



MICROLINK SOLUTIONS BERHAD

Company no. 620782P
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2017

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MICROLINK SOLUTIONS BERHAD (620782-P)
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

(The figures have not been audited)

	Note	Individual		Cumulative	
		3 months ended 31 March 2017 RM'000	3 months ended 31 March 2016 RM'000	12 months ended 31 March 2017 RM'000	12 months ended 31 March 2016 RM'000
Revenue	B1	51,964	62,165	252,209	236,299
Cost of sales	B1	(40,100)	(51,030)	(209,775)	(196,053)
Gross profit		<u>11,864</u>	<u>11,135</u>	<u>42,434</u>	<u>40,246</u>
Other operating income		864	183	1,270	707
Selling and distribution expenses		(208)	(346)	(857)	(880)
Administrative expenses		(6,813)	(8,848)	(29,736)	(31,259)
Finance costs		(761)	(497)	(2,516)	(1,796)
Other operating expenses		(1,036)	(1,110)	(8,073)	(3,900)
Profit before taxation	B1	<u>3,910</u>	<u>517</u>	<u>2,522</u>	<u>3,118</u>
Tax income / (expense)	B4	899	252	(1,750)	(1,846)
Profit for the period		<u>4,809</u>	<u>769</u>	<u>772</u>	<u>1,272</u>
Other comprehensive income					
Exchange differences on translation of foreign operations		(1)	2	(9)	(53)
Other comprehensive income net of tax		<u>(1)</u>	<u>2</u>	<u>(9)</u>	<u>(53)</u>
Total comprehensive income for the period		<u>4,808</u>	<u>771</u>	<u>763</u>	<u>1,219</u>
Profit attributable to :					
Owners of the Parent		4,728	770	780	1,347
Non-Controlling Interests		81	(1)	(8)	(75)
		<u>4,809</u>	<u>769</u>	<u>772</u>	<u>1,272</u>
Total comprehensive income attributable to :					
Owners of the Parent		4,727	772	771	1,294
Non-Controlling Interests		81	(1)	(8)	(75)
		<u>4,808</u>	<u>771</u>	<u>763</u>	<u>1,219</u>
Earnings per share (sen):					
Basic	B13	2.82	0.51	0.47	0.89
Diluted	B13	<u>2.82</u>	<u>0.51</u>	<u>0.47</u>	<u>0.89</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 FINANCIAL POSITION
AS AT 31 MARCH 2017

	Unaudited As At 31 March 2017 RM'000	Audited As At 31 March 2016 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,123	1,800
Software development expenditure	46,735	10,498
Other investments	105	105
Goodwill on consolidation	18,409	18,473
Deferred tax assets	2,768	956
Total non-current assets	<u>69,140</u>	<u>31,832</u>
CURRENT ASSETS		
Inventories	13,139	6,818
Trade and other receivables	76,791	101,167
Current tax assets	2,902	2,241
Cash and bank balances	25,103	32,186
Total current assets	<u>117,935</u>	<u>142,412</u>
TOTAL ASSETS	<u>187,075</u>	<u>174,244</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	16,737	15,215
Reserves	62,693	41,339
Shareholders' equity	<u>79,430</u>	<u>56,554</u>
Non-controlling interests	98	106
	<u>79,528</u>	<u>56,660</u>
NON CURRENT LIABILITIES		
Borrowings	14	33
Provision for gratuity obligations	1,429	1,185
Redeemable preference shares	27,193	27,193
Deferred tax liabilities	-	898
	<u>28,636</u>	<u>29,309</u>
CURRENT LIABILITIES		
Trade and other payables	61,513	76,101
Borrowings	17,099	12,045
Current tax liabilities	299	129
	<u>78,911</u>	<u>88,275</u>
Total liabilities	107,547	117,584
TOTAL EQUITY AND LIABILITIES	<u>187,075</u>	<u>174,244</u>
Net assets per share (RM)	<u>0.48</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 FINANCIAL YEAR ENDED 31 MARCH 2017**

(The figures have not been audited)

	Attributable to Owners of the Parent							Non-controlling interests	Total
	Issued capital	Distributable reserve	Non-distributable reserves				Total		
	Ordinary shares	Retained earnings	Share premium	Capital redemption reserve	Equity compensation reserve	Currencies translation reserve	Total		
12 months ended 31 March 2016									
At 1 April 2015 (audited)	13,835	31,548	5,056	-	-	(155)	50,284	(1,389)	48,895
Other comprehensive loss	-	-	-	-	-	(53)	(53)	-	(53)
Profit for the period	-	1,347	-	-	-	-	1,347	(75)	1,272
Total comprehensive profit for the period	-	1,347	-	-	-	(53)	1,294	(75)	1,219
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)
Redemption of redeemable preference shares	-	(80)	-	80	-	-	-	-	-
At 31 March 2016	15,215	30,891	10,576	80	-	(208)	56,554	106	56,660
12 months ended 31 March 2017									
At 1 April 2016 (audited)	15,215	30,891	10,576	80	-	(208)	56,554	106	56,660
Other comprehensive loss	-	-	-	-	-	(9)	(9)	-	(9)
Profit for the period	-	780	-	-	-	-	780	(8)	772
Total comprehensive profit for the period	-	780	-	-	-	(9)	771	(8)	763
Ordinary shares issued pursuant to Private Placement	1,522	-	16,235	-	-	-	17,757	-	17,757
ESOS expenses	-	-	-	-	4,348	-	4,348	-	4,348
At 31 March 2017	16,737	31,671	26,811	80	4,348	(217)	79,430	98	79,528

