



MICROLINK SOLUTIONS BERHAD

Company no. 620782P

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2019

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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 FIRST QUARTER ENDED 30 JUNE 2019**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 June		CUMULATIVE PERIOD THREE MONTHS ENDED 30 June	
	2019 RM'000 Unaudited	2018 RM'000 Unaudited	2019 RM'000 Unaudited	2018 RM'000 Unaudited
Revenue	54,322	40,534	54,322	40,534
Cost of sales	(45,022)	(32,845)	(45,022)	(32,845)
Gross profit	9,300	7,689	9,300	7,689
Other operating income	134	143	134	143
Selling and distribution expenses	(107)	(132)	(107)	(132)
Administrative expenses	(6,244)	(6,853)	(6,244)	(6,853)
Finance costs	(1,009)	(1,006)	(1,009)	(1,006)
Other operating expenses	(479)	(504)	(479)	(504)
Profit / (Loss) before taxation	1,595	(663)	1,595	(663)
Taxation	(382)	18	(382)	18
Profit / (Loss) for the period	1,213	(645)	1,213	(645)
Other comprehensive income, net of tax - item that may be reclassified subsequently to profit or loss:				
Foreign currency translations for foreign operations, net of tax	4	-	4	-
Other comprehensive income for the period, net of tax	4	-	4	-
Total comprehensive income / (loss) for the period	1,217	(645)	1,217	(645)
Profit / (Loss) attributable to:				
Owners of the parent	1,217	(771)	1,217	(771)
Non-controlling interests	(4)	126	(4)	126
	1,213	(645)	1,213	(645)
Total comprehensive income / (loss) attributable to:				
Owners of the parent	1,217	(771)	1,217	(771)
Non-controlling interests	-	126	-	126
	1,217	(645)	1,217	(645)
Earnings / (Loss) per share (sen):				
Basic	0.73	(0.46)	0.73	(0.46)
Diluted	0.73	(0.46)	0.73	(0.46)

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019 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 30 JUNE 2019**

	As At 30 June 2019 RM'000 Unaudited	As At 31 March 2019 RM'000 Audited
ASSETS		
Non-Current Assets		
Goodwill	18,409	18,409
Software development expenditure	3,899	4,292
Other investments	105	105
Deferred tax assets	4,351	4,397
Property, plant and equipment	745	814
	<u>27,509</u>	<u>28,017</u>
Current Assets		
Inventories	5,146	2,612
Other investments	107	107
Trade receivables	54,122	44,258
Other receivables, deposits and prepayments	21,980	21,694
Contract assets	522	3,315
Amount owing by ultimate holding company	929	917
Amount owing by immediate holding company	5,886	5,886
Current tax assets	4,792	5,576
Cash and bank balances	17,996	27,961
	<u>111,480</u>	<u>112,326</u>
TOTAL ASSETS	<u>138,989</u>	<u>140,343</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	43,628	43,628
Reserves	6,148	6,021
Accumulated losses	(29,863)	(31,080)
	<u>19,913</u>	<u>18,569</u>
Non-controlling interests	460	460
TOTAL EQUITY	<u>20,373</u>	<u>19,029</u>
Non-Current Liabilities		
Borrowings	2,035	2,737
Provision for gratuity obligations	1,550	1,550
	<u>3,585</u>	<u>4,287</u>
Current Liabilities		
Trade payables	17,668	18,257
Other payables and accruals	23,760	16,716
Contract liabilities	25,598	28,336
Amount owing to ultimate holding company	2,047	2,502
Amount owing to immediate holding company	19	15
Amounts owing to related companies	759	711
Borrowings	21,882	25,012
Redeemable preference shares	22,912	25,193
Current tax liabilities	386	285
	<u>115,031</u>	<u>117,027</u>
TOTAL LIABILITIES	<u>118,616</u>	<u>121,314</u>
TOTAL EQUITY AND LIABILITIES	<u>138,989</u>	<u>140,343</u>
Net assets per share (RM)	<u>0.12</u>	<u>0.11</u>

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019 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 FIRST QUARTER ENDED 30 JUNE 2019**

