



MICROLINK SOLUTIONS BERHAD

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

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021

<u>Table of contents</u>	<u>Page</u>
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

MICROLINK SOLUTIONS BERHAD (200301018362 (620782 - P))
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 September		CUMULATIVE PERIOD SIX MONTHS ENDED 30 September	
	2021 RM'000 Unaudited	2020 RM'000 Unaudited	2021 RM'000 Unaudited	2020 RM'000 Unaudited
Revenue	62,991	61,874	104,925	96,182
Cost of sales	(45,120)	(48,790)	(72,058)	(77,841)
Gross profit	17,871	13,084	32,867	18,341
Other operating income	944	212	1,103	4,076
Selling and distribution expenses	(271)	(250)	(552)	(481)
Administrative expenses	(7,990)	(5,459)	(13,772)	(10,410)
Finance costs	(346)	(413)	(778)	(1,038)
Other operating expenses	(2,125)	(1,635)	(3,957)	(2,073)
Profit before taxation	8,083	5,539	14,911	8,415
Taxation	(1,024)	(935)	(1,324)	(935)
Profit for the period	7,059	4,604	13,587	7,480
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	1	(9)	1	9
Other comprehensive income for the period, net of tax	1	(9)	1	9
Total comprehensive income for the period	7,060	4,595	13,588	7,489
Profit attributable to:				
Owners of the parent	7,121	4,578	13,644	7,457
Non-controlling interests	(62)	26	(57)	23
	7,059	4,604	13,587	7,480
Total comprehensive income attributable to:				
Owners of the parent	7,118	4,581	13,641	7,455
Non-controlling interests	(58)	14	(53)	34
	7,060	4,595	13,588	7,489
Earnings per share (sen):				
Basic	2.94	2.47	5.62	4.03
Diluted	2.94	2.47	5.62	4.03

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021 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 2021**

	As At 30 September 2021 RM'000 Unaudited	As At 31 March 2021 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	795	288
Right-of-use assets	4,792	5,385
Investment in Joint Venture	5	5
Goodwill	18,409	18,409
Software development expenditure	72,095	63,313
Other investments	6,747	105
Lease receivables	-	2,317
Deferred tax assets	3,010	3,010
	<u>105,853</u>	<u>92,832</u>
Current Assets		
Inventories	5,431	1,127
Contract costs	3,766	5,495
Other investments	83	99
Trade receivables	43,944	32,768
Other receivables, deposits and prepayments	39,768	10,150
Contract assets	7,358	7,389
Lease receivables	328	2,085
Amount owing by ultimate holding company	-	23,526
Amount owing by immediate holding company	-	15,461
Current tax assets	4,409	3,714
Cash and bank balances	19,039	11,014
	<u>124,126</u>	<u>112,828</u>
TOTAL ASSETS	<u>229,979</u>	<u>205,660</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	108,526	105,583
Reserves	39	42
Retained Earnings	27,496	13,852
	<u>136,061</u>	<u>119,477</u>
Non-controlling interests	434	487
TOTAL EQUITY	<u>136,495</u>	<u>119,964</u>
Non-Current Liabilities		
Provision for gratuity obligations	2,135	2,135
Other payables and accruals	157	157
Lease liabilities	5,351	6,822
	<u>7,643</u>	<u>9,114</u>
Current Liabilities		
Trade payables	23,420	18,667
Other payables and accruals	18,367	15,396
Contract liabilities	17,022	17,704
Amount owing to ultimate holding company	-	59
Amount owing to immediate holding company	-	65
Borrowings	23,365	20,388
Lease liabilities	3,078	3,274
Current tax liabilities	589	1,029
	<u>85,841</u>	<u>76,582</u>
TOTAL LIABILITIES	<u>93,484</u>	<u>85,696</u>
TOTAL EQUITY AND LIABILITIES	<u>229,979</u>	<u>205,660</u>
Net assets per share (RM)	<u>0.56</u>	<u>0.50</u>

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021 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 2021**

	<----- Non-distributable ----->					
	Share capital RM	Exchange Translation reserve RM	Retained Earnings / (Accumulated losses) RM	Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
Unaudited						
<u>6 months ended 30 September 2021</u>						
At 1 April 2021 (audited)	105,583	42	13,852	119,477	487	119,964
Profit for the period	-	-	13,644	13,644	(57)	13,587
Foreign currency translation for foreign operations	-	(3)	-	(3)	4	1
Total comprehensive income for the period	-	(3)	13,644	13,641	(53)	13,588
Transaction with owners						
Shares issued pursuant to Employee Share Grant Plan ("ESGP")	2,943	-	-	2,943	-	2,943
Total transactions with owners	2,943	-	-	2,943	-	2,943
At 30 September 2021	108,526	39	27,496	136,061	434	136,495
Unaudited						
<u>6 months ended 30 September 2020</u>						
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
Transaction with owners						
Shares issued pursuant to Employee Share Grant Plan	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

