



MICROLINK SOLUTIONS BERHAD

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

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023

	INDIVIDUAL QUARTER THREE MONTHS ENDED 31 DECEMBER		CUMULATIVE PERIOD NINE MONTHS ENDED 31 DECEMBER	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited	2023 RM'000 Unaudited	2022 RM'000 Unaudited
Revenue	69,581	73,167	204,046	183,030
Cost of sales	(60,717)	(58,345)	(170,414)	(131,692)
Gross profit	8,864	14,822	33,632	51,338
Other operating income	273	5,217	2,299	6,570
Selling and distribution expenses	(352)	(490)	(1,152)	(1,427)
Administrative expenses	(10,075)	(8,918)	(27,111)	(26,001)
Finance costs	(755)	(252)	(2,010)	(1,065)
Other operating expenses	(1,046)	(2,133)	(4,210)	(5,284)
(Loss) / Profit before taxation	(3,091)	8,246	1,448	24,131
Taxation	(546)	(737)	(1,253)	(2,762)
(Loss) / Profit for the period	(3,637)	7,509	195	21,369
Other comprehensive loss, net of tax - item that may be reclassified subsequently to profit or loss:				
Foreign currency translations for foreign operations, net of tax	(139)	(53)	(190)	(189)
Other comprehensive loss for the period, net of tax	(139)	(53)	(190)	(189)
Total comprehensive (loss) / income for the period	(3,776)	7,456	5	21,180
(Loss) / Profit attributable to:				
Owners of the parent	(3,365)	7,512	467	21,495
Non-controlling interests	(272)	(3)	(272)	(126)
	(3,637)	7,509	195	21,369
Total comprehensive (loss) / income attributable to:				
Owners of the parent	(3,502)	7,464	277	21,306
Non-controlling interests	(274)	(8)	(272)	(126)
	(3,776)	7,456	5	21,180
Earnings per share (sen):				
Basic	(0.31)	0.70	0.04	2.01
Diluted	(0.31)	0.70	0.04	2.01

Note:
These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	As At 31 December 2023 RM'000 Unaudited	As At 31 March 2023 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,734	607
Right-of-use assets	3,267	3,989
Goodwill	25,990	22,664
Software development expenditure	102,369	111,908
Other investments	105	394
Lease receivables	787	914
Deferred tax assets	1,847	1,847
	136,099	142,323
Current Assets		
Inventories	9,748	1,342
Contract costs	32,350	20,933
Other investments	88	3,388
Trade receivables	84,564	55,041
Other receivables, deposits and prepayments	21,704	31,285
Contract assets	43,564	36,307
Lease receivables	225	212
Amount owing by jointly-controlled entities	-	543
Current tax assets	14,175	10,617
Cash and bank balances	19,611	33,676
	226,029	193,344
TOTAL ASSETS	362,128	335,667
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	166,259	166,259
Reserves	(404)	(214)
Retained Earnings	60,531	60,064
	226,386	226,109
Non-controlling interests	(142)	130
TOTAL EQUITY	226,244	226,239
Non-Current Liabilities		
Deferred tax liability	5,448	5,448
Other payables and accruals	183	183
Lease liabilities	3,665	4,573
	9,296	10,204
Current Liabilities		
Trade payables	21,069	17,354
Other payables and accruals	37,484	24,560
Contract liabilities	23,935	26,038
Amount owing to jointly-controlled entities	-	1,170
Borrowings	42,718	28,005
Lease liabilities	1,090	1,723
Current tax liabilities	292	374
	126,588	99,224
TOTAL LIABILITIES	135,884	109,428
TOTAL EQUITY AND LIABILITIES	362,128	335,667
Net assets per share (RM)	0.21	0.21

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023

	←----- Non-distributable -----→					
	Share capital RM'000	Exchange Translation reserve RM'000	Retained Earnings RM'000	Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
Unaudited						
<u>9 months ended 31 December 2023</u>						
At 1 April 2023 (audited)	166,259	(214)	60,064	226,109	130	226,239
Profit for the period	-	-	467	467	(272)	195
Foreign currency translation for foreign operations	-	(190)	-	(190)	-	(190)
Total comprehensive income for the period	-	(190)	467	277	(272)	5
At 31 December 2023	166,259	(404)	60,531	226,386	(142)	226,244
Unaudited						
<u>9 months ended 31 December 2022</u>						
At 1 April 2022 (audited)	161,896	38	39,322	201,256	480	201,736
Profit for the period	-	-	21,495	21,495	(126)	21,369
Foreign currency translation for foreign operations	-	(189)	-	(189)	-	(189)
Total comprehensive income for the period	-	(189)	21,495	21,306	(126)	21,180
Transaction with owners						
Shares issued pursuant to Employee Share Grant Plan	3,471	-	-	3,471	-	3,471
Dividends paid	-	-	(5,344)	(5,344)	(225)	(5,569)
Total transactions with owners	3,471	-	(5,344)	(1,873)	(225)	(2,098)
At 31 December 2022	165,367	(151)	55,473	220,689	129	220,818

