



MICROLINK SOLUTIONS BERHAD

Company no. 200301018362 (620782 - P)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

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MICROLINK SOLUTIONS BERHAD (200301018362 (620782 - P))
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2021 RM'000 Unaudited	2020 RM'000 Unaudited	2021 RM'000 Unaudited	2020 RM'000 Unaudited
Revenue	61,038	45,052	165,963	141,234
Cost of sales	(41,179)	(32,321)	(113,237)	(110,162)
Gross profit	19,859	12,731	52,726	31,072
Other operating income	1,103	106	2,206	4,182
Selling and distribution expenses	(255)	(236)	(807)	(717)
Administrative expenses	(7,237)	(6,564)	(21,009)	(16,974)
Finance costs	(328)	(397)	(1,106)	(1,435)
Other operating expenses	(2,683)	(445)	(6,640)	(2,518)
Profit before taxation	10,459	5,195	25,370	13,610
Taxation	(3,080)	(78)	(4,404)	(1,013)
Profit for the period	7,379	5,117	20,966	12,597
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	-	3	1	12
Other comprehensive income for the period, net of tax	-	3	1	12
Total comprehensive income for the period	7,379	5,120	20,967	12,609
Profit attributable to:				
Owners of the parent	7,375	5,020	21,019	12,477
Non-controlling interests	4	97	(53)	120
	7,379	5,117	20,966	12,597
Total comprehensive income attributable to:				
Owners of the parent	7,374	5,019	21,015	12,474
Non-controlling interests	5	101	(48)	135
	7,379	5,120	20,967	12,609
Earnings per share (sen):				
Basic	3.04	2.63	8.68	6.53
Diluted	3.04	2.63	8.68	6.53

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

MICROLINK SOLUTIONS BERHAD (200301018362 (620782 - P))
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	As At 31 December 2021 RM'000 Unaudited	As At 31 March 2021 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	766	288
Right-of-use assets	4,466	5,385
Investment in Joint Venture	5	5
Goodwill	18,409	18,409
Software development expenditure	79,371	63,313
Other investments	105	105
Lease receivables	-	2,317
Deferred tax assets	3,010	3,010
	<u>106,132</u>	<u>92,832</u>
Current Assets		
Inventories	2,761	1,127
Contract costs	2,684	5,495
Other investments	483	99
Trade receivables	36,769	32,768
Other receivables, deposits and prepayments	36,525	10,150
Contract assets	18,176	7,389
Lease receivables	328	2,085
Amount owing by ultimate holding company	-	23,526
Amount owing by immediate holding company	-	15,461
Current tax assets	3,608	3,714
Cash and bank balances	13,076	11,014
	<u>114,410</u>	<u>112,828</u>
TOTAL ASSETS	<u>220,542</u>	<u>205,660</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	108,526	105,583
Reserves	38	42
Retained Earnings	34,871	13,852
	<u>143,435</u>	<u>119,477</u>
Non-controlling interests	439	487
TOTAL EQUITY	<u>143,874</u>	<u>119,964</u>
Non-Current Liabilities		
Provision for gratuity obligations	2,389	2,135
Other payables and accruals	157	157
Lease liabilities	4,657	6,822
	<u>7,203</u>	<u>9,114</u>
Current Liabilities		
Trade payables	15,695	18,667
Other payables and accruals	17,499	15,396
Contract liabilities	12,178	17,704
Amount owing to ultimate holding company	-	59
Amount owing to immediate holding company	-	65
Borrowings	19,041	20,388
Lease liabilities	3,100	3,274
Current tax liabilities	1,952	1,029
	<u>69,465</u>	<u>76,582</u>
TOTAL LIABILITIES	<u>76,668</u>	<u>85,696</u>
TOTAL EQUITY AND LIABILITIES	<u>220,542</u>	<u>205,660</u>
Net assets per share (RM)	<u>0.59</u>	<u>0.50</u>

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

MICROLINK SOLUTIONS BERHAD (200301018362 (620782 - P))
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021**