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021 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 2021

(The figures have not been audited)

	Current Year 6 months ended 30 September 2021 RM'000 Unaudited	Preceding Year 6 months ended 30 September 2020 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,911	8,415
Adjustments for non-cash items:		
Amortisation of software development expenditure	3,149	340
Depreciation of property, plant and equipment	78	95
Depreciation of right-of-use assets	645	430
Employee share grant plan expenses	981	573
Interest expense	873	1,022
Interest income	(161)	(239)
Net unrealised gain on foreign exchange	(27)	(11)
Reversal of impairment loss on software development expenditure	-	(2,417)
Fair Value Gain on Investment	(706)	-
Operating profit before working capital changes	<u>19,743</u>	<u>8,208</u>
Net changes in assets	(32,026)	29,523
Net changes in liabilities	7,062	(21,607)
Net cash from operations	<u>(5,221)</u>	<u>16,124</u>
Interest received	9	68
Tax paid	(2,459)	(1,023)
Tax refunded	-	2
Net cash (used in) / from operating activities	<u>(7,671)</u>	<u>15,171</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of software development expenditure	(11,932)	(258)
Repayment from/(to) ultimate holding company	17,275	(11,245)
Repayment from immediate holding company	16,280	121
Interest received	152	171
Withdrawal of deposits pledged to licensed banks	(39)	(61)
Purchase of other investments	(5,920)	(1)
Purchase of property, plant and equipment	(638)	(147)
Net cash from / (used in) investing activities	<u>15,178</u>	<u>(11,420)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(1,841)
Interest paid	(531)	(748)
Drawdown of borrowings	3,340	7,343
Payments of lease liabilities	(2,008)	(2,846)
Net cash from financing activities	<u>801</u>	<u>1,908</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,308	5,659
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,121	13,616
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	41	46
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>12,470</u>	<u>19,321</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 2021 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 2021

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 2021. 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 2021.

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 2021 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 2021:

Interest Rate Benchmark Reform Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
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 101 Classification of Liabilities as Current or Non-current
MFRS 17 Insurance Contract
Amendments to MFRS 17 Insurance Contract
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies Changes in Accounting Estimates and Errors)
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)
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 2021 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 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 2021						
External sales	21,513	16,825	65,187	1,400	-	104,925
Inter-segment sales	3,875	211	2,846	289	(7,221)	-
Total	<u>25,388</u>	<u>17,036</u>	<u>68,033</u>	<u>1,689</u>	<u>(7,221)</u>	<u>104,925</u>
Results						
Segment results	5,098	10,425	760	(641)	(19)	15,623
Interest expense	(387)	(118)	(381)	(1)	14	(873)
Interest income	87	29	45	-	-	161
Taxation	(1,024)	-	-	(300)	-	(1,324)
Profit / (Loss) for the financial period	<u>3,774</u>	<u>10,336</u>	<u>424</u>	<u>(942)</u>	<u>(5)</u>	<u>13,587</u>
6 months ended 30 September 2020						
External sales	13,687	4,658	72,216	5,621	-	96,182
Inter-segment sales	6,002	188	1,546	172	(7,908)	-
Total	<u>19,689</u>	<u>4,846</u>	<u>73,762</u>	<u>5,793</u>	<u>(7,908)</u>	<u>96,182</u>
Results						
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)
Profit / (Loss) for the financial period	<u>5,357</u>	<u>(41)</u>	<u>(263)</u>	<u>2,242</u>	<u>185</u>	<u>7,480</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 10 June 2021, the Group proposed to undertake proposed bonus issue of up to 863,976,624 new ordinary shares on the basis of 3 bonus shares for every 1 existing ordinary share. On 12 July 2021, Bursa Securities had approved the listing and quotation of up to 863,976,624 bonus shares to be issued pursuant to the proposed bonus issue.

On 23 August 2021, the Group announced that the bonus issue has been completed following the listing and quotation of 727,771,020 bonus issue.

On 5 October 2021, the Group announced that Bursa Securities has vide its letter dated 4 October 2021, resolved to approve the listing of and quotation of up to 116,157,700 placement shares to be issued pursuant to the proposed private placement.

