



## MICROLINK SOLUTIONS BERHAD

Company no. 620782P

(Incorporated in Malaysia)

### INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 THIRD QUARTER ENDED 31 DECEMBER 2019**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2019 RM'000 Unaudited	2018 RM'000 Unaudited	2019 RM'000 Unaudited	2018 RM'000 Unaudited
Revenue	45,928	45,235	154,264	137,296
Cost of sales	(36,592)	(39,107)	(124,344)	(114,159)
Gross profit	9,336	6,128	29,920	23,137
Other operating income	113	112	1,279	340
Selling and distribution expenses	(183)	(89)	(440)	(392)
Administrative expenses	(6,154)	(6,095)	(12,011)	(19,953)
Finance costs	(432)	(990)	(2,121)	(2,968)
Other operating expenses	(469)	(470)	(7,414)	(1,462)
<b>Profit / (Loss) before taxation</b>	<b>2,211</b>	<b>(1,404)</b>	<b>9,213</b>	<b>(1,298)</b>
Taxation	(116)	756	(2,334)	338
<b>Profit / (Loss) for the period</b>	<b>2,095</b>	<b>(648)</b>	<b>6,879</b>	<b>(960)</b>
<b>Other comprehensive income, net of tax - item that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translations for foreign operations, net of tax	-	5	5	3
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>3</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>2,095</b>	<b>(643)</b>	<b>6,884</b>	<b>(957)</b>
<b>Profit / (Loss) attributable to:</b>				
Owners of the parent	2,155	(629)	6,966	(1,102)
Non-controlling interests	(60)	(19)	(87)	142
	<b>2,095</b>	<b>(648)</b>	<b>6,879</b>	<b>(960)</b>
<b>Total comprehensive income / (loss) attributable to:</b>				
Owners of the parent	2,155	(629)	6,966	(1,102)
Non-controlling interests	(60)	(14)	(82)	145
	<b>2,095</b>	<b>(643)</b>	<b>6,884</b>	<b>(957)</b>
<b>Earnings / (Loss) per share (sen):</b>				
Basic	1.17	(0.38)	3.78	(0.66)
Diluted	1.17	(0.38)	3.78	(0.66)

**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 31 DECEMBER 2019**

	As At 31 December 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	3,251	4,292
Other investments	105	105
Deferred tax assets	3,448	4,397
Property, plant and equipment	639	814
	<u>25,852</u>	<u>28,017</u>
<b>Current Assets</b>		
Inventories	1,600	2,612
Other investments	109	107
Trade receivables	25,670	44,258
Other receivables, deposits and prepayments	17,628	21,694
Contract assets	5,831	3,315
Amount owing by ultimate holding company	231	917
Amount owing by immediate holding company	178	5,886
Current tax assets	2,841	5,576
Cash and bank balances	27,486	27,961
	<u>81,574</u>	<u>112,326</u>
<b>TOTAL ASSETS</b>	<b><u>107,426</u></b>	<b><u>140,343</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	52,833	43,628
Reserves	(195)	6,021
Accumulated losses	(24,114)	(31,080)
	<u>28,524</u>	<u>18,569</u>
<b>Non-controlling interests</b>	378	460
<b>TOTAL EQUITY</b>	<u>28,902</u>	<u>19,029</u>
<b>Non-Current Liabilities</b>		
Borrowings	608	2,737
Provision for gratuity obligations	1,550	1,550
	<u>2,158</u>	<u>4,287</u>
<b>Current Liabilities</b>		
Trade payables	19,580	18,257
Other payables and accruals	19,224	16,716
Contract liabilities	17,178	28,336
Amount owing to ultimate holding company	2,633	2,502
Amount owing to immediate holding company	11	15
Amounts owing to related companies	117	711
Borrowings	17,154	25,012
Redeemable preference shares	-	25,193
Current tax liabilities	469	285
	<u>76,366</u>	<u>117,027</u>
<b>TOTAL LIABILITIES</b>	<u>78,524</u>	<u>121,314</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>107,426</u></b>	<b><u>140,343</u></b>
<b>Net assets per share (RM)</b>	<u>0.16</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 THIRD QUARTER ENDED 31 DECEMBER 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>9 months ended 31 December 2019</b>							
At 1 April 2019 (audited)	43,628	(31,080)	6,216	(195)	18,569	460	19,029
Profit for the period	-	6,966	-	-	6,966	(87)	6,879
Foreign currency translation for foreign operations	-	-	-	-	-	5	5
Total comprehensive income for the period	-	6,966	-	-	6,966	(82)	6,884
<b>Transaction with owners</b>							
Ordinary shares issued pursuant to private placement	9,205	-	-	-	9,205	-	9,205
Share based payment transactions	-	-	(6,216)	-	(6,216)	-	(6,216)
Total transactions with owners	9,205	-	(6,216)	-	2,989	-	2,989
At 31 December 2019	52,833	(24,114)	-	(195)	28,524	378	28,902
<b>Unaudited</b>							
<b>9 months ended 31 December 2018</b>							
At 1 April 2018 (audited)	43,628	(18,961)	5,761	(194)	30,234	437	30,671
Loss for the period	-	(1,102)	-	-	(1,102)	142	(960)
Foreign currency translation for foreign operations	-	-	-	-	-	3	3
Total comprehensive loss for the period	-	(1,102)	-	-	(1,102)	145	(957)
<b>Transaction with owners</b>							
Share based payment transactions	-	-	822	-	822	-	822
Total transactions with owners	-	-	822	-	822	-	822
At 31 December 2018	43,628	(20,063)	6,583	(194)	29,954	582	30,536