	<----- Non-distributable ----->					
	Share capital RM	Exchange Translation reserve RM	Retained Earnings / (Accumulated losses) RM	Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
Unaudited						
<u>9 months ended 31 December 2021</u>						
At 1 April 2021 (audited)	105,583	42	13,852	119,477	487	119,964
Profit for the period	-	-	21,019	21,019	(53)	20,966
Foreign currency translation for foreign operations	-	(4)	-	(4)	5	1
Total comprehensive income for the period	-	(4)	21,019	21,015	(48)	20,967
Transaction with owners						
Shares issued pursuant to Employee Share Grant Plan ("ESGP")	2,943	-	-	2,943	-	2,943
Total transactions with owners	2,943	-	-	2,943	-	2,943
At 31 December 2021	<u>108,526</u>	<u>38</u>	<u>34,871</u>	<u>143,435</u>	<u>439</u>	<u>143,874</u>
Unaudited						
<u>9 months ended 31 December 2020</u>						
At 1 April 2020 (audited)	52,833	45	(14,215)	38,663	444	39,107
Profit for the period	-	-	12,477	12,477	120	12,597
Foreign currency translation for foreign operations	-	(3)	-	(3)	15	12
Total comprehensive income for the period	-	(3)	12,477	12,474	135	12,609
Transaction with owners						
Ordinary shares issued pursuant to private placement	50,080	-	-	50,080	-	50,080
Shares issued pursuant to Employee Share Grant Plan	2,207	-	-	2,207	-	2,207
Dividends paid	-	-	(1,841)	(1,841)	-	(1,841)
Total transactions with owners	52,287	-	(1,841)	50,446	-	50,446
At 31 December 2020	<u>105,120</u>	<u>42</u>	<u>(3,579)</u>	<u>101,583</u>	<u>579</u>	<u>102,162</u>

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

MICROLINK SOLUTIONS BERHAD (200301018362 (620782 - P))
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

(The figures have not been audited)

	Current Year 9 months ended 31 December 2021 RM'000 Unaudited	Preceding Year 9 months ended 31 December 2020 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,370	13,610
Adjustments for non-cash items:		
Amortisation of software development expenditure	5,440	498
Bad debts written off	2	-
Depreciation of property, plant and equipment	119	144
Depreciation of right-of-use assets	971	636
Employee share grant plan expenses	1,962	1,390
Interest expense	1,252	1,720
Interest income	(218)	(304)
Net unrealised gain on foreign exchange	(27)	(11)
Reversal of impairment loss on software development expenditure	-	(2,417)
Provision for gratuity obligations	254	-
Fair value gain on Investment	(70)	-
Gain on disposal of quoted investment	(1,131)	-
Operating profit before working capital changes	<u>33,924</u>	<u>15,266</u>
Net changes in assets	(31,743)	28,480
Net changes in liabilities	(3,800)	(51,223)
Net cash from operations	<u>(1,619)</u>	<u>(7,477)</u>
Interest received	9	80
Tax paid	(3,375)	(1,993)
Tax refunded	-	2
Net cash used in operating activities	<u>(4,985)</u>	<u>(9,388)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of software development expenditure	(21,498)	(292)
Repayment from / (to) ultimate holding company	16,747	(23,953)
Repayment from / (to) immediate holding company	16,320	(15,493)
Interest received	209	223
Withdrawal of deposits pledged to licensed banks	-	2,918
Disposal / (Purchase) of other investments	817	(2)
Purchase of property, plant and equipment	(650)	(170)
Fixed deposits pledged with licensed banks	(428)	-
Net cash from / (used in) investing activities	<u>11,517</u>	<u>(36,769)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(1,841)
Interest paid	(764)	(1,362)
Proceeds from issue of shares pursuant to private placement	-	50,080
Drawdown of borrowings	(1,690)	4,285
Payments of lease liabilities	(2,827)	(4,259)
Net cash (used in) / from financing activities	<u>(5,281)</u>	<u>46,903</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,251	746
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,121	13,616
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	41	46
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>5,413</u>	<u>14,408</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

MICROLINK SOLUTIONS BERHAD (200301018362 (620782 - P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

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 2021. 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 2021.

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 2021 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 2021:

Interest Rate Benchmark Reform Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3 Reference to the Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
MFRS 17 Insurance Contract
Amendments to MFRS 17 Insurance Contract
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies Changes in Accounting Estimates and Errors)
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 2021 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 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
9 months ended 31 December 2021						
External sales	27,920	34,475	101,568	2,000	-	165,963
Inter-segment sales	5,771	440	4,278	435	(10,924)	-
Total	33,691	34,915	105,846	2,435	(10,924)	165,963
Results						
Segment results	2,479	22,082	2,285	(594)	152	26,404
Interest expense	(553)	(179)	(542)	(1)	23	(1,252)
Interest income	111	38	69	-	-	218
Taxation	(1,235)	(2,718)	(241)	(210)	-	(4,404)
Profit / (Loss) for the financial period	802	19,223	1,571	(805)	175	20,966
9 months ended 31 December 2020						
External sales	21,612	10,669	102,732	6,221	-	141,234
Inter-segment sales	9,472	354	2,486	342	(12,654)	-
Total	31,084	11,023	105,218	6,563	(12,654)	141,234
Results						
Segment results	6,992	1,132	2,057	4,619	226	15,026
Interest expense	(355)	(370)	(960)	(41)	6	(1,720)
Interest income	98	136	67	3	-	304
Taxation	218	-	(700)	(531)	-	(1,013)
Profit for the financial period	6,953	898	464	4,050	232	12,597

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

On 5 October 2021, the Group announced that Bursa Securities has vide its letter dated 4 October 2021, resolved to approve the listing of and quotation of up to 116,157,700 placement shares to be issued pursuant to the proposed private placement.

