



Mi EQUIPMENT HOLDINGS BERHAD

(Company No. 1235827 – D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED
31 MARCH 2018**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	31-Mar-2018	31-Mar-2017 ⁽²⁾	31-Mar-2018	31-Mar-2017 ⁽²⁾
	RM '000	RM '000	RM '000	RM '000
Revenue	33,435	N/A	33,435	N/A
Cost of sales	(17,877)	N/A	(17,877)	N/A
Gross profit	15,558	N/A	15,558	N/A
Other operating income	80	N/A	80	N/A
Sales and marketing expenses	(1,154)	N/A	(1,154)	N/A
General and administrative expenses	(7,739)	N/A	(7,739)	N/A
Profit from operation	6,745	N/A	6,745	N/A
Finance costs	(51)	N/A	(51)	N/A
Profit before taxation	6,694	N/A	6,694	N/A
Taxation	(96)	N/A	(96)	N/A
Profit for the period, attributable to owners of the parent	6,598	N/A	6,598	N/A
Other comprehensive loss, net of tax:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translations	(96)	N/A	(96)	N/A
Total comprehensive income, attributable to owners of the parent	6,502	N/A	6,502	N/A
Earnings per share attributable to owners of the parent:				
Basic and diluted (sen) ⁽³⁾	1.80	N/A	1.80	N/A

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 28 May 2018 and the accompanying explanatory notes attached to the interim financial report.
 - (2) No comparative figures for the preceding year and preceding quarter are presented as this is the first interim financial report on the consolidated results for the period ended 31 March 2018 announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
 - (3) Based on weighted average number of ordinary shares outstanding during the period under review.
- NA Not applicable

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾

	Unaudited As at 31-Mar-2018 RM'000	Audited As at 31-Dec-2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,973	26,957
Deferred tax assets	2	2
Total non-current assets	<u>27,975</u>	<u>26,959</u>
Current assets		
Inventories	41,470	36,434
Trade and other receivables	46,085	40,523
Current tax asset	28	78
Cash and bank balances	54,220	52,634
Total current assets	<u>141,803</u>	<u>129,669</u>
TOTAL ASSETS	<u>169,778</u>	<u>156,628</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	65,803	65,803
Reserves	65,454	58,952
TOTAL EQUITY	<u>131,257</u>	<u>124,755</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	58	57
Term loan - secured	6,521	-
Provision	2,494	3,773
Total non-current liabilities	<u>9,073</u>	<u>3,830</u>
Current liabilities		
Trade and other payables	23,615	25,105
Term loan - secured	1,630	-
Provision	4,052	2,685
Current tax liability	151	253
Total current liabilities	<u>29,448</u>	<u>28,043</u>
TOTAL LIABILITIES	<u>38,521</u>	<u>31,873</u>
TOTAL EQUITY AND LIABILITIES	<u>169,778</u>	<u>156,628</u>

Note:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 28 May 2018 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Changes in Equity ⁽¹⁾

	← Non-distributable →				Distributable	
	Share capital RM'000	Legal reserve RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2018	65,803	6	291	(63,557)	122,212	124,755
Profit of the financial period	-	-	-	-	6,598	6,598
Other comprehensive loss, net of tax	-	-	(96)	-	-	(96)
Balance as at 31 March 2018	<u>65,803</u>	<u>6</u>	<u>195</u>	<u>(63,557)</u>	<u>128,810</u>	<u>131,257</u>

Note:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 28 May 2018 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾

	3 months ended 31-Mar-2018 RM '000	3 months ended 31-Mar-2017 ⁽²⁾ RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,694	N/A
Adjustments for:		
Depreciation of property, plant and equipment	537	N/A
Provision for warranty replacement cost	624	N/A
Reversal of provision for warranty replacement cost	(456)	N/A
Interest expense	51	N/A
Interest income	(78)	N/A
Unrealised loss on foreign exchange	2,219	N/A
Operating profit before changes in working capital	9,591	N/A
Increase in inventories	(5,036)	N/A
Increase in trade and other receivables	(6,566)	N/A
Decrease in trade and other payables	(1,478)	N/A
Warranty paid	(79)	N/A
Cash used in operations	(3,568)	N/A
Interest paid	(51)	N/A
Tax paid	(148)	N/A
Net cash used in operating activities	(3,767)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	78	N/A
Purchase of property, plant and equipment	(1,553)	N/A
Net cash used in investing activities	(1,475)	N/A

