



MICROLINK SOLUTIONS BERHAD

Company no. 620782P

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2018

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MICROLINK SOLUTIONS BERHAD (620782-P)
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 June		CUMULATIVE PERIOD THREE MONTHS ENDED 30 June	
	2018 RM'000 Unaudited	2017 RM'000 Unaudited	2018 RM'000 Unaudited	2017 RM'000 Unaudited
Revenue	40,534	58,024	40,534	58,024
Cost of sales	(32,845)	(42,543)	(32,845)	(42,543)
Gross profit	7,689	15,481	7,689	15,481
Other operating income	143	86	143	86
Selling and distribution expenses	(132)	(196)	(132)	(196)
Administrative expenses	(6,853)	(7,307)	(6,853)	(7,307)
Finance costs	(1,006)	(784)	(1,006)	(784)
Other operating expenses	(504)	(834)	(504)	(834)
(Loss) / Profit before taxation	(663)	6,446	(663)	6,446
Tax income / (expense)	18	(1,617)	18	(1,617)
(Loss) / Profit for the period	(645)	4,829	(645)	4,829
Other comprehensive income, net of tax				
- item that may be reclassified subsequently to profit or loss:				
Foreign currency translations for foreign operations, net of tax	-	4	-	4
Other comprehensive income for the period, net of tax	-	4	-	4
Total comprehensive (loss) / income for the period	(645)	4,833	(645)	4,833
(Loss) / Profit attributable to :				
Owners of the Parent	(771)	4,791	(771)	4,791
Non-Controlling Interests	126	38	126	38
	(645)	4,829	(645)	4,829
Total comprehensive (loss) / income attributable to :				
Owners of the Parent	(771)	4,795	(771)	4,795
Non-Controlling Interests	126	38	126	38
	(645)	4,833	(645)	4,833
Earnings per share (sen):				
Basic	(0.46)	2.86	(0.46)	2.86
Diluted	(0.46)	2.86	(0.46)	2.86

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

MICROLINK SOLUTIONS BERHAD (620782-P)
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	As At 30 June 2018 RM'000 Unaudited	As At 31 March 2018 RM'000 Audited
ASSETS		
Non-Current Assets		
Goodwill	18,409	18,409
Software development expenditure	5,126	5,332
Other investment	105	105
Deferred tax assets	4,257	4,239
Property, plant and equipment	<u>1,052</u>	<u>1,029</u>
	<u>28,949</u>	<u>29,114</u>
Current Assets		
Inventories	12,961	16,177
Other investments	104	103
Trade receivables	24,881	41,000
Other receivables, deposits and prepayments	32,218	25,016
Amount owing by ultimate holding company	831	760
Amount owing by immediate holding company	5,923	5,925
Current tax assets	4,932	3,777
Cash and bank balances	<u>18,612</u>	<u>19,414</u>
	<u>100,462</u>	<u>112,172</u>
TOTAL ASSETS	<u>129,411</u>	<u>141,286</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	43,628	43,628
Reserves	5,982	5,567
Accumulated losses	<u>(19,732)</u>	<u>(18,961)</u>
	29,878	30,234
Non-controlling interests	<u>563</u>	<u>437</u>
TOTAL EQUITY	<u>30,441</u>	<u>30,671</u>
Non-Current Liabilities		
Borrowings	4,794	5,464
Provision for gratuity obligations	1,504	1,504
Redeemable preference shares	<u>25,193</u>	<u>25,193</u>
	<u>31,491</u>	<u>32,161</u>
Current Liabilities		
Trade payables	12,916	15,507
Other payables and accruals	35,924	39,335
Amount owing to ultimate holding company	3,304	2,689
Amount owing to immediate holding company	10	10
Amount owing to related companies	644	678
Borrowings	14,679	20,233
Current tax liabilities	<u>2</u>	<u>2</u>
	<u>67,479</u>	<u>78,454</u>
TOTAL LIABILITIES	<u>98,970</u>	<u>110,615</u>
TOTAL EQUITY AND LIABILITIES	<u>129,411</u>	<u>141,286</u>
Net assets per share (RM)	<u>0.18</u>	<u>0.18</u>

