



MICROLINK SOLUTIONS BERHAD

Company no. 620782P

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 MARCH 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 FOURTH QUARTER ENDED 31 MARCH 2018**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 MARCH		CUMULATIVE PERIOD TWELVE MONTHS ENDED 31 MARCH	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	47,249	51,964	206,043	252,209
Cost of sales	(39,985)	(40,100)	(166,801)	(209,775)
Gross profit	7,264	11,864	39,242	42,434
Other operating income	92	864	413	1,270
Selling and distribution expenses	(184)	(208)	(789)	(857)
Administrative expenses	(7,888)	(6,813)	(31,329)	(29,736)
Finance costs	(1,111)	(761)	(3,584)	(2,516)
Other operating expenses	(51,320)	(1,036)	(53,499)	(8,073)
(Loss) / Profit before taxation	(53,147)	3,910	(49,546)	2,522
Tax expense	865	899	(645)	(1,750)
(Loss) / Profit for the period	(52,282)	4,809	(50,191)	772
Other comprehensive income / (loss), net of tax - item that may be reclassified subsequently to profit or loss:				
Foreign currency translations for foreign operations, net of tax	35	(1)	23	(9)
Other comprehensive income / (loss) for the period, net of tax	35	(1)	23	(9)
Total comprehensive income / (loss) for the period	(52,247)	4,808	(50,168)	763
(Loss) / Profit attributable to :				
Owners of the Parent	(51,957)	4,728	(50,187)	780
Non-Controlling Interests	(325)	81	(4)	(8)
	(52,282)	4,809	(50,191)	772
Total comprehensive (loss) / income attributable to :				
Owners of the Parent	(51,922)	4,727	(50,164)	771
Non-Controlling Interests	(325)	81	(4)	(8)
	(52,247)	4,808	(50,168)	763
(Loss) / Earnings per share (sen):				
Basic	(31.04)	2.82	(29.99)	0.47
Diluted	(31.04)	2.82	(29.99)	0.47

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 31 MARCH 2018**

	As At 31 March 2018 RM'000 Unaudited	As At 31 March 2017 RM'000 Audited
ASSETS		
Non-Current Assets		
Goodwill	18,409	18,409
Software development expenditure	5,332	46,735
Other investment	105	105
Deferred tax assets	4,567	2,768
Property, plant and equipment	<u>1,029</u>	<u>1,123</u>
	<u>29,442</u>	<u>69,140</u>
Current Assets		
Inventories	15,927	13,138
Other investments	87	120
Trade receivables	41,000	48,135
Other receivables, deposits and prepayments	28,699	27,883
Amount owing by ultimate holding company	760	551
Amount owing by immediate holding company	5,925	222
Current tax assets	3,894	2,902
Cash and bank balances	<u>19,430</u>	<u>24,983</u>
	<u>115,722</u>	<u>117,934</u>
TOTAL ASSETS	<u>145,164</u>	<u>187,074</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	43,648	43,628
Reserves	5,567	4,131
(Accumulated loss) / Retained earnings	<u>(18,537)</u>	<u>31,670</u>
	30,678	79,429
Non-controlling interests	437	98
TOTAL EQUITY	<u>31,115</u>	<u>79,527</u>
Non-Current Liabilities		
Borrowings	5,464	14
Provision for gratuity obligations	1,504	1,429
Redeemable preference shares	<u>25,193</u>	<u>27,193</u>
	<u>32,161</u>	<u>28,636</u>
Current Liabilities		
Trade payables	15,696	19,608
Other payables and accruals	42,580	39,646
Amount owing to ultimate holding company	2,689	1,709
Amount owing to immediate holding company	10	96
Amount owing to related companies	678	454
Borrowings	20,233	17,099
Current tax liabilities	<u>2</u>	<u>299</u>
	<u>81,888</u>	<u>78,911</u>
TOTAL LIABILITIES	<u>114,049</u>	<u>107,547</u>
TOTAL EQUITY AND LIABILITIES	<u>145,164</u>	<u>187,074</u>
Net assets per share (RM)	<u>0.19</u>	<u>0.48</u>

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 FOURTH QUARTER ENDED 31 MARCH 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			
Audited									
12 months ended 31 March 2017									
At 1 April 2016 (audited)	15,215	30,890	10,576	80	-	(208)	56,553	106	56,659
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
Employee share option scheme expenses	-	-	-	-	4,348	-	4,348	-	4,348
Effects of the new Companies Act, 2016	26,891	-	(26,811)	(80)	-	-	-	-	-
At 31 March 2017	43,628	31,670	-	-	4,348	(217)	79,429	98	79,527
Unaudited									
12 months ended 31 March 2018									
At 1 April 2017 (audited)	43,628	31,670	-	-	4,348	(217)	79,429	98	79,527
Other comprehensive income	-	-	-	-	-	23	23	-	23
Loss for the period	-	(50,187)	-	-	-	-	(50,187)	(4)	(50,191)
Total comprehensive loss for the period	-	(50,187)	-	-	-	23	(50,164)	(4)	(50,168)
Employee share option scheme expenses	-	-	-	-	1,413	-	1,413	-	1,413
Arising from accretion of equity interests in a subsidiary	-	-	-	-	-	-	-	343	343
Redemption of redeemable preference shares	20	(20)	-	-	-	-	-	-	-
At 31 March 2018	43,648	(18,537)	-	-	5,761	(194)	30,678	437	31,115

