

Quarterly rpt on consolidated results for the financial period ended 30 Sep 2023

MICROLINK SOLUTIONS BERHAD

Financial Year End 31 Mar 2024

Quarter 2 Qtr

Quarterly report for the financial period ended 30 Sep 2023

The figures have not been audited

Attachments

[MSB - FY24Q2.pdf](#)
281.6 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Sep 2023

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	77,533	56,006	134,465	109,863
2 Profit/(loss) before tax	360	8,224	4,539	15,885
3 Profit/(loss) for the period	126	7,219	3,832	13,860
4 Profit/(loss) attributable to ordinary equity holders of the parent	126	7,219	3,832	13,860
5 Basic earnings/(loss) per share (Subunit)	0.01	0.69	0.36	1.31
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	0.2100		0.2100	

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	MICROLINK SOLUTIONS BERHAD
Stock Name	MICROLN
Date Announced	27 Nov 2023
Category	Financial Results
Reference Number	FRA-27112023-00031



MICROLINK SOLUTIONS BERHAD

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

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER			CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER		
	2023	2022	Variance %	2023	2022	Variance %
	RM'000 Unaudited	RM'000 Unaudited		RM'000 Unaudited	RM'000 Unaudited	
Revenue	77,533	56,006	38%	134,465	109,863	22%
Cost of sales	(66,192)	(36,310)	82%	(109,697)	(73,347)	50%
Gross profit	11,341	19,696	-42%	24,768	36,516	-32%
Other operating income	1,009	1,149	-12%	2,026	1,353	50%
Selling and distribution expenses	(439)	(491)	-11%	(800)	(937)	-15%
Administrative expenses	(9,646)	(10,194)	-5%	(17,036)	(17,083)	0%
Other operating expenses	(1,215)	(1,587)	-23%	(3,164)	(3,151)	0%
Finance costs	(690)	(349)	98%	(1,255)	(813)	54%
Profit before taxation	360	8,224	-96%	4,539	15,885	-71%
Taxation	(234)	(1,005)	-77%	(707)	(2,025)	-65%
Profit for the period	126	7,219	-98%	3,832	13,860	-72%
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	20	(137)	NA	(51)	(136)	-63%
Total comprehensive income for the period	146	7,082	-98%	3,781	13,724	-72%
Profit attributable to:						
Owners of the parent	126	7,342	-98%	3,832	13,983	-73%
Non-controlling interests	-	(123)	0%	-	(123)	0%
	126	7,219	-98%	3,832	13,860	-72%
Total comprehensive income attributable to:						
Owners of the parent	148	7,202	-98%	3,779	13,842	-73%
Non-controlling interests	(2)	(120)	-98%	2	(118)	NA
	146	7,082	-98%	3,781	13,724	-72%
Earnings per share (sen):						
Basic	0.01	0.69	-98%	0.36	1.31	-73%
Diluted	0.01	0.69	-98%	0.36	1.31	-73%

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 30 SEPTEMBER 2023

	As At 30 September 2023 RM'000 Unaudited	As At 31 March 2023 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	1,344	607
Right-of-use assets	3,510	3,989
Goodwill	25,990	22,664
Software development expenditure	105,932	111,908
Other investments	105	105
Investment in joint venture	-	289
Deferred tax assets	2,847	1,847
Finance lease receivable	914	914
	140,642	142,323
Current assets		
Inventories	1,688	1,342
Contract costs	23,851	20,933
Other investments	2,751	3,388
Trade receivables	91,552	55,041
Other receivables, deposits and prepayments	24,479	31,285
Contract assets	34,889	36,307
Finance lease receivable	144	212
Amount owing by jointly-controlled entities	-	543
Current tax assets	12,300	10,617
Cash and bank balances	23,697	33,676
	215,351	193,344
TOTAL ASSETS	355,993	335,667
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	166,259	166,259
Reserves	(267)	(214)
Retained Earnings	63,896	60,064
	229,888	226,109
Non-controlling interests	132	130
TOTAL EQUITY	230,020	226,239
Non-current liabilities		
Deferred tax liabilities	5,448	5,448
Other payables and accruals	183	183
Lease liabilities	3,955	4,573
	9,586	10,204
Current liabilities		
Trade payables	30,041	17,354
Other payables and accruals	26,263	24,560
Contract liabilities	26,987	26,038
Amount owing to jointly-controlled entities	-	1,170
Borrowings	31,733	28,005
Lease liabilities	1,010	1,723
Current tax liabilities	353	374
	116,387	99,224
TOTAL LIABILITIES	125,973	109,428
TOTAL EQUITY AND LIABILITIES	355,993	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 SECOND QUARTER ENDED 30 SEPTEMBER 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>6 months ended 30 September 2023</u>						
At 1 April 2023 (audited)	166,259	(214)	60,064	226,109	130	226,239
Profit for the period	-	-	3,832	3,832	-	3,832
Foreign currency translation for foreign operations	-	(53)	-	(53)	2	(51)
Total comprehensive income for the period	-	(53)	3,832	3,779	2	3,781
At 30 September 2023	166,259	(267)	63,896	229,888	132	230,020
Unaudited						
<u>6 months ended 30 September 2022</u>						
At 1 April 2022	161,896	38	39,322	201,256	480	201,736
Profit for the period	-	-	13,983	13,983	(123)	13,860
Foreign currency translation for foreign operations	-	(141)	-	(141)	5	(136)
Total comprehensive income for the period	-	(141)	13,983	13,842	(118)	13,724
Transaction with owners						
Shares issued pursuant to Employee Share Grant Plan ("ESGP")	790	-	-	790	-	790
Dividends paid to non-controlling interest	-	-	(5,344)	(5,344)	(225)	(5,569)
Total transactions with owners	790	-	(5,344)	(4,554)	(225)	(4,779)
At 30 September 2022	162,686	(103)	47,961	210,544	137	210,681

