



MICROLINK SOLUTIONS BERHAD

Company no. 200301018362 (620782 - P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020

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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 2020**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2020 RM'000 Unaudited	2019 RM'000 Unaudited	2020 RM'000 Unaudited	2019 RM'000 Unaudited
Revenue	45,052	45,928	141,234	154,264
Cost of sales	(32,321)	(36,592)	(110,162)	(124,344)
Gross profit	12,731	9,336	31,072	29,920
Other operating income	106	113	4,182	1,279
Selling and distribution expenses	(236)	(183)	(717)	(440)
Administrative expenses	(6,564)	(6,154)	(16,974)	(12,011)
Finance costs	(397)	(432)	(1,435)	(2,121)
Other operating expenses	(445)	(469)	(2,518)	(7,414)
Profit before taxation	5,195	2,211	13,610	9,213
Taxation	(78)	(116)	(1,013)	(2,334)
Profit for the period	5,117	2,095	12,597	6,879
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	-	12	5
Income tax relating to components of other comprehensive income				
Other comprehensive income for the period, net of tax	3	-	12	5
Total comprehensive income for the period	5,120	2,095	12,609	6,884
Profit attributable to:				
Owners of the parent	5,020	2,155	12,477	6,966
Non-controlling interests	97	(60)	120	(87)
	5,117	2,095	12,597	6,879
Total comprehensive income attributable to:				
Owners of the parent	5,019	2,155	12,474	6,966
Non-controlling interests	101	(60)	135	(82)
	5,120	2,095	12,609	6,884
Earnings per share (sen):				
Basic	2.63	1.17	6.53	3.78
Diluted	2.63	1.17	6.53	3.78

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020 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 2020

	As At 31 December 2020 RM'000 Unaudited	As At 31 March 2020 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	404	377
Right-of-use assets	3,133	3,770
Goodwill	18,409	18,409
Software development expenditure	5,174	2,963
Other investments	105	105
Lease receivables	-	620
Deferred tax assets	3,333	3,333
	<u>30,558</u>	<u>29,577</u>
Current Assets		
Inventories	1,563	2,132
Contract costs	4,496	6,216
Other investments	112	110
Trade receivables	32,164	72,825
Other receivables, deposits and prepayments	32,438	19,346
Contract assets	7,150	3,640
Lease receivables	1,066	1,781
Amount owing by ultimate holding company	23,542	300
Amount owing by immediate holding company	15,673	217
Current tax assets	2,950	1,677
Cash and bank balances	18,454	22,790
	<u>139,608</u>	<u>131,034</u>
TOTAL ASSETS	<u>170,166</u>	<u>160,611</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	105,120	52,833
Reserves	42	45
Accumulated losses	(3,579)	(14,215)
	<u>101,583</u>	<u>38,663</u>
Non-controlling interests	579	444
TOTAL EQUITY	<u>102,162</u>	<u>39,107</u>
Non-Current Liabilities		
Provision for gratuity obligations	1,908	1,908
Other payables and accruals	146	146
Lease liabilities	2,680	3,726
	<u>4,734</u>	<u>5,780</u>
Current Liabilities		
Trade payables	9,372	42,858
Other payables and accruals	18,194	24,153
Contract liabilities	16,386	28,456
Amount owing to ultimate holding company	70	782
Amount owing to immediate holding company	-	37
Amounts owing to related companies	469	172
Borrowings	15,133	13,058
Lease liabilities	2,195	5,051
Current tax liabilities	1,451	1,157
	<u>63,270</u>	<u>115,724</u>
TOTAL LIABILITIES	<u>68,004</u>	<u>121,504</u>
TOTAL EQUITY AND LIABILITIES	<u>170,166</u>	<u>160,611</u>
Net assets per share (RM)	<u>0.53</u>	<u>0.21</u>

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020 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 2020**

<----- Non-distributable ----->

	Share capital RM	Equity compensation reserve RM	Exchange Translation reserve RM	Accumulated losses RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Unaudited							
9 months ended 31 December 2020							
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 ("ESGP")	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	105,120	-	42	(3,579)	101,583	579	102,162
Unaudited							
9 months ended 31 December 2019							
At 1 April 2019, as restated	43,628	6,216	(195)	(31,080)	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 loss for the period	-	-	-	6,966	6,966	(82)	6,884
Transaction with owners							
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	-	(195)	(24,114)	28,524	378	28,902