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 FOURTH QUARTER ENDED 31 MARCH 2018**

	Current Year 12 months ended 31 March 2018 RM'000 Unaudited	Preceding Year 12 months ended 31 March 2017 RM'000 Audited
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(49,546)	2,522
Adjustment for non-cash items:		
Amortisation of software development expenditure	2,020	2,761
Bad debts recovered	-	(1)
Bad debts written off	23	27
Depreciation of property, plant and equipment	709	838
Employee share option scheme expenses	1,413	4,348
Impairment losses on goodwill	-	64
Impairment losses on software development expenditure	39,685	27
Impairment losses on trade and other receivables	7,911	-
Interest expense	3,584	2,510
Interest income	(394)	(551)
Inventories written off	3,114	-
Loss on disposal property, plant and equipment	-	1
Property, plant and equipment written off	(4)	147
Provision for post-employment benefits	75	245
Net unrealised loss on foreign exchange	7	12
Operating profit before working capital changes	<u>8,597</u>	<u>12,950</u>
Net changes in assets	(13,220)	18,245
Net changes in liabilities	1,004	(18,374)
Net cash (used in) / from operations	<u>(3,619)</u>	<u>12,821</u>
Tax paid	(3,975)	(5,000)
Tax refund	243	48
Net cash (used in) / from operating activities	<u>(7,351)</u>	<u>7,869</u>
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	(67)	-
Addition of software development expenditure	(362)	(35,483)
Interest received	394	551
Placement of deposits pledged to licensed bank	(1,473)	(701)
Proceeds from disposal of property, plant and equipment	3	62
Proceeds from other investment	-	3,062
Purchase of property, plant and equipment	(224)	(372)
Disposal of other investment	33	-
Net cash used in investing activities	<u>(1,696)</u>	<u>(32,881)</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Drawdown of borrowings	83	5,035
Interest paid	(3,584)	(2,510)
Net proceeds from issue of shares pursuant to Private Placement	-	17,756
Proceed from hire purchase	7,924	-
Redemption of redeemable preference shares	(2,000)	-
Net cash from financing activities	<u>2,423</u>	<u>20,281</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(6,624)</u>	<u>(4,731)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	16,836	21,557
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	(587)	10
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>9,625</u>	<u>16,836</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 2017 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 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 2017. 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 2017.

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 2017 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 2017:

MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 12 Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 107 Disclosure Initiative
Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

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 2017 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 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company during the current financial period under review.

A7 Dividend paid

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

A8 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)
A8 Segmental information (Cont'd)

Business Segments	Financial Services RM'000	Enterprise Solutions RM'000	Distribution Services RM'000	Solution Delivery RM'000	Elimination RM'000	Consolidation RM'000
12 months ended 31 March 2018						
External sales	35,838	12,533	149,745	7,927	-	206,043
Inter-segment sales	16,449	816	2,867	2,287	(22,419)	-
Total	<u>52,287</u>	<u>13,349</u>	<u>152,612</u>	<u>10,214</u>	<u>(22,419)</u>	<u>206,043</u>
Segment results	(36,589)	(3,939)	(6,035)	(380)	587	(46,356)
Interest expense	(131)	-	(3,451)	(2)	-	(3,584)
Interest income	134	20	240	-	-	394
Loss before tax	<u>(36,586)</u>	<u>(3,919)</u>	<u>(9,246)</u>	<u>(382)</u>	<u>587</u>	<u>(49,546)</u>
Segment assets	<u>154,846</u>	<u>16,098</u>	<u>124,206</u>	<u>7,257</u>	<u>(157,243)</u>	<u>145,164</u>
12 months ended 31 March 2017						
External sales	26,666	17,727	199,196	8,620	-	252,209
Inter-segment sales	13,299	1,191	6,617	393	(21,500)	-
Total	<u>39,965</u>	<u>18,918</u>	<u>205,813</u>	<u>9,013</u>	<u>(21,500)</u>	<u>252,209</u>
Segment results	(944)	(849)	7,190	346	(1,262)	4,481
Interest expense	(27)	-	(2,492)	(5)	14	(2,510)
Interest income	274	23	268	-	(14)	551
(Loss) / Profit before tax	<u>(697)</u>	<u>(826)</u>	<u>4,966</u>	<u>341</u>	<u>(1,262)</u>	<u>2,522</u>
Segment assets	<u>187,218</u>	<u>22,829</u>	<u>123,820</u>	<u>5,941</u>	<u>(152,734)</u>	<u>187,074</u>

A9 Valuation of property, plant and equipment

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

A10 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.