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 SECOND QUARTER ENDED 30 SEPTEMBER 2023
(The figures have not been audited)

	Current Year 6 months ended 30 September 2023 RM'000 Unaudited	Preceding Year 6 months ended 30 September 2022 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,539	15,885
Adjustments for non-cash items:		
Amortisation of software development expenditure	8,101	4,499
Interest expense	1,255	813
Depreciation of right-of-use assets	485	697
Fair Value Loss on Investment	250	124
Depreciation of property, plant and equipment	80	58
Net gain on disposal of quoted investments	(1,170)	-
Reversal of impairment losses on trade receivables	(563)	-
Interest income	(263)	(260)
Reversal of Impairment losses on contract assets	(96)	-
Net unrealised gain on foreign exchange	(36)	-
Dividend income	(5)	-
Reversal of provision for gratuity obligation	-	671
Impairment losses on other receivable	-	(1)
Operating profit before working capital changes	<u>12,577</u>	<u>22,486</u>
Net changes in assets	(29,121)	(16,375)
Net changes in liabilities	13,284	5,459
Cash generated from operations	<u>(3,260)</u>	<u>11,570</u>
Interest received	49	-
Tax paid	(4,282)	(4,162)
Tax refunded	1,105	-
Net cash from operating activities	<u>(6,388)</u>	<u>7,408</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	13	39
Acquisition of additional interest in subsidiary	-	-
Addition of software development expenditure	(1,579)	(13,720)
Repayment to ultimate holding company	-	-
Repayment from immediate holding company	-	-
Dividend received	5	-
Interest received	214	260
Placement of deposits pledged to licensed banks	(1,507)	(169)
Net disposal /(purchase) of other investments	1,557	(9,991)
Purchase of property, plant and equipment	(822)	(103)
Proceeds from disposal of property, plant and equipment	-	-
Net cash used in investing activities	<u>(2,119)</u>	<u>(23,684)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(5,569)
Interest paid	(1,029)	(568)
Net repayment of borrowings	(170)	(14,675)
Net repayment of lease liabilities	(1,556)	(1,570)
Proceeds from ordinary shares issued pursuant to private placement	-	-
Net cash from / (used in) financing activities	<u>(2,755)</u>	<u>(22,382)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,262)	(38,658)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	25,742	56,152
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(239)	(106)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>14,241</u>	<u>17,388</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.

**MICROLINK SOLUTIONS BERHAD (200301018362 (620782 - P))
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023**

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 Main Market Listing Requirements ("Main Market 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 2023 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 RM'000	Enterprise Solutions RM'000	Distribution Services RM'000	Solution Delivery RM'000	Elimination RM'000	Consolidation RM'000
6 months ended 30 September 2023						
External sales	25,427	23,413	83,825	1,800	-	134,465
Inter-segment sales	5,265	315	2,215	-	(7,795)	-
Total	30,692	23,728	86,040	1,800	(7,795)	134,465
Results						
Segment results	2,502	(1,856)	4,440	236	209	5,531
Interest expense	(521)	(129)	(619)	(1)	15	(1,255)
Interest income	177	1	92	-	(7)	263
Taxation	-	-	(707)	-	-	(707)
Profit / (loss) for the financial period	2,158	(1,984)	3,206	235	217	3,832
Segment assets	224,492	115,297	118,555	26,790	(129,141)	355,993
Segment liabilities	112,127	91,794	138,202	17,546	(233,696)	125,973
6 months ended 30 September 2022						
External sales	22,398	24,805	62,660	-	-	109,863
Inter-segment sales	3,216	183	2,414	248	(6,061)	-
Total	25,614	24,988	65,074	248	(6,061)	109,863
Results						
Segment results	10,795	4,974	1,909	(1,130)	(110)	16,438
Interest expense	(329)	(3)	(480)	(1)	-	(813)
Interest income	89	85	83	3	-	260
Taxation	(1,460)	(240)	(67)	(258)	-	(2,025)
Profit / (Loss) for the financial period	9,095	4,816	1,445	(1,386)	(110)	13,860
Segment assets	215,602	93,789	93,971	25,088	(124,132)	304,318
Segment liabilities	120,030	68,956	116,796	16,612	(228,757)	93,637

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.