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2020 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 2020
(The figures have not been audited)

	Current Year 9 months ended 31 December 2020 RM'000 Unaudited	Preceding Year 9 months ended 31 December 2019 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,610	9,213
Adjustments for non-cash items:		
Amortisation of software development expenditure	498	1,168
Depreciation of property, plant and equipment	144	246
Depreciation of right-of-use assets	636	-
Employees share option scheme expense	-	(6,216)
Employee share grant plan expenses	1,390	-
Impairment losses on trade receivables	-	6,000
Interest expense	1,720	2,121
Interest income	(304)	(272)
Inventories written back	-	(23)
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)
Net unrealised gain on foreign exchange	(11)	-
Reversal of impairment loss on software development expenditure	(2,417)	-
Operating profit before working capital changes	<u>15,266</u>	<u>11,354</u>
Net changes in assets	28,480	16,253
Net changes in liabilities	(51,223)	(7,924)
Net cash used in operations	<u>(7,477)</u>	<u>19,683</u>
Interest received	80	-
Tax paid	(1,993)	(1,872)
Tax refunded	2	3,405
Net cash (used in) / from operating activities	<u>(9,388)</u>	<u>21,216</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of software development expenditure	(292)	(128)
Repayment (to)/from ultimate holding company	(23,953)	821
Repayment (to)/from immediate holding company	(15,493)	5,708
Interest received	223	272
Withdrawal of deposits pledged to licensed banks	2,918	3,404
Purchase of other investments	(2)	(3)
Purchase of property, plant and equipment	(170)	(70)
Net cash (used in)/from investing activities	<u>(36,769)</u>	<u>10,004</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,841)	-
Interest paid	(1,362)	(2,121)
Proceeds from issue of shares pursuant to private placement	50,080	9,205
Drawdown/(Repayments) of borrowings	4,285	(13,368)
Payments of lease liabilities	(4,259)	-
Redemption of redeemable preference shares	-	(25,193)
Net cash from/(used in) financing activities	<u>46,903</u>	<u>(31,477)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	746	(257)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	13,616	17,627
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	46	(196)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>14,408</u>	<u>17,174</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 2020 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 2020**

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 2020. 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 2020.

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 2020 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 2020:

Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Definition of a Business
Amendments to MFRS 101 and MFRS 108 Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform
MFRS 17 Insurance Contracts
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
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 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 2020 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

On 27 November 2020, the Company declared a single-tier interim dividend of RM0.01 per ordinary share amounting to RM1.85 million payable for the financial year ending 31 March 2021. The dividend has been paid on 7 January 2021.

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 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	<u>31,084</u>	<u>11,023</u>	<u>105,218</u>	<u>6,563</u>	<u>(12,654)</u>	<u>141,234</u>
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	<u>6,953</u>	<u>898</u>	<u>464</u>	<u>4,050</u>	<u>232</u>	<u>12,597</u>
9 months ended 31 December 2019						
External sales	17,730	22,990	99,673	13,871	-	154,264
Inter-segment sales	8,626	318	2,967	686	(12,597)	-
Total	<u>26,356</u>	<u>23,308</u>	<u>102,640</u>	<u>14,557</u>	<u>(12,597)</u>	<u>154,264</u>
Results						
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)
Profit / (Loss) for the financial period	<u>4,688</u>	<u>3,242</u>	<u>(6,076)</u>	<u>6,201</u>	<u>(1,176)</u>	<u>6,879</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 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 16 February 2021 (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 2020 RM'000
Cash and bank balances	14,392
Fixed deposits with licensed financial institutions	<u>4,062</u>
	18,454
Less: Fixed deposits pledged with licensed banks	<u>(4,046)</u>
	<u>14,408</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		
	2020	2019	Variance	2020	2019	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	11,394	7,929	44%	31,084	26,356	18%
Enterprise Solutions	6,178	3,459	79%	11,023	23,308	-53%
Distribution Services	31,456	33,110	-5%	105,218	102,640	3%
Solution Delivery	770	5,529	-86%	6,563	14,557	-55%
	49,798	50,027	0%	153,888	166,861	-8%
Less : Inter Segment Revenue	(4,746)	(4,099)		(12,654)	(12,597)	
Total Group Revenue	45,052	45,928	-2%	141,234	154,264	-8%

