

MIKRO MSC BERHAD (738171-M)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2016

The results of Mikro MSC Berhad and its subsidiaries ("Group") for the period ended 30 June 2016 are as follows:-

	UNAUDITED INDIVIDUAL QUARTER		AUDITED CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30/06/2016 RM	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/06/2015 RM	CURRENT YEAR TO DATE 30/06/2016 RM	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30/06/2015 RM
Revenue	12,522,995	10,617,782	48,113,507	38,985,038
Cost of sales	(5,966,703)	(5,580,759)	(22,398,601)	(18,777,467)
Gross profit	6,556,292	5,037,023	25,714,906	20,207,571
Other operating income	381,993	1,018,195	912,775	1,221,195
Finance costs	(25,523)	(17,459)	(119,608)	(65,058)
Operating Expenses	(3,795,570)	(3,459,612)	(13,487,942)	(11,225,129)
Profit before tax	3,117,192	2,578,147	13,020,131	10,138,579
Income tax expense	(715,439)	(592,616)	(2,523,598)	(1,755,938)
Profit for the period	<u>2,401,753</u>	<u>1,985,531</u>	<u>10,496,533</u>	<u>8,382,641</u>
Profit for the financial year attributable to:				
Owners of the parent	2,373,874	1,918,002	10,342,090	8,257,338
Non-controlling interests	27,879	67,529	154,443	125,303
	<u>2,401,753</u>	<u>1,985,531</u>	<u>10,496,533</u>	<u>8,382,641</u>
Earnings per share attributable to equity holders				
Basic earnings per share (in sen)	0.81	0.68	3.51	2.94

The consolidated statement of comprehensive income should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

MIKRO MSC BERHAD (738171-M)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2016

	(AUDITED) AS AT END OF CURRENT YEAR QUARTER ENDED 30/06/2016 RM	(AUDITED) AS AT FINANCIAL YEAR ENDED 30/06/2015 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	16,510,949	5,185,853
Intangible assets	10,002,786	9,600,209
	<u>26,513,735</u>	<u>14,786,062</u>
Current Assets		
Inventories	9,177,965	8,615,536
Trade and other receivables	13,842,482	11,666,979
Current tax assets	334,921	115,979
Cash and bank balances	19,976,322	8,428,378
	<u>43,331,690</u>	<u>28,826,872</u>
TOTAL ASSETS	<u><u>69,845,425</u></u>	<u><u>43,612,934</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	30,591,430	28,182,930
Share premium	5,949,232	-
Share options reserve	357,435	243,949
Retained earnings	15,920,859	8,821,956
	<u>52,818,956</u>	<u>37,248,835</u>
Non-controlling interests	332,827	178,384
TOTAL EQUITY	<u><u>53,151,783</u></u>	<u><u>37,427,219</u></u>
Non-Current Liabilities		
Borrowings	9,979,342	640,505
Deferred taxation	388,233	206,299
	<u>10,367,575</u>	<u>846,804</u>
Current Liabilities		
Trade and other payables	5,747,028	5,073,481
Borrowings	570,154	265,430
Current tax assets	8,885	-
	<u>6,326,067</u>	<u>5,338,911</u>
TOTAL LIABILITIES	<u><u>16,693,642</u></u>	<u><u>6,185,715</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>69,845,425</u></u>	<u><u>43,612,934</u></u>
Net asset per share (sen)	17.27	13.22

The consolidated statement of financial position should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

MIKRO MSC BERHAD (738171-M)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2016

	-----Equity attributable to owners of the parent-----						Non-controlling Interest RM	Total Equity RM
	Share Capital RM	Share Premium RM	Share Option Reserves RM	Retained Earnings RM	Total RM			
As at 1 July 2014	18,318,090	1,014,172	240,755	11,802,416	31,375,433	53,081	31,428,514	
Ordinary shares issued pursuant to ESOS	470,530	517,583	(235,265)	-	752,848	-	752,848	
Bonus shares issued	9,394,310	(1,531,755)	-	(7,862,555)	-	-	-	
ESOS lapsed	-	-	(6,698)	6,698	-	-	-	
Share options granted under ESOS	-	-	245,157	-	245,157	-	245,157	
Dividends paid	-	-	-	(3,381,941)	(3,381,941)	-	(3,381,941)	
Total comprehensive income for the period	-	-	-	8,257,338	8,257,338	125,303	8,382,641	
Balance as at 30 June 2015	<u>28,182,930</u>	<u>-</u>	<u>243,949</u>	<u>8,821,956</u>	<u>37,248,835</u>	<u>178,384</u>	<u>37,427,219</u>	
As at 1 July 2015	28,182,930	-	243,949	8,821,956	37,248,835	178,384	37,427,219	
Ordinary shares issued pursuant to :								
- ESOS	24,000	62,400	-	-	86,400	-	86,400	
- Private placement	2,384,500	6,080,475	-	-	8,464,975	-	8,464,975	
Share issuance expenses	-	(193,643)	-	-	(193,643)	-	(193,643)	
Share option granted under ESOS	-	-	113,486	-	113,486	-	113,486	
Dividends paid	-	-	-	(3,243,187)	(3,243,187)	-	(3,243,187)	
Total comprehensive income for the period	-	-	-	10,342,090	10,342,090	154,443	10,496,533	
Balance as at 30 June 2016	<u>30,591,430</u>	<u>5,949,232</u>	<u>357,435</u>	<u>15,920,859</u>	<u>52,818,956</u>	<u>332,827</u>	<u>53,151,783</u>	

