



MICROLINK SOLUTIONS BERHAD

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

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2024

<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 Bursa Securities Listing Requirements	7 - 9

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2024

	INDIVIDUAL QUARTER THREE MONTHS ENDED 30 SEPTEMBER		CUMULATIVE PERIOD SIX MONTHS ENDED 30 SEPTEMBER	
	2024 RM'000 Unaudited	2023 RM'000 Unaudited	2024 RM'000 Unaudited	2023 RM'000 Unaudited
Revenue	112,814	77,533	174,320	134,465
Cost of sales	(94,093)	(65,894)	(142,492)	(109,399)
Gross profit	18,721	11,639	31,828	25,066
Other operating income	295	1,259	605	2,276
Selling and distribution expenses	(2,724)	(439)	(5,891)	(800)
Administrative expenses	(12,994)	(9,646)	(26,201)	(17,036)
Finance costs	(1,572)	(690)	(2,474)	(1,255)
Other operating expenses	(858)	(1,763)	(1,939)	(3,712)
Net gains/(losses) on impairment on assets	(81,982)	-	(81,982)	-
(Loss) / Profit before taxation	(81,114)	360	(86,054)	4,539
Taxation	-	(234)	-	(707)
(Loss) / Profit for the period	(81,114)	126	(86,054)	3,832
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	728	20	851	(51)
Other comprehensive loss for the period, net of tax	728	20	851	(51)
Total comprehensive (loss) / income for the period	(80,386)	146	(85,203)	3,781
(Loss) / Profit attributable to:				
Owners of the parent	(85,089)	126	(89,530)	3,832
Non-controlling interests	3,975	-	3,476	-
	(81,114)	126	(86,054)	3,832
Total comprehensive (loss) / income attributable to:				
Owners of the parent	(84,361)	142	(88,679)	3,779
Non-controlling interests	3,975	4	3,476	2
	(80,386)	146	(85,203)	3,781
Earnings per share (sen):				
Basic	(7.93)	0.01	(8.35)	0.36
Diluted	(7.93)	0.01	(8.35)	0.36

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2024 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 SEPTEMBER 2024**

	As At 30 September 2024 RM'000 Unaudited	As At 31 March 2024 RM'000 Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	2,654	2,158
Right-of-use assets	2,586	3,002
Goodwill	22,664	25,990
Software development expenditure	19,864	100,724
Other investments	105	105
Lease receivables	641	771
Deferred tax assets	2,576	2,576
	<u>51,090</u>	<u>135,326</u>
Current Assets		
Inventories	111	1,156
Contract costs	46,243	38,170
Other investments	-	89
Trade receivables	108,626	99,539
Other receivables, deposits and prepayments	20,549	23,680
Contract assets	17,913	32,376
Lease receivables	187	195
Current tax assets	13,029	11,577
Cash and bank balances	14,302	13,464
	<u>220,960</u>	<u>220,246</u>
TOTAL ASSETS	<u>272,050</u>	<u>355,572</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	166,260	166,260
Reserves	323	(528)
(Accumulated Losses)/ Retained Earnings	(56,302)	33,228
	<u>110,281</u>	<u>198,960</u>
Non-controlling interests	2,915	(561)
TOTAL EQUITY	<u>113,196</u>	<u>198,399</u>
Non-Current Liabilities		
Deferred tax liability	4,924	4,924
Trade payable	423	423
Other payables and accruals	197	197
Lease liabilities	3,176	3,267
	<u>8,720</u>	<u>8,811</u>
Current Liabilities		
Trade payables	59,617	55,238
Other payables and accruals	22,258	29,986
Contract liabilities	22,631	19,404
Borrowings	43,577	41,102
Lease liabilities	786	1,099
Current tax liabilities	1,265	1,532
	<u>150,134</u>	<u>148,361</u>
TOTAL LIABILITIES	<u>158,854</u>	<u>157,173</u>
TOTAL EQUITY AND LIABILITIES	<u>272,050</u>	<u>355,572</u>
Net assets per share (RM)	<u>0.11</u>	<u>0.19</u>

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2024 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2024**

	<----- Non-distributable ----->					
	Share capital RM'000	Exchange translation reserve RM'000	(Accumulated Losses) / Retained Earnings RM'000	Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
Unaudited						
<u>6 months ended 30 September 2024</u>						
At 1 April 2024 (audited)	166,260	(528)	33,228	198,960	(561)	198,399
Loss for the period	-	-	(89,530)	(89,530)	3,476	(86,054)
Foreign currency translation for foreign operations	-	851	-	851	-	851
Total comprehensive income for the period	-	851	(89,530)	(88,679)	3,476	(85,203)
At 30 September 2024	166,260	323	(56,302)	110,281	2,915	113,196
Unaudited						
<u>6 months ended 30 September 2023</u>						
At 1 April 2023 (audited)	166,259	(214)	60,064	226,109	130	226,239
Profit for the period	-	-	3,832	3,832	-	3,832
Foreign currency translation for foreign operations	-	(53)	-	(53)	2	(51)
Total comprehensive income for the period	-	(53)	3,832	3,779	2	3,781
At 30 September 2023	166,259	(267)	63,896	229,888	132	230,020