The Group's revenue slightly decrease in the current quarter under review by RM0.88 million as compared to the revenue achieved in the corresponding quarter of preceding year. The lower revenue was mainly attributable to lower order fulfilments and progress billings particularly in Solution Delivery and Distribution segments. However, the impact has been mitigated by significant increase in the Financial Services and Enterprise Solutions 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		
	2020	2019	Variance	2020	2019	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	1,378	(84)	NA	6,735	5,646	19%
Enterprise Solutions	939	(28)	NA	898	3,691	-76%
Distribution Services	578	224	158%	1,164	(5,722)	NA
Solution Delivery	2,253	2,321	-3%	4,581	6,774	-32%
	5,148	2,433	112%	13,378	10,389	29%
Add : Elimination	47	(222)		232	(1,176)	
Profit before taxation ("PBT")	5,195	2,211	135%	13,610	9,213	48%

The Group recorded a PBT of RM5.19 million in the current quarter under review as compared to RM2.21 million in the previous corresponding quarter due to higher contributions from the Financial Services and Enterprise Solutions segments

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	45,052	61,874	-27%
Profit before taxation	5,195	5,539	-6%

The Group recorded decrease in revenue by RM16.82 million in the current quarter as compared to the immediate preceding quarter mainly attributable to lower order fulfilments and progress billings.

The marginal decrease in PBT by RM0.34 million in the current quarter as compared to the immediate preceding quarter is mainly attributable to lower gross profit margin contribution due to lower revenue recorded for the quarter under review.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE LISTING REQUIREMENTS (Cont'd)
B2 Prospects

The ongoing COVID-19 pandemic has brought about an unprecedented crisis which has impacted businesses in almost all sectors.

The Group has adapted well to the new norm in the current business environment. The Group did not experience any material disruption in the delivery of its services or business continuity during this period. Given the ongoing initiatives and work protocol implemented by the Management, the Board of Directors remains cautiously optimistic of delivering positive financial results for the year ending 31 March 2021.

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 2020 RM'000	Cumulative 31 December 2020 RM'000
Taxation - current year	150	(785)
Taxation - prior year	(228)	(228)
Deferred tax	-	-
Total	<u>(78)</u>	<u>(1,013)</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

There were no acquisitions or disposals of quoted securities during the financial period under review.

B7 Corporate exercise and utilisation of proceeds

On 23 December 2020, the Company announced that the Company has completed its Restricted Issue of up to 55,629,240 new ordinary shares ("Restricted Shares") in Microlink. The utilisation of proceeds are as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation RM'000	Explanation
(i) Working capital for Group's project	49,634	36,086	Within 18 months	-	The remaining proceeds is expected to be utilised within the intended timeframe.
(ii) Expenses in relation to the Restricted Issue	400	400	Within 1 month	-	
Total	<u>50,034</u>	<u>36,486</u>		<u>-</u>	

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 2020 RM'000	As at 31 December 2019 RM'000
Short term bank borrowings - secured	15,133	18,455
Long term bank borrowings - secured	-	1,326
Total borrowings	<u>15,133</u>	<u>19,781</u>

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM0.30 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

On 27 November 2020, the Company declared a single-tier interim dividend of RM0.01 per ordinary share amounting to RM1.85 million payable for the financial year ending 31 March 2021. The dividend has been paid on 7 January 2021.

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 number of ordinary shares in issue during the quarter.

	Individual Quarter 31 December 2020	Cumulative Quarter 31 December 2020
Profit attributable to owners of the parent (RM)	5,020,000	12,477,000
Number of ordinary shares in issue	191,030,800	191,030,800
Basic earnings per share (sen)	2.63	6.53

B13 Authorisation for issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 23 February 2021.

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