



MICROLINK SOLUTIONS BERHAD

Company no. 620782P

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2015

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



		Individual		Cumulative	
		3 months ended	3 months ended	15 months ended	12 months ended
	Note	31 March 2015	31 March 2014	31 March 2015	31 December 2013
		RM'000	RM'000	RM'000	RM'000
Revenue	B1	61,943	10,293	137,660	52,180
Cost of sales	B1	(39,482)	(5,265)	(95,688)	(20,229)
Gross profit		22,461	5,028	41,972	31,951
Other operating income		(90)	165	768	1,144
Selling and distribution expenses		(140)	(130)	(866)	(909)
Administrative expenses		(10,646)	(2,508)	(26,135)	(13,799)
Finance costs		(459)	-	(598)	-
Other operating expenses		(886)	(732)	(3,938)	(3,257)
Profit before taxation	B1	10,240	1,823	11,203	15,130
Income tax expense	B4	(1,188)	(428)	(2,441)	(352)
Profit for the period		9,052	1,395	8,762	14,778
Other comprehensive income					
Exchange differences on translation of foreign operations		15	(1)	2	(20)
Other comprehensive income net of tax		15	(1)	2	(20)
Total comprehensive income for the period		9,067	1,394	8,764	14,758
Profit / (Loss) attributable to :					
Owners of the Parent		9,210	1,513	9,358	15,283
Non-Controlling Interests		(158)	(118)	(596)	(505)
		9,052	1,395	8,762	14,778
Total comprehensive income / (loss) attributable to :					
Owners of the Parent		9,225	1,512	9,360	15,263
Non-Controlling Interests		(158)	(118)	(596)	(505)
		9,067	1,394	8,764	14,758
Earnings per share (sen):					
Basic	B13	6.67	1.10	6.76	11.07
Diluted	B13	6.67	1.10	6.76	11.06

Note:

The financial year end of the Company has been changed from 31 December to 31 March to cover the 15-months period from 1 January 2014 to 31 March 2015 and thereafter, to end on 31 March each year. Accordingly, there are no comparative figures to be presented in this Condensed Consolidated Statement of Comprehensive Income.

MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Unaudited as at 31 March 2015 RM'000	Audited as at 31 December 13 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,595	1,718
Software development expenditure	12,437	13,423
Other investments	105	-
Goodwill on consolidation	18,473	2,818
Deferred tax assets	303	-
Total non-current assets	<u>33,913</u>	<u>17,959</u>
CURRENT ASSETS		
Inventories	11,792	-
Trade receivables	47,551	7,516
Other receivables, deposits and prepayments	8,555	4,156
Amount due from ultimate holding companies	61	-
Amount due from related companies	8,558	-
Current tax assets	1,679	915
Short-term investments	1,250	12,614
Fixed deposits with licensed financial institutions	15,012	4,391
Cash and bank balances	14,120	5,897
Total current assets	<u>108,578</u>	<u>35,489</u>
TOTAL ASSETS	<u>142,491</u>	<u>53,448</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	13,835	13,805
Reserves	36,448	31,136
Shareholders' equity	<u>50,283</u>	<u>44,941</u>
Non-controlling interests	(1,389)	(850)
	<u>48,894</u>	<u>44,091</u>
NON CURRENT LIABILITIES		
Borrowings	122	-
Provision for post employment benefits	1,490	-
Deferred tax liabilities	939	482
Redeemable preference shares	35,193	-
	<u>37,744</u>	<u>482</u>
CURRENT LIABILITIES		
Trade payables	12,869	1,761
Other payables and accruals	27,129	7,092
Amount due to ultimate holding companies	99	-
Amount due to holding companies	632	-
Amount due to related companies	59	19
Borrowings	13,355	-
Current tax payable	1,710	3
	<u>55,853</u>	<u>8,875</u>
Total liabilities	93,597	9,357
TOTAL EQUITY AND LIABILITIES	<u>142,491</u>	<u>53,448</u>
Net assets per share (RM)	<u>0.35</u>	<u>0.32</u>

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 March 2015

(The figures have not been audited)