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2024 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2024
(The figures have not been audited)

	Current Year 6 months ended 30 September 2024 RM'000 Unaudited	Preceding Year 6 months ended 30 September 2023 RM'000 Unaudited
CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(86,054)	4,539
Adjustments for non-cash items:		
Amortisation of software development expenditure	2,204	8,101
Depreciation of right-of-use assets	471	485
Depreciation of property, plant and equipment	247	80
Dividend income	-	(5)
Fair value on investment	-	250
Software Development Expenditure Written Off	78,656	-
Goodwill Impairment	3,326	-
Impairment losses on trade receivables	-	(563)
Impairment losses on contract assets	-	(96)
Interest expense	1,961	1,255
Interest income	(222)	(263)
Net gain on disposal of quoted investments	-	(1,170)
Net unrealised loss/(gain) on foreign exchange	-	(36)
Realised loss on foreign exchange	574	-
	<u>1,163</u>	<u>12,577</u>
Operating profit before working capital changes		
Net changes in assets	1,041	(29,121)
Net changes in liabilities	75	13,284
	<u>2,279</u>	<u>(3,260)</u>
Net cash from / (used in) operations		
Interest received	41	49
Tax paid	(1,718)	(4,282)
Tax refunded	-	1,105
	<u>602</u>	<u>(6,388)</u>
Net cash from / (used in) operating activities		
CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	-	13
Addition of software development expenditure	-	(1,579)
Dividend received	-	5
Interest received	181	214
Placement of deposits pledged to licensed banks	(1,893)	(1,507)
Net disposal of other investments	89	1,557
Purchase of property, plant and equipment	(798)	(822)
	<u>(2,421)</u>	<u>(2,119)</u>
Net cash used in investing activities		
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		
Interest paid	(1,961)	(1,029)
Net drawdown/(repayment) of borrowings	2,475	(170)
Payments of lease liabilities	(404)	(1,556)
	<u>110</u>	<u>(2,755)</u>
Net cash from / (used in) financing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,709)	(11,262)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	3,328	25,742
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	510	(239)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>2,129</u>	<u>14,241</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 2024 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 2024

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 2024. 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 2024.

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 2024 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 2024:

Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements
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
Amendments to MFRS 121 Lack of Exchangeability
Amendments to MFRS 9 and MFRS 7 Amendments to the Classification and Measurement of Financial Statements
MFRS 18 Presentation and Disclosure in Financial Statements
MFRS 19 Subsidiaries without Public Accountability: Disclosures

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 2024 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
6 months ended 30 September 2024						
External sales	33,192	13,525	127,603	-	-	174,320
Inter-segment sales	14,566	-	1,049	-	(15,615)	-
Total	<u>47,758</u>	<u>13,525</u>	<u>128,652</u>	<u>-</u>	<u>(15,615)</u>	<u>174,320</u>
Results						
Segment results	(20,905)	(58,140)	3,293	-	(8,563)	(84,315)
Interest expense	(1,032)	-	(929)	-	-	(1,961)
Interest income	158	-	64	-	-	222
Taxation	-	-	-	-	-	-
Profit / (Loss) for the financial period	<u>(21,779)</u>	<u>(58,140)</u>	<u>2,428</u>	<u>-</u>	<u>(8,563)</u>	<u>(86,054)</u>
Segment assets	<u>97,764</u>	<u>73,662</u>	<u>90,031</u>	<u>13,068</u>	<u>(2,475)</u>	<u>272,050</u>
Segment liabilities	<u>42,448</u>	<u>16,753</u>	<u>104,122</u>	<u>1,042</u>	<u>(5,511)</u>	<u>158,854</u>
6 months ended 30 September 2023						
External sales	25,427	23,413	83,825	1,800	-	134,465
Inter-segment sales	5,265	315	2,215	-	(7,795)	-
Total	<u>30,692</u>	<u>23,728</u>	<u>86,040</u>	<u>1,800</u>	<u>(7,795)</u>	<u>134,465</u>
Results						
Segment results	2,502	(1,856)	4,440	236	209	5,531
Interest expense	(521)	(129)	(619)	(1)	15	(1,255)
Interest income	177	1	92	-	(7)	263
Taxation	-	-	(707)	-	-	(707)
Profit / (Loss) for the financial period	<u>2,158</u>	<u>(1,984)</u>	<u>3,206</u>	<u>235</u>	<u>217</u>	<u>3,832</u>
Segment assets	<u>224,492</u>	<u>115,297</u>	<u>118,555</u>	<u>26,790</u>	<u>(129,141)</u>	<u>355,993</u>
Segment liabilities	<u>112,127</u>	<u>91,794</u>	<u>138,202</u>	<u>17,546</u>	<u>(233,696)</u>	<u>125,973</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;

collectively, the "First Proposals"

On 27 November 2024, the Group announced that the Board has decided not to proceed with the First Proposals. In its place, the Board intends to undertake a renounceable rights issue of up to 536,198,080 new ordinary shares ("Rights Shares") together with up to 536,198,080 free detachable warrants ("Warrants") on the basis of 1 Rights Share with 1 Warrant for every 2 existing ordinary shares held by the entitled shareholders of the Company, at an issue price to be determined later.

