

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

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

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30/09/2016	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/09/2015	CURRENT YEAR TO DATE 30/09/2016	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30/09/2015
	RM	RM	RM	RM
Revenue	12,051,788	10,532,967	12,051,788	10,532,967
Cost of sales	(5,949,924)	(4,965,737)	(5,949,924)	(4,965,737)
Gross profit	6,101,864	5,567,230	6,101,864	5,567,230
Other operating income	364,379	880,105	364,379	880,105
Finance costs	(14,089)	(18,334)	(14,089)	(18,334)
Operating Expenses	(2,776,150)	(3,045,344)	(2,776,150)	(3,045,344)
Profit before tax	3,676,004	3,383,657	3,676,004	3,383,657
Income tax expense	(628,226)	(538,630)	(628,226)	(538,630)
Profit for the period	<u>3,047,778</u>	<u>2,845,027</u>	<u>3,047,778</u>	<u>2,845,027</u>
<b>Profit for the financial year attributable to:</b>				
Owners of the parent	2,999,571	2,845,745	2,999,571	2,845,745
Non-controlling interests	48,207	(718)	48,207	(718)
	<u>3,047,778</u>	<u>2,845,027</u>	<u>3,047,778</u>	<u>2,845,027</u>
Earnings per share attributable to equity holders				
Basic earnings per share (in sen)	0.98	1.01	0.98	1.01

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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

	(UNAUDITED) AS AT END OF CURRENT YEAR QUARTER ENDED 30/09/2016 RM	(AUDITED) AS AT FINANCIAL YEAR ENDED 30/06/2016 RM
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	16,529,459	16,510,949
Intangible assets	10,164,741	10,002,786
	<u>26,694,200</u>	<u>26,513,735</u>
<b>Current Assets</b>		
Inventories	8,943,481	9,177,965
Trade and other receivables	13,993,603	13,842,482
Current tax assets	521,559	334,921
Cash and bank balances	21,768,621	19,976,322
	<u>45,227,264</u>	<u>43,331,690</u>
<b>TOTAL ASSETS</b>	<u>71,921,464</u>	<u>69,845,425</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	30,591,430	30,591,430
Share premium	5,949,232	5,949,232
Share options reserve	367,161	357,435
Retained earnings	18,920,430	15,920,859
	<u>55,828,253</u>	<u>52,818,956</u>
Non-controlling interests	381,034	332,827
<b>TOTAL EQUITY</b>	<u>56,209,287</u>	<u>53,151,783</u>
<b>Non-Current Liabilities</b>		
Borrowings	9,835,717	9,979,342
Deferred taxation	388,233	388,233
	<u>10,223,950</u>	<u>10,367,575</u>
<b>Current Liabilities</b>		
Trade and other payables	4,571,726	5,747,028
Borrowings	702,597	570,154
Current tax liabilities	213,904	8,885
	<u>5,488,227</u>	<u>6,326,067</u>
<b>TOTAL LIABILITIES</b>	<u>15,712,177</u>	<u>16,693,642</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>71,921,464</u>	<u>69,845,425</u>
Net asset per share (sen)	18.25	17.27

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 2016 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 SEPTEMBER 2016

Equity attributable to owners of the parent

	Share Capital RM	Share Premium RM	Share Option Reserves RM	Retained Earnings RM	Total RM	Non-controlling Interest RM	Total Equity RM
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
<b>Balance as at 30 June 2016</b>	<b>30,591,430</b>	<b>5,949,232</b>	<b>357,435</b>	<b>15,920,859</b>	<b>52,818,956</b>	<b>332,827</b>	<b>53,151,783</b>
As at 1 July 2016	30,591,430	5,949,232	357,435	15,920,859	52,818,956	332,827	53,151,783
Ordinary shares issued pursuant to :							
- ESOS	-	-	-	-	-	-	-
- Private placement	-	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-	-
Share option granted under ESOS	-	-	9,726	-	9,726	-	9,726
Dividends paid	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,999,571	2,999,571	48,207	3,047,778
<b>Balance as at 30 September 2016</b>	<b>30,591,430</b>	<b>5,949,232</b>	<b>367,161</b>	<b>18,920,430</b>	<b>55,828,253</b>	<b>381,034</b>	<b>56,209,287</b>

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 2016 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 SEPTEMBER 2016