The consolidated statement of changes in equity should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

MIKRO MSC BERHAD (738171-M)
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE QUARTER ENDED 30 JUNE 2016

	CURRENT YEAR TO DATE ENDED 30/06/2016 RM	PRECEDING YEAR TO DATE PERIOD ENDED 30/06/2015 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	13,020,131	10,138,579
	<u>13,020,131</u>	<u>10,138,579</u>
Adjustments for:-		
Amortisation of intangible assets	972,025	947,801
Depreciation of property, plant and equipment	1,031,246	1,084,116
Intangible assets written off	288,960	-
Inventories written down	-	402,566
Reversal of inventories previously written down	-	(550)
Impairment loss on trade receivables	-	83,208
Property, plant and equipment written off	-	213
Gain on disposal of property, plant and equipment	(39,000)	(123,132)
Interest expense	119,608	65,058
Interest income	(101,657)	(60,065)
Share options expenses	113,486	245,157
Unrealised gain of foreign exchange	(604,889)	(895,452)
	<u>14,799,910</u>	<u>11,887,499</u>
Operating profit before working capital changes		
Changes in working capital:-		
Inventories	(562,429)	(1,059,142)
Receivables	(2,145,324)	(673,203)
Payables	657,188	728,545
	<u>12,749,345</u>	<u>10,883,699</u>
CASH GENERATED FROM OPERATIONS		
Tax paid	(2,551,721)	(1,238,446)
Interest paid	(119,608)	(65,058)
Interest income	101,657	60,065
NET CASH FROM OPERATING ACTIVITIES	<u>10,179,673</u>	<u>9,640,260</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	39,000	142,000
Purchase of property, plant and equipment	(12,266,342)	(1,027,462)
Additions of intangible assets	(1,663,562)	(2,232,652)
NET CASH USED IN INVESTING ACTIVITIES	<u>(13,890,904)</u>	<u>(3,118,114)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(3,243,187)	(3,381,941)
Drawdown of flexi loan	9,842,860	-
Repayments of hire purchase creditors	(290,909)	(190,014)
Proceeds from issuance of ordinary shares under private placement	8,271,332	-
Proceeds from issuance of ordinary shares under ESOS	86,400	752,848
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u>14,666,496</u>	<u>(2,819,107)</u>
Net increase in cash and cash equivalents	10,955,265	3,703,039
Effect of exchange rate fluctuations on cash and cash equivalents	591,069	827,169
Cash and cash equivalents at beginning of financial year	8,428,378	3,898,170
Cash and cash equivalents at end of financial year	<u><u>19,974,712</u></u>	<u><u>8,428,378</u></u>
NOTES TO STATEMENT OF CASH FLOW		
Cash and cash equivalents comprises:		
Deposits with a licensed bank	5,219,628	2,719,628
Cash and bank balances	14,756,694	5,708,750
Bank overdraft	(1,610)	-
	<u>19,974,712</u>	<u>8,428,378</u>

The consolidated statement of cash flow should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial

MIKRO MSC BERHAD
(Company no. 738171-M)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2016

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING

A1. BASIS OF PREPARATION

The interim financial statements of the Group have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2015.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2015.

A2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements was not subject to any qualification.

A3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.

A4. SEASONAL OR CYCLICAL FACTORS

The business of the Group was not affected by any significant seasonal or cyclical factors.

A5. CHANGES IN ESTIMATES

There were no significant changes in estimates of amounts reported during this quarter.

A6. DEBT AND EQUITY SECURITIES

There was no issuance or repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter.

A7. DIVIDEND PAID

There were no dividends paid during the quarter under review.

MIKRO MSC BERHAD
(Company no. 738171-M)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2016

A8. SEGMENTAL INFORMATION

The business of the Group is generated from the sales of analogue, digital and computer-controlled electronic devices and there was only one business segment identified.

