

Quarterly rpt on consolidated results for the financial period ended 31 Mar 2024

MICROLINK SOLUTIONS BERHAD

Financial Year End 31 Mar 2024

Quarter 4 Qtr

Quarterly report for the financial period ended 31 Mar 2024

The figures have not been audited

Attachments

[MSB - FY24Q4.pdf](#)
291.6 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Mar 2024

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|---|------------------------------|--------------------------------------|------------------------------------|-------------------------------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 31 Mar 2024 | 31 Mar 2023 | 31 Mar 2024 | 31 Mar 2023 |
| | \$\$'000 | \$\$'000 | \$\$'000 | \$\$'000 |
| 1 Revenue | 77,432 | 65,275 | 281,478 | 248,449 |
| 2 Profit/(loss) before tax | -24,739 | 6,425 | -23,291 | 31,923 |
| 3 Profit/(loss) for the period | -25,618 | 5,131 | -25,423 | 26,033 |
| 4 Profit/(loss) attributable to ordinary equity holders of the parent | -25,138 | 4,831 | -24,671 | 25,859 |
| 5 Basic earnings/(loss) per share (Subunit) | -2.34 | 0.45 | -2.30 | 2.42 |
| 6 Proposed/Declared dividend per share (Subunit) | 0.00 | 0.00 | 0.00 | 0.50 |
| | 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 (\$\$) | 0.1900 | | 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 | 28 May 2024 |
| Category | Financial Results |
| Reference Number | FRA-28052024-00052 |



MICROLINK SOLUTIONS BERHAD

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

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 MARCH 2024

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 MARCH 2024

| | INDIVIDUAL QUARTER THREE MONTHS ENDED 31 MARCH | | CUMULATIVE PERIOD TWELVE MONTHS ENDED 31 MARCH | |
|---|--|-----------------------------|--|---------------------------|
| | 2024 RM'000 Unaudited | 2023 RM'000 Unaudited | 2024 RM'000 Unaudited | 2023 RM'000 Audited |
| Revenue | 77,432 | 65,275 | 281,478 | 248,449 |
| Cost of sales | (77,788) | (47,907) | (248,202) | (177,185) |
| Gross profit | (356) | 17,368 | 33,276 | 71,264 |
| Other operating income | 152 | 1,614 | 2,451 | 7,652 |
| Selling and distribution expenses | (67) | (355) | (1,219) | (1,782) |
| Administrative expenses | (10,086) | (10,021) | (37,197) | (37,118) |
| Finance costs | (927) | (480) | (2,937) | (1,680) |
| Other operating expenses | (2,835) | (1,705) | (7,045) | (7,036) |
| Net gains/(losses) on impairment on financial assets | (10,620) | (280) | (10,620) | 339 |
| Share of profit of a jointly-controlled entity, net of tax | - | 284 | - | 284 |
| (Loss) / Profit before taxation | (24,739) | 6,425 | (23,291) | 31,923 |
| Taxation | (879) | (1,294) | (2,132) | (5,890) |
| (Loss) / Profit for the period | (25,618) | 5,131 | (25,423) | 26,033 |
| 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 | (124) | (60) | (314) | (249) |
| Other comprehensive loss for the period, net of tax | (124) | (60) | (314) | (249) |
| Total comprehensive (loss) / income for the period | (25,742) | 5,071 | (25,737) | 25,784 |
| (Loss) / Profit attributable to: | | | | |
| Owners of the parent | (25,138) | 4,831 | (24,671) | 25,859 |
| Non-controlling interests | (480) | 300 | (752) | 174 |
| | (25,618) | 5,131 | (25,423) | 26,033 |
| Total comprehensive (loss) / income attributable to: | | | | |
| Owners of the parent | (25,262) | 4,768 | (24,985) | 25,606 |
| Non-controlling interests | (480) | 303 | (752) | 178 |
| | (25,742) | 5,071 | (25,737) | 25,784 |
| Earnings per share (sen): | | | | |
| Basic | (2.34) | 0.45 | (2.30) | 2.42 |
| Diluted | (2.34) | 0.45 | (2.30) | 2.42 |

