



MICROLINK SOLUTIONS BERHAD

Company no. 620782P

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2015

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MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Quarter Ended 30 June 2015
(The figures have not been audited)

	Note	Individual		Cumulative	
		3 months ended 30 June 2015 RM'000	3 months ended 30 June 2014 RM'000	3 months ended 30 June 2015 RM'000	3 months ended 30 June 2014 RM'000
Revenue	B1	36,935	8,028	36,935	8,028
Cost of sales	B1	(28,885)	(4,087)	(28,885)	(4,087)
Gross profit		8,050	3,941	8,050	3,941
Other operating income		258	92	258	92
Selling and distribution expenses		(233)	(149)	(233)	(149)
Administrative expenses		(7,302)	(1,701)	(7,302)	(1,701)
Finance costs		(353)	-	(353)	-
Other operating expenses		(880)	(770)	(880)	(770)
(Loss) / Profit before taxation	B1	(460)	1,413	(460)	1,413
Income tax expense	B4	(383)	(136)	(383)	(136)
(Loss) / Profit for the period		(843)	1,277	(843)	1,277
Other comprehensive (loss) / income					
Exchange differences on translation of foreign operations		(33)	(5)	(33)	(5)
Other comprehensive income net of tax		(33)	(5)	(33)	(5)
Total comprehensive (loss) / income for the period		(876)	1,272	(876)	1,272
(Loss) / Profit attributable to :					
Owners of the Parent		(723)	1,418	(723)	1,418
Non-Controlling Interests		(120)	(141)	(120)	(141)
		(843)	1,277	(843)	1,277
Total comprehensive (loss) / income attributable to :					
Owners of the Parent		(756)	1,413	(756)	1,413
Non-Controlling Interests		(120)	(141)	(120)	(141)
		(876)	1,272	(876)	1,272
(Loss) / Earnings per share (sen):					
Basic	B13	(0.48)	1.02	(0.48)	1.02
Diluted	B13	(0.48)	1.02	(0.48)	1.02

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial statements.

MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Unaudited as at 30 June 2015 RM'000	Audited as at 31 March 2015 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,382	2,595
Software development expenditure	11,990	12,437
Other investments	105	105
Goodwill on consolidation	18,473	18,473
Deferred tax assets	294	303
Total non-current assets	33,244	33,913
CURRENT ASSETS		
Inventories	10,100	11,791
Trade and other receivables	72,172	64,823
Current tax assets	1,906	1,680
Cash and bank balances	28,769	30,382
Total current assets	112,947	108,676
TOTAL ASSETS	146,191	142,589
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	15,215	13,835
Reserves	39,289	36,449
Shareholders' equity	54,504	50,284
Non-controlling interests	61	(1,389)
	54,565	48,895
NON CURRENT LIABILITIES		
Borrowings	67	67
Provision for gratuity obligations	1,381	1,490
Redeemable preference shares	35,193	35,193
Deferred tax liabilities	986	939
	37,627	37,689
CURRENT LIABILITIES		
Trade and other payables	43,303	40,886
Borrowings	8,981	13,409
Current tax liabilities	1,715	1,710
	53,999	56,005
Total liabilities	91,626	93,694
TOTAL EQUITY AND LIABILITIES	146,191	142,589
Net assets per share (RM)	0.36	0.35

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial statements.

MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Quarter Ended 30 June 2015

(The figures have not been audited)