In the prior year's audited consolidated financial statements, the basis of segmentation was on primary format of business segments. In the current quarter ended 30 June 2016 and for the current financial year ending 30 June 2016, the basis of segmentation is as follows:

	Revenue RM'000	Elimination RM'000	Total RM'000
Revenue			
External sales	12,523	-	12,523
Inter-segment sales	5,343	(5,343)	-
Total revenue	<u>17,866</u>	<u>(5,343)</u>	<u>12,523</u>
Profit from operation			<u>2,402</u>

A9. CARRYING AMOUNT OF REVALUED ASSETS

The Company did not revalue any of its property, plant and equipment during the quarter.

A10. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter.

A11. CHANGES IN COMPOSITION OF THE GROUP

There is no change in the composition of the Group including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets as at to date of issue of this report.

A13. CAPITAL COMMITMENTS

There are no material commitments which require disclosure during the quarter.

A14. SIGNIFICANT RELATED PARTY TRANSACTION

There were no related party transactions during the quarter under review.

MIKRO MSC BERHAD
(Company no. 738171-M)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2016

PART B – EXPLANATORY NOTES PURSUANT TO RULE 9.22 OF THE LISTING REQUIRMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1. PERFORMANCE REVIEW

The Group generated revenue of approximately RM12.52 million for the current quarter under review, this represents, a 17.94% increase as compared with the revenue of approximately RM10.62 million recorded in the preceding quarter year corresponding period (“PYCP”). In this quarter a higher proportion of sales were made in Malaysia. The Group recorded a higher Gross Profit of RM6.56 million as compared to RM5.04 million in the PYCP, an increase of 30.16%. In the same period comparison, gross margin improved by 4.91%, this achieved by the sales of better margin products this quarter. Profit before taxation (“PBT”) for this period is approximately RM3.12 million, representing a 20.91% increase as compared to PBT of approximately RM2.58 million recorded for the PYCP. Profit after taxation (“PAT”) for this quarter is approximately RM2.40 million an increase of RM0.42 million or 20.96% over that of RM1.99 million recorded in the PYCP. The increase in both PBT and PAT were mainly due to increase in revenue and better gross margin recorded.

B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS

The Group’s revenue for the current quarter under review of approximately RM12.52 million was higher as compared to approximately RM11.31 million achieved in the immediate preceding quarter ended 31 March 2016, representing an increase of about RM1.21 million or 10.68%. The Group recorded a PBT and PAT of RM3.12 million and RM2.40 million respectively for the current quarter ended 30 June 2016 as compared to PBT and PAT of RM2.11 million and RM2.01 million in the preceding quarter.

B3. COMMENTARY ON PROSPECTS

The Group is pleased to report for the year ended 30 June 2016, the audited revenue of RM48.11million and audited PAT of RM10.50 million are the highest revenue and PAT recorded by the Group since its inception. Revenue increased by RM9.13 million or 23.41% while PAT increased by RM2.11 million or 25.22% from RM8.38 million to RM10.50 million.

In terms of total units sold, there has been an overall increase of 10.88% as compared to that recorded in the 12 months ended 30 June 2015 indicating continued acceptance of the Group’s products.

The Group expects its current year performance to be broadly in line with the previous year performance based on the anticipated launches of a new series of relay, the potential materialisation of ongoing development to develop new localised market within our designated overseas market and the current favourable USD to RM exchange rate.

B4. PROFIT FORECAST AND PROFIT GUARANTEE

Not applicable as the Company has not issued any profit forecast or profit guarantee.

MIKRO MSC BERHAD
(Company no. 738171-M)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2016

B5. TAXATION

	Current year quarter 30 June 2016 RM'000	Current year to date 30 June 2016 RM'000
Estimated income tax :		
Malaysia income tax	715	2,524
Foreign income tax	-	-
	715	2,524

The Group's effective tax rate is lower than the Malaysian statutory tax rate of 24%. This is primarily due to certain tax incentive enjoying by the Group.

B6. SALE OF UNQUOTED INVESTMENT AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties during the current quarter under review and financial year to date.

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

The group does not have any investments in quoted securities for the current quarter under review and financial year to date. There was no acquisition or disposal of quoted securities for the current quarter under review and financial year to date.