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

MICROLINK SOLUTIONS BERHAD (620782-P)
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

	←----- Attributable to Owners of the Parent -----→						Total	Non- controlling interests	Total
	Distributable		←----- Non-distributable -----→						
	Ordinary shares	Retained earnings	Share premium	Capital redemption reserve	Equity compensation reserve	Currencies translation reserve			
Unaudited									
3 months ended 30 June 2018									
At 1 April 2018 (audited)	43,628	(18,961)	-	-	5,761	(194)	30,234	437	30,671
Loss for the period	-	(771)	-	-	-	-	(771)	126	(645)
Foreign currency translation for foreign operations	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	(771)	-	-	-	-	(771)	126	(645)
Transactions with owners									
Share based payment transactions	-	-	-	-	415	-	415	-	415
Total transactions with owners	-	-	-	-	415	-	415	-	415
At 30 June 2018	43,628	(19,732)	-	-	6,176	(194)	29,878	563	30,441
Unaudited									
3 months ended 30 June 2017									
At 1 April 2017 (audited)	43,628	31,670	-	-	4,348	(217)	79,429	98	79,527
Profit for the period	-	4,791	-	-	-	-	4,791	38	4,829
Foreign currency translation for foreign operations	-	-	-	-	-	4	4	-	4
Total comprehensive income for the period	-	4,791	-	-	-	4	4,795	38	4,833
Transactions with owners									
Share based payment transactions	-	-	-	-	456	-	456	-	456
Total transactions with owners	-	-	-	-	456	-	456	-	456
At 30 June 2017	43,628	36,461	-	-	4,804	(213)	84,680	136	84,816

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

MICROLINK SOLUTIONS BERHAD (620782-P)
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FIRST QUARTER ENDED 30 JUNE 2018
(The figures have not been audited)

	Current Year 3 months ended 30 June 2018 RM'000 Unaudited	Preceding Year 3 months ended 30 June 2017 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(663)	6,446
Adjustment for non-cash items:		
Amortisation of software development expenditure	365	623
Bad debts written off	-	23
Depreciation of property, plant and equipment	121	175
Employees share option scheme expense	415	456
Interest expense	1,006	784
Interest income	(103)	(77)
Net unrealised loss on foreign exchange	-	7
Operating profit before working capital changes	<u>1,141</u>	<u>8,437</u>
Net changes in assets	12,696	(6,645)
Net changes in liabilities	(5,859)	(11,440)
Net cash from / (used in) operations	<u>7,978</u>	<u>(9,648)</u>
Tax paid	(1,155)	(861)
Tax refund	-	57
Net cash from / (used in) operating activities	<u>6,823</u>	<u>(10,452)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of software development expenditure	(159)	(54)
Interest received	103	77
Withdrawal of deposits pledged to licensed bank	(139)	(143)
Purchase of other investments	(1)	-
Purchase of property, plant and equipment	(144)	(40)
Net cash used in investing activities	<u>(340)</u>	<u>(160)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,006)	(784)
(Repayments) / Drawdown of borrowings	(7,205)	4,446
Net cash (used in) / from financing activities	<u>(8,211)</u>	<u>3,662</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,728)	(6,950)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	9,609	16,836
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	(194)	(48)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>7,687</u>	<u>9,838</u>

* Cash and cash equivalents at the beginning and end of the financial period are net of deposits pledged to banks.

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.

**MICROLINK SOLUTIONS BERHAD (620782-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2018**

A NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standards ("MFRSs") No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements ("ACE Listing Requirements") and should be read in conjunction with the audited financial statements of the Company and its subsidiaries ("Group") for the financial year ended 31 March 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2018.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 March 2018 except for the newly-issued accounting framework - MFRS and IC Interpretations ("IC Int.") to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2018:

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

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application.

A2 Audit report of preceding annual financial statements

The preceding audited financial statements for the financial year 31 March 2018 were not subjected to any qualification.

A3 Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

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

A5 Material changes in estimates

There were no changes in estimates of amounts which have a material effect in the current quarter under review.