**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 THIRD QUARTER ENDED 31 DECEMBER 2019**  
(The figures have not been audited)

	<b>Current Year</b> <b>9 months ended</b> <b>31 December 2019</b> <b>RM'000</b> <b>Unaudited</b>	<b>Preceding Year</b> <b>9 months ended</b> <b>31 December 2018</b> <b>RM'000</b> <b>Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	9,213	(1,298)
Adjustments for non-cash items:		
Amortisation of software development expenditure	1,168	1,096
Depreciation of property, plant and equipment	246	327
Employees share option scheme expense	(6,216)	822
Impairment losses on trade receivables	6,000	-
Interest expense	2,121	2,968
Interest income	(272)	(305)
Inventories (written back)/written off	(23)	(17)
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>11,354</u>	<u>3,593</u>
Net changes in assets	16,253	17,313
Net changes in liabilities	(7,924)	(246)
Net cash from operations	<u>19,683</u>	<u>20,660</u>
Tax paid	(1,872)	(2,395)
Tax refunded	3,405	19
Net cash from operating activities	<u>21,216</u>	<u>18,284</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition of software development expenditure	(128)	(420)
Repayment from ultimate holding company	821	-
Repayment from immediate holding company	5,708	-
Interest received	272	305
Withdrawal of deposits pledged to licensed banks	3,404	377
Purchase of other investments	(3)	(3)
Purchase of property, plant and equipment	(70)	(198)
Net cash from investing activities	<u>10,004</u>	<u>61</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(2,121)	(2,968)
Proceeds from issue of shares pursuant to private placement	9,205	-
Repayments of borrowings	(13,368)	(13,173)
Redemption of redeemable preference shares	(25,193)	-
Net cash used in financing activities	<u>(31,477)</u>	<u>(16,141)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(257)</u>	<u>2,204</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	17,627	9,609
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(196)	(195)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>17,174</u>	<u>11,618</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 THIRD QUARTER ENDED 31 DECEMBER 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>9 months ended 31 December 2019</b>						
External sales	17,730	22,990	99,673	13,871	-	154,264
Inter-segment sales	8,626	318	2,967	686	(12,597)	-
<b>Total</b>	<b>26,356</b>	<b>23,308</b>	<b>102,640</b>	<b>14,557</b>	<b>(12,597)</b>	<b>154,264</b>
<b>Results</b>						
Segment results	5,758	3,649	(4,019)	6,850	(1,176)	11,062
Interest expense	(210)	-	(1,835)	(76)	-	(2,121)
Interest income	98	42	132	-	-	272
Taxation	(958)	(449)	(354)	(573)	-	(2,334)
<b>Profit / (Loss) for the financial period</b>	<b>4,688</b>	<b>3,242</b>	<b>(6,076)</b>	<b>6,201</b>	<b>(1,176)</b>	<b>6,879</b>
<b>9 months ended 31 December 2018</b>						
External sales	26,964	15,362	87,519	7,451	-	137,296
Inter-segment sales	4,702	307	4,226	1,117	(10,352)	-
<b>Total</b>	<b>31,666</b>	<b>15,669</b>	<b>91,745</b>	<b>8,568</b>	<b>(10,352)</b>	<b>137,296</b>
<b>Results</b>						
Segment results	(971)	(106)	125	2,082	235	1,365
Interest expense	(235)	-	(2,733)	-	-	(2,968)
Interest income	96	7	202	-	-	305
Taxation	610	-	(272)	-	-	338
<b>(Loss) / Profit for the financial period</b>	<b>(500)</b>	<b>(99)</b>	<b>(2,678)</b>	<b>2,082</b>	<b>235</b>	<b>(960)</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 February 2020 (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 31 December 2019 RM'000</b>
Cash and bank balances	20,538
Fixed deposits with licensed financial institutions	6,948
	<u>27,486</u>
Less: Fixed deposits pledged with licensed banks	(6,930)
Bank overdraft	(3,382)
	<u>17,174</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 December			9 months ended 31 December		
	2019	2018	Variance	2019	2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	7,929	9,706	-18%	26,356	31,666	-17%
Enterprise Solutions	3,459	7,446	-54%	23,308	15,669	49%
Distribution Services	33,110	27,730	19%	102,640	91,745	12%
Solution Delivery	5,529	2,841	95%	14,557	8,568	70%
	<u>50,027</u>	<u>47,723</u>	5%	<u>166,861</u>	<u>147,648</u>	13%
Less : Inter Segment Revenue	<u>(4,099)</u>	<u>(2,488)</u>		<u>(12,597)</u>	<u>(10,352)</u>	
Total Group Revenue	<u>45,928</u>	<u>45,235</u>	2%	<u>154,264</u>	<u>137,296</u>	12%