	<----- Non-distributable ----->						Total
	Ordinary shares	Accumulated losses	Equity compensation reserve	Currencies translation reserve	Total	Non-controlling interests	
Unaudited							
<u>3 months ended 30 June 2019</u>							
At 1 April 2019 (audited)	43,628	(31,080)	6,216	(195)	18,569	460	19,029
Profit for the period	-	1,217	-	-	1,217	(4)	1,213
Foreign currency translation for foreign operations	-	-	-	-	-	4	4
Total comprehensive income for the period	-	1,217	-	-	1,217	-	1,217
Transaction with owners							
Share based payment transactions	-	-	127	-	127	-	127
Total transactions with owners	-	-	127	-	127	-	127
At 30 June 2019	43,628	(29,863)	6,343	(195)	19,913	460	20,373
Unaudited							
<u>3 months ended 30 June 2018</u>							
At 1 April 2018 (audited)	43,628	(18,961)	5,761	(194)	30,234	437	30,671
Loss for the period	-	(771)	-	-	(771)	126	(645)
Foreign currency translation for foreign operations	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	(771)	-	-	(771)	126	(645)
Transaction with owners							
Share based payment transactions	-	-	415	-	415	-	415
Total transactions with owners	-	-	415	-	415	-	415
At 30 June 2018	43,628	(19,732)	6,176	(194)	29,878	563	30,441

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019 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 FIRST QUARTER ENDED 30 JUNE 2019
(The figures have not been audited)

	Current Year 3 months ended 30 June 2019 RM'000 Unaudited	Preceding Year 3 months ended 30 June 2018 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	1,595	(663)
Adjustments for non-cash items:		
Amortisation of software development expenditure	393	365
Depreciation of property, plant and equipment	84	121
Employees share option scheme expense	127	415
Interest expense	1,009	1,006
Interest income	(99)	(103)
Inventories written back	(13)	-
Property, plant and equipment written off	1	-
Operating profit before working capital changes	<u>3,097</u>	<u>1,141</u>
Net changes in assets	(9,675)	12,696
Net changes in liabilities	3,761	(5,859)
Net cash (used in) / from operations	<u>(2,817)</u>	<u>7,978</u>
Tax paid	(397)	(1,155)
Tax refunded	945	-
Net cash (used in) / from operating activities	<u>(2,269)</u>	<u>6,823</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of software development expenditure	-	(159)
Repayment to ultimate holding company	(467)	-
Advances from immediate holding company	4	-
Interest received	99	103
Placement of deposits pledged to licensed banks	(448)	(139)
Purchase of other investments	(1)	(1)
Purchase of property, plant and equipment	(15)	(144)
Net cash used in investing activities	<u>(828)</u>	<u>(340)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,009)	(1,006)
Repayments of borrowings	(5,553)	(7,205)
Redemption of redeemable preference shares	(2,281)	-
Net cash used in financing activities	<u>(8,843)</u>	<u>(8,211)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,940)	(1,728)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	17,627	9,609
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(195)	(194)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>5,492</u>	<u>7,687</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

**MICROLINK SOLUTIONS BERHAD (620782-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2019**

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 2019. 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 2019.

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 2019 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 2019:

MFRS 16 Leases
IC Interpretation 23 Uncertainty over Income Tax Treatments
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 9 Prepayment Features with Negative Compensation
Amendments to MFRS 3 Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 11 Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 112 Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 123 Annual Improvements to MFRS Standards 2015 - 2017 Cycle
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement

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 2019 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) 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)
A7 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
3 months ended 30 June 2019						
External sales	6,432	11,288	32,953	3,649	-	54,322
Inter-segment sales	3,160	85	782	230	(4,257)	-
Total	9,592	11,373	33,735	3,879	(4,257)	54,322
Results						
Segment results	(982)	1,454	403	1,297	333	2,505
Interest expense	(42)	-	(956)	(11)	-	(1,009)
Interest income	32	11	56	-	-	99
Taxation	(46)	-	-	(336)	-	(382)
(Loss) / Profit for the financial period	(1,038)	1,465	(497)	950	333	1,213
3 months ended 30 June 2018						
External sales	13,297	3,240	22,446	1,551	-	40,534
Inter-segment sales	1,769	91	573	288	(2,721)	-
Total	15,066	3,331	23,019	1,839	(2,721)	40,534
Results						
Segment results	1,229	(275)	(787)	3	70	240
Interest expense	(66)	-	(940)	-	-	(1,006)
Interest income	33	3	67	-	-	103
Taxation	-	-	18	-	-	18
Profit / (Loss) for the financial period	1,196	(272)	(1,642)	3	70	(645)

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 were no material events announced subsequent to the end of the current financial period under review up to the date of this announcement.