A6 Dividend paid

No dividend has been paid in the current quarter under review.

A7 Segmental information

The Group's reportable segments were identified as follows:-

- (i) Financial Services - Provision of business and technical services for financial institutions
- (ii) Enterprise Solutions - Provision of emerging technologies for enterprise
- (iii) Distribution Services - Distribution and maintenance of computer equipment and software
- (iv) Solution Delivery - Provision of project and software solutions delivery services

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)
A7 Segmental information (Cont'd)

Business Segments	Financial Services	Enterprise Solutions RM'000	Distribution Services RM'000	Solution Delivery RM'000	Elimination RM'000	Consolidation RM'000
3 months ended 30 June 2018						
External sales	13,297	3,240	22,446	1,551	-	40,534
Inter-segment sales	1,769	91	573	288	(2,721)	-
Total	<u>15,066</u>	<u>3,331</u>	<u>23,019</u>	<u>1,839</u>	<u>(2,721)</u>	<u>40,534</u>
Results						
Segment results	1,229	(275)	(787)	3	70	240
Interest expense	(66)	-	(940)	-	-	(1,006)
Interest income	33	3	67	-	-	103
Tax income	-	-	18	-	-	18
Profit / (Loss) for the financial period	<u>1,196</u>	<u>(272)</u>	<u>(1,642)</u>	<u>3</u>	<u>70</u>	<u>(645)</u>
3 months ended 30 June 2017						
External sales	13,207	4,286	38,498	2,033	-	58,024
Inter-segment sales	9,019	122	676	78	(9,895)	-
Total	<u>22,226</u>	<u>4,408</u>	<u>39,174</u>	<u>2,111</u>	<u>(9,895)</u>	<u>58,024</u>
Results						
Segment results	7,452	(222)	(142)	(399)	464	7,153
Interest expense	(9)	-	(774)	(1)	-	(784)
Interest income	8	8	61	-	-	77
Tax expense	(1,600)	-	(17)	-	-	(1,617)
Profit / (Loss) for the financial period	<u>5,851</u>	<u>(214)</u>	<u>(872)</u>	<u>(400)</u>	<u>464</u>	<u>4,829</u>

A8 Valuation of property, plant and equipment

The Group did not carry out any valuation of its property, plant and equipment.

A9 Material events subsequent to the end of the quarter

There were no material events announced subsequent to the end of the current financial period under review up to the date of this announcement.

A10 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

A11 Contingent liabilities

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at 20 August 2018 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

A12 Cash and bank balances

	Current year as at 30 June 2018 RM'000
Cash and bank balances	6,999
Fixed deposits with licensed financial institutions	<u>11,613</u>
	18,612
Less: Fixed deposits pledged with a licensed bank	(9,759)
Bank overdraft	<u>(1,166)</u>
	<u>7,687</u>

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE LISTING REQUIREMENTS

B1 Review of performance

The summary breakdown of revenue by business segments of the Group is as follows:-

	Individual Quarter 3 months ended 30 June			Cumulative Period 3 months ended 30 June		
	2018	2017	Variance	2018	2017	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	15,066	22,226	-32%	15,066	22,226	-32%
Enterprise Solutions	3,331	4,408	-24%	3,331	4,408	-24%
Distribution Services	23,019	39,174	-41%	23,019	39,174	-41%
Solution Delivery	1,839	2,111	-13%	1,839	2,111	-13%
	<u>43,255</u>	<u>67,919</u>	<u>-36%</u>	<u>43,255</u>	<u>67,919</u>	<u>-36%</u>
Less : Inter Segment Revenue	<u>(2,721)</u>	<u>(9,895)</u>		<u>(2,721)</u>	<u>(9,895)</u>	
Total Group Revenue	<u>40,534</u>	<u>58,024</u>	<u>-30%</u>	<u>40,534</u>	<u>58,024</u>	<u>-30%</u>

The Group recorded revenue of RM40.53 million for the quarter ended 30 June 2018, a decrease of 30% against revenue achieved in the previous corresponding quarter. The lower revenue was attributable to lower order fulfilments and progress billings particularly in the Distribution Services segment.