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 FINANCIAL YEAR ENDED 31 MARCH 2017
(The figures have not been audited)

Note	Current Year 12 months ended 31 March 2017 RM'000	Preceding Year 12 months ended 31 March 2016 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before taxation	2,522	3,118
Adjustment for non-cash items:		
Amortisation of software development expenditure	2,761	2,908
Depreciation of property, plant and equipment	838	995
Equity settled share-based payment expense	50	-
Employees share option scheme expense	4,348	-
Impairment losses on goodwill	64	-
Impairment losses on software development expenditure	27	-
Impairment losses on trade and other receivables	33	38
Interest expense	2,516	1,796
Interest income	(551)	(444)
Loss / (Gain) on disposal property, plant and equipment	1	(4)
Property, plant and equipment written off	147	2
Provision for post-employment benefits	245	-
Reversal of post-employment benefits no longer required	-	(197)
Reversal of impairment loss no longer required	-	(89)
Net unrealised loss / (gain) on foreign exchange	12	(19)
	<hr/>	<hr/>
Operating profit before working capital changes	13,013	8,104
Net changes in assets	18,237	(33,334)
Net changes in liabilities	(18,424)	34,728
	<hr/>	<hr/>
Net cash from operations	12,826	9,498
Tax paid	(5,000)	(4,704)
Tax refund	48	22
	<hr/>	<hr/>
Net cash from operating activities	7,874	4,816
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of additional interest in subsidiary	-	(354)
Addition of software development expenditure	(35,483)	(970)
Interest received	551	444
Placement of deposits pledged to licensed bank	(701)	(264)
Proceeds from disposal of property, plant and equipment	65	16
Purchase of property, plant and equipment	(375)	(158)
	<hr/>	<hr/>
Net cash used in investing activities	(35,943)	(1,286)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Interest paid	(2,516)	(1,796)
Drawdown / (Repayments) of borrowings	5,035	(1,454)
Net proceeds from issue of shares pursuant to Private Placement	17,757	6,900
Redemption of redeemable preference shares	-	(5,640)
	<hr/>	<hr/>
Net cash from / (used in) financing activities	20,276	(1,990)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(7,793)	1,540
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	24,740	23,201
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	9	(1)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<hr/> 16,956	<hr/> 24,740

* 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.

**MICROLINK SOLUTIONS BERHAD (620782-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2017**

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	
12 months ended 31 March 2017					
External sales	35,286	203,129	13,794	-	252,209
Inter-segment sales	13,692	4,402	3,406	(21,500)	-
Total	<u>48,978</u>	<u>207,531</u>	<u>17,200</u>	<u>(21,500)</u>	<u>252,209</u>
Results					
Segment results	(598)	8,282	(1,935)	(1,262)	4,487
Interest expense	(32)	(1,224)	(1,274)	14	(2,516)
Interest income	275	251	39	(14)	551
Tax expense	(115)	(1,747)	112	-	(1,750)
(Loss) / Profit for the financial period	<u>(470)</u>	<u>5,562</u>	<u>(3,058)</u>	<u>(1,262)</u>	<u>772</u>
12 months ended 31 March 2016					
External sales	25,102	195,852	15,345	-	236,299
Inter-segment sales	13,768	2,905	2,921	(19,594)	-
Total	<u>38,870</u>	<u>198,757</u>	<u>18,266</u>	<u>(19,594)</u>	<u>236,299</u>
Results					
Segment results	(1,368)	5,663	444	(269)	4,470
Interest expense	(2)	(800)	(1,148)	154	(1,796)
Interest income	256	310	32	(154)	444
Tax expense	(531)	(1,451)	136	-	(1,846)
(Loss) / Profit for the financial period	<u>(1,645)</u>	<u>3,722</u>	<u>(536)</u>	<u>(269)</u>	<u>1,272</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

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 22 May 2017 (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 March 2017 RM'000
Cash and bank balances	14,682
Short-term investments	120
Fixed deposits with licensed financial institutions	<u>10,301</u>
	25,103
Less: Fixed deposits pledged with a licensed bank	<u>(8,147)</u>
	<u>16,956</u>

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

B1 Review of performance

The Group's revenue decreased by RM10.20 million in the current quarter under review as compared to the corresponding quarter of the preceding year. However, its cumulative revenue improved by RM15.91 million in the period under review as compared to the corresponding period of the preceding year.