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 MARCH 2024**

| | As At 31 March 2024 RM'000 Unaudited | As At 31 March 2023 RM'000 Audited |
|--|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 2,158 | 607 |
| Right-of-use assets | 3,010 | 3,989 |
| Goodwill | 25,990 | 22,664 |
| Software development expenditure | 99,427 | 111,908 |
| Other investments | 105 | 394 |
| Lease receivables | 736 | 914 |
| Deferred tax assets | 1,847 | 1,847 |
| | <u>133,273</u> | <u>142,323</u> |
| Current Assets | | |
| Inventories | 1,524 | 1,342 |
| Contract costs | 36,684 | 20,933 |
| Other investments | 89 | 3,388 |
| Trade receivables | 90,465 | 55,041 |
| Other receivables, deposits and prepayments | 26,272 | 31,285 |
| Contract assets | 31,168 | 36,307 |
| Lease receivables | 229 | 212 |
| Amount owing by jointly-controlled entities | - | 543 |
| Current tax assets | 12,413 | 10,617 |
| Cash and bank balances | 13,745 | 33,676 |
| | <u>212,589</u> | <u>193,344</u> |
| TOTAL ASSETS | <u>345,862</u> | <u>335,667</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Parent | | |
| Share capital | 166,259 | 166,259 |
| Reserves | (528) | (214) |
| Retained Earnings | 35,393 | 60,064 |
| | <u>201,124</u> | <u>226,109</u> |
| Non-controlling interests | <u>(622)</u> | <u>130</u> |
| TOTAL EQUITY | <u>200,502</u> | <u>226,239</u> |
| Non-Current Liabilities | | |
| Deferred tax liability | 5,375 | 5,448 |
| Other payables and accruals | 183 | 183 |
| Lease liabilities | 3,373 | 4,573 |
| | <u>8,931</u> | <u>10,204</u> |
| Current Liabilities | | |
| Trade payables | 45,836 | 17,354 |
| Other payables and accruals | 22,871 | 24,560 |
| Contract liabilities | 18,685 | 26,038 |
| Amount owing to jointly-controlled entities | - | 1,170 |
| Borrowings | 47,603 | 28,005 |
| Lease liabilities | 1,080 | 1,723 |
| Current tax liabilities | 354 | 374 |
| | <u>136,429</u> | <u>99,224</u> |
| TOTAL LIABILITIES | <u>145,360</u> | <u>109,428</u> |
| TOTAL EQUITY AND LIABILITIES | <u>345,862</u> | <u>335,667</u> |
| Net assets per share (RM) | <u>0.19</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 2023 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 MARCH 2024**

| | ←----- Non-distributable -----> | | | Total | | |
|--|---------------------------------|-------------|----------|-----------------|-------------|----------|
| | Share | Exchange | Retained | attributable to | Non- | Total |
| | capital | translation | Earnings | owners of | controlling | equity |
| | RM'000 | reserve | RM'000 | the parent | interests | RM'000 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Unaudited | | | | | | |
| <u>12 months ended 31 March 2024</u> | | | | | | |
| At 1 April 2023 (audited) | 166,259 | (214) | 60,064 | 226,109 | 130 | 226,239 |
| Profit for the period | - | - | (24,671) | (24,671) | (752) | (25,423) |
| Foreign currency translation for foreign operations | - | (314) | - | (314) | - | (314) |
| Total comprehensive income for the period | - | (314) | (24,671) | (24,985) | (752) | (25,737) |
| At 31 March 2024 | 166,259 | (528) | 35,393 | 201,124 | (622) | 200,502 |
| Audited | | | | | | |
| <u>12 months ended 31 March 2023</u> | | | | | | |
| At 1 April 2022 (audited) | 161,896 | 38 | 39,322 | 201,256 | 480 | 201,736 |
| Profit for the period | - | - | 25,859 | 25,859 | 174 | 26,033 |
| Foreign currency translation for foreign operations | - | (252) | - | (252) | 3 | (249) |
| Total comprehensive income for the period | - | (252) | 25,859 | 25,607 | 177 | 25,784 |
| Transaction with owners | | | | | | |
| Shares issued pursuant to Employee Share Grant Plan | 4,363 | - | - | 4,363 | - | 4,363 |
| Arising from accretion of equity interests in a subsidiary | - | - | 227 | 227 | (302) | (75) |
| Dividends paid | - | - | (5,344) | (5,344) | (225) | (5,569) |
| Total transactions with owners | 4,363 | - | (5,117) | (754) | (527) | (1,281) |
| At 31 March 2023 | 166,259 | (214) | 60,064 | 226,109 | 130 | 226,239 |