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023

(The figures have not been audited)

	Current Year 9 months ended 31 December 2023 RM'000 Unaudited	Preceding Year 9 months ended 31 December 2022 RM'000 Unaudited
CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES		
Profit before taxation	1,448	24,131
Adjustments for non-cash items:		
Amortisation of software development expenditure	11,877	6,188
Interest expense	2,010	1,065
Depreciation of right-of-use assets	728	1,030
Depreciation of property, plant and equipment	145	93
Net unrealised loss on foreign exchange	36	-
Net gain on disposal of quoted investments	(976)	(5,090)
Reversal of impairment loss on trade receivables	(563)	-
Interest income	(374)	(351)
Reversal of impairment loss on contract assets	(96)	-
Fair Value (Gain) / Loss on Investment	(34)	979
Dividend income	(5)	-
Provision for gratuity obligation	-	1,403
Impairment losses on other receivable	-	(1)
Operating profit before working capital changes	<u>14,196</u>	<u>29,447</u>
Net changes in assets	(40,020)	(49,698)
Net changes in liabilities	12,204	26,274
Net cash (used in) / from operations	<u>(13,620)</u>	<u>6,023</u>
Interest received	65	-
Tax paid	(5,786)	(6,230)
Tax refunded	1,106	510
Net cash (used in) / from operating activities	<u>(18,235)</u>	<u>303</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	14	39
Addition of software development expenditure	(1,579)	(21,965)
Interest received	309	351
Dividend received	5	-
Placement of deposits pledged to licensed banks	(1,559)	(586)
Net disposal of other investments	4,310	4,082
Purchase of property, plant and equipment	(1,279)	(330)
Net cash from / (used in) investing activities	<u>221</u>	<u>(18,409)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividend paid	-	(5,569)
Interest paid	(1,708)	(711)
Net drawdown/(repayment) of borrowings	5,701	(2,995)
Payments of lease liabilities	(1,843)	(2,376)
Net cash from / (used in) financing activities	<u>2,150</u>	<u>(11,651)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,864)	(29,757)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	25,742	56,152
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(368)	(150)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>9,510</u>	<u>26,245</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 2023 and the accompanying explanatory notes attached to the interim financial statements.

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 2023. 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 2023.

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 2022 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 2023:

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts (Initial Application of MFRS 17 and MFRS 9- Comparative Information)

Amendments to MFRS 101 Disclosure of Accounting Policies

Amendments to MFRS 108 Definition of Accounting Estimates

Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 16 Lease Liability in a Sale and Leaseback Non-current

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

Amendments to MFRS 101 Non-current Liabilities with Covenants

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 2023 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	Enterprise Solutions	Distribution Services	Solution Delivery	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 31 December 2023						
External sales	34,002	34,305	132,977	2,762	-	204,046
Inter-segment sales	6,637	315	2,824	-	(9,776)	-
Total	40,639	34,620	135,801	2,762	(9,776)	204,046
Results						
Segment results	2,484	(5,152)	6,478	354	(1,080)	3,084
Interest expense	(891)	(166)	(969)	(1)	17	(2,010)
Interest income	260	1	122	1	(10)	374
Taxation	(154)	(80)	(1,019)	-	-	(1,253)
Profit / (Loss) for the financial period	1,699	(5,397)	4,612	354	(1,073)	195
Segment assets	235,872	124,246	122,009	27,434	(140,118)	369,443
Segment liabilities	124,703	105,230	139,796	18,034	(244,564)	143,199
9 months ended 31 December 2022						
External sales	47,786	43,327	91,917	-	-	183,030
Inter-segment sales	4,574	304	8,849	298	(14,025)	-
Total	52,360	43,631	100,766	298	(14,025)	183,030
Results						
Segment results	11,781	14,446	2,879	(2,428)	(1,833)	24,845
Interest expense	(479)	(10)	(575)	(1)	-	(1,065)
Interest income	137	88	123	3	-	351
Taxation	(1,919)	131	(573)	(401)	-	(2,762)
Profit / (Loss) for the financial period	9,520	14,655	1,854	(2,827)	(1,833)	21,369
Segment assets	244,132	113,521	91,997	24,085	(152,950)	320,785
Segment liabilities	136,773	87,530	114,414	17,048	(255,798)	99,967

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

On 30 May 2023, the Group has acquired Microlink Solution Vietnam Company Limited (formerly known as Omesti Vietnam Company Limited) from Bancore Asia Pte. Ltd.

