



MICROLINK SOLUTIONS BERHAD

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

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2022

<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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2022**

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 JUNE		CUMULATIVE PERIOD THREE MONTHS ENDED 30 JUNE	
	2022 RM'000 Unaudited	2021 RM'000 Unaudited	2022 RM'000 Unaudited	2021 RM'000 Unaudited
Revenue	53,857	41,934	53,857	41,934
Cost of sales	(37,037)	(26,938)	(37,037)	(26,938)
Gross profit	16,820	14,996	16,820	14,996
Other operating income	204	159	204	159
Selling and distribution expenses	(446)	(281)	(446)	(281)
Administrative expenses	(6,889)	(5,782)	(6,889)	(5,782)
Finance costs	(464)	(432)	(464)	(432)
Other operating expenses	(1,564)	(1,832)	(1,564)	(1,832)
Profit before taxation	7,661	6,828	7,661	6,828
Taxation	(1,020)	(300)	(1,020)	(300)
Profit for the period	6,641	6,528	6,641	6,528
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	-	1	-
Other comprehensive income for the period, net of tax	1	-	1	-
Total comprehensive income for the period	6,642	6,528	6,642	6,528
Profit attributable to:				
Owners of the parent	6,641	6,523	6,641	6,523
Non-controlling interests	-	5	-	5
	6,641	6,528	6,641	6,528
Total comprehensive income attributable to:				
Owners of the parent	6,640	6,523	6,640	6,523
Non-controlling interests	2	5	2	5
	6,642	6,528	6,642	6,528
Earnings per share (sen):				
Basic	0.62	2.70	0.62	2.70
Diluted	0.62	2.70	0.62	2.70

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	As At 30 June 2022 RM'000 Unaudited	As At 31 March 2022 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	344	310
Right-of-use assets	4,657	4,170
Goodwill	18,409	18,409
Software development expenditure	100,316	102,425
Other investments	105	105
Deferred tax assets	2,707	2,707
	<u>126,538</u>	<u>128,126</u>
Current Assets		
Inventories	996	1,463
Contract costs	9,676	4,303
Other investments	14,005	4,475
Trade receivables	17,668	28,052
Other receivables, deposits and prepayments	24,863	20,681
Contract assets	22,521	17,286
Amount owing by ultimate holding company	14,949	28,075
Amount owing by immediate holding company	37	37
Current tax assets	7,266	6,157
Cash and bank balances	53,516	63,122
	<u>165,497</u>	<u>173,651</u>
TOTAL ASSETS	<u>292,035</u>	<u>301,777</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	162,409	161,896
Reserves	37	38
Retained Earnings	45,963	39,322
	<u>208,409</u>	<u>201,256</u>
Non-controlling interests	257	480
TOTAL EQUITY	<u>208,666</u>	<u>201,736</u>
Non-Current Liabilities		
Deferred tax liability	3,745	3,745
Provision for gratuity obligations	1,408	1,829
Other payables and accruals	157	157
Lease liabilities	4,196	4,120
	<u>9,506</u>	<u>9,851</u>
Current Liabilities		
Trade payables	16,388	25,147
Other payables and accruals	17,190	13,969
Contract liabilities	18,584	17,308
Amount owing to ultimate holding company	51	38
Amount owing to immediate holding company	806	794
Borrowings	16,687	27,914
Provision for gratuity obligations	147	239
Lease liabilities	2,692	2,670
Current tax liabilities	1,318	2,111
	<u>73,863</u>	<u>90,190</u>
TOTAL LIABILITIES	<u>83,369</u>	<u>100,041</u>
TOTAL EQUITY AND LIABILITIES	<u>292,035</u>	<u>301,777</u>
Net assets per share (RM)	<u>0.20</u>	<u>0.29</u>

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2022

	←----- Non-distributable ----->					
	Share capital RM	Exchange Translation reserve RM	Retained Earnings RM	Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
Unaudited						
3 months ended 30 June 2022						
At 1 April 2022 (audited)	161,896	38	39,322	201,256	480	201,736
Profit for the period	-	-	6,641	6,641	-	6,641
Foreign currency translation for foreign operations	-	(1)	-	(1)	2	1
Total comprehensive income for the period	-	(1)	6,641	6,640	2	6,642
Transaction with owners						
Shares issued pursuant to Employee Share Grant Plan ("ESGP")	513	-	-	513	-	513
Dividends paid to non-controlling interest	-	-	-	-	(225)	(225)
Total transactions with owners	513	-	-	513	(225)	288
At 30 June 2022	162,409	37	45,963	208,409	257	208,666
Unaudited						
3 months ended 30 June 2021						
At 1 April 2021 (audited)	105,583	42	13,852	119,477	487	119,964
Profit for the period	-	-	6,523	6,523	5	6,528
Foreign currency translation for foreign operations	-	-	-	-	-	-
Total comprehensive income for the period	-	-	6,523	6,523	5	6,528
Transaction with owners						
Ordinary shares issued pursuant to private placement	-	-	-	-	-	-
Shares issued pursuant to Employee Share Grant Plan	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
At 30 June 2021	105,583	42	20,375	126,000	492	126,492

