



## **MICROLINK SOLUTIONS BERHAD**

Company no. 620782P  
(Incorporated in Malaysia)

### **INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 SECOND QUARTER ENDED 30 SEPTEMBER 2019

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 September		CUMULATIVE PERIOD SIX MONTHS ENDED 30 September	
	2019 RM'000 Unaudited	2018 RM'000 Unaudited	2019 RM'000 Unaudited	2018 RM'000 Unaudited
Revenue	54,014	51,527	108,336	92,061
Cost of sales	(42,730)	(42,207)	(87,752)	(75,052)
Gross profit	11,284	9,320	20,584	17,009
Other operating income	1,032	85	1,166	228
Selling and distribution expenses	(150)	(171)	(257)	(303)
Administrative expenses	387	(7,005)	(5,857)	(13,858)
Finance costs	(680)	(972)	(1,689)	(1,978)
Other operating expenses	(6,466)	(488)	(6,945)	(992)
<b>Profit before taxation</b>	<b>5,407</b>	<b>769</b>	<b>7,002</b>	<b>106</b>
Taxation	(1,836)	(436)	(2,218)	(418)
<b>Profit / (Loss) for the period</b>	<b>3,571</b>	<b>333</b>	<b>4,784</b>	<b>(312)</b>
<b>Other comprehensive income, net of tax</b>				
<b>- item that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translations for foreign operations, net of tax	1	(3)	5	(3)
<b>Other comprehensive income / (loss) for the period, net of tax</b>	<b>1</b>	<b>(3)</b>	<b>5</b>	<b>(3)</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>3,572</b>	<b>330</b>	<b>4,789</b>	<b>(315)</b>
<b>Profit / (Loss) attributable to:</b>				
Owners of the parent	3,594	298	4,811	-473
Non-controlling interests	(23)	35	(27)	161
	<b>3,571</b>	<b>333</b>	<b>4,784</b>	<b>(312)</b>
<b>Total comprehensive income / (loss) attributable to:</b>				
Owners of the parent	3,594	297	4,811	(474)
Non-controlling interests	(22)	33	(22)	159
	<b>3,572</b>	<b>330</b>	<b>4,789</b>	<b>(315)</b>
<b>Earnings / (Loss) per share (sen):</b>				
Basic	2.15	0.18	2.87	(0.28)
Diluted	2.15	0.18	2.87	(0.28)

**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 SEPTEMBER 2019**

	As At 30 September 2019 RM'000 Unaudited	As At 31 March 2019 RM'000 Audited
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Goodwill	18,409	18,409
Software development expenditure	3,546	4,292
Other investments	105	105
Deferred tax assets	3,448	4,397
Property, plant and equipment	700	814
	<u>26,208</u>	<u>28,017</u>
<b>Current Assets</b>		
Inventories	4,637	2,612
Other investments	108	107
Trade receivables	54,725	44,258
Other receivables, deposits and prepayments	18,268	21,694
Contract assets	1,023	3,315
Amount owing by ultimate holding company	231	917
Amount owing by immediate holding company	177	5,886
Current tax assets	2,600	5,576
Cash and bank balances	11,235	27,961
	<u>93,004</u>	<u>112,326</u>
<b>TOTAL ASSETS</b>	<b><u>119,212</u></b>	<b><u>140,343</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	43,628	43,628
Reserves	(195)	6,021
Accumulated losses	<u>(26,269)</u>	<u>(31,080)</u>
	17,164	18,569
<b>Non-controlling interests</b>	<u>438</u>	<u>460</u>
<b>TOTAL EQUITY</b>	<b><u>17,602</u></b>	<b><u>19,029</u></b>
<b>Non-Current Liabilities</b>		
Borrowings	1,326	2,737
Provision for gratuity obligations	1,550	1,550
	<u>2,876</u>	<u>4,287</u>
<b>Current Liabilities</b>		
Trade payables	30,287	18,257
Other payables and accruals	21,906	16,716
Contract liabilities	20,527	28,336
Amount owing to ultimate holding company	3,837	2,502
Amount owing to immediate holding company	5	15
Amounts owing to related companies	57	711
Borrowings	18,455	25,012
Redeemable preference shares	3,100	25,193
Current tax liabilities	560	285
	<u>98,734</u>	<u>117,027</u>
<b>TOTAL LIABILITIES</b>	<b><u>101,610</u></b>	<b><u>121,314</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>119,212</u></b>	<b><u>140,343</u></b>
<b>Net assets per share (RM)</b>	<b><u>0.11</u></b>	<b><u>0.11</u></b>