Saved as disclosed above, 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 February 2022 (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 December 2021 RM'000
Cash and bank balances	8,607
Fixed deposits with licensed financial institutions	4,469
	<u>13,076</u>
Less: Fixed deposits pledged with licensed banks	(4,469)
Bank overdraft	(3,194)
	<u>5,413</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		
	2021	2020	Variance	2021	2020	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	8,303	11,394	-27%	33,691	31,084	8%
Enterprise Solutions	17,878	6,178	189%	34,915	11,023	217%
Distribution Services	37,813	31,456	20%	105,846	105,218	1%
Solution Delivery	746	770	-3%	2,435	6,563	-63%
	<u>64,740</u>	<u>49,798</u>	30%	<u>176,887</u>	<u>153,888</u>	15%
Less : Inter Segment Revenue	<u>(3,702)</u>	<u>(4,746)</u>		<u>(10,924)</u>	<u>(12,654)</u>	
Total Group Revenue	<u>61,038</u>	<u>45,052</u>	35%	<u>165,963</u>	<u>141,234</u>	18%

The Group's revenue increased in the current quarter under review by RM16 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 particularly in Enterprise Solutions and Distribution Services segments.

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		
	2021	2020	Variance	2021	2020	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	(2,759)	1,378	NA	2,037	6,735	-70%
Enterprise Solutions	11,605	939	1136%	21,941	898	2343%
Distribution Services	1,387	578	140%	1,812	1,164	56%
Solution Delivery	46	2,253	-98%	(595)	4,581	NA
	<u>10,279</u>	<u>5,148</u>	100%	<u>25,195</u>	<u>13,378</u>	88%
Add / (Less) : Elimination	<u>180</u>	<u>47</u>		<u>175</u>	<u>232</u>	
Profit before taxation ("PBT")	<u>10,459</u>	<u>5,195</u>	101%	<u>25,370</u>	<u>13,610</u>	86%

The Group recorded a PBT of RM10.46 million in the current quarter under review as compared to RM5.20 million in the previous year corresponding quarter due to higher contributions from Enterprise Solutions. This was mainly due to higher gross profit margin recorded 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	61,038	62,991	-3%
Profit before taxation	10,459	8,083	29%

The Group recorded slight decrease in revenue by RM1.95 million in the current quarter as compared to the immediate preceding quarter mainly attributable to slight decrease in order fulfilments and progress billings from Financial Services segments.

The group posted an increase in PBT by RM2.38 million in the current quarter as compared to the immediate preceding quarter. The higher profit recorded in the current quarter was mainly attributable to higher gross profit margin from Enterprise Solutions segments.

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

B2 Prospects

The Group continues to adapt to the disruptions and challenges brought about by the COVID-19 pandemic, while remaining committed in supporting and caring for the health and safety of its employees.

Against this backdrop, it is encouraging to note that opportunities continue to grow in the Group's key market pillars in the financial services, telecommunication segments and public sector. As such, the Board remains optimistic and confident in delivering positive financial results. In addition, the Group is actively embarking on its regional expansion plans. It is also working to complete the corporate proposal exercise with Omesti Berhad under the Heads of Agreement signed and announced on 19 January 2022, all of which is expected to further contribute positive financial results to the Group.

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 2021 RM'000	Cumulative 31 December 2021 RM'000
Taxation - current year	(3,060)	(4,384)
Taxation - prior year	(20)	(20)
Deferred tax	-	-
Total	<u>(3,080)</u>	<u>(4,404)</u>

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

On 30 July 2021, the Company announced that the final allocation of the Placement Shares of Inari Amerton Berhad is 1,000,000 Placement Shares at a total consideration of RM3.1 million.

B7 Corporate exercise and utilisation of proceeds

On 5 October 2021, the Group announced that Bursa Securities has vide its letter dated 4 October 2021, resolved to approve the listing of and quotation of up to 116,157,700 placement shares to be issued pursuant to the proposed 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 2021 RM'000	As at 31 December 2020 RM'000
Short term bank borrowings - secured	19,041	15,133
Long term bank borrowings - secured	-	-
Total borrowings	<u>19,041</u>	<u>15,133</u>

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM601.5 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 31 December 2021	Cumulative Quarter 31 December 2021
Profit attributable to owners of the parent (RM)	7,375,000	21,019,000
Weighted average number of ordinary shares in issue	242,590,340	242,047,483
Basic earnings per share (sen)	3.04	8.68

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 February 2021.

**MICROLINK SOLUTIONS BERHAD 200301018362 (620782 - P)
22 February 2021**