

## Due Diligence and Valuation Report – Update (please read full report on [www.abid.co](http://www.abid.co))

Arrowhead Code: 83-01-05-U  
 Coverage initiated: 3 January 2011  
 This document: 02 November 2011  
 Fair share value bracket: AU\$10.4c to AU\$19.6c  
 Share price (10.21.11): AU\$2.4c<sup>i</sup>  
 Fair market value bracket: AU\$58.87 to AU\$111.48 MM

### Analyst Team

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Company: MIKOH Corporation Limited  
 Ticker: ASX: MIK  
 Headquarters: Sydney, Australia  
 Registered Office: Sydney, Australia

Managing Director: Mr. Richard Sealy

Website: [www.mikoh.com](http://www.mikoh.com)

### Market Data

52-Week Range:	AU\$1.9c – AU\$5.1c <sup>ii</sup>
Average Daily Volume:	462,770
Market Cap. (11.23.10):	AUS\$13.62MM

### 104-week quotation chart



### FY2011 Results Update

Particulars	Value	Y-o-Y (%)
AVI Revenue	AU\$3.76MM	657.4%
Total Equity	AU\$3.56MM	517.5%
Cash & equivalents	AU\$0.84MM	112.3%

### Financial Forecast (in AU\$) (FY ending - June)

June Ending	'12E	'13E	'14E	'15E	'16E	'17E	'18E
High profit/ (Loss) MM	3.4	5.1	12.6	10.5	17.8	11.7	20.2
High EPS cents	0.60	0.90	2.21	1.85	3.13	2.06	3.57
Low profit/ (loss)MM	0.1	1.4	4.7	4.3	7.0	5.6	0.1
Low EPS cents	0.02	0.25	0.83	0.76	1.24	0.99	0.02

### Summary

Based in Australia and listed on ASX, MIKOH is a global security solutions provider specializing in tamper evident techniques for security seals, smart RFID tags and encrypted data. MIKOH, entered into an agreement to swap 19.9% stake in Kollakorn, owned by Somapa IT. Kollakorn has a 10 year concession from the Thailand government for EVR in the country.

### Recent Updates

**Enforcement of speed control:** - DLT announced to control the speed of public passenger vehicles using the RFID readers in Thailand marking a significant development for MIKOH, especially Smart&Secure tag.

**Allotment of ordinary shares:** - MIKOH completed the allotment of 47.40MM shares in FY12 YTD for AU\$1.07MM.

### Main Drivers of Value:

**Sales of tags under Thailand EVR:** MIKOH sold an initial stock of 2MM tags to Kollakorn. MIKOH is also expected to benefit from increase in vehicles in Malaysia.

**Sales of tags in other ASEAN countries:** Following JV in Malaysia with ARA TechBis Sdn Bhd (ARA), probability of tag sales in other ASEAN countries has increased.

### Main Risks

**IP Risk:** MIKOH's patented technology could be replicated by another player with a cheaper security solution.

**Supply Chain Risk:** Sirit, the manufacturer of tags, may not be able to follow through with the volumes necessary to roll out orders beyond the full Thai contract.

### Expected news

**Certain ID tags release:** - Company expects the release of next generation tags in the coming financial year.

**JV in other ASEAN countries:** - Company is trying to replicate its success like Thailand, with JV in other ASEAN countries.

**Dividend from Kollakorn:** - Company expects to earn dividends from its investment in Kollakorn in coming years.

### Valuation

Given due diligence and valuation estimations, Arrowhead believes that MIKOH's current fair share value lies in the AU\$10.4c to AU\$19.6c bracket<sup>iii</sup>. The valuation is based on the intrinsic revenue capacity of the Thai EVR contract and similar opportunities in ASEAN countries.

## Analyst Certifications

I, Thomas Renaud, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and the subject Company, based on the collection and analysis of public information and public Company disclosures

I, Vishal Pasari, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and the subject Company, based on the collection and analysis of public information and public Company disclosures

## Important disclosures

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## Notes and References

- <sup>i</sup> Source: Australian Stock Exchange (ASX), As on November 2, 2011.
- <sup>ii</sup> 52 weeks to November 2, 2011. Source: Bloomberg, November 2, 2011.
- <sup>iii</sup> Arrowhead Business and Investment Decisions Fair Value Bracket – AFVBTM. For all the information relating to this valuation and to the due diligence on the company and on its markets projects and products, please refer to the full report on MIK, available on [www.abid.co](http://www.abid.co). Please refer to important disclosures on page 2 of this report.