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 FOURTH QUARTER ENDED 31 MARCH 2024
(The figures have not been audited)

| | Current Year 12 months ended 31 March 2024 RM'000 Unaudited | Preceding Year 12 months ended 31 March 2023 RM'000 Audited |
|--|--|--|
| CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before taxation | (23,291) | 31,923 |
| Adjustments for non-cash items: | | |
| Amortisation of software development expenditure | 14,001 | 12,882 |
| Interest expense | 2,937 | 1,681 |
| Depreciation of right-of-use assets | 985 | - |
| Depreciation of property, plant and equipment | 229 | 1,486 |
| Dividend income | (5) | (87) |
| Fair Value(Gain) / Loss on Investment | (34) | - |
| Gain on disposal of other investment | - | (5,151) |
| Gain on lease modification | - | (3) |
| Impairment losses on trade receivables | 11,279 | 389 |
| Impairment losses on other receivable | - | 3 |
| Interest income | (467) | (540) |
| Lease concession | - | (5) |
| Loss on termination of lease contract | - | (70) |
| Net unrealised loss on foreign exchange | 36 | 10 |
| Net gain on disposal of quoted investments | (976) | - |
| Net unrealised loss on other investment | - | 1,906 |
| Other payables and accruals written back | - | (183) |
| Provision for gratuity obligation | - | (2,068) |
| Reversal of impairment loss on trade receivables | (563) | (592) |
| Reversal of impairment loss on contract assets | (96) | - |
| Reversal of impairment losses on amount owing by former ultimate holding company | - | (139) |
| Share options granted under Employee Share Grant Plan | - | 4,363 |
| Share of profit of a jointly-controlled entity, net of tax | - | (284) |
| Inventories written off | 378 | - |
| Operating profit before working capital changes | <u>4,413</u> | <u>45,521</u> |
| Net changes in assets | (53,431) | (39,128) |
| Net changes in liabilities | 19,099 | 8,223 |
| Net cash (used in) / from operations | <u>(29,919)</u> | <u>14,616</u> |
| Interest received | 83 | 71 |
| Tax paid | (5,955) | (10,033) |
| Tax refunded | 2,127 | 45 |
| Net cash (used in) / from operating activities | <u>(33,664)</u> | <u>4,699</u> |
| CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES | | |
| Acquisition of a subsidiary, net of cash acquired | 14 | 39 |
| Addition of software development expenditure | (1,520) | (22,364) |
| Interest received | 384 | 467 |
| Dividend received | 5 | 87 |
| Placement of deposits pledged to licensed banks | (2,331) | (967) |
| Net disposal of other investments | 4,310 | 4,333 |
| Purchase of property, plant and equipment | (1,788) | (447) |
| Proceeds from disposal of property, plant and equipment | 2 | - |
| Acquisition of additional interests in a subsidiary | - | (75) |
| Downpayment made for acquisition of investment property | - | (6,000) |
| Acquisition of interests in jointly-controlled entity | - | (5) |
| Advances to jointly-controlled entity | - | (1) |
| Net cash used in investing activities | <u>(924)</u> | <u>(24,933)</u> |
| CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES | | |
| Dividend paid | - | (5,569) |
| Interest paid | (2,518) | (1,111) |
| Net drawdown of borrowings | 17,596 | 92 |
| Payments of lease liabilities | (2,262) | (3,374) |
| Net cash from / (used in) financing activities | <u>12,816</u> | <u>(9,962)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | <u>(21,772)</u> | <u>(30,196)</u> |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 25,742 | 56,152 |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (292) | (214) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | <u>3,678</u> | <u>25,742</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 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