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 15 August 2019 (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 30 June 2019 RM'000
Cash and bank balances	4,328
Fixed deposits with licensed financial institutions	13,668
	<u>17,996</u>
Less: Fixed deposits pledged with licensed banks	(10,782)
Bank overdraft	(1,722)
	<u>5,492</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 30 June			3 months ended 30 June		
	2019	2018	Variance	2019	2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	9,592	15,066	-36%	9,592	15,066	-36%
Enterprise Solutions	11,373	3,331	241%	11,373	3,331	241%
Distribution Services	33,735	23,019	47%	33,735	23,019	47%
Solution Delivery	3,879	1,839	111%	3,879	1,839	111%
	58,579	43,255	35%	58,579	43,255	35%
Less : Inter Segment Revenue	(4,257)	(2,721)		(4,257)	(2,721)	
Total Group Revenue	54,322	40,534	34%	54,322	40,534	34%

The Group's revenue increased in the current quarter under review by RM13.79 million as compared to the revenue achieved in the corresponding quarter of preceding year. The higher revenue was mainly attributable to higher order fulfilments and progress billings.

The summary breakdown of profit / (loss) before taxation by business segments of the Group is as follows:-

	Individual Quarter			Cumulative Period		
	3 months ended 30 June			3 months ended 30 June		
	2019	2018	Variance	2019	2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	(992)	1,196	NA	(992)	1,196	NA
Enterprise Solutions	1,465	(272)	NA	1,465	(272)	NA
Distribution Services	(497)	(1,660)	-70%	(497)	(1,660)	-70%
Solution Delivery	1,286	3	42767%	1,286	3	42767%
	1,262	(733)	NA	1,262	(733)	NA
Add : Elimination	333	70		333	70	
Profit / (Loss) before taxation ("PBT" / "LBT")	1,595	(663)	NA	1,595	(663)	NA

The Group recorded a PBT of RM1.60 million in the current quarter under review as compared to a loss of RM0.66 million in the previous corresponding quarter. The increase was mainly attributable to significant increase in the revenue and gross profit margin.

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

	Current	Immediate	Change
	RM'000	RM'000	%
Revenue	54,322	52,460	4%
Profit before taxation	1,595	2,624	-39%

The Group recorded slight increase in revenue by RM1.86 million in the current quarter as compared to the immediate preceding quarter mainly attributable to higher order fulfilments and progress billings.

The group posted a decrease in PBT by RM1.03 million in the current quarter as compared to the immediate preceding quarter. The higher profit recorded in the immediate preceding quarter was mainly attributable to the adjustment made from the adoption of MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers.

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

B2 Prospects

The Board is mindful of the challenging business environment and is cautiously optimistic of the Group's financial performance for 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 30 June 2019 RM'000	Cumulative 30 June 2019 RM'000
Taxation - current year	(336)	(336)
Taxation - prior year	-	-
Deferred tax	(46)	(46)
Total	<u>(382)</u>	<u>(382)</u>

The effective tax rates for the current quarter under review is same as statutory tax rate of 24%.

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

The Group's bank borrowings are as follows:

	As at 30 June 2019 RM'000	As at 30 June 2018 RM'000
Short term bank borrowings - secured	21,882	14,679
Long term bank borrowings - secured	<u>2,035</u>	<u>4,794</u>
Total borrowings	<u>23,917</u>	<u>19,473</u>

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM2.81 million have been issued.

B10 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.

B11 Dividends

No dividend has been declared in respect of the current quarter under review.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE LISTING REQUIREMENTS (Cont'd)**B12 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 in issue during the quarter.

	Individual Quarter 30 June 2019	Cumulative Quarter 30 June 2019
Profit attributable to owners of the parent (RM)	1,217,000	1,217,000
No. of ordinary share in issue	167,368,100	167,368,100
Basic earnings per share (sen)	<u>0.73</u>	<u>0.73</u>

B13 Authorisation for issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 22 August 2019.

MICROLINK SOLUTIONS BERHAD (620782-P)
22 August 2019