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

	3 months ended 31-Mar-2018 RM '000	3 months ended 31-Mar-2017 ⁽²⁾ RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceed from term loan	8,243	N/A
Net cash from financing activities	8,243	N/A
Net increase in cash and cash equivalents	3,001	N/A
Effect of foreign exchange rates changes	(1,315)	N/A
Cash and cash equivalents at beginning of financial period	50,582	N/A
Cash and cash equivalents at end of financial period	52,268	N/A
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	52,268	N/A
Deposits with a licensed bank	1,952	N/A
	54,220	N/A
Less: Deposits pledged to a licensed bank	(1,952)	N/A
	52,268	N/A
Reconciliation of liabilities arising from financing activities:		
<u>Term loan - secured</u>		
As at 01-Jan-2018	-	N/A
Cash flows	8,243	N/A
Non-cash flows:		
Effect of foreign exchange	(92)	N/A
As at 31-Mar-2018	8,151	N/A

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 28 May 2018 and the accompanying explanatory notes attached to the interim financial report.
- (2) No comparative figures for the preceding year and preceding quarter are presented as this is the first interim financial report on the consolidated results for the period ended 31 March 2018 announced by the Company in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NA Not applicable

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 is the first interim financial report on the Company’s consolidated results for the first quarter ended 31 March 2018 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 28 May 2018 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 2017, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

a) New MFRSs adopted during the financial year

On 1 January 2018, the Group adopted the followings Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2018.

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018

The application of above Standards does not have any significant financial impact on its consolidated financial statement

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 2018**

Title	Effective Date
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Para 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
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 2017.

A4. Seasonal or Cyclical Factors

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

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

A5. Material Unusual Items

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

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.

A8. Dividend Paid

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

A9. Segmental Reporting

The Group is principally involved in design, development, manufacture and sale of wafer level chip scale packaging (“WLCSP”) sorting machines with inspection and testing capabilities for the semiconductor industry. The Group is also involved in the provision of maintenance services and technical support for these machines, as well as the sale of related spare parts and components.

Management monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. As the operating segment on spare parts and services do not meet any of the quantitative thresholds pursuant to paragraph 13 of MFRS 8 *Operating Segments*, thus, are not considered as reportable segments. As such, segment information is not reported and disclosed separately.

A10. Material Events Subsequent to the end of the Quarter

Save as disclosed in Note B6, “Status of Corporate Proposals”, there were no other material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial report.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period under review.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING(cont'd)**A12. Contingent Liabilities and Contingent Assets**

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

A13. Material Capital Commitment

Save as disclosed below, as at 31 March 2018, the Group does not have any material capital commitment:

	RM'000
Material capital expenditure in respect of the construction of the Bayan Lepas factory and the Batu Kawan factory	
- Approved but not contracted for	92,500
- Contracted but not provided for	47,500
	140,000

A14. Significant Related Party Transactions

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

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

B1. Review of Performance

The Group achieved revenue and profit before tax (“PBT”) of approximately RM33.44 million and approximately RM6.69 million respectively during the current quarter and financial period under review. Included in general and administrative expenses during the current quarter and financial period under review were loss on foreign exchange amounting to RM3.17 million as a result of strengthening of Ringgit Malaysia against US Dollar during the said period.

B2. Comparison with Immediate Preceding Quarter

No comparative figures for the preceding quarter and preceding year are presented as this is the first interim financial report on the consolidated results announced by the Company in compliance with the Listing Requirements.

B3. Prospects for the Current Financial Year

The outlook of the global semiconductor equipment industry remains encouraging as it is continuously driven by the positive prospects and uptrend demand for electronic products which in turn supports the demand for semiconductors, and that subsequently drives the demand for semiconductor equipment.

With the Group’s track record and technical capabilities, as well as its global clients’ portfolio expansion with more intensive sales and marketing activities, the Group is poised to strengthen its presence in the WLCSP sorting machine industry and tap on the positive impact of increasing global demand for electronics and semiconductor products to drive its future growth.

Barring unforeseen circumstances, the Board expects the financial performance for the current year to be satisfactory.

B4. Profit Forecast

The Group did not provide any revenue or profit estimate, forecast, projection or internal targets in any announcement or public document.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**B5. Taxation**

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

	Unaudited	
	3 months ended 31-Mar-2018	3 months ended 31-Mar-2017 ⁽¹⁾
Tax Expense (RM'000)	51	N/A
Deferred Tax (RM'000)	-	N/A
Withholding Tax (RM'000)	45	N/A
Total (RM'000)	96	N/A
Effective Tax Rate (%)	1.43	N/A
Statutory tax rate (%)		
- On the first RM500,000	18.00	N/A
- Balance of chargeable income	24.00	N/A

Notes:

- (1) No comparative figures for the preceding quarter and preceding year are presented as this is the first interim financial report on the consolidated results announced by the Group in compliance with the Listing Requirements.

NA Not applicable

The effective tax rate of the Group for the current financial period is lower than the statutory tax rate of 24%. This was mainly due to tax incentive enjoyed by its wholly-owned subsidiary, Mi Equipment (M) Sdn Bhd. ("**Mi Equipment Malaysia**").