**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 SECOND QUARTER ENDED 30 SEPTEMBER 2019**

	<----- Non-distributable ----->						
	Share capital RM	Accumulated losses RM	Equity compensation reserve RM	Translation reserve RM	Total attributable to owners of the owner RM	Non- controlling interests RM	Total equity RM
<b>Unaudited</b>							
<b>6 months ended 30 September 2019</b>							
At 1 April 2019 (audited)	43,628	(31,080)	6,216	(195)	18,569	460	19,029
Profit for the period	-	4,811	-	-	4,811	(27)	4,784
Foreign currency translation for foreign operations	-	-	-	-	-	5	5
Total comprehensive income for the period	-	4,811	-	-	4,811	(22)	4,789
<b>Transaction with owners</b>							
Share based payment transactions	-	-	(6,216)	-	(6,216)	-	(6,216)
Total transactions with owners	-	-	(6,216)	-	(6,216)	-	(6,216)
At 30 September 2019	43,628	(26,269)	-	(195)	17,164	438	17,602
<b>Unaudited</b>							
<b>6 months ended 30 September 2018</b>							
At 1 April 2018 (audited)	43,628	(18,961)	5,761	(194)	30,234	437	30,671
Loss for the period	-	(473)	-	-	(473)	161	(312)
Foreign currency translation for foreign operations	-	-	-	(1)	(1)	(2)	(3)
Total comprehensive loss for the period	-	(473)	-	(1)	(474)	159	(315)
<b>Transaction with owners</b>							
Share based payment transactions	-	-	684	-	684	-	684
Total transactions with owners	-	-	684	-	684	-	684
At 30 September 2018	43,628	(19,434)	6,445	(195)	30,444	596	31,040

**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 SECOND QUARTER ENDED 30 SEPTEMBER 2019**  
(The figures have not been audited)

	<b>Current Year</b> <b>6 months ended</b> <b>30 September 2019</b> <b>RM'000</b> <b>Unaudited</b>	<b>Preceding Year</b> <b>6 months ended</b> <b>30 September 2018</b> <b>RM'000</b> <b>Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,002	106
Adjustments for non-cash items:		
Amortisation of software development expenditure	780	730
Depreciation of property, plant and equipment	165	226
Employees share option scheme expense	(6,216)	684
Impairment losses on trade receivables	6,000	-
Interest expense	1,689	1,978
Interest income	(190)	(193)
Inventories (written back)/written off	(13)	2
Property, plant and equipment written off	1	-
Reversal of impairment loss on		
- trade receivables	(100)	-
- amount due from ultimate holding company	(4)	-
- amount due from immediate holding company	(4)	-
- amount due from related companies	(776)	-
Operating profit before working capital changes	<u>8,334</u>	<u>3,533</u>
Net changes in assets	(11,680)	5,998
Net changes in liabilities	8,753	(4,905)
Net cash from operations	<u>5,407</u>	<u>4,626</u>
Tax paid	(866)	(1,999)
Tax refunded	2,848	19
Net cash from operating activities	<u>7,389</u>	<u>2,646</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition of software development expenditure	(35)	(292)
Repayment from ultimate holding company	2,025	-
Repayment from immediate holding company	5,703	-
Interest received	190	193
Withdrawal of deposits pledged to licensed banks	3,432	406
Purchase of other investments	(2)	(2)
Purchase of property, plant and equipment	(52)	(198)
Net cash from investing activities	<u>11,261</u>	<u>107</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(1,689)	(1,978)
Repayments of borrowings	(11,110)	(2,966)
Redemption of redeemable preference shares	(22,093)	-
Net cash used in financing activities	<u>(34,892)</u>	<u>(4,944)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(16,242)</b>	<b>(2,191)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>17,627</b>	<b>9,609</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(195)</b>	<b>(194)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>1,190</u></b>	<b><u>7,224</u></b>

\* 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 SECOND QUARTER ENDED 30 SEPTEMBER 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)**

<b>Business Segments</b>	<b>Financial Services RM'000</b>	<b>Enterprise Solutions RM'000</b>	<b>Distribution Services RM'000</b>	<b>Solution Delivery RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidation RM'000</b>
<b>6 months ended 30 September 2019</b>						
External sales	12,421	19,656	67,673	8,586	-	108,336
Inter-segment sales	6,006	193	1,857	442	(8,498)	-
<b>Total</b>	<b>18,427</b>	<b>19,849</b>	<b>69,530</b>	<b>9,028</b>	<b>(8,498)</b>	<b>108,336</b>
<b>Results</b>						
Segment results	5,799	3,701	(4,544)	4,499	(954)	8,501
Interest expense	(134)	-	(1,509)	(46)	-	(1,689)
Interest income	65	18	107	-	-	190
Taxation	(958)	(389)	(354)	(517)	-	(2,218)
<b>Profit / (Loss) for the financial period</b>	<b>4,772</b>	<b>3,330</b>	<b>(6,300)</b>	<b>3,936</b>	<b>(954)</b>	<b>4,784</b>
<b>6 months ended 30 September 2018</b>						
External sales	18,685	8,061	60,353	4,962	-	92,061
Inter-segment sales	3,276	162	3,663	765	(7,866)	-
<b>Total</b>	<b>21,961</b>	<b>8,223</b>	<b>64,016</b>	<b>5,727</b>	<b>(7,866)</b>	<b>92,061</b>
<b>Results</b>						
Segment results	(24)	(271)	577	1,454	155	1,891
Interest expense	(169)	-	(1,809)	-	-	(1,978)
Interest income	64	5	124	-	-	193
Taxation	(146)	-	(272)	-	-	(418)
<b>(Loss) / Profit for the financial period</b>	<b>(275)</b>	<b>(266)</b>	<b>(1,380)</b>	<b>1,454</b>	<b>155</b>	<b>(312)</b>