B8. STATUS OF CORPORATE PROPOSALS

On 1 September 2015, the Company announced that Mikro Sdn Bhd (423468-T) ("**MSB**" or the "**Purchaser**"), a wholly-owned subsidiary of MMSC, had on 1 September 2015 entered into a conditional sale and purchase agreement ("**SPA**") with Alvano (M) Sdn Bhd (643475-D) ("**Alvano**" or "**Vendor**") for the proposed acquisition of all that piece of freehold industrial land held under Geran 99184, Lot 69271, Mukim and District of Klang, Selangor Darul Ehsan measuring approximately 4,047 square meters in area, together with a single (1)-storey warehouse, with an annexed three (3)-storey office block, a guard house, a refuse chamber as well as a car park shed (collectively referred to as the "**Industrial Premises**") bearing the postal address of No. 3, Jalan Anggerik Mokara 31/48, Kota Kemuning, Seksyen 31, 40460, Shah Alam, Selangor Darul Ehsan ("**Property**") for a total cash consideration of RM11,720,000 (excluding Goods and Services Tax ("**GST**")) ("**Proposed Acquisition**").

On 1 December 2015, the Company announced to undertake a Proposed Private Placement of up to 10% of the issued and paid-up share capital of Mikro to third party investor(s) to be identified.

On 7 December 2015, the Company announced that Bursa Malaysia Securities Berhad had approved the listing and quotation of up to 28,182,930 Placement Shares to be issued pursuant to the Proposed Private Placement.

On 9 December 2015, the Company announced to fix the issue price at RM0.355 per Placement Share. The issue price of RM0.355 per Placement Share represents a discount of approximately 9.72% to the five (5)-day volume weighted average market price of Mikro Shares, up to including 8 December 2015 of RM0.3932 per Mikro Share.

MIKRO MSC BERHAD
(Company no. 738171-M)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2016

On 17 December 2015, the Company announced that the Proposed Acquisition has been completed.

On 22 December 2015, the Company announced that the Proposed Private Placement has been completed following the listing of and quotation for 23,845,000 Placement Shares on the ACE Market of Bursa Malaysia Securities Berhad.

The status of utilisation of proceeds raised from Company's private placement is as follows:-

	Proposed Utilisation RM'000	Amount utilised as at 30 June 2016 RM'000	Amount outstanding RM'000	Expected time frame for utilisation by
Renovation and refurbishment expenses	2,000	-	2,000	End 2017
Purchase of manufacturing / testing machineries and equipment	2,000	-	2,000	End 2018
Working capital *	4,094	(4,094)	-	End 2018
Estimated expenses in relation to the Proposed Private Placement	370	(370)	-	Mid 2016
Total	8,464	(4,464)	4,000	

* *Difference between the proposed proceeds and the actual proceeds raised shall be adjusted from/to the working capital*

B9. BORROWINGS

The borrowings of the Company as at 30 June 2016 are as follows:-

	As at 30 June 2016 RM'000
Current liabilities:	
Hire purchase creditors	247
Flexi loan *	321
Bank overdraft	2
	<hr/> 570
Non-current liabilities	
Hire purchase creditors	457
Flexi loan *	9,522
	<hr/> 9,979

MIKRO MSC BERHAD
(Company no. 738171-M)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2016

	9,979
Total Borrowings	10,549

* *The flexi loan of the Group is obtained for the purchase of freehold land and factory building*

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Company has no financial instruments with off balance sheet risk as at the date of issuance of this report.

B11. MATERIAL LITIGATION

There were no material litigations or pending material litigations involving the Group as at the date of issue of this report.

B12. DIVIDEND PAYABLE

The Company has proposed a single-tier final dividend of 5% and a special dividend of 5% respectively per ordinary share of RM 0.10 each amounting a total of RM3,059,143 in respect of the financial year ended 30 June 2016.

B13. EARNINGS PER SHARE

a) Basic earnings per share

Basic earnings per ordinary share is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Note	Current year quarter 30 June 2016	Current year to date 30 June 2016
Profit attributable to equity holders of the parent	1	2,374	10,342
(RM '000)			
Weighted average number of ordinary shares in issue ('000)		294,628	294,628
Basic earnings per share (sen)		0.81	3.51

MIKRO MSC BERHAD
(Company no. 738171-M)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2016

b) Diluted earnings per share

Diluted earnings per ordinary share is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Note	Current year quarter 30 June 2016	Current year to date 30 June 2016
Profit attributable to equity holders of the parent (RM '000)	1	2,374	10,342
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share ('000)		294,628	294,628
Effect of dilution in ESOS		2,826	2,826
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)		297,454	297,454
Diluted earnings per share (sen)		0.80	3.48

Note 1	Current year quarter 30 June 2016	Current year to date 30 June 2016
Profit after tax (RM'000)	2,402	10,496
Profit attributable to:		
Owners of the parent (RM'000)	2,374	10,342
Non-controlling interest (RM'000)	28	154

B14. AUTHORISATION FOR ISSUE

The interim financial statements and the accompanying notes were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors passed on 30 August 2016.

BY ORDER OF THE BOARD
MIKRO MSC BERHAD