	Attributable to Owners of the Parent							
	Issued capital	Distributable reserve	Non-distributable reserves					
	Ordinary shares	Retained earnings	Share premium	Equity compensation reserve	Currencies translation reserve	Total	Non-controlling interests	Total
12 months ended 31 December 2013								
At 1 January 2013 (audited)	12,910	20,097	3,517	326	(137)	36,713	(345)	36,368
Other comprehensive loss	-	-	-	-	(20)	(20)	-	(20)
Profit for the period	-	15,283	-	-	-	15,283	(505)	14,778
Total comprehensive income for the period	-	15,283	-	-	(20)	15,263	(505)	14,758
ESOS expenses	-	-	-	103	-	103	-	103
Issue of shares to minority shareholder	895	-	1,445	-	-	2,340	-	2,340
Dividend paid	-	(9,478)	-	-	-	(9,478)	-	(9,478)
Transfer to retained earnings on share options exercised	-	416	-	(416)	-	-	-	-
At 31 December 2013	13,805	26,318	4,962	13	(157)	44,941	(850)	44,091
15 months ended 31 March 2015								
At 1 January 2014 (audited)	13,805	26,318	4,962	13	(157)	44,941	(850)	44,091
Other comprehensive income	-	-	-	-	2	2	-	2
Profit / (Loss) for the period	-	9,358	-	-	-	9,358	(596)	8,762
Total comprehensive income / (loss) for the period	-	9,358	-	-	2	9,360	(596)	8,764
ESOS expenses	-	-	-	-	-	-	-	-
Additional non-controlling interests arising on a business combination	-	-	-	-	-	-	57	57
Issue of shares to minority shareholders	30	-	94	-	-	124	-	124
Dividend paid	-	(4,142)	-	-	-	(4,142)	-	(4,142)
Transfer to retained earnings on share options exercised	-	13	-	(13)	-	-	-	-
At 31 March 2015	13,835	31,547	5,056	-	(155)	50,283	(1,389)	48,894

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2015
(The figures have not been audited)



	Current Year 15 months ended 31 March 2015 RM'000	Year Ended 31 December 2013 RM'000
Note		
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before taxation	11,203	15,130
Adjustment for non-cash items:		
Depreciation	948	581
Amortisation of software development	2,984	2,447
Loss / (Gain) on disposal of property, plant and equipment	14	(3)
Unrealised gain on foreign currency	(34)	(81)
Interest expense	598	-
Interest income	(687)	(531)
ESOS	-	104
Property, plant and equipment written off	-	9
Allowance for doubtful debts	25	(115)
Operating profit before working capital changes	15,051	17,541
Net changes in assets	22,023	11,871
Net changes in liabilities	(31,412)	(13,954)
Net cash from operations	5,662	15,458
Tax paid	(1,146)	(1,105)
Net cash from operating activities	4,516	14,353
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	8,651	-
Interest received	687	531
Proceeds from disposal of property, plant and equipment	23	3
Purchase of property, plant and equipment	(452)	(339)
Software development expenditure incurred	(1,144)	(2,851)
Fixed deposits pledged with licensed banks	(3,912)	(1,080)
Net cash from / (used in) investing activities	3,853	(3,736)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Net drawdown / (repayment) of borrowings	(72)	-
Dividend paid	(4,142)	(9,478)
Issuance of shares pursuant to ESOS	124	2,340
Interest paid	(598)	-
Net cash used in financing activities	(4,688)	(7,138)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,681	3,479
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	19,708	16,153
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	(113)	76
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	A12 23,276	19,708

* 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 December 2013 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 ("MFRS") 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 December 2013. 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 December 2013.

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 December 2013 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 2014:

MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Int. 21, Levies

Amendments to MFRS 9 and MFRS 7, Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures

Amendments to MFRS 10, MFRS 12 and MFRS 127, Investment Entities

Amendments to MFRS 119, Employee Benefits (IAS 19 as amended by IASB in June 2011)

Amendments to MFRS 132, Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)

Amendments to MFRS 136, Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)

Amendments to MFRS 139, Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)

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 annual audited financial statements for the financial year ended 31 December 2013 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.

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A7 Segmental information

Segmental information for the Group by geographical segment is presented as follows:

	Current quarter 31 March 2015 RM'000	Cumulative 31 March 2015 RM'000
<u>Segment Revenue</u>		
Malaysia	61,509	131,277
Overseas	434	6,383
	<u>61,943</u>	<u>137,660</u>
 <u>Segment Gross Profit</u>		
Malaysia	22,146	38,653
Overseas	315	3,319
	<u>22,461</u>	<u>41,972</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

Following the group re-organisation on 30 March 2015, Microlink Worldwide Sdn Bhd ("MWSB"), a wholly owned subsidiary of Microlink Solutions Berhad ("MSB") had transferred 200,000 ordinary shares of USD1.00 each representing 80% of the total issued and paid-up share capital of PT Microlink Indonesia ("PMI") to MSB. Accordingly, PMI is jointly owned by MSB and Microlink Systems Sdn Bhd, a wholly owned subsidiary of MSB.

