

AUDIT REPORT - MODIFIED OPINION / MATERIAL UNCERTAINTY RELATED TO GOING CONCERN : QUALIFIED OPINION

MICROLINK SOLUTIONS BERHAD

Type	Announcement
Subject	AUDIT REPORT - MODIFIED OPINION / MATERIAL UNCERTAINTY RELATED TO GOING CONCERN QUALIFIED OPINION
Description	MICROLINK SOLUTIONS BERHAD ("MSB" OR "THE COMPANY") - QUALIFIED OPINION ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 APRIL 2024 TO 30 JUNE 2025 ("AFS 2025")

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Board of Directors of MSB wishes to announce that the Company's External Auditor, Baker Tilly Monteiro Heng PLT ("**BTMH**") had opined, except for the possible effect of the matter described in the Basis of Qualified Opinion as disclosed below, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2025.

A. QUALIFIED OPINION

The details of the qualified opinion as disclosed in the Independent Auditors' Report of AFS 2025 is reproduced as follows:

"Qualified Opinion

We have audited the financial statements of Microlink Solutions Berhad, which comprise the statements of financial position as at 30 June 2025 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 95.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2025, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

As disclosed in Note 7 to the financial statements, during the financial period, the Group wrote off software development expenditure amounting to:

i) RM50,225,229 as the directors were unable to locate the intellectual properties in relation to this software development expenditure incurred; and

ii) RM25,841,425, representing the remaining carrying amount of software development expenditure, which was initially capitalised at RM38,743,731 in prior years. The directors are of the opinion that this expenditure was not appropriately incurred and have commenced legal proceedings as disclosed in Note 35 (iii).

We were unable to obtain sufficient appropriate audit evidence on the recognition, classification, and the write-off of the software development expenditure during the financial period. Accordingly, we were unable to determine whether any adjustments to the financial statements in respect of this amount might have been necessary.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion."

B. KEY AUDIT MATTERS

The following are the key audit matters as reported in the Independent Auditors' Report of AFS 2025:

Group

Impairment assessment of goodwill (Notes 4.1 and 6 to the financial statements)

The Group has significant balances of goodwill arising from the acquisition of a company. The accounting policy of the Group is to test goodwill for impairment annually. The goodwill amount is required to be allocated to cash generating unit ("CGU") for impairment testing purposes.

We focused on this area because the Group's determination of recoverable amount of the CGU to which the goodwill is allocated requires the exercise of significant judgement to be made by the directors, especially in determining the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- understanding the methodology and method adopted by the directors in measuring the recoverable amount;

- comparing the actual results with previous budget to understand the performance of the business;
- comparing the directors' key assumptions in cash flow forecast to externally derived data, if any;
- discussing with the Group on their assessment and consideration of the current economic and business environment in relation to key inputs such as discount rates, forecast growth rates, inflation rates and gross profit margin;
- testing the mathematical computation of the impairment assessment; and
- performing the sensitivity analysis of key assumptions and the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

Impairment assessment of trade receivables (Notes 4.3 and 14 to the financial statements)

The Group has significant trade receivables as at 30 June 2025 which include certain amounts which are long outstanding.

We focused on this area because the Group's expected credit losses assessment requires the exercise of significant judgement to be made by the directors, especially in evaluating the customers' financial conditions, historical payment trends, and forward-looking information. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and contract assets and expected credit losses calculation;
- understanding the significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by the Group;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and the directors' explanation on recoverability with significantly past due balances; and
- testing the adequacy of expected credit losses as at the end of the reporting period.

Company

Impairment assessment of the carrying amount of investment in subsidiaries (Notes 4.4 and 8 to the financial statements)

The Company has a significant balance of investment in a subsidiary. At the end of the financial period, the directors are required to determine if there is any indication of impairment in investment in the subsidiary. If such an indication of impairment exists, the directors are required to determine the recoverable amount of this investment.

We focused on this area because the Company's determination of the recoverable amount requires significant judgement to be made by the directors, especially in determining the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements

and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous budget to understand the performance of the business;
- comparing the directors' key assumptions in cash flow forecast which include the directors' assessment and consideration of the current economic and business environment in relation to key assumptions;
- testing the mathematical computation of the impairment assessment; and
- performing the sensitivity analysis of key assumptions and the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

C. STEPS TAKEN OR PROPOSED TO BE TAKEN TO ADDRESS THE KEY AUDIT MATTERS THAT RELATE TO THE QUALIFIED OPINION AND TIMELINE

The review process is currently ongoing. Based on the findings to date, the Board of Directors will implement necessary corrective measures, strengthen internal controls and compliance procedures, and establish continuous monitoring and improvement to mitigate the risk of future irregularities.

Barring any unforeseen circumstances, the Group will make the necessary announcement(s) to Bursa Malaysia Securities Berhad, where applicable, to provide updates on material developments.

This announcement is dated 29 October 2025.

Announcement Info	
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