



## MICROLINK SOLUTIONS BERHAD

Company no. 620782P  
(Incorporated in Malaysia)

### INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2016

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**MICROLINK SOLUTIONS BERHAD** (620782-P)  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For The Quarter Ended 30 June 2016**  
(The figures have not been audited)

	Note	Individual		Cumulative	
		3 months ended 30 June 2016 RM'000	3 months ended 30 June 2015 RM'000	3 months ended 30 June 2016 RM'000	3 months ended 30 June 2015 RM'000
Revenue	B1	53,593	36,935	53,593	36,935
Cost of sales	B1	(43,973)	(28,885)	(43,973)	(28,885)
Gross profit		9,620	8,050	9,620	8,050
Other operating income		182	258	182	258
Selling and distribution expenses		(210)	(233)	(210)	(233)
Administrative expenses		(7,726)	(7,302)	(7,726)	(7,302)
Finance costs		(472)	(353)	(472)	(353)
Other operating expenses		(984)	(880)	(984)	(880)
<b>Profit/ (Loss) before taxation</b>	B1	410	(460)	410	(460)
Income tax expense	B4	(246)	(383)	(246)	(383)
<b>Profit/ (Loss) for the period</b>		164	(843)	164	(843)
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations		(1)	(33)	(1)	(33)
<b>Other comprehensive income net of tax</b>		(1)	(33)	(1)	(33)
<b>Total comprehensive income for the period</b>		163	(876)	163	(876)
<b>Profit/ (Loss) attributable to :</b>					
Owners of the Parent		142	(723)	142	(723)
Non-Controlling Interests		22	(120)	22	(120)
		164	(843)	164	(843)
<b>Total comprehensive income/ (loss) attributable to :</b>					
Owners of the Parent		141	(756)	141	(756)
Non-Controlling Interests		22	(120)	22	(120)
		163	(876)	163	(876)
<b>Earnings/ (Loss) per share (sen):</b>					
Basic	B13	0.09	(0.48)	0.09	(0.48)
Diluted	B13	0.09	(0.48)	0.09	(0.48)

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2016 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 2016**

	<b>Unaudited as at 30 June 2016 RM'000</b>	<b>Audited as at 31 March 2016 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,714	1,800
Software development expenditure	28,942	10,498
Other investments	105	105
Goodwill on consolidation	18,473	18,473
Deferred tax assets	970	956
Total non-current assets	<u>50,204</u>	<u>31,832</u>
<b>CURRENT ASSETS</b>		
Inventories	5,889	6,818
Trade and other receivables	82,856	101,167
Current tax assets	2,986	2,241
Cash and bank balances	26,672	32,185
Total current assets	<u>118,403</u>	<u>142,411</u>
<b>TOTAL ASSETS</b>	<b><u>168,607</u></b>	<b><u>174,243</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Issued capital	15,215	15,215
Reserves	41,479	41,338
Shareholders' equity	<u>56,694</u>	<u>56,553</u>
Non-controlling interests	128	106
	<u>56,822</u>	<u>56,659</u>
<b>NON CURRENT LIABILITIES</b>		
Borrowings	28	33
Provision for gratuity obligations	1,184	1,184
Redeemable preference shares	27,193	27,193
Deferred tax liabilities	898	898
	<u>29,303</u>	<u>29,308</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	70,787	76,102
Borrowings	11,464	12,045
Current tax liabilities	231	129
	<u>82,482</u>	<u>88,276</u>
Total liabilities	111,785	117,584
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>168,607</u></b>	<b><u>174,243</u></b>
Net assets per share (RM)	<u>0.37</u>	<u>0.37</u>

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2016 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 2016**  
(The figures have not been audited)