CSA Servis (M) Sdn Bhd ("CSAS") had on 31 March 2015 acquired an additional 125,000 ordinary shares of RM1.00 each representing 25% of the total issued and paid-up share capital of Formis Advanced Systems Sdn Bhd ("FAS"). Following its completion, FAS became a 85% owned subsidiary of CSAS. The acquisition enables CSAS to have higher control over the equity and strategic directions of FAS.

MWSB had on 3 April 2015 appointed a provisional liquidator pursuant to Section 255 (1) of the Companies Act 1965 to wind up the company by way of creditors' voluntary winding up. The voluntary winding up is part of the MSB Group's rationalization efforts to wind up its inactive subsidiary.

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 13 May 2015 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

A12 Cash and cash equivalents

	Current year as at 31 March 2015 RM'000
Cash and bank balances	14,120
Short-term investments	1,250
Fixed deposits with licensed financial institutions	<u>15,012</u>
	30,382
Less: Fixed deposits pledged with a licensed bank	<u>(7,106)</u>
	<u>23,276</u>

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

B1 Review of performance

	Individual Quarter		
	3 months ended 31 March 2015 RM'000	3 months ended 31 March 2014 RM'000	Change %
Revenue	61,943	10,293	502%
Profit before taxation	10,240	1,823	462%

The Group recorded higher revenue and profit before taxation in its current quarter due to significant software sales and consolidation of financial results of the newly acquired entities.

The Group recorded RM137.66 million revenue and RM11.20 million profit before taxation for the 15 months period.

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	61,943	50,935	22%
Profit before taxation	10,240	1,501	582%

The variance in profit before taxation was mainly due to significant software sales.

B2 Prospects

Following the operational restructuring with the aims of businesses realignment to achieve greater operational efficiency, the Board is positive about the prospects and the financial performance of the Group for the next 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 2015 RM'000	Cumulative 31 March 2015 RM'000
Malaysia Income Tax	(1,188)	(2,441)
	<u>(1,188)</u>	<u>(2,441)</u>

The effective tax rate for the period under review is lower than the statutory income tax rate due to tax exempt income of the Company arising from its pioneer status granted under the Promotion of Investments Act, 1986 (Amendments) pursuant to its MSC status entitlement under the MSC Bill of Guarantees. The Pioneer Status for MSC status company had expired on 31 August 2014.

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

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

Proposed Placement

The Company had on 3 April 2014 announced the proposal to undertake a placement of up to ten percent (10%) of the existing issued and paid-up share capital of Microlink ("Proposed Placement"). Based on the Register of Depositors as at 31 March 2014, the issued and paid-up share capital of Microlink stood at RM13,808,590, comprising 138,085,900 ordinary shares of RM0.10 each. Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 6 May 2014 approved the listing and quotation of up to 13,808,590 placement shares to be issued pursuant to the Proposed Placement. The progress of the Proposed Placement were subsequently announced on 8 April 2014, 25 April 2014 and 7 May 2014.

On 20 November 2014, the Company obtained approval from Bursa Securities for an extension of time of six (6) months from 6 November 2014 until 5 May 2015 to complete the implementation of the Private Placement.

On 21 April 2015, the Company had fixed the issue price at RM0.50 per placement share, it represents a discount of approximately 7.17% over the five (5) days volume weighted average market price of MSB shares up to and including 20 April 2015 of RM0.5386 per MSB shares. The Private Placement is deemed completed upon the listing of and quotation for the 13,800,000 placement shares on the ACE Market of Bursa Securities on 29 April 2015.

B8 Group's borrowings and debt securities

Banking facilities totaling RM41.45 million have been granted to the Group. Unutilised secured banking facilities during the financial period under review is RM31.22 million.

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM0.82 million have been issued.

B10 Disclosure of Realised and Unrealised Profits

	Unaudited As at 31 March 2015 RM'000	Unaudited As at 31 December 2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	28,817	16,417
- Unrealised	(601)	(708)
	28,216	15,709
Less: Consolidation adjustments	3,318	6,615
Total group retained earnings as per statement of financial position	31,534	22,324

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

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 per share is based on the net 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 March 2015	Cumulative Quarter 31 March 2015
Profit attributable to owners of the parent (RM)	9,210,000	9,358,000
No. of ordinary share in issue	138,352,900	138,352,900
Basic earnings per share (sen)	6.67	6.76

B14 Authorisation for issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 20 May 2015.

MICROLINK SOLUTIONS BERHAD (620782-P)

20 May 2015