



**MICROLINK SOLUTIONS BERHAD (620782-P)**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For The Third Quarter Ended 30 September 2007**  
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
		30 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Revenue		3,497	4,408	12,623	14,951
Cost of sales	A1	(3,387)	(2,352)	(7,091)	(7,898)
Gross profit		110	2,056	5,532	7,053
Other operating income		69	86	208	169
Selling and distribution expenses	A1	(554)	(242)	(1,960)	(448)
Administrative expenses	A1	(728)	(789)	(2,957)	(2,475)
Other operating expenses		(360)	(188)	(761)	(588)
<b>(Loss) / Profit before taxation</b>		<b>(1,463)</b>	<b>923</b>	<b>62</b>	<b>3,711</b>
Taxation	B4	(80)	(11)	(214)	(188)
<b>(Loss) / Profit after taxation</b>		<b>(1,543)</b>	<b>912</b>	<b>(152)</b>	<b>3,523</b>
<b>Earnings per share (sen):</b>					
Basic	B12	(1.21)	0.72	(0.12)	2.99
Diluted	B12	(1.21)	0.71	(0.12)	2.98

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



**MICROLINK SOLUTIONS BERHAD (620782-P)**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

	Unaudited as at 30 September 2007 RM'000	Audited as at 31 December 2006 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	869	778
Software development expenditure incurred	6,360	5,458
Goodwill on consolidation	2,818	2,818
	<u>10,047</u>	<u>9,054</u>
<b>CURRENT ASSETS</b>		
Trade receivables	7,059	7,243
Other receivables, deposits and prepayments	868	706
Amount due from contract customers	1,503	3,438
Short-term investments	6,917	7,781
Fixed deposits with licensed financial institutions	2,527	2,566
Cash and bank balances	3,450	2,108
	<u>22,324</u>	<u>23,842</u>
<b>TOTAL ASSETS</b>	<u><u>32,371</u></u>	<u><u>32,896</u></u>
<b>EQUITY AND LIABILITIES</b>		
Issued capital	12,741	12,741
Reserves	14,379	15,799
<b>TOTAL EQUITY</b>	<u>27,120</u>	<u>28,540</u>
<b>NON-CURRENT LIABILITY</b>		
Deferred tax liabilities	374	374
<b>CURRENT LIABILITIES</b>		
Trade payables	307	871
Other payables and accruals	972	1,034
Amount owing to Joint Venture Partner	103	-
Deferred maintenance income	3,473	2,041
Taxation liabilities	22	36
	<u>4,877</u>	<u>3,982</u>
<b>TOTAL LIABILITIES</b>	<u>5,251</u>	<u>4,356</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>32,371</u></u>	<u><u>32,896</u></u>
Net assets per share (RM)	<u>0.25</u>	<u>0.26</u>

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



**MICROLINK SOLUTIONS BERHAD (620782-P)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For The Third Quarter Ended 30 September 2007**  
(The figures have not been audited)

	Issued capital		Distributable reserve	Non-distributable reserve			Total
	Share capital RM'000	Redeemable convertible preference shares RM'000	Retained profits RM'000	Share premium RM'000	Equity compensation reserve RM'000	Translation reserve RM'000	RM'000
<b><u>9 months ended 30 September 2006</u></b>							
At 1 January 2006	660	440	8,289	7,900	-	-	17,289
Conversion of preference shares	440	(440)	-	-	-	-	-
Restricted issue of ordinary shares	115	-	-	1,245	-	-	1,360
Issued pursuant to bonus issue	10,326	-	(1,181)	(9,145)	-	-	-
Initial public offerings	1,200	-	-	4,680	-	-	5,880
Listing expenses	-	-	-	(1,213)	-	-	(1,213)
Profit for the financial period	-	-	3,523	-	-	-	3,523
Dividend	-	-	(1,274)	-	-	-	(1,274)
ESOS expenses	-	-	-	-	37	-	37
At 30 September 2006	<u>12,741</u>	<u>-</u>	<u>9,357</u>	<u>3,467</u>	<u>37</u>	<u>-</u>	<u>25,602</u>
<b><u>9 months ended 30 September 2007</u></b>							
At 1 January 2007	12,741	-	12,277	3,467	55	-	28,540
Loss for the financial period	-	-	(152)	-	-	-	(152)
Dividend	-	-	(1,274)	-	-	-	(1,274)
ESOS expenses	-	-	-	-	25	-	25
Foreign exchange translation difference	-	-	-	-	-	(19)	(19)
At 30 September 2007	<u>12,741</u>	<u>-</u>	<u>10,851</u>	<u>3,467</u>	<u>80</u>	<u>(19)</u>	<u>27,120</u>