	CURRENT YEAR TO DATE ENDED 30/09/2016 <u>RM</u>	PRECEDING YEAR TO DATE PERIOD ENDED 30/09/2015 <u>RM</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	3,676,005	3,383,658
	<u>3,676,005</u>	<u>3,383,658</u>
Adjustments for:-		
Amortisation of intangible assets	208,532	224,921
Depreciation of property, plant and equipment	283,715	391,484
Interest expense	14,089	18,334
Interest income	(50,836)	(18,838)
Share options expenses	9,726	13,631
Unrealised gain of foreign exchange	(202,100)	(841,404)
	<u>3,939,131</u>	<u>3,171,786</u>
Operating profit before working capital changes		
Changes in working capital:-		
Inventories	234,484	(228,250)
Receivables	(509,774)	(605,712)
Payables	(789,411)	(370,111)
	<u>2,874,430</u>	<u>1,967,713</u>
<b>CASH GENERATED FROM OPERATIONS</b>		
Tax paid	(609,845)	(459,519)
Interest paid	(14,089)	(18,334)
Interest income	50,836	18,838
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>2,301,332</u>	<u>1,508,698</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(302,225)	(1,500)
Additions of intangible assets	(370,488)	(454,794)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(672,713)</u>	<u>(456,294)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
New financing obtained from hire purchase	150,000	-
Repayment of biz loan	(79,558)	-
Repayments of hire purchase creditors	(80,015)	(70,130)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<u>(9,573)</u>	<u>(70,130)</u>
Net increase in cash and cash equivalents	1,619,046	982,274
Cash and cash equivalents at beginning of financial year	20,149,575	8,428,378
<b>Cash and cash equivalents at end of financial year</b>	<u>21,768,621</u>	<u>9,410,652</u>
<b>NOTES TO STATEMENT OF CASH FLOW</b>		
Cash and cash equivalents comprises:		
Deposits with a licensed bank	5,219,628	3,819,628
Cash and bank balances	16,548,993	5,591,024
	<u>21,768,621</u>	<u>9,410,652</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 2016 and the accompanying explanatory notes attached to the interim financial

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**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

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**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 2016.

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 2016.

**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.

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**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 September 2016 and for the current financial year ending 30 June 2017, the basis of segmentation is as follows:

	Revenue RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>			
External sales	12,052	-	12,052
Inter-segment sales	5,411	(5,411)	-
Total revenue	<u>12,052</u>	<u>(5,411)</u>	<u>12,052</u>
Profit from operation			<u>3,048</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.

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

**B1. PERFORMANCE REVIEW**

The Group generated revenue of approximately RM12.05 million for the current quarter under review, this represents, a 14.42% increase as compared with the revenue of approximately RM10.53 million recorded in the preceding quarter year corresponding period (“PYCP”). In this quarter the Group recorded growth in both its local and overseas sales as compared to its PYCP. Notwithstanding this, in this quarter, our overseas sales recorded higher percentage of total sales of 39.46% as compared to 36.09% in PYCP. The Group recorded a higher Gross Profit of RM6.10 million as compared to RM5.57 million in the PYCP, an increase of 9.6%. Profit before taxation (“PBT”) for this period is approximately RM3.68 million, representing a 8.64% increase as compared to PBT of approximately RM3.38 million recorded for the PYCP. Profit after taxation (“PAT”) for this quarter is approximately RM3.05 million an increase of RM0.20 million or 7.13% over that of RM2.85 million recorded in the PYCP.

**B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS**

The Group’s revenue for the current quarter under review of approximately RM12.05 million was lower as compared to approximately RM12.52 million achieved in the immediate preceding quarter ended 30 June 2016. The Group recorded a PBT and PAT of RM3.68 million and RM3.05 million respectively for the current quarter ended 30 September 2016 as compared to PBT and PAT of RM3.12 million and RM2.40 million in the preceding quarter.

**B3. COMMENTARY ON PROSPECTS**

The current weakening of Malaysian Ringgit against the US dollars is beneficial to the Group as the sales receipts for our exports sales are denominated in US Dollars and currently the Group export sales are increasing. Whilst some of our purchases are denominated in US Dollars, based on present local and export sales mix, the amount payable in US Dollar are less than our receipts of US Dollars thus the positive benefits to the Group

The Board of Directors is optimistic about the Group’s performance for the financial year ending 30 June 2017.

**B4. PROFIT FORECAST AND PROFIT GUARANTEE**

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

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**B5. TAXATION**

	Current year quarter 30 September 2016 RM'000	Current year to date 30 September 2016 RM'000
Estimated income tax :		
Malaysia income tax	628	628
Foreign income tax	-	-
	628	628

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 AS AT 23 NOVEMBER 2016**

Save as disclosed below, there were no other corporate proposals announced but not completed as at 23 November 2016:-

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

	Proposed Utilisation RM'000	Amount utilised as at 23 November 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	370	(370)	-	Mid 2016



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relation to the Proposed Private Placement			
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 September 2016 are as follows:-

	As at 30 September 2016 <u>RM'000</u>
Current liabilities:	
Hire purchase creditors	265
Flexi loan *	438
	703
Non-current liabilities	
Hire purchase creditors	510
Flexi loan *	9,325
	9,835
 Total Borrowings	 10,538

\* *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**

No dividend was declared for the current quarter under review.

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**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 September 2016	Current year to date 30 September 2016
Profit attributable to equity holders of the parent	1	3,000	3,000
(RM '000)			
Weighted average number of ordinary shares in issue ('000)		305,914	305,914
Basic earnings per share (sen)		0.98	0.98

**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 September 2016	Current year to date 30 September 2016
Profit attributable to equity holders of the parent (RM '000)	1	3,000	3,000
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share ('000)		305,914	305,914
Effect of dilution in ESOS		2,771	2,771
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)		308,685	308,685
Diluted earnings per share (sen)		0.97	0.97

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Note 1	Current year quarter 30 September 2016	Current year to date 30 September 2016
Profit after tax (RM'000)	3,048	3,048
<b>Profit attributable to:</b>		
Owners of the parent (RM'000)	3,000	3,000
Non-controlling interest (RM'000)	48	48

**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 November 2016.

BY ORDER OF THE BOARD  
**MIKRO MSC BERHAD**