Mi Equipment Malaysia is entitled to pioneer status incentives under the Promotion of Investments Act, 1986 (Amendment) for the design, development and manufacturing of vision inspection and taping equipment and related components for semiconductor and solar industries and the profit derived from these activities is exempted from tax for a total relief period of five (5) years from the manufacturing date, i.e. from 18 January 2014 to 17 January 2019 subject to a further renewal of another five (5) years.

B6. Status of Corporate Proposals

Save as disclosed below, there were no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

In conjunction with and as an integral part of the listing and quotation of the Company's entire issued and paid-up share capital on the Main Market of Bursa Malaysia on 20 June 2018, the Company issued its Prospectus for its initial public offering ("**IPO**") dated 28 May 2018 which entails the listing scheme detailed below.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**B6. Status of Corporate Proposals (Cont'd)**

- (a) Public issue of 134,428,000 new ordinary shares (“**Issue Shares**”) at the IPO price of RM1.42 per share (“**Public Issue**”) in the following manner:
- 25,000,000 Issue Shares available for application by the Malaysian public;
 - 17,500,000 Issue Shares available for application by the Company’s eligible directors, employees and business associates who have contributed to the success of the Group;
 - 60,449,000 Issue Shares by way of private placement to identified investors;
 - 31,479,000 Issue Shares by way of private placement to identified Bumiputera investors approved by the Ministry of International Trade and Industry (“**MITI**”) and
- (b) Offer for sale of 18,521,000 existing shares (“**Offer Shares**”) at the IPO price of RM1.42 per share by way of private placement to identified Bumiputera investors approved by the MITI.

The listing of and quotation for the Company’s entire enlarged issued share capital on the Main Market of Bursa Malaysia is expected to be completed on 20 June 2018.

B7. Utilisation of Proceeds from the Public Issue

The gross proceeds from the Public Issue of approximately RM190.89 million is expected to be utilised in the following manner:

Details of utilisation	RM’000	%	Estimated utilisation timeframe upon Listing
Construction of new factory cum office in Bayan Lepas, Penang	65,000	34.06	Within 12 months
Construction of new factory cum office in Batu Kawan, Penang	75,000	39.29	Within 30 months
R&D	6,000	3.14	Within 24 months
Working capital	36,788	19.27	Within 36 months
Estimated listing expenses	8,100	4.24	Within 1 month
Total	190,888	100.00	

The utilisation of gross proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 May 2018. As at the date of this interim financial report, the IPO is pending completion, hence, there is no utilisation of proceeds by the Company as yet.

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 31-Mar-2018 RM'000	As at 31-Mar-2017 ⁽¹⁾ RM'000
Term Loan (Secured)		
Short term borrowing	1,630	N/A
Long term borrowing	6,521	N/A
Total	8,151	N/A

All the Group's borrowings are denominated in US Dollar ("USD").

The USD Term Loan was drawn down to partly replenish the Group's internally generated funds used to finance the purchase of the Bayan Lepas factory land (including the building which was subsequently demolished).

Notes:

(1) No comparative figures for the preceding year and preceding quarter are presented as this is the first interim financial report on the consolidated results announced by the Group in compliance with the Listing Requirements.

NA Not Applicable

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

The Board of Directors did not recommend any payment of dividend during the current quarter under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)**B11. Earnings Per Share (“EPS”)**

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

	Unaudited	
	3 months ended 31-Mar-2018	3 months ended 31-Mar-2017 ⁽³⁾
Profit after tax attributable to the owners of the Company (RM'000)	6,598	N/A
Weighted average number of ordinary shares in issue ('000)	365,572	N/A
Basic EPS (sen) ⁽¹⁾	1.80	N/A
Diluted EPS (sen) ⁽²⁾	1.80	N/A

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 period under review.
 - (2) Diluted EPS is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial period under review.
 - (3) No comparative figures for the preceding year and preceding quarter are presented as this is the first interim financial report on the consolidated results announced by the Group in compliance with the Listing Requirements.
- NA Not Applicable

B12. Profit Before Tax

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

	Unaudited	
	3 months ended 31-Mar-2018 RM'000	3 months ended 31-Mar-2017 ⁽¹⁾ RM'000
Interest income	(78)	N/A
Interest expense	51	N/A
Depreciation of property, plant and equipment	537	N/A
Realised loss on foreign exchange	947	N/A
Unrealised loss on foreign exchange	2,219	N/A

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

Notes:

- (1) No comparative figures for the preceding year and preceding quarter are presented as this is the first interim financial report on the consolidated results announced by the Group in compliance with the Listing Requirements.
- NA Not Applicable

BY ORDER OF THE BOARD

14 JUNE 2018