



MICROLINK SOLUTIONS BERHAD

Company no. 620782P
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

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MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Quarter Ended 31 December 2015
(The figures have not been audited)

	Note	Individual		Cumulative	
		3 months ended 31 December 2015 RM'000	3 months ended 31 December 2014 RM'000	9 months ended 31 December 2015 RM'000	9 months ended 31 December 2014 RM'000
Revenue	B1	67,639	50,935	174,134	65,424
Cost of sales	B1	(57,087)	(42,114)	(145,023)	(50,941)
Gross profit		10,552	8,821	29,111	14,483
Other operating income		167	426	524	693
Selling and distribution expenses		(122)	(278)	(534)	(596)
Administrative expenses		(7,647)	(6,585)	(22,411)	(12,981)
Finance costs		(484)	(139)	(1,299)	(139)
Other operating expenses		(917)	(744)	(2,790)	(2,320)
Profit / (Loss) before taxation	B1	1,549	1,501	2,601	(860)
Income tax expense	B4	(719)	(548)	(2,098)	(825)
Profit / (Loss) for the period		830	953	503	(1,685)
Other comprehensive income / (loss)					
Exchange differences on translation of foreign operations		(17)	(2)	(55)	(12)
Other comprehensive loss net of tax		(17)	(2)	(55)	(12)
Total comprehensive income / (loss) for the period		813	951	448	(1,697)
Profit / (Loss) attributable to :					
Owners of the Parent		881	1,073	577	(1,365)
Non-Controlling Interests		(51)	(120)	(74)	(320)
		830	953	503	(1,685)
Total comprehensive income / (loss) attributable to :					
Owners of the Parent		864	1,071	522	(1,377)
Non-Controlling Interests		(51)	(120)	(74)	(320)
		813	951	448	(1,697)
Earnings / (Loss) per share (sen):					
Basic	B13	0.58	0.79	0.38	(0.99)
Diluted	B13	0.58	0.79	0.38	(0.99)

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 31 December 2015

	Unaudited as at 31 December 2015 RM'000	Audited as at 31 March 2015 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,952	2,595
Software development expenditure	11,259	12,437
Other investments	105	105
Goodwill on consolidation	18,473	18,473
Deferred tax assets	425	303
Total non-current assets	<u>32,214</u>	<u>33,913</u>
CURRENT ASSETS		
Inventories	11,258	11,791
Trade and other receivables	94,510	64,823
Current tax assets	1,762	1,680
Cash and bank balances	41,879	30,382
Total current assets	<u>149,409</u>	<u>108,676</u>
TOTAL ASSETS	<u>181,623</u>	<u>142,589</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	15,215	13,835
Reserves	40,567	36,449
Shareholders' equity	<u>55,782</u>	<u>50,284</u>
Non-controlling interests	107	(1,389)
	<u>55,889</u>	<u>48,895</u>
NON CURRENT LIABILITIES		
Borrowings	-	67
Provision for gratuity obligations	1,381	1,490
Redeemable preference shares	35,193	35,193
Deferred tax liabilities	648	939
	<u>37,222</u>	<u>37,689</u>
CURRENT LIABILITIES		
Trade and other payables	64,638	40,886
Borrowings	22,687	13,409
Current tax liabilities	1,187	1,710
	<u>88,512</u>	<u>56,005</u>
Total liabilities	125,734	93,694
TOTAL EQUITY AND LIABILITIES	<u>181,623</u>	<u>142,589</u>
Net assets per share (RM)	<u>0.37</u>	<u>0.35</u>

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 31 December 2015
(The figures have not been audited)

	Attributable to Owners of the Parent							Non-controlling interests	Total
	Issued capital	Distributable reserve	Non-distributable reserves			Total	Total		
	Ordinary shares	Retained earnings	Share premium	Equity compensation reserve	Currencies translation reserve				
9 months ended 31 December 2014									
At 1 April 2014 (audited)	13,809	23,689	4,976	13	(158)	42,329	(968)	41,361	
Other comprehensive loss	-	-	-	-	(12)	(12)	-	(12)	
Loss for the period	-	(1,365)	-	-	-	(1,365)	(320)	(1,685)	
Total comprehensive loss for the period	-	(1,365)	-	-	(12)	(1,377)	(320)	(1,697)	
Issue of shares to minority shareholders	26	-	80	-	-	106	-	106	
At 31 December 2014	13,835	22,324	5,056	13	(170)	41,058	(1,288)	39,770	
9 months ended 31 December 2015									
At 1 April 2015 (audited)	13,835	31,548	5,056	-	(155)	50,284	(1,389)	48,895	
Other comprehensive loss	-	-	-	-	(55)	(55)	-	(55)	
Profit for the period	-	577	-	-	-	577	(74)	503	
Total comprehensive profit for the period	-	577	-	-	(55)	522	(74)	448	
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 31 December 2015	15,215	30,201	10,576	-	(210)	55,782	107	55,889	

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 31 December 2015
(The figures have not been audited)