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

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 15 November 2021 (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 2021 RM'000
Cash and bank balances	14,958
Fixed deposits with licensed financial institutions	<u>4,081</u>
	19,039
Less: Fixed deposits pledged with licensed banks	(4,081)
Bank overdraft	<u>(2,488)</u>
	<u>12,470</u>

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 September		
	2021	2020	Variance	2021	2020	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	10,388	11,710	-11%	25,388	19,689	29%
Enterprise Solutions	12,140	3,247	274%	17,036	4,846	252%
Distribution Services	43,824	45,614	-4%	68,033	73,762	-8%
Solution Delivery	286	5,731	-95%	1,689	5,793	-71%
	<u>66,638</u>	<u>66,302</u>	1%	<u>112,146</u>	<u>104,090</u>	8%
Less : Inter Segment Revenue	<u>(3,647)</u>	<u>(4,428)</u>		<u>(7,221)</u>	<u>(7,908)</u>	
Total Group Revenue	<u>62,991</u>	<u>61,874</u>	2%	<u>104,925</u>	<u>96,182</u>	9%

The Group's revenue increased in the current quarter under review by RM1.12 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 Enterprise Solutions segments.

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		
	2021	2020	Variance	2021	2020	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	73	4,814	-98%	4,796	5,357	-10%
Enterprise Solutions	8,084	734	1001%	10,337	(41)	NA
Distribution Services	1,114	585	90%	424	587	-28%
Solution Delivery	(1,379)	2,910	NA	(642)	2,327	NA
	<u>7,892</u>	<u>9,043</u>	-13%	<u>14,915</u>	<u>8,230</u>	81%
Add / (Less) : Elimination	<u>191</u>	<u>(3,504)</u>		<u>(4)</u>	<u>185</u>	
Profit before taxation ("PBT")	<u>8,083</u>	<u>5,539</u>	46%	<u>14,911</u>	<u>8,415</u>	77%

The Group recorded a PBT of RM8.08 million in the current quarter under review as compared to RM5.54 million in the previous year of corresponding quarter due to higher contributions from Enterprise Solutions and Distribution Services segments. This was mainly due to higher gross profit margin recorded during the quarter.

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	62,991	41,934	50%
Profit before taxation	8,083	6,828	18%

The Group recorded increase in revenue by RM21.06 million in the current quarter as compared to the immediate preceding quarter mainly attributable to higher order fulfilments and progress billings.

The group posted an increase in PBT by RM1.26 million in the current quarter as compared to the immediate preceding quarter. The higher profit recorded in the current quarter was mainly attributable to higher revenue contributions from the Distribution segment.

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

B2 Prospects

The unprecedented COVID-19 pandemic continues to affect the economic and social activities throughout the world with the imposition of lockdown orders and recovery phases. Although this has brought about challenges to the economy and business opportunities, the Group continued to achieve robust results in the Enterprise Segment primarily from its Telco services.

The Board continues to hold positive view on the outlook of the Group and is confident of delivering positive results in FY 2022.

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 2021 RM'000	Cumulative 30 September 2021 RM'000
Taxation - current year	(1,024)	(1,324)
Taxation - prior year	-	-
Deferred tax	-	-
Total	<u>(1,024)</u>	<u>(1,324)</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

On 30 July 2021, the Company announced that the final allocation of the Placement Shares of Inari Amerton Berhad is 1,000,000 Placement Shares at a total consideration of RM3.1 million.

B7 Corporate exercise and utilisation of proceeds

On 10 June 2021, the Group proposed to undertake proposed bonus issue of up to 863,976,624 new ordinary shares on the basis of 3 bonus shares for every 1 existing ordinary share. On 12 July 2021, Bursa Securities had approved the listing and quotation of up to 863,976,624 bonus shares to be issued pursuant to the proposed bonus issue.

On 23 August 2021, the Group announced that the bonus issue has been completed following the listing of and quotation for 727,771,020 bonus issue.

On 5 October 2021, the Group announced that Bursa Securities has vide its letter dated 4 October 2021, resolved to approve the listing of and quotation of up to 116,157,700 placement shares to be issued pursuant to the proposed private placement.

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 2021 RM'000	As at 30 September 2020 RM'000
Short term bank borrowings - secured	23,365	18,192
Long term bank borrowings - secured	-	-
Total borrowings	<u>23,365</u>	<u>18,192</u>

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM0.02 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 30 September 2021	Cumulative Quarter 30 September 2021
Profit attributable to owners of the parent (RM)	7,121,000	13,644,000
Weighted average number of ordinary shares in issue	242,047,483	242,590,340
Basic earnings per share (sen)	<u>2.94</u>	<u>5.62</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 22 November 2021.

**MICROLINK SOLUTIONS BERHAD 200301018362 (620782 - P)
22 November 2021**