	Attributable to Owners of the Parent							Total
	Issued capital	Distributable reserve	Non-distributable reserves				Non-controlling interests	
	Ordinary shares	Retained earnings	Share premium	Equity compensation reserve	Currencies translation reserve	Total		
3 months ended 30 June 2014								
At 1 April 2014 (audited)	13,809	23,689	4,976	13	(158)	42,329	(968)	41,361
Other comprehensive loss	-	-	-	-	(5)	(5)	-	(5)
Profit for the period	-	1,418	-	-	-	1,418	(141)	1,277
Total comprehensive income for the period	-	1,418	-	-	(5)	1,413	(141)	1,272
Issue of shares to minority shareholders	3	-	13	-	-	16	-	16
At 30 June 2014	13,812	25,107	4,989	13	(163)	43,758	(1,109)	42,649
3 months ended 30 June 2015								
At 1 April 2015 (audited)	13,835	31,548	5,056	-	(155)	50,284	(1,389)	48,895
Other comprehensive loss	-	-	-	-	(33)	(33)	-	(33)
Loss for the period	-	(723)	-	-	-	(723)	(120)	(843)
Total comprehensive loss for the period	-	(723)	-	-	(33)	(756)	(120)	(876)
Ordinary shares issued pursuant to Private Placement	1,380	-	5,520	-	-	6,900	-	6,900
Arising from accretion of equity interests in subsidiaries	-	(1,924)	-	-	-	(1,924)	1,570	(354)
At 30 June 2015	15,215	28,901	10,576	-	(188)	54,504	61	54,565

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial statements.

MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For The Quarter Ended 30 June 2015
(The figures have not been audited)



	Current Year 3 months ended 30 June 2015	Preceding Period 3 months ended 30 June 2014
Note	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(460)	1,413
Adjustment for non-cash items:		
Amortisation of software development expenditure	631	608
Depreciation of property, plant and equipment	252	131
Equity settled share-based payment expense	50	-
Interest expense	353	-
Interest income	(96)	(93)
Provision for post-employment benefits	(109)	-
Net unrealised (gain) / loss on foreign exchange	(1)	-
Operating profit before working capital changes	<u>620</u>	<u>2,059</u>
Net changes in assets	(5,539)	(1,348)
Net changes in liabilities	2,348	711
Net cash (used in) / from operations	<u>(2,571)</u>	<u>1,422</u>
Tax paid	(548)	(277)
Net cash (used in) / from operating activities	<u>(3,119)</u>	<u>1,145</u>
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of additional interest in subsidiary	(354)	-
Interest received	96	93
Addition of software development expenditure	(184)	(239)
Proceeds from disposal of property, plant and equipment	4	-
Purchase of property, plant and equipment	(43)	(167)
Net cash used in investing activities	<u>(481)</u>	<u>(313)</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Issuance of shares pursuant to ESOS	-	16
Repayment of borrowings	(4,429)	-
Interest paid	(353)	-
Proceeds from issue of shares pursuant to Private Placement	6,900	-
Net cash from / (used in) financing activities	<u>2,118</u>	<u>16</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,482)	848
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	23,201	18,823
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	(131)	(3)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	A12 <u>21,588</u>	<u>19,668</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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 period ended 31 March 2015. 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 period ended 31 March 2015.

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 period ended 31 March 2015 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 2015:

Amendments to MFRS 119, Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs, 2010-2012 Cycle
Annual Improvements to MFRSs, 2011-2013 Cycle

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 period ended 31 March 2015 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) Business Performance Services - Provision of business performance improvement related services
- (ii) Distribution - Distribution and maintenance of computer equipment and software
- (iii) Services and System Integration ("SI") - Provision of computer technology and the maintenance of computer hardware and software

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

Business Segments	Business Performance				Consolidation RM'000
	Services RM'000	Distribution RM'000	SI RM'000	Elimination RM'000	
3 months ended 30 June 2015					
External sales	6,066	27,829	4,030	(990)	36,935
Inter-segment sales	1,155	-	-	(1,155)	-
Total	<u>7,221</u>	<u>27,829</u>	<u>4,030</u>	<u>(2,145)</u>	<u>36,935</u>
Results					
Segment results	10	(317)	25	79	(203)
Interest expense	-	(88)	(265)	-	(353)
Interest income	14	68	14	-	96
Tax expense	(206)	(169)	(8)	-	(383)
Profit for the financial period	<u>(182)</u>	<u>(506)</u>	<u>(234)</u>	<u>79</u>	<u>(843)</u>
3 months ended 30 June 2014					
External sales	8,680	987	-	(1,639)	8,028
Inter-segment sales	411	-	-	(411)	-
Total	<u>9,091</u>	<u>987</u>	<u>-</u>	<u>(2,050)</u>	<u>8,028</u>
Results					
Segment results	1,167	(532)	-	685	1,320
Interest income	84	9	-	-	93
Tax expense	(136)	-	-	-	(136)
Profit for the financial period	<u>1,115</u>	<u>(523)</u>	<u>-</u>	<u>685</u>	<u>1,277</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 have been no material events subsequent to the end of the quarter.

