



MICROLINK SOLUTIONS BERHAD

Company no. 620782P

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016

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MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Quarter Ended 31 March 2016
(The figures have not been audited)

	Note	Individual		Cumulative	
		3 months ended 31 March 2016 RM'000	3 months ended 31 March 2015 RM'000	12 months ended 31 March 2016 RM'000	12 months ended 31 March 2015 RM'000
Revenue	B1	62,165	61,943	236,299	127,367
Cost of sales	B1	(51,030)	(39,482)	(196,053)	(90,423)
Gross profit		11,135	22,461	40,246	36,944
Other operating income		183	(90)	707	603
Selling and distribution expenses		(346)	(140)	(880)	(736)
Administrative expenses		(8,848)	(10,646)	(31,259)	(23,627)
Finance costs		(497)	(459)	(1,796)	(598)
Other operating expenses		(1,110)	(886)	(3,900)	(3,206)
Profit before taxation	B1	517	10,240	3,118	9,380
Income tax expense	B4	252	(1,188)	(1,846)	(2,013)
Profit for the period		769	9,052	1,272	7,367
Other comprehensive income					
Exchange differences on translation of foreign operations		2	15	(53)	3
Other comprehensive income net of tax		2	15	(53)	3
Total comprehensive income for the period		771	9,067	1,219	7,370
Profit attributable to :					
Owners of the Parent		770	9,210	1,347	7,845
Non-Controlling Interests		(1)	(158)	(75)	(478)
		769	9,052	1,272	7,367
Total comprehensive income attributable to :					
Owners of the Parent		772	9,225	1,294	7,848
Non-Controlling Interests		(1)	(158)	(75)	(478)
		771	9,067	1,219	7,370
Earnings per share (sen):					
Basic	B13	0.51	6.66	0.89	5.67
Diluted	B13	0.51	6.66	0.89	5.67

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 March 2016

	Unaudited as at 31 March 2016 RM'000	Audited as at 31 March 2015 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,800	2,595
Software development expenditure	10,498	12,437
Other investments	105	105
Goodwill on consolidation	18,473	18,473
Deferred tax assets	956	303
Total non-current assets	<u>31,832</u>	<u>33,913</u>
CURRENT ASSETS		
Inventories	6,818	11,791
Trade and other receivables	100,572	64,823
Current tax assets	2,241	1,680
Cash and bank balances	32,186	30,382
Total current assets	<u>141,817</u>	<u>108,676</u>
TOTAL ASSETS	<u>173,649</u>	<u>142,589</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	15,215	13,835
Reserves	41,339	36,449
Shareholders' equity	<u>56,554</u>	<u>50,284</u>
Non-controlling interests	106	(1,389)
	<u>56,660</u>	<u>48,895</u>
NON CURRENT LIABILITIES		
Borrowings	33	67
Provision for gratuity obligations	1,184	1,490
Redeemable preference shares	27,193	35,193
Deferred tax liabilities	898	939
	<u>29,308</u>	<u>37,689</u>
CURRENT LIABILITIES		
Trade and other payables	75,507	40,886
Borrowings	12,045	13,409
Current tax liabilities	129	1,710
	<u>87,681</u>	<u>56,005</u>
Total liabilities	116,989	93,694
TOTAL EQUITY AND LIABILITIES	<u>173,649</u>	<u>142,589</u>
Net assets per share (RM)	<u>0.37</u>	<u>0.35</u>

Note:

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MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Quarter Ended 31 March 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			
12 months ended 31 March 2015									
At 1 April 2014 (audited)	13,809	23,690	4,976	-	13	(158)	42,330	(968)	41,362
Other comprehensive income	-	-	-	-	-	3	3	-	3
Profit for the period	-	7,845	-	-	-	-	7,845	(478)	7,367
Total comprehensive income for the period	-	7,845	-	-	-	3	7,848	(478)	7,370
Additional non-controlling interests arising on a business combination	-	-	-	-	-	-	-	57	57
Transfer to retained earnings on share options exercised	-	13	-	-	(13)	-	-	-	-
Issue of shares to minority shareholders	26	-	80	-	-	-	106	-	106
At 31 March 2015	13,835	31,548	5,056	-	-	(155)	50,284	(1,389)	48,895
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

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 March 2016
(The figures have not been audited)