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 20 November 2023 (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 30 September 2023 RM'000
Cash and bank balances	16,733
Fixed deposits with licensed financial institutions	6,964
	<u>23,697</u>
Less: Fixed deposits pledged with licensed banks	(6,964)
Bank overdraft	(2,492)
	<u>14,241</u>

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET 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		
	2023	2022	Variance	2023	2022	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	17,608	11,851	49%	30,692	25,614	20%
Enterprise Solutions	10,438	12,513	-17%	23,728	24,988	-5%
Distribution Services	53,156	34,317	55%	86,040	65,074	32%
Solution Delivery	900	104	765%	1,800	248	626%
	<u>82,102</u>	<u>58,785</u>	40%	<u>142,260</u>	<u>115,924</u>	23%
Less : Inter Segment Revenue	<u>(4,569)</u>	<u>(2,779)</u>		<u>(7,795)</u>	<u>(6,061)</u>	
Total Group Revenue	<u>77,533</u>	<u>56,006</u>	38%	<u>134,465</u>	<u>109,863</u>	22%

The Group's revenue has increased in the current quarter under review by RM21.53 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 Financial Services and Distribution Services segment.

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		
	2023	2022	Variance	2023	2022	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	794	5,152	-85%	2,158	10,555	-80%
Enterprise Solutions	(2,672)	1,837	NA	(1,984)	5,056	NA
Distribution Services	1,953	1,735	13%	3,913	1,512	159%
Solution Delivery	120	(599)	NA	235	(1,128)	NA
	<u>195</u>	<u>8,125</u>	-98%	<u>4,322</u>	<u>15,995</u>	-73%
Add : Elimination	<u>165</u>	<u>99</u>		<u>217</u>	<u>(110)</u>	
Profit before taxation ("PBT")	<u>360</u>	<u>8,224</u>	-96%	<u>4,539</u>	<u>15,885</u>	-71%

The Group recorded a PBT of RM0.36 million in the current quarter under review as compared to RM8.22 million in the previous corresponding quarter due to lower margin from the order fulfilments and progress billings.

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	77,533	56,932	36%
Profit before taxation	360	4,179	-91%

The Group recorded increase in revenue by RM20.6 million in the current quarter as compared to the immediate preceding quarter mainly attributable to higher order fulfilments and progress billings.

The group posted a decrease in PBT by RM3.82 million in the current quarter as compared to the immediate preceding quarter. The lower profit recorded due to lower margin from the order fulfilments and progress billings.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENTS (Cont'd)

B2 Prospects

The Group remains mindful of the challenging business environment in the near term due to the continuous global geopolitical uncertainties as well as adapting to the Government's fiscal and monetary policies to curb inflation and the weakening foreign currency position.

Nevertheless, the Group is committed to delivering value, fostering innovation that fuels growth in the coming financial quarters as it continues to identify synergistic opportunities with strategic partners and investing in talented workforce to drive business opportunities arising from the adoption of digital solutions.

Barring unforeseen circumstances, the Board maintains a positive outlook and remains optimistic of the Groups' performance in the current financial year.

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 2023 RM'000	Cumulative 30 September 2023 RM'000
Taxation - current year	(234)	(707)
Taxation - prior year	-	-
Deferred tax	-	-
Total	<u>(234)</u>	<u>(707)</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

The Company has disposed 19.0 million units of KNM shares at average unit price of RM0.128 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 30 September 2023 RM'000	As at 30 September 2022 RM'000
Current liabilities		
Secured:		
Trust receipts	29,241	10,759
Bank overdraft	2,492	2,243
Total borrowings	<u>31,733</u>	<u>13,002</u>

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

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENTS (Cont'd)

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM8.14 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.

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 30 September 2023	Cumulative Quarter 30 September 2023
Profit attributable to owners of the parent (RM)	126,000	3,832,000
Weighted average number of ordinary shares in issue	1,072,396,160	1,072,396,160
Basic earnings per share (sen)	<u>0.01</u>	<u>0.36</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 27 November 2023.