**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 12 November 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**

	<b>Current year as at 30 September 2019 RM'000</b>
Cash and bank balances	2,647
Fixed deposits with licensed financial institutions	8,588
	<hr/> 11,235
Less: Fixed deposits pledged with licensed banks	(6,903)
Bank overdraft	(3,142)
	<hr/> <b>1,190</b>

**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 September			6 months ended 30 September		
	2019	2018	Variance	2019	2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	8,836	6,895	28%	18,427	21,961	-16%
Enterprise Solutions	8,477	4,892	73%	19,849	8,223	141%
Distribution Services	35,794	40,997	-13%	69,530	64,016	9%
Solution Delivery	5,149	3,888	32%	9,028	5,727	58%
	58,256	56,672	3%	116,834	99,927	17%
Less : Inter Segment Revenue	(4,242)	(5,145)		(8,498)	(7,866)	
Total Group Revenue	54,014	51,527	5%	108,336	92,061	18%

The Group's revenue increased in the current quarter under review by RM2.49 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 before taxation by business segments of the Group is as follows:-

	Individual Quarter			Cumulative Period		
	3 months ended 30 September			6 months ended 30 September		
	2019	2018	Variance	2019	2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	6,721	(1,325)	NA	5,730	(129)	NA
Enterprise Solutions	2,255	6	37483%	3,719	(266)	NA
Distribution Services	(5,449)	552	NA	(5,946)	(1,108)	437%
Solution Delivery	3,167	1,451	118%	4,453	1,454	206%
	6,694	684	879%	7,956	(49)	NA
Add : Elimination	(1,287)	85		(954)	155	
Profit before taxation ("PBT")	5,407	769	603%	7,002	106	6506%

The Group recorded a PBT of RM5.41 million in the current quarter under review as compared to a profit of RM0.77 million in the previous corresponding quarter. Operationally, the increase in overall gross profit margin due to better product mix had contributed to the quarter's positive results. During the quarter under review, the Group has reflected the reversal of provision for Employee Share Option Scheme ("ESOS") expenses amounting to RM6.22 million upon the lapse of the ESOS. This reversal has been off-set by a provision for doubtful debts amounting to RM6 million made during the quarter.

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

	Current Quarter	Immediate Preceding Quarter	Change
	RM'000	RM'000	%
Revenue	54,014	54,322	-1%
Profit before taxation	5,407	1,595	NA

The Group recorded decrease in revenue by RM0.31 million in the current quarter as compared to the immediate preceding quarter mainly attributable to lower order fulfilments and progress billings.

However due to better product mix, the group posted an increase in PBT by RM3.81 million in the current quarter as compared to the immediate preceding quarter.



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

**B2 Prospects**

Despite the current challenging economic conditions, the Board is cautiously optimistic that the Group will deliver positive financial performance for the FYE 31 March 2020.

**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 September 2019 RM'000	Cumulative 30 September 2019 RM'000
Taxation - current year	(816)	(1,152)
Taxation - prior year	(117)	(117)
Deferred tax	(903)	(949)
Total	<u>(1,836)</u>	<u>(2,218)</u>

The effective tax rates for the period under review is higher than statutory 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**

On 17 October 2019, the Company announced that the Company proposes to implement a private placement of up to 16,736,800 new ordinary shares ("Placement Shares") in Microlink, to independent third party investor(s) to be identified ("Private Placement").

Saved as disclosed above, 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 September 2019 RM'000	As at 30 September 2018 RM'000
Short term bank borrowings - secured	18,455	19,596
Long term bank borrowings - secured	1,326	4,116
Total borrowings	<u>19,781</u>	<u>23,712</u>

**B9 Off balance sheet financial instruments**

Bank guarantees amounting to RM2.31 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.

	<b>Individual Quarter 30 September 2019</b>	<b>Cumulative Quarter 30 September 2019</b>
Profit attributable to owners of the parent (RM)	3,594,000	4,811,000
No. of ordinary share in issue	167,368,100	167,368,100
Basic earnings per share (sen)	<u>2.15</u>	<u>2.87</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 19 November 2019.

**MICROLINK SOLUTIONS BERHAD (620782-P)**  
**19 November 2019**