



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	(7,787)
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