The summary breakdown of (loss) / profit before taxation by business segments of the Group is as follows:-

	Individual Quarter 3 months ended 30 June			Cumulative Period 3 months ended 30 June		
	2018	2017	Variance	2018	2017	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	1,196	7,451	-84%	1,196	7,451	-84%
Enterprise Solutions	(272)	(214)	-27%	(272)	(214)	-27%
Distribution Services	(1,660)	(855)	-94%	(1,660)	(855)	-94%
Solution Delivery	3	(400)	NA	3	(400)	NA
	<u>(733)</u>	<u>5,982</u>	<u>NA</u>	<u>(733)</u>	<u>5,982</u>	<u>NA</u>
Add / (Less) : Elimination	<u>70</u>	<u>464</u>		<u>70</u>	<u>464</u>	
Loss ("LBT") / Profit ("PBT") before taxation	<u>(663)</u>	<u>6,446</u>	<u>NA</u>	<u>(663)</u>	<u>6,446</u>	<u>NA</u>

The Group recorded a LBT of RM0.63 million in the current quarter under review as compared to a profit of RM6.45 million in the previous corresponding quarter. The decline was mainly attributable to significant reduction in the revenue and gross profit margin as compare to the corresponding period last year.

Material change in loss before taxation for the quarter reported as compared with the immediate preceding quarter

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Change %
Revenue	40,534	47,249	-14%
Loss before taxation	(663)	(53,147)	-99%

The Group recorded a decrease in revenue by RM6.72 million in the current quarter as compared to the immediate preceding quarter mainly attributable to lower order fulfilments.

The Group posted a decrease in LBT by RM52.49 million in the current quarter as compared to the immediate preceding quarter mainly attributable to one-off impairments incurred in immediate preceding quarter.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE LISTING REQUIREMENTS (Cont'd)

B2 Prospects

The Board is mindful of the challenging business environment and is cautiously optimistic of the Group's financial performance for the current financial year.

B3 Profit forecast or guarantee

There were no profit forecast or profit guarantee issued by the Group and the Company.

B4 Income tax expense

	Current quarter 30 June 2018 RM'000	Cumulative 30 June 2018 RM'000
Taxation - current year	-	-
Taxation - prior year	-	-
Deferred tax	18	18
Total	<u>18</u>	<u>18</u>

Currently there is no provision for taxation due to losses suffered by subsidiaries and the availability of tax allowance to offset the taxable income of the Company.

B5 Unquoted investments and properties

There were no purchase or disposal of unquoted investments and properties during the financial period under review.

B6 Quoted securities

There were no acquisitions or disposals of quoted securities during the financial period under review.

B7 Corporate exercise and utilisation of proceeds

There is no corporate exercise announced but not completed during the period under review.

B8 Group's borrowings and debt securities

The Group's bank borrowings are as follows:

	As at 30 June 2018 RM'000	As at 30 June 2017 RM'000
Short term bank borrowings - secured	14,679	22,746
Long term bank borrowings - secured	4,794	9
Total borrowings	<u>19,473</u>	<u>22,755</u>

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM2.29 million have been issued.

B10 Material litigation

The Group is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary companies and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary companies as at the date of this announcement.

B11 Dividends

No dividend has been declared in respect of the current quarter under review.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE LISTING REQUIREMENTS (Cont'd)

B12 Earnings per share

Basic earnings per share

The calculation of the basic earnings / (loss) per share is based on the net profit / (loss) for the financial quarter and period under review divided by the weighted average number of ordinary shares in issue during the quarter.

	Individual Quarter 30 June 2018	Cumulative Quarter 30 June 2018
Loss attributable to owners of the parent (RM)	(771,000)	(771,000)
No. of ordinary share in issue	167,368,100	167,368,100
Basic loss per share (sen)	<u>(0.46)</u>	<u>(0.46)</u>

B13 Authorisation for issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 27 August 2018.

MICROLINK SOLUTIONS BERHAD (620782-P)

27 August 2018