321
Realised (gain)/loss on foreign exchange	(3,539)	(438)	(4,249)	60
Unrealised loss/(gain) on foreign exchange	2,222	(14,670)	(7,588)	(15,310)

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
16 August 2024