



## **MICROLINK SOLUTIONS BERHAD**

Company no. 200301018362 (620782 - P)

(Incorporated in Malaysia)

### **INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020**

<b><u>Table of contents</u></b>	<b><u>Page</u></b>
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flow	4
Notes to the Interim Financial Report	5 - 6
Explanatory notes pursuant to Appendix 9B of the ACE Market Listing Requirements	7 - 9

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 September		CUMULATIVE PERIOD SIX MONTHS ENDED 30 September	
	2020	2019	2020	2019
	RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited
Revenue	61,874	54,014	96,182	108,336
Cost of sales	(48,790)	(42,730)	(77,841)	(87,752)
Gross profit	13,084	11,284	18,341	20,584
Other operating income	212	1,032	4,076	1,166
Selling and distribution expenses	(250)	(150)	(481)	(257)
Administrative expenses	(5,459)	387	(10,410)	(5,857)
Finance costs	(413)	(680)	(1,038)	(1,689)
Other operating expenses	(1,635)	(6,466)	(2,073)	(6,945)
<b>Profit before taxation</b>	<b>5,539</b>	<b>5,407</b>	<b>8,415</b>	<b>7,002</b>
Taxation	(935)	(1,836)	(935)	(2,218)
<b>Profit for the period</b>	<b>4,604</b>	<b>3,571</b>	<b>7,480</b>	<b>4,784</b>
<b>Other comprehensive income, net of tax</b> <b>- item that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translations for foreign operations, net of tax	(9)	1	9	5
Income tax relating to components of other comprehensive income				
<b>Other comprehensive income for the period, net of tax</b>	<b>(9)</b>	<b>1</b>	<b>9</b>	<b>5</b>
<b>Total comprehensive income for the period</b>	<b>4,595</b>	<b>3,572</b>	<b>7,489</b>	<b>4,789</b>
<b>Profit attributable to:</b>				
Owners of the parent	4,578	3,594	7,457	4,811
Non-controlling interests	26	(23)	23	(27)
	<b>4,604</b>	<b>3,571</b>	<b>7,480</b>	<b>4,784</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	4,581	3,594	7,455	4,811
Non-controlling interests	14	(22)	34	(22)
	<b>4,595</b>	<b>3,572</b>	<b>7,489</b>	<b>4,789</b>
<b>Earnings per share (sen):</b>				
Basic	2.47	2.15	4.03	2.87
Diluted	2.47	2.15	4.03	2.87

**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 30 SEPTEMBER 2020**

	As At 30 September 2020 RM'000 Unaudited	As At 31 March 2020 RM'000 Audited
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	430	377
Right-of-use assets	3,340	3,770
Goodwill	18,409	18,409
Software development expenditure	5,298	2,963
Other investments	105	105
Lease receivables	-	620
Deferred tax assets	3,333	3,333
	<u>30,915</u>	<u>29,577</u>
<b>Current Assets</b>		
Inventories	4,135	2,132
Contract costs	3,418	6,216
Other investments	111	110
Trade receivables	43,212	72,825
Other receivables, deposits and prepayments	19,614	19,346
Contract assets	6,253	3,640
Lease receivables	1,525	1,781
Amount owing by ultimate holding company	10,834	300
Amount owing by immediate holding company	217	217
Current tax assets	2,216	1,677
Cash and bank balances	26,348	22,790
	<u>117,883</u>	<u>131,034</u>
<b>TOTAL ASSETS</b>	<b><u>148,798</u></b>	<b><u>160,611</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	54,553	52,833
Reserves	43	45
Accumulated losses	(8,599)	(14,215)
	<u>45,997</u>	<u>38,663</u>
<b>Non-controlling interests</b>	478	444
<b>TOTAL EQUITY</b>	<u>46,475</u>	<u>39,107</u>
<b>Non-Current Liabilities</b>		
Provision for gratuity obligations	1,908	1,908
Other payables and accruals	146	146
Lease liabilities	2,806	3,726
	<u>4,860</u>	<u>5,780</u>
<b>Current Liabilities</b>		
Trade payables	26,236	42,858
Other payables and accruals	23,486	24,153
Contract liabilities	24,072	28,456
Amount owing to ultimate holding company	70	782
Amount owing to immediate holding company	158	37
Amounts owing to related companies	239	172
Borrowings	18,192	13,058
Lease liabilities	3,400	5,051
Current tax liabilities	1,610	1,157
	<u>97,463</u>	<u>115,724</u>
<b>TOTAL LIABILITIES</b>	<u>102,323</u>	<u>121,504</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>148,798</u></b>	<b><u>160,611</u></b>
<b>Net assets per share (RM)</b>	<u>0.25</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 SECOND QUARTER ENDED 30 SEPTEMBER 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
<b>Unaudited</b>							
<b>6 months ended 30 September 2020</b>							
At 1 April 2020 (audited)	52,833	-	45	(14,215)	38,663	444	39,107
Profit for the period	-	-	-	7,457	7,457	23	7,480
Foreign currency translation for foreign operations	-	-	(2)	-	(2)	11	9
Total comprehensive income for the period	-	-	(2)	7,457	7,455	34	7,489
<b>Transaction with owners</b>							
Shares issued pursuant to Employee Share Grant Plan ("ESGP")	1,720	-	-	-	1,720	-	1,720
Dividends paid	-	-	-	(1,841)	(1,841)	-	(1,841)
Total transactions with owners	1,720	-	-	(1,841)	(121)	-	(121)
At 30 September 2020	54,553	-	43	(8,599)	45,997	478	46,475
<b>Unaudited</b>							
<b>6 months ended 30 September 2019</b>							
At 1 April 2019, as restated	43,628	6,216	(195)	(31,080)	18,569	460	19,029
Profit for the period	-	-	-	4,811	4,811	(27)	4,784
Foreign currency translation for foreign operations	-	-	-	-	-	5	5
Total comprehensive loss for the period	-	-	-	4,811	4,811	(22)	4,789
<b>Transaction with owners</b>							
Share based payment transactions	-	(6,216)	-	-	(6,216)	-	(6,216)
Total transactions with owners	-	(6,216)	-	-	(6,216)	-	(6,216)
At 30 September 2019	43,628	-	(195)	(26,269)	17,164	438	17,602