A11 Changes in the composition of the Group

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

A12 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 24 May 2018 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

A13 Cash and bank balances

	Current year as at 31 March 2018 RM'000
Cash and bank balances	6,090
Fixed deposits with licensed financial institutions	<u>13,340</u>
	19,430
Less: Fixed deposits pledged with a licensed bank	(9,620)
Bank overdraft	<u>(185)</u>
	<u>9,625</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			Cumulative Period		
	3 months ended 31 March			12 months ended 31 March		
	2018	2017	Variance	2018	2017	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	9,945	16,825	-41%	52,287	39,965	31%
Enterprise Solutions	2,104	4,016	-48%	13,349	18,918	-29%
Distribution Services	38,401	37,986	1%	152,612	205,813	-26%
Solution Delivery	607	2,281	-73%	10,214	9,013	13%
	<u>51,057</u>	<u>61,108</u>	<u>-16%</u>	<u>228,462</u>	<u>273,709</u>	<u>-17%</u>
Less : Inter Segment Revenue	<u>(3,808)</u>	<u>(9,144)</u>		<u>(22,419)</u>	<u>(21,500)</u>	
Total Group Revenue	<u>47,249</u>	<u>51,964</u>	<u>-9%</u>	<u>206,043</u>	<u>252,209</u>	<u>-18%</u>

The Group recorded revenue of RM47.25 million for the quarter ended 31 March 2018, a decrease of 9% against revenue achieved in the previous corresponding quarter. The lower revenue was attributable to lower order fulfilments and progress billings particularly in the Financial Services segment.

The Group recorded revenue of RM206.04million, a reduction by RM46.17 million in financial year ended 31 March 2018 as compared to preceeding financial year. 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			Cumulative Period		
	3 months ended 31 March			12 months ended 31 March		
	2018	2017	Variance	2018	2017	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	(40,418)	4,246	N/A	(36,586)	(697)	-5149%
Enterprise Solutions	(2,578)	125	N/A	(3,919)	(826)	-374%
Distribution Services	(7,600)	1,342	N/A	(9,246)	4,966	N/A
Solution Delivery	(2,472)	48	N/A	(382)	341	N/A
	<u>(53,068)</u>	<u>5,761</u>	<u>N/A</u>	<u>(50,133)</u>	<u>3,784</u>	<u>N/A</u>
Add / (Less) : Elimination	<u>(79)</u>	<u>(1,851)</u>		<u>587</u>	<u>(1,262)</u>	
Loss ("LBT") / Profit ("PBT") before taxation	<u>(53,147)</u>	<u>3,910</u>	<u>N/A</u>	<u>(49,546)</u>	<u>2,522</u>	<u>N/A</u>

The Group posted a LBT of RM49.55 million for the financial year ended 31 March 2018 as compared to PBT of RM2.55 million recorded in the previous corresponding period. The LBT was mainly attributable to one off impairments on the following items;

	RM'million
a) Write-off slow moving / obsolete inventories	3.11
b) Allowance for doubtful debts	7.91
c) Impairment loss on software development costs	39.69
	<u>50.71</u>

Without the one-off impairments, the Group would have recorded an operating profit of RM1.16 million for the financial year ended 31 March 2018.

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	47,249	55,466	-15%
Loss before taxation	(53,147)	(2,855)	-1762%

The Group recorded an decrease in revenue by RM8.22 million mainly attributable to lower order fulfilments. The loss before taxation of RM53.15 million in the current quarter was mainly attributable to the one-off impairments incurred during the quarter under review.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE LISTING REQUIREMENTS (Cont'd)
B2 Prospects

The Group expects continued challenging market conditions over the first two quarters of its new financial year ending 31 March 2019. Nevertheless, the Group is cautiously optimistic in returning to profitability for the full 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 March 2018 RM'000	Cumulative 31 March 2018 RM'000
Taxation - current year	(1,218)	(2,232)
Taxation - prior year	-	(212)
Deferred tax	2,083	1,799
Total	<u>865</u>	<u>(645)</u>

The Group incurred an income tax expense despite recording a loss before tax for the current quarter under review 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 Borrowings and debt securities

The Group's bank borrowings are as follows:

	As at 31 March 2018 RM'000	As at 31 March 2017 RM'000
Short term bank borrowings - secured	20,233	17,099
Long term bank borrowings - secured	5,464	14
Total borrowings	<u>25,697</u>	<u>17,113</u>

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM2.51 million have been issued as at 31 March 2018.

B10 Disclosure of Realised and Unrealised Profits

	Unaudited As at 31 March 2018 RM'000	Unaudited As at 31 December 2017 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	(25,964)	28,434
- Unrealised	4,559	2,476
	<u>(21,405)</u>	<u>30,910</u>
Less: Consolidation adjustments	2,868	2,511
Total group retained earnings as per statement of financial position	<u>(18,537)</u>	<u>33,421</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.

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

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 / (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 31 March 2018	Cumulative Quarter 31 March 2018
Loss attributable to owners of the parent (RM)	(51,957,000)	(50,187,000)
No. of ordinary share in issue	167,368,100	167,368,100
Basic earnings per share (sen)	<u>(31.04)</u>	<u>(29.99)</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 31 May 2018.

MICROLINK SOLUTIONS BERHAD (620782-P)

31 May 2018