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 20 November 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 30 September 2024 RM'000
Cash and bank balances	4,622
Fixed deposits with licensed financial institutions	9,680
	<u>14,302</u>
Less: Fixed deposits pledged with licensed banks	(9,680)
Bank overdraft	(2,493)
	<u>2,129</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 30 September			6 months ended 30 September		
	2024	2023	Variance	2024	2023	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	25,688	17,608	46%	47,758	30,692	56%
Enterprise Solutions	7,489	10,438	-28%	13,525	23,728	-43%
Distribution Services	92,196	53,156	73%	128,652	86,040	50%
Solution Delivery	-	900	NA	-	1,800	NA
	125,373	82,102	53%	189,935	142,260	34%
Less : Inter Segment Revenue	(12,559)	(4,569)		(15,615)	(7,795)	
Total Group Revenue	112,814	77,533	46%	174,320	134,465	30%

The Group's revenue increased by RM35.28million in the current quarter under review as compared to the corresponding quarter of the preceding year. The higher revenue was mainly attributable to higher order fulfilments and progress billings particularly in Distribution and Financial 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 30 September			6 months ended 30 September		
	2024	2023	Variance	2024	2023	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Financial Services	(22,930)	794	NA	(21,779)	2,158	NA
Enterprise Solutions	(53,898)	(2,272)	2272%	(58,140)	(1,984)	2830%
Distribution Services	3,259	1,953	67%	2,428	3,913	-38%
Solution Delivery	633	120	428%	-	235	NA
	(72,936)	595	NA	(77,491)	4,322	NA
Add : Elimination	(8,178)	165		(8,563)	217	
(Loss) / Profit before taxation ("LBT/PBT")	(81,114)	760	NA	(86,054)	4,539	NA

The Group's loss before taxation recorded during the quarter under review was mainly attributable to software development expenditure written off and specific provision made on goodwill upon changes in business performance.

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	112,814	61,506	83%
Loss before taxation	(81,114)	(4,940)	NA

The Group recorded increase in revenue by RM51.31 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 RM81.11 million in the current quarter was mainly attributable to software development expenditure written off and specific provision made on goodwill upon changes in business performance.

B EXPLANATORY NOTES PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

B2 Prospects

In light of recent software development expenditure written off and goodwill impairment, management has implemented several initiatives to ensure sustainable growth and enhance shareholder value. These initiatives include costing strategies to streamline operational expenses, improve productivity through process optimization and technology integration, and concentrate efforts on core competencies in the Financial Services and Distribution segments. We also anticipate consistent year-on-year growth in both segments and are actively seeking to expand our opportunities in the Enterprise segment by engaging with local and international customers.

Meanwhile, the Board will continue to implement strategies aimed at enhancing efficient to improve overall group performance.

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 2024 RM'000	Cumulative 30 September 2024 RM'000
Taxation - current year	-	-
Taxation - prior year	-	-
Deferred tax	-	-
Total	<u>-</u>	<u>-</u>

No provision of income tax has been made for the Company and its other subsidiaries for the current quarter and cumulative quarter based on the estimate of the weighted average annual income tax rate.

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;

collectively, the "First Proposals"

On 27 November 2024, the Group announced that the Board has decided not to proceed with the First Proposals. In its place, the Board intends to undertake a renounceable rights issue of up to 536,198,080 new ordinary shares ("Rights Shares") together with up to 536,198,080 free detachable warrants ("Warrants") on the basis of 1 Rights Share with 1 Warrant for every 2 existing ordinary shares held by the entitled shareholders of the Company, at an issue price to be determined later.

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.

B8 Group's borrowings and debt securities

The details of the Group's bank borrowings are as follows:

	As at 30 September 2024 RM'000	As at 30 September 2023 RM'000
Current liabilities		
Secured:		
Short term bank borrowings - secured	43,577	29,241
Long term bank borrowings - secured	-	2,492
Total borrowings	<u>43,577</u>	<u>31,733</u>

Bank overdraft and trust receipts of the Group are subject to floating weighted average effective interest rates of 7.70%

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM3.87million 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 30 September 2024	Cumulative Quarter 30 September 2024
Loss attributable to owners of the parent (RM)	(85,089,000)	(89,530,000)
Weighted average number of ordinary shares in issue	1,072,396,160	1,072,396,160
Basic earnings per share (sen)	(7.93)	(8.35)

B13 Authorisation for issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 27 November 2024.

MICROLINK SOLUTIONS BERHAD (200301018362 (620782 - P))
27 November 2024