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 |
| 12 months ended 31 March 2024 | | | | | | |
| External sales | 44,087 | 52,934 | 180,789 | 3,668 | - | 281,478 |
| Inter-segment sales | 3,795 | 430 | 6,073 | - | (10,298) | - |
| Total | <u>47,882</u> | <u>53,364</u> | <u>186,862</u> | <u>3,668</u> | <u>(10,298)</u> | <u>281,478</u> |
| Results | | | | | | |
| Segment results | (5,415) | (20,965) | 9,236 | 630 | (4,307) | (20,821) |
| Interest expense | (1,203) | (200) | (1,554) | (1) | 21 | (2,937) |
| Interest income | 306 | 2 | 173 | - | (14) | 467 |
| Taxation | (680) | (385) | (1,067) | - | - | (2,132) |
| Profit / (Loss) for the financial period | <u>(6,992)</u> | <u>(21,548)</u> | <u>6,788</u> | <u>629</u> | <u>(4,300)</u> | <u>(25,423)</u> |
| Segment assets | <u>245,015</u> | <u>114,138</u> | <u>124,608</u> | <u>28,152</u> | <u>(166,051)</u> | <u>345,862</u> |
| Segment liabilities | <u>148,968</u> | <u>107,778</u> | <u>141,601</u> | <u>18,476</u> | <u>(271,463)</u> | <u>145,360</u> |
| 12 months ended 31 March 2023 | | | | | | |
| External sales | 64,954 | 58,956 | 122,739 | 1,800 | - | 248,449 |
| Inter-segment sales | 15,188 | 849 | 9,833 | 432 | (26,302) | - |
| Total | <u>80,142</u> | <u>59,805</u> | <u>132,572</u> | <u>2,232</u> | <u>(26,302)</u> | <u>248,449</u> |
| Results | | | | | | |
| Segment results | 25,504 | 12,757 | 1,887 | (966) | (6,118) | 33,064 |
| Interest expense | (759) | (71) | (860) | (2) | 11 | (1,681) |
| Interest income | 239 | 141 | 167 | 4 | (11) | 540 |
| Taxation | (3,144) | (2,260) | (633) | 147 | - | (5,890) |
| Profit / (Loss) for the financial period | <u>21,840</u> | <u>10,567</u> | <u>561</u> | <u>(817)</u> | <u>(6,118)</u> | <u>26,033</u> |
| Segment assets | <u>221,781</u> | <u>128,294</u> | <u>99,412</u> | <u>25,812</u> | <u>(139,632)</u> | <u>335,667</u> |
| Segment liabilities | <u>118,605</u> | <u>95,295</u> | <u>123,196</u> | <u>16,765</u> | <u>(244,433)</u> | <u>109,428</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

On 15 March 2024, the Group proposed to undertake:

(i) Proposed renounceable rights issue of up to 89,366,347 redeemable preference shares ("RPS") together with up to 268,099,040 free detachable warrants ("Warrants") at an issue price of RM1.00 per RPS on the basis of 1 RPS and 3 Warrants for every 12 existing ordinary shares; and

(ii) Proposed amendments to the Constitution of the Company.

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

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 21 May 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 March 2024 RM'000 |
|---|--|
| Cash and bank balances | 5,958 |
| Fixed deposits with licensed financial institutions | <u>7,787</u> |
| | 13,745 |
| Less: Fixed deposits pledged with licensed banks | <u>(7,787)</u> |
| Bank overdraft | <u>(2,280)</u> |
| | <u>3,678</u> |

B EXPLANATORY NOTES PURSUANT TO BURSA SECURITIES 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 March | | | 12 months ended 31 March | | |
| | 2024 | 2023 | Variance | 2024 | 2023 | Variance |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Financial Services | 7,243 | 19,337 | -63% | 47,882 | 80,142 | -40% |
| Enterprise Solutions | 18,744 | 20,801 | -10% | 53,364 | 59,805 | -11% |
| Distribution Services | 51,061 | 31,806 | 61% | 186,862 | 132,572 | 41% |
| Solution Delivery | 906 | 1,934 | -53% | 3,668 | 2,232 | 64% |
| | <u>77,954</u> | <u>73,878</u> | 6% | <u>291,776</u> | <u>274,751</u> | 6% |
| Less : Inter Segment Revenue | (522) | (8,603) | | (10,298) | (26,302) | |
| Total Group Revenue | <u>77,432</u> | <u>65,275</u> | 19% | <u>281,478</u> | <u>248,449</u> | 13% |

The Group's revenue increased by RM12.16 million in the current quarter under review as compared to the corresponding quarter of the proceeding year. The higher revenue was mainly attributable to higher order fulfilments and progress billings particularly in Distribution Services segment.