	Attributable to Owners of the Parent							
	Issued capital	Distributable reserve	Non-distributable reserves			Total	Non-controlling interests	Total
	Ordinary shares	Retained earnings	Share premium	Capital redemption reserve	Currencies translation reserve			
<b>3 months ended 30 June 2015</b>								
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
<b>3 months ended 30 June 2016</b>								
At 1 April 2016 (audited)	15,215	30,890	10,576	80	(208)	56,553	106	56,659
Other comprehensive loss	-	-	-	-	(1)	(1)	-	(1)
Profit for the period	-	142	-	-	-	142	22	164
Total comprehensive profit for the period	-	142	-	-	(1)	141	22	163
At 30 June 2016	15,215	31,032	10,576	80	(209)	56,694	128	56,822

**Note:**  
These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2016 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 2016**  
(The figures have not been audited)

Note	Current Year 3 months ended 30 June 2016 RM'000	Preceding Period 3 months ended 30 June 2015 RM'000
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation	410	(460)
Adjustment for non-cash items:		
Amortisation of software development expenditure	746	631
Depreciation of property, plant and equipment	229	252
Equity settled share-based payment expense	50	50
Interest expense	472	353
Interest income	(161)	(96)
Provision for post-employment benefits	-	(109)
Net unrealised loss/ (gain) on foreign exchange	16	(1)
Operating profit before working capital changes	1,762	620
Net changes in assets	18,854	(5,539)
Net changes in liabilities	(4,847)	2,348
Net cash from/ (used in) operations	15,769	(2,571)
Tax paid	(912)	(548)
Tax refund	8	-
Net cash from/ (used in) operating activities	14,865	(3,119)
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Acquisition of additional interest in subsidiary	-	(354)
Interest received	161	96
Placement of deposits pledged to licensed bank	13	-
Addition of software development expenditure	(19,190)	(184)
Proceeds from disposal of property, plant and equipment	-	4
Purchase of property, plant and equipment	(144)	(43)
Net cash used in investing activities	(19,160)	(481)
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		
Repayment of borrowings	(585)	(4,429)
Interest paid	(472)	(353)
Proceeds from issue of shares pursuant to Private Placement	-	6,900
Net cash (used in)/ from financing activities	(1,057)	2,118
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(5,352)	(1,482)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	24,740	23,201
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT</b>	(148)	(131)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	A12 19,240	21,588

\* 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 2016 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 year ended 31 March 2016. 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 2016.

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 2016 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 2016:

MFRS 14 Regulatory Deferral Accounts  
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception  
Amendments to MFRS 101 Disclosure Initiative  
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation  
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations  
Amendments to MFRS 127 Equity Method in Separate Financial Statements  
Amendments to MFRSs Annual Improvements to 2012-2014 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 year 31 March 2016 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	
<b>3 months ended 30 June 2016</b>					
External sales	7,403	43,528	2,662	-	53,593
Inter-segment sales	2,507	76	1,132	(3,715)	-
Total	9,910	43,604	3,794	(3,715)	53,593
<b>Results</b>					
Segment results	(46)	1,082	(507)	192	721
Interest expense	(1)	(198)	(273)	-	(472)
Interest income	88	68	5	-	161
Tax expense	(4)	(241)	(1)	-	(246)
<b>Profit for the financial period</b>	<b>37</b>	<b>711</b>	<b>(776)</b>	<b>192</b>	<b>164</b>
<b>3 months ended 30 June 2015</b>					
External sales	6,066	27,829	4,030	(990)	36,935
Inter-segment sales	1,155	-	-	(1,155)	-
Total	7,221	27,829	4,030	(2,145)	36,935
<b>Results</b>					
Segment results	10	(317)	25	79	(203)
Interest expense	-	(88)	(265)	-	(353)
Interest income	14	68	14	-	96
Tax expense	(206)	(169)	(8)	-	(383)
<b>Profit for the financial period</b>	<b>(182)</b>	<b>(506)</b>	<b>(234)</b>	<b>79</b>	<b>(843)</b>

**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**

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 19 August 2016 (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 2016 RM'000
Cash and bank balances	17,474
Short-term investments	122
Fixed deposits with licensed financial institutions	9,076
	<u>26,672</u>
Less: Fixed deposits pledged with a licensed bank	(7,432)
	<u>19,240</u>

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

### B1 Review of performance

	Individual / Cumulative		Change
	3 months ended 30 June 2016	3 months ended 30 June 2015	
	RM'000	RM'000	%
Revenue	53,593	36,935	45%
Profit/ (loss) before taxation	410	(460)	N/A

For the quarter under review, higher revenue generated was mainly attributable to improvement in order fulfilments from the Business Performance Services and Distribution segments. Correspondingly, the Group recording higher profit before taxation despite costs associated with staff force restructuring amounting to RM1.14 million incurred during the quarter under review.