**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 SECOND QUARTER ENDED 30 SEPTEMBER 2020**  
(The figures have not been audited)

	Current Year 6 months ended 30 September 2020 RM'000 Unaudited	Preceding Year 6 months ended 30 September 2019 RM'000 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,415	7,002
Adjustments for non-cash items:		
Amortisation of software development expenditure	340	780
Depreciation of property, plant and equipment	95	165
Depreciation of right-of-use assets	430	-
Employees share option scheme expense	-	(6,216)
Employee share grant plan expenses	573	-
Impairment losses on trade receivables	-	6,000
Interest expense	1,022	1,689
Interest income	(239)	(190)
Inventories written back	-	(13)
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>8,208</u>	<u>8,334</u>
Net changes in assets	29,523	(11,680)
Net changes in liabilities	(21,607)	8,753
Net cash used in operations	<u>16,124</u>	<u>5,407</u>
Interest received	68	-
Tax paid	(1,023)	(866)
Tax refunded	2	2,848
Net cash from operating activities	<u>15,171</u>	<u>7,389</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition of software development expenditure	(258)	(35)
Repayment (to)/from ultimate holding company	(11,245)	2,025
Repayment from immediate holding company	121	5,703
Interest received	171	190
(Placement)/Withdrawal of deposits pledged to licensed banks	(61)	3,432
Purchase of other investments	(1)	(2)
Purchase of property, plant and equipment	(147)	(52)
Net cash (used in)/from investing activities	<u>(11,420)</u>	<u>11,261</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,841)	-
Interest paid	(748)	(1,689)
Drawdown/(Repayments) of borrowings	7,343	(11,110)
Payments of lease liabilities	(2,846)	-
Redemption of redeemable preference shares	-	(22,093)
Net cash from/(used in) financing activities	<u>1,908</u>	<u>(34,892)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>5,659</u>	<u>(16,242)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>13,616</u>	<u>17,627</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>46</u>	<u>(195)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>19,321</u>	<u>1,190</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 SECOND QUARTER ENDED 30 SEPTEMBER 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 29 June 2020, the Company declared and approved a single-tier interim dividend of RM0.01 per ordinary share amounting to RM1.84 million in respect of the financial year ended 31 March 2020. The dividend has been paid on 26 August 2020.

**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)**

<b>Business Segments</b>	<b>Financial Services RM'000</b>	<b>Enterprise Solutions RM'000</b>	<b>Distribution Services RM'000</b>	<b>Solution Delivery RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidation RM'000</b>
<b>6 months ended 30 September 2020</b>						
External sales	13,687	4,658	72,216	5,621	-	96,182
Inter-segment sales	6,002	188	1,546	172	(7,908)	-
<b>Total</b>	<b>19,689</b>	<b>4,846</b>	<b>73,762</b>	<b>5,793</b>	<b>(7,908)</b>	<b>96,182</b>
<b>Results</b>						
Segment results	5,500	(93)	1,262	2,360	169	9,198
Interest expense	(214)	(66)	(723)	(35)	16	(1,022)
Interest income	71	118	48	2	-	239
Taxation	-	-	(850)	(85)	-	(935)
<b>Profit / (Loss) for the financial period</b>	<b>5,357</b>	<b>(41)</b>	<b>(263)</b>	<b>2,242</b>	<b>185</b>	<b>7,480</b>
<b>6 months ended 30 September 2019</b>						
External sales	12,421	19,656	67,673	8,586	-	108,336
Inter-segment sales	6,006	193	1,857	442	(8,498)	-
<b>Total</b>	<b>18,427</b>	<b>19,849</b>	<b>69,530</b>	<b>9,028</b>	<b>(8,498)</b>	<b>108,336</b>
<b>Results</b>						
Segment results	5,799	3,701	(4,544)	4,499	(954)	8,501
Interest expense	(134)	-	(1,509)	(46)	-	(1,689)
Interest income	65	18	107	-	-	190
Taxation	(958)	(389)	(354)	(517)	-	(2,218)
<b>Profit / (Loss) for the financial period</b>	<b>4,772</b>	<b>3,330</b>	<b>(6,300)</b>	<b>3,936</b>	<b>(954)</b>	<b>4,784</b>