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FIRST QUARTER ENDED 30 JUNE 2022

(The figures have not been audited)

	Current Year 3 months ended 30 June 2022 RM'000 Unaudited	Preceding Year 3 months ended 30 June 2021 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,661	6,828
Adjustments for non-cash items:		
Amortisation of software development expenditure	3,323	1,530
Depreciation of property, plant and equipment	64	39
Depreciation of right-of-use assets	313	315
Fair Value Loss on Investment	125	-
Interest expense	464	476
Interest income	(118)	(76)
Net unrealised gain on foreign exchange	-	(27)
Operating profit before working capital changes	<u>11,832</u>	<u>9,085</u>
Net changes in assets	(3,974)	309
Net changes in liabilities	(4,262)	(8,004)
Net cash from operations	<u>3,596</u>	<u>1,390</u>
Interest received	-	9
Tax paid	(2,921)	(1,649)
Net cash from / (used in) operating activities	<u>675</u>	<u>(250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of software development expenditure	(1,215)	(11,066)
Repayment from ultimate holding company	13,140	21,307
Repayment from immediate holding company	13	15,459
Interest received	118	67
(Purchase)/Withdrawal of other investments	(9,655)	17
Purchase of property, plant and equipment	(58)	(118)
Fixed deposits pledged with licensed banks	(150)	(13)
Net cash from investing activities	<u>2,193</u>	<u>25,653</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(225)	-
Interest paid	(353)	(292)
Repayments of borrowings	(11,126)	(4,281)
Payments of lease liabilities	(854)	(1,238)
Net cash used in financing activities	<u>(12,558)</u>	<u>(5,811)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(9,690)	19,592
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	56,152	4,121
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	36	42
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>46,498</u>	<u>23,755</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 2022 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 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 2022. 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 2022.

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 2022 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 2022:

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)

Initial Application of MFRS 17 and MFRS 9 Comparative Information (Amendments to MFRS 17 Insurance Contracts)

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 2022 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
3 months ended 30 June 2022						
External sales	12,821	11,666	29,370	-	-	53,857
Inter-segment sales	1,633	118	1,387	144	(3,282)	-
Total	14,454	11,784	30,757	144	(3,282)	53,857
Results						
Segment results	3,851	4,868	25	(528)	(209)	8,007
Interest expense	(156)	(3)	(304)	(1)	-	(464)
Interest income	37	25	56	-	-	118
Taxation	(749)	(170)	(93)	(8)	-	(1,020)
Profit / (Loss) for the financial period	2,983	4,720	(316)	(537)	(209)	6,641
3 months ended 30 June 2021						
External sales	12,885	4,759	23,090	1,200	-	41,934
Inter-segment sales	2,115	137	1,119	203	(3,574)	-
Total	15,000	4,896	24,209	1,403	(3,574)	41,934
Results						
Segment results	4,895	2,294	(502)	737	(196)	7,228
Interest expense	(213)	(55)	(211)	-	3	(476)
Interest income	40	13	23	-	-	76
Taxation	-	-	-	(300)	-	(300)
Profit / (Loss) for the financial period	4,722	2,252	(690)	437	(193)	6,528

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 4 July 2022, the Group has acquired Formis Lab Singapore Pte Ltd from Continuous Network Advisers Sdn Bhd.

On 12 July 2022, the Group proposed to transfer the listing of and quotation for the entire issued share capital of Microlink from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Proposed Transfer").

Effective from 18 July 2022, Omesti will no longer controls the board of directors of Microlink following the changes to the board compositions of both Omesti and Microlink and the re-designation of a director in Omesti.