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

	Current Year Quarter	Immediate Preceding Quarter	Change
	RM'000	RM'000	%
Revenue	53,593	62,165	-14%
Profit before taxation	410	517	-21%

The Group recorded lower revenue and profit before taxation in the current quarter mainly due to lower sales volume in the Distribution segment.

### B2 Prospects

Given the micro and macro-economic uncertainties, the Management will endeavor to streamline its operating expenses and review planned capital expenditures.

In view of these, the Board remains cautiously optimistic of the Group's financial performance of the coming quarters.

### 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 2016 RM'000	Cumulative 30 June 2016 RM'000
Malaysia Income Tax	(246)	(246)
	<u>(246)</u>	<u>(246)</u>

The effective tax rates for the period under review is higher than statutory tax rate of 24% principally due to the losses incurred by the Company's 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.



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

### B7 Corporate exercise and utilisation of proceeds

The Company had on 2 June 2016 announced the proposal to implement a placement of up to 15,215,200 new ordinary shares of RM0.10 each in Microlink, to independent third party investor(s) to be identified ("Proposed Private Placement").

The listing application for the Placement Shares to be issued to the Proposed Private Placement was approved by Bursa Malaysia Securities Berhad on 24 June 2016.

On 28 June 2016, the Company announced that the issue price for up to 15,215,200 Placement Shares is fixed at RM1.20 per Placement Share. Following the listing and quotation for 15,215,200 new ordinary shares at an issue price of RM1.20 on 11 July 2016, total cash proceeds of RM18,258,240 were raised.

On 25 August 2016, the Company announced a variation of utilisation of proceeds raised from the Private Placement as follows:

	Intended timeframe	Proposed utilisation RM'000	Actual utilisation RM'000	Remaining balance RM'000	Deviation	Balance after change RM'000
1 Repayment of bank borrowings	6 months	3,000	1,111	1,889		1,889
2 Working capital for general business purposes*	12 months	15,108	8,604	6,504		6,122
3 Expenses for the Private Placement*	1 month	150	532	(382)	-255%	0
		<u>18,258</u>	<u>10,247</u>	<u>8,011</u>		<u>8,011</u>

\* The estimated expenses incurred were higher due to fees for placement agent's services to identify investors for the Private Placement, which was originally not catered for. The variation in the actual amount of expenses had been adjusted from the amount allocated for working capital.

### B8 Group's borrowings and debt securities

Banking facilities totaling RM52.13 million have been granted to the Group. Unutilised secured banking facilities during the financial period under review is RM34.0 million.

### B9 Off balance sheet financial instruments

Bank guarantees amounting to RM1.85 million have been issued.

### B10 Disclosure of Realised and Unrealised Profits

	Unaudited As at 30 June 2016 RM'000	Audited As at 31 March 2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	29,611	29,627
- Unrealised	57	77
	<u>29,668</u>	<u>29,704</u>
Less: Consolidation adjustments	1,364	1,186
Total group retained earnings as per statement of financial position	<u>31,032</u>	<u>30,890</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.

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

**B13 Earnings per share**

**Basic earnings per share**

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

	<b>Individual Quarter 30 June 2016</b>	<b>Cumulative Quarter 30 June 2016</b>
Profit attributable to owners of the parent (RM)	142,000	142,000
No. of ordinary share in issue	152,152,900	152,152,900
<b>Basic earnings per share (sen)</b>	<b><u>0.09</u></b>	<b><u>0.09</u></b>

**B14 Authorisation for issue**

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 26 August 2016.

**MICROLINK SOLUTIONS BERHAD (620782-P)  
26 August 2016**