

MIKRO MSC BERHAD (738171-M)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2017

The results of Mikro MSC Berhad and its subsidiaries ("Group") for the period ended 31 March 2017 are as follows:-

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD ENDED
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM	RM	RM	RM
Revenue	11,573,184	11,314,326	37,168,685	35,590,512
Cost of sales	(5,755,456)	(5,325,010)	(17,628,435)	(16,431,898)
Gross profit	5,817,728	5,989,316	19,540,250	19,158,614
Other operating income	570,083	(452,673)	1,652,159	530,782
Finance costs	(13,428)	(24,909)	(38,571)	(94,085)
Operating Expenses	(3,870,702)	(3,405,272)	(10,624,101)	(9,692,371)
Profit before tax	2,503,681	2,106,462	10,529,737	9,902,940
Income tax expense	(429,766)	(97,449)	(2,143,500)	(1,808,159)
Profit for the period	<u>2,073,915</u>	<u>2,009,013</u>	<u>8,386,237</u>	<u>8,094,781</u>
Profit for the financial year attributable to:				
Owners of the parent	2,014,510	1,996,277	8,254,380	7,968,217
Non-controlling interests	59,405	12,736	131,857	126,564
	<u>2,073,915</u>	<u>2,009,013</u>	<u>8,386,237</u>	<u>8,094,781</u>
Earnings per share attributable to equity holders				
Basic earnings per share (in sen)	0.66	0.65	2.69	2.60

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 31 MARCH 2017

	(UNAUDITED) AS AT END OF CURRENT YEAR QUARTER ENDED 31/03/2017 RM	(AUDITED) AS AT FINANCIAL YEAR ENDED 30/06/2016 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	16,640,805	16,510,949
Intangible assets	10,473,754	10,002,786
	27,114,559	26,513,735
Current Assets		
Inventories	9,194,517	9,177,965
Trade and other receivables	14,665,360	13,842,482
Current tax assets	504,137	334,921
Cash and bank balances	14,764,091	19,976,322
Deposits with a licensed bank	6,819,628	-
	45,947,733	43,331,690
TOTAL ASSETS	73,062,292	69,845,425
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	30,687,460	30,591,430
Share premium	6,198,910	5,949,232
Share options reserve	386,615	357,435
Retained earnings	19,266,109	15,920,859
	56,539,094	52,818,956
Non-controlling interests	464,684	332,827
TOTAL EQUITY	57,003,778	53,151,783
Non-Current Liabilities		
Borrowings	9,801,497	9,979,342
Deferred taxation	403,232	388,233
	10,204,729	10,367,575
Current Liabilities		
Trade and other payables	4,743,479	5,747,028
Borrowings	806,985	570,154
Current tax liabilities	303,321	8,885
	5,853,785	6,326,067
TOTAL LIABILITIES	16,058,514	16,693,642
TOTAL EQUITY AND LIABILITIES	73,062,292	69,845,425
Net asset per share (sen)	18.42	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 31 MARCH 2017

-----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
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>
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	96,030	249,678	-	-	345,708	-	345,708
- Private placement	-	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-	-
Share option granted under ESOS	-	-	29,180	-	29,180	-	29,180
Dividends paid	-	-	-	(4,909,130)	(4,909,130)	-	(4,909,130)
Total comprehensive income for the period	-	-	-	8,254,380	8,254,380	131,857	8,386,237
Balance as at 31 March 2017	<u>30,687,460</u>	<u>6,198,910</u>	<u>386,615</u>	<u>19,266,109</u>	<u>56,539,094</u>	<u>464,684</u>	<u>57,003,778</u>

The new Companies Act 2016 (the "ACT"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM6,198,910 for purposes as set out in Section 618(3). There is no impact on the numbers of ordinary shares in issue or the relatives entitlement of any of the members as a result of this transition.

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 31 MARCH 2017

	CURRENT YEAR TO DATE ENDED 31/03/2017 RM	PRECEDING YEAR TO DATE PERIOD ENDED 31/03/2016 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	10,529,737	10,014,684
	<u>10,529,737</u>	<u>10,014,684</u>
Adjustments for:-		
Amortisation of intangible assets	625,597	684,711
Depreciation of property, plant and equipment	777,455	1,144,343
Intangible assets written off	-	288,960
Interest expense	38,571	94,085
Interest income	(139,023)	(89,428)
Share options expenses	29,180	40,893
Unrealised loss of foreign exchange	966,339	(76,522)
	<u>12,827,856</u>	<u>12,101,726</u>
Operating profit before working capital changes		
Changes in working capital:-		
Inventories	(16,552)	(512,818)
Receivables	(1,119,434)	(3,812,236)
Payables	(617,658)	1,645,391
	<u>11,074,212</u>	<u>9,422,063</u>
CASH GENERATED FROM OPERATIONS		
Tax paid	(2,003,279)	(1,820,252)
Interest paid	(38,571)	(94,085)
Interest income	139,023	89,428
NET CASH FROM OPERATING ACTIVITIES	<u>9,171,385</u>	<u>7,597,154</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,060,759)	(12,372,528)
Additions of intangible assets	(1,096,565)	(1,756,250)
Proceeds from disposal of property, plant and equipment	153,447	39,000
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,003,877)</u>	<u>(14,089,778)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(4,909,130)	(3,243,187)
Drawdown of flexi loan	(243,694)	-
New financing obtained from hire purchase	380,000	90,000
Repayment of biz loan	-	(79,031)
New financing obtained from biz loan	-	10,000,000
Repayments of hire purchase creditors	(112,548)	(213,940)
Proceeds from issuance of ordinary shares under private placement	-	8,333,732
Proceeds from issuance of ordinary shares under ESOS	345,708	24,000
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u>(4,539,664)</u>	<u>14,911,574</u>
Net increase in cash and cash equivalents	2,627,844	8,418,950
Cash and cash equivalents at beginning of financial year	18,919,038	8,428,378
Cash and cash equivalents at end of financial year	<u><u>21,546,882</u></u>	<u><u>16,847,328</u></u>
NOTES TO STATEMENT OF CASH FLOW		
Cash and cash equivalents comprises:		
Deposits with a licensed bank	6,819,628	-
Cash and bank balances	14,764,091	16,847,328
Bank overdrafts	(36,837)	-
	<u>21,546,882</u>	<u>16,847,328</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