Saved as disclose above, there were no other 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 22 February 2024 (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 2023 RM'000
Cash and bank balances	12,596
Fixed deposits with licensed financial institutions	7,015
	19,611
Less: Fixed deposits pledged with licensed banks	(7,017)
Bank overdraft	(3,084)
	9,510

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		
	2023	2022	Variance	2023	2022	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	9,947	26,747	-63%	40,639	52,360	-22%
Enterprise Solutions	10,892	18,643	-42%	34,620	43,631	-21%
Distribution Services	49,761	35,692	39%	135,801	100,766	35%
Solution Delivery	962	50	1824%	2,762	298	827%
	<u>71,562</u>	<u>81,132</u>	-12%	<u>213,822</u>	<u>197,055</u>	9%
Less : Inter Segment Revenue	(1,981)	(7,965)		(9,776)	(14,025)	
Total Group Revenue	<u>69,581</u>	<u>73,167</u>	-5%	<u>204,046</u>	<u>183,030</u>	11%

The Group's revenue decreased by RM3.59 million in the current quarter under review as compared to the corresponding quarter of the proceeding year. The lower revenue was mainly attributable to lower order fulfilments and progress billings particularly in Financial Services and Enterprise Solutions segments.

The summary breakdown of (loss) / 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		
	2023	2022	Variance	2023	2022	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	(305)	884	NA	1,853	11,439	-84%
Enterprise Solutions	(3,333)	9,468	NA	(5,317)	14,524	NA
Distribution Services	1,718	915	88%	5,631	2,427	132%
Solution Delivery	119	(1,298)	NA	354	(2,426)	NA
	<u>(1,801)</u>	<u>9,969</u>	NA	<u>2,521</u>	<u>25,964</u>	-90%
Add : Elimination	(1,290)	(1,723)		(1,073)	(1,833)	
(Loss) / Profit before taxation ("LBT/PBT")	<u>(3,091)</u>	<u>8,246</u>	NA	<u>1,448</u>	<u>24,131</u>	-94%

The Group's loss before taxation recorded during the quarter under review was mainly attributable to lower margin from the order fulfilments and progress billings as compared to the corresponding quarter in last year.

Material change in revenue and (loss) / 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	69,581	77,533	-10%
(Loss) / Profit before taxation	(3,091)	360	NA

The Group recorded decrease in revenue by RM7.95 million in the current quarter as compared to the immediate preceding quarter mainly attributable to lower order fulfilments and progress billings.

The loss before taxation of RM3.09 million in the current quarter was mainly attributable to lower margin from the order fulfilments and progress billings.

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

B2 Prospects

The Group continues to enhance its capabilities by developing a range of digital solutions to meet clients' requirements through internal capabilities and in partnerships with strategic vendors. In the second half of 2023, the Group invested heavily in talented technical workforce to drive the business growth opportunities arising especially in Financial Services Industry and Telco-related projects.

Barring any unforeseen circumstances, the Board remains optimistic of the Group's performance in the current financial year with an immediate return to financial profitability in the coming quarters.

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 2023 RM'000	Cumulative 31 December 2023 RM'000
Taxation - current year	110	(597)
Taxation - prior year	(656)	(656)
Deferred tax	-	-
Total	<u>(546)</u>	<u>(1,253)</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 purchase or disposal of unquoted investments and properties 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 details of the Group's bank borrowings are as follows:

	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
Current liabilities		
Secured:		
Short term bank borrowings - secured	42,718	24,719
Long term bank borrowings - secured	-	-
Total borrowings	<u>42,718</u>	<u>24,719</u>

Bank overdraft and trust receipts of the Group are subject to floating weighted average effective interest rates of 7.30% and 7.55%.

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM4.72 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 2023	Cumulative Quarter 31 December 2023
Profit attributable to owners of the parent (RM)	(3,365,000)	467,000
Weighted average number of ordinary shares in issue	1,072,396,160	1,072,396,160
Basic earnings per share (sen)	<u>(0.31)</u>	<u>0.04</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 20 February 2024.

**MICROLINK SOLUTIONS BERHAD 200301018362 (620782 - P)
29 February 2024**