The Group's revenue increased in the current quarter under review by RM0.69 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 31 December			9 months ended 31 December		
	2019	2018	Variance	2019	2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	(84)	(981)	-91%	5,646	(1,110)	NA
Enterprise Solutions	(28)	166	NA	3,691	(99)	NA
Distribution Services	224	(1,297)	NA	(5,722)	(2,406)	138%
Solution Delivery	2,321	628	270%	6,774	2,082	225%
	<u>2,433</u>	<u>(1,484)</u>	NA	<u>10,389</u>	<u>(1,533)</u>	NA
Add : Elimination	<u>(222)</u>	<u>80</u>		<u>(1,176)</u>	<u>235</u>	
Profit before taxation ("PBT")	<u>2,211</u>	<u>(1,404)</u>	NA	<u>9,213</u>	<u>(1,298)</u>	NA

The Group recorded a PBT of RM2.21 million in the current quarter under review as compared to a loss of RM1.40 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 fully paid redeemable preference shares and its accumulated interest, resulted in decrease in finance costs of RM0.56 million.

**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	45,928	54,014	-15%
Profit before taxation	2,211	5,407	-59%

The Group recorded decrease in revenue by RM8.09 million in the current quarter as compared to the immediate preceding quarter mainly attributable to lower order fulfilments and progress billings.

The decrease in PBT by RM3.19 million in the current quarter as compared to the immediate preceding quarter mainly attributable to lower gross profit margin from less favourable product mix.



**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 31 December 2019 RM'000	Cumulative 31 December 2019 RM'000
Taxation - current year	(60)	(1,213)
Taxation - prior year	(56)	(172)
Deferred tax	-	(949)
Total	<u>(116)</u>	<u>(2,334)</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 19 December 2019, the Company announced that the Company has completed its 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 31 December 2019 RM'000	As at 31 December 2018 RM'000
Short term bank borrowings - secured	17,154	12,144
Long term bank borrowings - secured	608	3,431
Total borrowings	<u>17,762</u>	<u>15,575</u>

**B9 Off balance sheet financial instruments**

Bank guarantees amounting to RM1.33 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 31 December 2019</b>	<b>Cumulative Quarter 31 December 2019</b>
Profit attributable to owners of the parent (RM)	2,155,000	6,966,000
No. of ordinary share in issue	184,104,900	184,104,900
Basic earnings per share (sen)	<u>1.17</u>	<u>3.78</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 February 2020.

**MICROLINK SOLUTIONS BERHAD (620782-P)**

**19 February 2020**