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

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MARCH 2017

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

On 31 March 2017, a first interim single-tier dividend of 6% per ordinary share of RM0.10 each amounting to RM1,841,246.33 was paid in respect of the financial year ending 30 June 2017.

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

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MARCH 2017

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 31 March 2017 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
Revenue			
External sales	11,573	-	11,573
Inter-segment sales	5,139	(5,139)	-
Total revenue	<u>16,712</u>	<u>(5,139)</u>	<u>11,573</u>
Profit from operation			<u>2,074</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 THIRD QUARTER ENDED 31 MARCH 2017

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 RM11.57 million for the current quarter under review, this represents, a 2.29% increase as compared with the revenue of approximately RM11.31 million recorded in the preceding quarter year corresponding period (“PYCP”). In this quarter, the Group recorded a slightly lower Gross Profit of RM5.82 million as compared to RM5.99 million in the PYCP. However, profit before taxation (“PBT”) for this period is approximately RM2.50 million, representing a RM0.40 million increase as compared to PBT of approximately RM2.11 million recorded for the PYCP. But overall the Profit after taxation (“PAT”) for this quarter is approximately RM2.07 million an increase of RM0.06 million or 3.23% over that of RM2.01 million recorded in the PYCP.

B2. COMPARISON WITH PRECEDING QUARTER’S RESULTS

The Group’s revenue for the current quarter under review of approximately RM11.57 million was lower as compared to approximately RM13.54 million achieved in the immediate preceding quarter ended 31 December 2016. Q3 is wherein the Chinese New Year festivity is celebrated and it normally has an effect on our Group sales. The Group recorded a PBT and PAT of RM2.50 million and RM2.07 million respectively for the current quarter ended 31 March 2017 as compared to PBT and PAT of RM4.35 million and RM3.26 million in the preceding quarter.

B3. COMMENTARY ON PROSPECTS

Despite an operating environment beset by economic uncertainties, inflationary pressure and volatility of exchange rates, the Group's strategies to enhance resilience have thus far mitigated against such risks considerably. Building on this, the Group remains cautiously optimistic while stepping up effort in financial prudence, efficiency improvement and new product launches.

B4. PROFIT FORECAST AND PROFIT GUARANTEE

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

B5. TAXATION

	Current year quarter 31 March 2017 RM'000	Current year to date 31 March 2017 RM'000
Estimated income tax :		
Malaysia income tax	430	2,144
Foreign income tax	-	-
	430	2,144

The tax expenses is derived based on management best’s estimate of the tax rate for the year

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

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MARCH 2017

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 17 May 2017

Save as disclosed below, there were no other corporate proposals announced but not completed as at 17 May 2017:-

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

	Proposed Utilisation RM'000	Amount utilised as at 17 May 2017 RM'000	Amount outstanding RM'000	Expected time frame for utilisation by
Renovation and refurbishment expenses	2,000	(32)	1,968	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	(4,496)	3,968	

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

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

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MARCH 2017

B9. BORROWINGS

The borrowings of the Company as at 31 March 2017 are as follows:-

	As at 31 March 2017 RM'000
Current liabilities:	
Hire purchase creditors	340
Flexi loan *	430
Bank overdraft	37
	<u>807</u>
Non-current liabilities	
Hire purchase creditors	633
Flexi loan *	9,169
	<u>9,802</u>
Total Borrowings	<u><u>10,609</u></u>

* *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.

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

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MARCH 2017

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 31 March 2017	Current year to date 31 March 2017
Profit attributable to equity holders of the parent (RM '000)	1	2,015	8,254
Weighted average number of ordinary shares in issue ('000)		306,249	306,249
Basic earnings per share (sen)		0.66	2.69

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 31 March 2017	Current year to date 31 March 2017
Profit attributable to equity holders of the parent (RM '000)	1	2,015	8,254
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share ('000)		306,249	306,249
Effect of dilution in ESOS		1,891	1,891
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)		308,140	308,140
Diluted earnings per share (sen)		0.65	2.68

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

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MARCH 2017

Note 1	Current year quarter 31 March 2017	Current year to date 31 March 2017
Profit after tax (RM'000)	2,074	8,386
Profit attributable to:		
Owners of the parent (RM'000)	2,015	8,254
Non-controlling interest (RM'000)	59	132

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 29 May 2017.

BY ORDER OF THE BOARD
MIKRO MSC BERHAD