	Current Year 12 months ended 31 March 2016 RM'000	Preceding Period 12 months ended 31 March 2015 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before taxation	3,118	9,380
Adjustment for non-cash items:		
Amortisation of software development expenditure	2,908	2,394
Depreciation of property, plant and equipment	995	809
Impairment losses on trade and other receivables	38	-
Interest expense	1,796	598
Interest income	(444)	(523)
Inventories written off	-	145
(Gain)/loss on disposal property, plant and equipment	(2)	-
Property, plant and equipment written off	-	23
Provision for post-employment benefits	(306)	-
Reversal of impairment loss no longer required	(23)	(38)
Net unrealised gain on foreign exchange	(19)	(65)
Operating profit before working capital changes	8,061	12,723
Net changes in assets	(33,400)	24,224
Net changes in liabilities	34,986	(35,404)
Net cash from operations	9,647	1,543
Tax paid	(4,704)	(1,113)
Tax refund	22	390
Net cash from operating activities	4,965	820
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	444	523
Placement of deposits pledged to licensed bank	(264)	(3,987)
Addition of software development expenditure	(970)	(869)
Proceeds from disposal of property, plant and equipment	9	5
Purchase of property, plant and equipment	(151)	(408)
Net cash (used in) / from investing activities	(1,286)	4,121
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Issuance of shares pursuant to ESOS	-	107
Repayment of borrowings	(1,454)	(72)
Interest paid	(1,796)	(598)
Proceeds from issue of shares pursuant to Private Placement	6,900	-
Redemption of redeemable preference shares	(5,640)	-
Net cash used in financing activities	(1,990)	(563)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,689	4,378
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	23,201	18,822
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	(150)	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	A12 24,740	23,200

* 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

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 Company has paid 3% dividend (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 and 4% dividend for the period from and including 24 December 2015 up to and including 28 March 2016, amounting to approximately RM0.37 million in aggregate.

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 2016					
External sales	25,102	195,852	15,345	-	236,299
Inter-segment sales	13,768	2,905	2,921	(19,594)	-
Total	38,870	198,757	18,266	(19,594)	236,299
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)
Profit for the financial period	(1,645)	3,722	(536)	(269)	1,272
12 months ended 31 March 2015					
External sales	25,454	93,637	8,276	-	127,367
Inter-segment sales	15,079	999	-	(16,078)	-
Total	40,533	94,636	8,276	(16,078)	127,367
Results					
Segment results	7,929	2,690	1,463	(2,627)	9,455
Interest expense	-	(309)	(289)	-	(598)
Interest income	344	138	41	-	523
Tax expense	(1,355)	15	(673)	-	(2,013)
Profit for the financial period	6,918	2,534	542	(2,627)	7,367

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 23 May 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 March 2016 RM'000
Cash and bank balances	16,970
Short-term investments	3,182
Fixed deposits with licensed financial institutions	12,034
	<hr/> 32,186
Less: Fixed deposits pledged with a licensed bank	(7,446)
	<hr/> <hr/> 24,740

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

B1 Review of performance

	Individual			Cumulative		
	3 months ended	3 months ended	Change	12 months ended	12 months ended	Change
	31 March 2016	31 March 2015		31 March 2016	31 March 2015	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	62,165	61,943	0%	236,299	127,367	86%
Profit before taxation	517	10,240	-95%	3,118	9,380	-67%

For the quarter under review, revenue was marginally lower compared to the corresponding quarter of the immediate preceding year due to the product mix and absence of significant proprietary software sales leading to lower profit contributions. Additionally, the Group undertook a restructuring of its human capital during the quarter under review arising from which, one-time costs were incurred amounting to RM1.80 million further impacting the Group's profitability during the quarter under review.

For the financial year ended 31 March 2016, the Group's significantly higher revenue was mainly attributable to the effect of a full-year's consolidation of newly acquired subsidiaries. Despite the higher revenue, profit before taxation in 2016 was lower due to a combination of changes in product mix giving rise to lower overall margins as well as the one-time costs related to human capital restructuring as mentioned above. This restructuring will better position the Group's operational efficiency moving forward.

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

	Current Year Quarter	Immediate Preceding Quarter	Change
	RM'000	RM'000	%
Revenue	62,165	67,639	-8%
Profit before taxation	517	1,549	-67%

The Group recorded lower revenue in the current quarter due to lower sales volume in the distribution segment while the lower profit before taxation was mainly attributable to the one-time human capital restructuring costs amounting to RM1.80 million.

B2 Prospects

While the Board acknowledges that challenges posed by both micro and macro-economic uncertainties continue to exist in the Group's business environment, the Board remains cautiously optimistic of the Group's financial performance in the coming 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 2016 RM'000	Cumulative 31 March 2016 RM'000
Malaysia Income Tax	252	(1,846)
	<u>252</u>	<u>(1,846)</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.

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

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 RM46.48 million.

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM1.82 million have been issued.

B10 Disclosure of Realised and Unrealised Profits

	Unaudited As at 31 March 2016 RM'000	Unaudited As at 31 December 2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	29,619	28,812
- Unrealised	77	217
	<u>29,696</u>	<u>29,029</u>
Less: Consolidation adjustments	1,195	1,172
Total group retained earnings as per statement of financial position	<u>30,891</u>	<u>30,201</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 and in conjunction with the partial redemption of 8,000,000 Redeemable Preference Shares (RPS) on 29 March 2016, the Board of Directors has declared a dividend of 4% (based on the issue price of RM 1.00) per RPS of RM0.01 each for the period from and including 24 December 2015 up to and including 28 March 2016 in respect of the financial year ending 31 March 2017.

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.

	Individual Quarter 31 March 2016	Cumulative Quarter 31 March 2016
Profit attributable to owners of the parent (RM)	770,000	1,347,000
No. of ordinary share in issue	152,152,900	152,152,900
Basic earnings per share (sen)	<u>0.51</u>	<u>0.89</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 30 May 2016.