A10 Changes in the composition of the Group

Microlink Solutions Berhad ("MSB") had on 20 May 2015, entered into a Share Sale Agreement with Iteration Partners Pty Ltd ("IPPL") for the acquisition from IPPL of the remaining 40,000 ordinary shares of RM1.00 each, representing 40% of the issued and paid up share capital of Microlink Innovation Sdn Bhd ("MISB"), a 60% owned subsidiary of MSB, for a total cash consideration of RM300,451 only. Following its completion, MISB became a wholly owned subsidiary of MSB. The acquisition would enable MSB to have full control over the equity and strategic directions of MISB.

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 12 August 2015 (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 2015 RM'000
Cash and bank balances	13,526
Short-term investments	762
Fixed deposits with licensed financial institutions	<u>14,481</u>
	<u>28,769</u>
Less: Fixed deposits pledged with a licensed bank	<u>(7,181)</u>
	<u>21,588</u>

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

B1 Review of performance

	Individual			Cumulative		
	3 months ended 30 June 2015 RM'000	3 months ended 30 June 2014 RM'000	Change %	3 months ended 30 June 2015 RM'000	3 months ended 30 June 2014 RM'000	Change %
Revenue	36,935	8,028	360%	36,935	8,028	360%
(Loss) / Profit before taxation	(460)	1,413	N/A	(460)	1,413	N/A

The Group recorded higher revenue in its current quarter due to consolidation of entities acquired in November 2014.

The Group recorded loss before taxation despite higher revenue in its current quarter mainly due to high direct costs structure of its distribution segment and higher operating expenses in its business performance services segment.

Material change in profit before tax for the quarter reported as compared with the immediate preceding quarter

	Current Year Quarter RM'000	Immediate Preceding Quarter RM'000	Change %
Revenue	36,935	61,943	-40%
(Loss) / Profit before taxation	(460)	10,240	N/A

The variances in (loss) / profit before taxation were mainly due to lower revenue recorded in the current quarter and also change in revenue mix and lower license sales as compared to the immediate preceding quarter.

B2 Prospects

The Board envisages that the operating performance of the Group will be challenging in view of uncertain economic conditions.

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 2015 RM'000	Cumulative 30 June 2015 RM'000
Malaysia Income Tax	(383)	(383)
	<u>(383)</u>	<u>(383)</u>

The effective tax rates for the period under review is higher than statutory tax rate of 25% principally due to the losses incurred by the Company's distribution and business performance services subsidiaries in which no tax credit is being recognised to offset the tax expenses of profitable subsidiaries.

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 exercises

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

B8 Group's borrowings and debt securities

Banking facilities totaling RM41.45 million have been granted to the Group. Unutilised secured banking facilities during the financial period under review is RM36.78 million.

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

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM0.82 million have been issued.

B10 Disclosure of Realised and Unrealised Profits

	Unaudited As at 30 June 2015 RM'000	Audited As at 31 March 2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	27,996	28,921
- Unrealised	(690)	(650)
	<u>27,306</u>	<u>28,271</u>
Less: Consolidation adjustments	1,595	3,277
Total group retained earnings as per statement of financial position	<u>28,901</u>	<u>31,548</u>

B11 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.

B12 Dividends

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

B13 Loss per share

Basic loss per share

The calculation of the basic earnings per share is based on the net loss for the financial quarter and period under review divided by the weighted average number of ordinary shares of RM0.10 in issue.

	Individual Quarter 30 June 2015	Cumulative Quarter 30 June 2015
Loss attributable to owners of the parent (RM)	(723,000)	(723,000)
No. of ordinary share in issue	152,152,900	152,152,900
Basic loss per share (sen)	<u>(0.48)</u>	<u>(0.48)</u>

B14 Authorisation for issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 19 August 2015.

MICROLINK SOLUTIONS BERHAD (620782-P)

19 August 2015