	Current Year 9 months ended 31 December 2015	Preceding Period 9 months ended 31 December 2014
Note	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit / (Loss) before taxation	2,601	(860)
Adjustment for non-cash items:		
Amortisation of software development expenditure	1,983	1,846
Depreciation of property, plant and equipment	753	512
Interest expense	1,299	139
Interest income	(316)	(386)
Property, plant and equipment written off	-	22
Provision for post-employment benefits	(109)	-
Net unrealised (gain) / loss on foreign exchange	(5)	(64)
Operating profit before working capital changes	<u>6,206</u>	<u>1,209</u>
Net changes in assets	(30,028)	29,841
Net changes in liabilities	23,602	(17,319)
Net cash from operations	<u>(220)</u>	<u>13,731</u>
Tax paid	(2,121)	(639)
Net cash(used in) / from operating activities	<u>(2,341)</u>	<u>13,092</u>
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	-	8,857
Acquisition of additional interest in subsidiary	(354)	-
Interest received	316	386
Placement of deposits pledged to licensed bank	(543)	-
Addition of software development expenditure	(807)	(616)
Proceeds from disposal of property, plant and equipment	5	-
Purchase of property, plant and equipment	(210)	(198)
Net cash (used in) / from investing activities	<u>(1,593)</u>	<u>8,429</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Issuance of shares pursuant to ESOS	-	106
Repayment of borrowings	9,307	(254)
Interest paid	(1,299)	(139)
Proceeds from issue of shares pursuant to Private Placement	6,900	-
Net cash from / (used in) financing activities	<u>14,908</u>	<u>(287)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,974	21,234
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	23,201	18,822
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	(21)	(42)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	A12 <u>34,154</u>	<u>40,014</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 Sistem 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	
9 months ended 31 December 2015					
External sales	17,652	145,847	10,635	-	174,134
Inter-segment sales	10,228	1,686	1,329	(13,243)	-
Total	27,880	147,533	11,964	(13,243)	174,134
Results					
Segment results	(925)	4,392	407	(290)	3,584
Interest expense	-	(634)	(792)	127	(1,299)
Interest income	203	212	28	(127)	316
Tax expense	(850)	(1,089)	(159)	-	(2,098)
Profit for the financial period	(1,572)	2,881	(516)	(290)	503
9 months ended 31 December 2014					
External sales	18,044	43,779	3,601	-	65,424
Inter-segment sales	7,656	445	-	(8,101)	-
Total	25,700	44,224	3,601	(8,101)	65,424
Results					
Segment results	(2,726)	367	411	841	(1,107)
Interest expense	(22)	(115)	(2)	-	(139)
Interest income	253	118	15	-	386
Tax expense	(346)	(372)	(107)	-	(825)
Profit for the financial period	(2,841)	(2)	317	841	(1,685)

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 18 February 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 31 December 2015 RM'000
Cash and bank balances	15,799
Short-term investments	338
Fixed deposits with licensed financial institutions	25,742
	<u>41,879</u>
Less: Fixed deposits pledged with a licensed bank	(7,725)
	<u>34,154</u>

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

B1 Review of performance

	Individual			Cumulative		
	3 months ended 31 December 2015 RM'000	3 months ended 31 December 2014 RM'000	Change %	9 months ended 31 December 2015 RM'000	9 months ended 31 December 2014 RM'000	Change %
Revenue	67,639	50,935	33%	174,134	65,424	166%
Profit / (Loss) before taxation	1,549	1,501	3%	2,601	(860)	N/A

The Group recorded higher revenue in its current quarter due to consolidation of newly acquired subsidiaries.

Correspondingly, the Group recorded higher profit before taxation in current and cumulative quarter.

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	67,639	69,560	-3%
Profit / (Loss) before taxation	1,549	1,512	2%

The Group recorded marginally higher profit before taxation despite lower revenue recognised in the current quarter mainly due to improved gross profit margin and higher interest income.

B2 Prospects

Under the current trying conditions the Group is operating in, initiatives are ongoing in improving operational efficiency. In view of this, the Board anticipates challenges in the remaining quarter of 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 31 December 2015 RM'000	Cumulative 31 December 2015 RM'000
Malaysia Income Tax	(719)	(2,098)
	<u>(719)</u>	<u>(2,098)</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 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 RM59.33 million have been granted to the Group. Unutilised secured banking facilities during the financial period under review is RM31.96 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 RM1.41 million have been issued.

B10 Disclosure of Realised and Unrealised Profits

	Unaudited As at 31 December 2015	Unaudited As at 30 September 2015
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	28,812	28,733
- Unrealised	217	(703)
	<u>29,029</u>	<u>28,030</u>
Less: Consolidation adjustments	1,172	1,290
Total group retained earnings as per statement of financial position	<u>30,201</u>	<u>29,320</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

Pursuant to the Share Sale Agreement entered between the Company and Omesti Berhad, Omesti Holdings Berhad and Man Yau Holdings Berhad on 12 June 2014, the Board of Directors has declared a dividend of 3% (based on the issue price of RM 1.00) per redeemable preference shares of RM0.01 each for the twelve month period from and including 24 December 2014 up to and including 23 December 2015 in respect of the financial year ending 31 March 2016.

B13 Earnings / (Loss) per share

Basic earnings / (loss) 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 of RM0.10 in issue.

	Individual Quarter 31 December 2015	Cumulative Quarter 31 December 2015
Profit / (Loss) attributable to owners of the parent (RM)	881,000	577,000
No. of ordinary share in issue	152,152,900	152,152,900
Basic earnings / (loss) per share (sen)	<u>0.58</u>	<u>0.38</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 25 February 2016.