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

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 16 August 2022 (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 June 2022 RM'000
Cash and bank balances	48,877
Fixed deposits with licensed financial institutions	4,639
	<u>53,516</u>
Less: Fixed deposits pledged with licensed banks	(4,639)
Bank overdraft	(2,379)
	<u>46,498</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 3 months ended 30 June			Cumulative Period 3 months ended 30 June		
	2022	2021	Variance %	2022	2021	Variance %
	RM'000	RM'000		RM'000	RM'000	
Financial Services	14,454	15,000	-4%	14,454	15,000	-4%
Enterprise Solutions	11,784	4,896	141%	11,784	4,896	141%
Distribution Services	30,757	24,209	27%	30,757	24,209	27%
Solution Delivery	144	1,403	-90%	144	1,403	-90%
	<u>57,139</u>	<u>45,508</u>	26%	<u>57,139</u>	<u>45,508</u>	26%
Less : Inter Segment Revenue	<u>(3,282)</u>	<u>(3,574)</u>		<u>(3,282)</u>	<u>(3,574)</u>	
Total Group Revenue	<u>53,857</u>	<u>41,934</u>	28%	<u>53,857</u>	<u>41,934</u>	28%

The Group's revenue increased in the current quarter under review by RM11.92 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 and Distribution Services segments.

The summary breakdown of profit before taxation by business segments of the Group is as follows:-

	Individual Quarter 3 months ended 30 June			Cumulative Period 3 months ended 30 June		
	2022	2021	Variance %	2022	2021	Variance %
	RM'000	RM'000		RM'000	RM'000	
Financial Services	3,982	4,722	-16%	3,982	4,722	-16%
Enterprise Solutions	4,640	2,252	106%	4,640	2,252	106%
Distribution Services	(223)	(690)	68%	(223)	(690)	68%
Solution Delivery	(529)	737	NA	(529)	737	NA
	<u>7,870</u>	<u>7,021</u>	12%	<u>7,870</u>	<u>7,021</u>	12%
Add : Elimination	<u>(209)</u>	<u>(193)</u>		<u>(209)</u>	<u>(193)</u>	
Profit before taxation ("PBT")	<u>7,661</u>	<u>6,828</u>	12%	<u>7,661</u>	<u>6,828</u>	12%

The Group recorded a PBT of RM7.66 million in the current quarter under review as compared to RM6.83 million in the previous corresponding quarter following higher revenue and gross profit margin contributed during the quarter.

Material change in profit before taxation for the quarter reported as compared with the immediate preceding quarter

	Current Quarter RM'000	Immediate Preceding Quarter RM'000	Change %
Revenue	53,857	51,913	4%
Profit before taxation	7,661	7,349	4%

The Group recorded increase in revenue by RM1.94 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 slight increase in PBT by RM0.31 million in the current quarter as compared to the immediate preceding quarter. The higher profit recorded in the current quarter is in tandem with revenue and gross profit margin recorded.

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

B2 Prospects

Amidst the tail-end of the Covid pandemic era, the recent global geopolitical instabilities that had escalated into war, trade sanctions, political instabilities and international unrest, have unfortunately continued to impact the global and local economies.

Nevertheless, the Group continues to actively pursue business opportunities especially in its expansion plans beyond Malaysia, while improving on its costs and operational efficiencies to sustain the growth momentum it had achieved in recent years in its effort to continue to deliver stronger financial performances.

On 12 July 2022, the Group had announced the proposed transfer listing and quotation for the entire issued share capital of Microlink Solutions Bhd from the ACE Market to the Main Market of Bursa Securities ("Proposed Transfer"). The Board of Directors firmly believes that the Proposed Transfer will enhance the Group's reputation and will accord the Group with greater recognition and acceptance among investors, in particularly institutional investors.

The Board remains optimistic about the Group's growth prospects for the financial year ending 31 March 2023.

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 June 2022 RM'000	Cumulative 30 June 2022 RM'000
Taxation - current year	(1,020)	(1,020)
Taxation - prior year	-	-
Deferred tax	-	-
Total	<u>(1,020)</u>	<u>(1,020)</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 12 July 2022, the Group proposed to transfer the listing of and quotation for the entire issued share capital of Microlink from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Proposed Transfer").

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 June 2022 RM'000	As at 30 June 2021 RM'000
Short term bank borrowings - secured	16,687	16,162
Long term bank borrowings - secured	-	-
Total borrowings	<u>16,687</u>	<u>16,162</u>

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM1.00 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 23 August 2022, the Company declared a single-tier interim dividend of RM0.005 per ordinary share amounting to RM5.34 million payable for the financial year ending 31 March 2023. The proposed dividend is payable on 30 September 2022 to shareholders whose names appear in the Record of Depositors at the close of business on 9 September 2022.

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 June 2022	Cumulative Quarter 30 June 2022
Profit attributable to owners of the parent (RM)	6,641,000	6,641,000
Weighted average number of ordinary shares in issue	1,067,817,460	1,068,178,779
Basic earnings per share (sen)	<u>0.62</u>	<u>0.62</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 23 August 2022.

**MICROLINK SOLUTIONS BERHAD 200301018362 (620782 - P)
23 August 2022**