For the year ended 31 March 2024, the Group recorded revenue of RM281.48million, an increase of RM33.03million as compared to the preceding financial year. The higher revenue was attributable to higher order fulfilments under the Distribution Services segment.

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 March | | | 12 months ended 31 March | | |
| | 2024 | 2023 | Variance | 2024 | 2023 | Variance |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Financial Services | (8,165) | 2,557 | NA | (6,312) | 24,984 | NA |
| Enterprise Solutions | (15,846) | 229 | NA | (21,163) | 12,827 | NA |
| Distribution Services | 2,224 | (91) | NA | 7,855 | 1,194 | 558% |
| Solution Delivery | 275 | 1,703 | -84% | 629 | (964) | NA |
| | <u>(21,512)</u> | <u>4,398</u> | NA | <u>(18,991)</u> | <u>38,041</u> | NA |
| Add : Elimination | (3,227) | 2,027 | | (4,300) | (6,118) | |
| (Loss) / Profit before taxation ("LBT"/"PBT") | <u>(24,739)</u> | <u>6,425</u> | NA | <u>(23,291)</u> | <u>31,923</u> | NA |

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. The delays in securing contracts in particularly the Financial Services segment has affected the profitability in the segment. The Group has also made necessary specific allowances for uncollectible debts during the quarter under review.

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 | 77,432 | 69,581 | 11% |
| Loss before taxation | (24,739) | (3,091) | NA |

The Group recorded increase in revenue by RM7.85 million in the current quarter as compared to the immediate preceding quarter mainly attributable to higher order fulfilments and progress billings.

The loss before taxation of RM24.74 million in the current quarter was mainly attributable to lower margin from the order fulfilments and progress billings and specific provisions made for uncollectible debts.

B EXPLANATORY NOTES PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

B2 Prospects

The Board shall endeavor to drive the Company to achieve better performance on the back of continued demand in the Distribution segment and newly secured contracts.

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 March 2024 RM'000 | Cumulative 31 March 2024 RM'000 |
|-------------------------|---|--|
| Taxation - current year | (953) | (1,550) |
| Taxation - prior year | 1 | (655) |
| Deferred tax | 73 | 73 |
| Total | <u>(879)</u> | <u>(2,132)</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 purchase or disposal of unquoted investments and properties during the financial period under review.

B7 Corporate exercise and utilisation of proceeds

On 15 March 2024, the Group proposed to undertake:

(i) Proposed renounceable rights issue of up to 89,366,347 redeemable preference shares ("RPS") together with up to 268,099,040 free detachable warrants ("Warrants") at an issue price of RM1.00 per RPS on the basis of 1 RPS and 3 Warrants for every 12 existing ordinary shares; and

(ii) Proposed amendments to the Constitution of the Company.

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 details of the Group's bank borrowings are as follows:

| | As at 31 March 2024 RM'000 | As at 31 March 2023 RM'000 |
|--------------------------------------|---|---|
| Current liabilities | | |
| Secured: | | |
| Short term bank borrowings - secured | 47,603 | 28,005 |
| Long term bank borrowings - secured | - | - |
| Total borrowings | <u>47,603</u> | <u>28,005</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 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.

B EXPLANATORY NOTES PURSUANT TO APPENDIX BURSA SECURITIES 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 March 2024 | Cumulative Quarter 31 March 2024 |
|---|---|---|
| Profit attributable to owners of the parent (RM) | (25,138,000) | (24,671,000) |
| Weighted average number of ordinary shares in issue | 1,072,396,160 | 1,072,396,160 |
| Basic earnings per share (sen) | <u>(2.34)</u> | <u>(2.30)</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 28 May 2024.

MICROLINK SOLUTIONS BERHAD (200301018362 (620782 - P))

28 May 2024