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

	Individual Quarter 3 months ended 31 March			Cumulative Period 12 months ended 31 March		
	2017	2016	Variance %	2017	2016	Variance %
	RM'000	RM'000		RM'000	RM'000	
Business Performance Services	19,105	10,990	74%	48,978	38,870	26%
Distribution	38,013	51,224	-26%	207,531	198,757	4%
SI	3,990	6,302	-37%	17,200	18,266	-6%
	<u>61,108</u>	<u>68,516</u>	-11%	<u>273,709</u>	<u>255,893</u>	7%
Less : Inter Segment Revenue	<u>(9,144)</u>	<u>(6,351)</u>		<u>(21,500)</u>	<u>(19,594)</u>	
Total Group Revenue	<u>51,964</u>	<u>62,165</u>	-16%	<u>252,209</u>	<u>236,299</u>	7%

The Business Performance Services segment recorded an increase in revenue by RM8.12 million for the current quarter under review compared to the corresponding quarter of the immediate preceding year. This was mainly attributable to higher order fulfillments.

The Distribution and SI segments recorded a decline in revenue by RM13.21 million and RM2.31 million respectively for the current quarter under review compared to the corresponding quarter of the immediate preceding year mainly attributable to lower order fulfillments and progress billings.

The detailed breakdown of profit before taxation by business segments of the Group is as follows:-

	Individual Quarter 3 months ended 31 March			Cumulative Period 12 months ended 31 March		
	2017	2016	Variance %	2017	2016	Variance %
	RM'000	RM'000		RM'000	RM'000	
Business Performance Services	4,294	(392)	N/A	(355)	(1,114)	68%
Distribution	2,295	1,203	91%	7,309	5,173	41%
SI	(828)	(315)	-163%	(3,170)	(672)	-372%
	<u>5,761</u>	<u>496</u>	1061%	<u>3,784</u>	<u>3,387</u>	12%
Add / (Less) : Elimination	<u>(1,851)</u>	<u>21</u>		<u>(1,262)</u>	<u>(269)</u>	
Profit before taxation	<u>3,910</u>	<u>517</u>	656%	<u>2,522</u>	<u>3,118</u>	-19%

The Group recorded a higher profit before tax of RM3.91 million in the current quarter under review compared to RM0.52 million in the corresponding quarter of the immediate preceding year. The increase was mainly attributable to higher revenue and gross profit margin across the Business Performance Services and Distribution segments. In the corresponding quarter of preceding year, the Group incurred a one-time costs amounting to RM1.80 million for restructuring of its human capital impacting the Group's profitability.

The Group recorded a decrease in profit before taxation by RM0.60 million for the cumulative period under review as compared to the corresponding period of the preceding year. It is mainly attributable to higher gross profit contributed by Business Performance Services segment but off set by the provision of Employee Share Option Scheme expenses amounting to RM4.40 million and human capital restructuring costs amounting to RM1.41 million (FYE 2016 : RM1.80 million).

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	51,964	81,612	-36%
Profit before taxation	3,910	2,007	95%

Lower order fulfillments in Distribution and SI segments attributed to the decreased revenue in the current quarter.

The Group recorded an increase in profit before taxation of RM1.90 million in the current quarter as compared to the immediate preceding quarter mainly due to higher gross profit contributed by Business Performance Service segment.

B2 Prospects

The outlook and sales pipeline of the Group remain encouraging and robust. The Board is cautiously optimistic of the Group's performance for the coming financial year.

B3 Profit forecast or guarantee

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

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

B4 Income tax expense

	Current quarter 31 March 2017 RM'000	Cumulative 31 March 2017 RM'000
Taxation - current year	(738)	(2,209)
Taxation - prior year	(1,203)	(2,251)
Deferred tax	2,840	2,710
Total	<u>899</u>	<u>(1,750)</u>

The effective tax rates for the period under review is higher than statutory tax rate of 24% principally as profits of certain subsidiaries cannot be set-off against losses of other subsidiaries for tax purposes.

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

Banking facilities totaling RM49.16 million have been granted to the Group. Unutilised secured banking facilities during the financial period under review is RM29.69 million.

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM2.39 million have been issued.

B10 Disclosure of Realised and Unrealised Profits

	Unaudited As at 31 March 2017 RM'000	Unaudited As at 31 December 2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	26,435	23,689
- Unrealised	<u>2,748</u>	<u>(91)</u>
	29,183	23,598
Less: Consolidation adjustments	<u>2,488</u>	<u>3,344</u>
Total group retained earnings as per statement of financial position	<u>31,671</u>	<u>26,942</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 Earnings per share

Basic earnings per share

The calculation of the basic earnings/ (loss) 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.

	Individual Quarter 31 March 2017	Cumulative Quarter 31 March 2017
Profit attributable to owners of the parent (RM)	4,728,000	780,000
No. of ordinary share in issue	167,368,100	167,368,100
Basic earnings per share (sen)	<u>2.82</u>	<u>0.47</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 29 May 2017.