**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 20 November 2020 (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**

	<b>Current year as at 30 September 2020 RM'000</b>
Cash and bank balances	19,307
Fixed deposits with licensed financial institutions	7,041
	26,348
Less: Fixed deposits pledged with licensed banks	(7,027)
	<b>19,321</b>

**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 30 September			6 months ended 30 June		
	2020	2019	Variance	2020	2019	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	11,710	8,836	33%	19,689	18,427	7%
Enterprise Solutions	3,247	8,477	-62%	4,846	19,849	-76%
Distribution Services	45,614	35,794	27%	73,762	69,530	6%
Solution Delivery	5,731	5,149	11%	5,793	9,028	-36%
	66,302	58,256	14%	104,090	116,834	-11%
Less : Inter Segment Revenue	(4,428)	(4,242)		(7,908)	(8,498)	
Total Group Revenue	61,874	54,014	15%	96,182	108,336	-11%

The Group's revenue increase in the current quarter under review by RM7.86 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 Distribution 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 June		
	2020	2019	Variance	2020	2019	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	4,814	6,721	-28%	5,357	5,730	-7%
Enterprise Solutions	734	2,255	-67%	(41)	3,719	NA
Distribution Services	585	(5,449)	NA	587	(5,946)	NA
Solution Delivery	2,910	3,167	-8%	2,327	4,453	-48%
	9,043	6,694	35%	8,230	7,956	3%
Add : Elimination	(3,504)	(1,287)		185	(954)	
Profit before taxation ("PBT")	5,539	5,407	2%	8,415	7,002	20%

The Group recorded a PBT of RM5.54 million in the current quarter under review as compared to RM5.41 million in the previous corresponding quarter. The slight increase is in line with the increase in revenue and gross profit.

**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	61,874	34,308	80%
Profit before taxation	5,539	2,876	93%

The Group recorded increase in revenue by RM27.57 million in the current quarter as compared to the immediate preceding quarter mainly attributable to higher order fulfilments and progress billings.

The increase in PBT by RM2.66 million in the current quarter as compared to the immediate preceding quarter mainly attributable to higher gross profit margin.



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

**B2 Prospects**

The global COVID-19 pandemic uncertainties along with the implementation of various Movement Control Orders have certainly affected the traditional manner in the order fulfilment of the Group's businesses, in particularly the Distribution segment.

In view of the rising trends of digitalisation, the Group is focusing in helping its clients to achieve their digital transformation objectives. Given the prevailing economic conditions and global financial outlook and the ongoing initiatives, the Board of Directors remain 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 30 September 2020 RM'000	Cumulative 30 September 2020 RM'000
Taxation - current year	(935)	(935)
Taxation - prior year	-	-
Deferred tax	-	-
Total	<u>(935)</u>	<u>(935)</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 26 June 2020, the Company announced that the Company proposes to undertake a Proposed Restricted Issue of up to 56,731,470 new ordinary shares in Microlink at an issue price of RM0.70 per Restricted Share. Further to the announcement, on 28 August 2020, the Company announced that the Company revised the initial issue price of RM0.70 per Restricted Share to RM0.90 per Restricted Share.

On 27 November 2020, the Company announced that the Proposed Restricted Issue has been tabled and approved at the Extraordinary General Meeting.

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 30 September 2020 RM'000	As at 30 September 2019 RM'000
Short term bank borrowings - secured	18,192	18,455
Long term bank borrowings - secured	-	1,326
Total borrowings	<u>18,192</u>	<u>19,781</u>

**B9 Off balance sheet financial instruments**

Bank guarantees amounting to RM1.33 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 29 June 2020, the Company declared and approved a single-tier interim dividend of RM0.01 per ordinary share amounting to RM1.84 million in respect of the financial year ended 31 March 2020. The dividend has been paid on 26 August 2020.

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.

**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.

	<b>Individual Quarter 30 September 2020</b>	<b>Cumulative Quarter 30 September 2020</b>
Profit attributable to owners of the parent (RM)	4,578,000	7,457,000
Weighted average number of ordinary shares in issue	185,104,900	185,104,900
Basic earnings per share (sen)	<u>2.47</u>	<u>4.03</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 26 November 2020.

**MICROLINK SOLUTIONS BERHAD 200301018362 (620782 - P)  
27 November 2020**