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**MICROLINK SOLUTIONS BERHAD (620782-P)**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For The Third Quarter Ended 30 September 2007**  
(The figures have not been audited)



	<b>Current Year 9 months ended</b>	<b>Preceding Year Corresponding period</b>
Note	<b>30 September 2007 RM'000</b>	<b>30 September 2006 RM'000</b>
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Receipts from customers	15,211	12,263
Payment to suppliers and employees	(12,094)	(11,130)
Payment of income tax expense	(267)	(122)
Net cash from operating activities	<u>2,850</u>	<u>1,011</u>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Withdrawal from / (placement) to short-term investments	864	(2,191)
Purchase of property, plant and equipment	(282)	(196)
Software development expenditure incurred	(1,477)	(2,029)
Loan from joint venture partner	103	-
Interest received	208	169
Net cash used in investing activities	<u>(584)</u>	<u>(4,247)</u>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		
Issue of shares	350	7,240
Listing expenses	(39)	(534)
Dividend paid	(1,274)	-
Net cash (used in) / from financing activities	<u>(963)</u>	<u>6,706</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,303	3,470
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	4,674	5,521
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>5,977</u>	<u>8,991</u>

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



**MICROLINK SOLUTIONS BERHAD (620782-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**For The Third Quarter Ended 30 September 2007**

**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 Financial Reporting Standards ("FRS") No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for MESDAQ Market and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2006. 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 December 2006.

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 December 2006 except for the adoption of the following new and revised FRS issued by MASB that are effective for the Group's annual reporting date, 31 December 2007:-

- FRS 117 Lease
- FRS 124 Related Party Disclosures

The adoption of FRS mentioned above does not have significant impact on the Group.

The Group has adopted the implementation of a time cost monitoring system which enables the Group to allocate its staff cost to cost of sales, marketing and administrative expenses for more accurate presentation on the financial statements.

**A2 Audit report of preceding annual financial statements**

The preceding annual audited financial statements for the financial year ended 31 December 2006 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.

**A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)**



**A7 Segmental information**

Segmental information for the Group by geographical segment is presented as follows:

	<b>Current quarter RM'000</b>	<b>Cumulative 30 September 2007 RM'000</b>
<u>Segment Revenue</u>		
Malaysia	3,271	10,856
Overseas	226	1,767
	<u>3,497</u>	<u>12,623</u>
<u>Segment Gross profit</u>		
Malaysia	741	5,212
Overseas	(631)	320
	<u>110</u>	<u>5,532</u>

No segmental information based on business activity is presented as the Group is principally engaged in the provision of information technology solutions to the financial services industry.

**A8 Valuation of property, plant and equipment**

The Group did not carry out any valuation on its property, plant and equipment.

**A9 Material events subsequent to the end of the quarter**

There have been no material events subsequent to the end of the quarter.

**A10 Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter under review, except for the incorporation of a new joint venture company in the State of Kuwait.

**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 14 November 2007 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

**A12 Cash and cash equivalents**

	<b>Current period as at 30 September 2007 RM'000</b>
Cash and bank balances	3,450
Fixed deposits with licensed financial institutions	<u>2,527</u>
	<u>5,977</u>

Included in fixed deposits with licensed financial institutions is an amount of RM2.53 million pledged to a licensed bank as security for banking facilities totaling RM2.50 million granted to the Group.



**B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET**

**B1 Review of performance**

For the current quarter ended 30 September 2007, the Group had cancellations of a couple of existing projects which have resulted in reversal of revenue. In view of this, the Group only recorded a revenue of RM3.50 million, contributed mainly from on going projects undertaken (53%) and maintenance (47%). The Group recorded a loss before taxation of RM1.46 million and a loss after taxation of RM1.54 million for the quarter under review.

**B2 Prospects**

Despite the cancellation of a couple of existing projects, the Group is still optimistic that the banking industry locally, and in the ASEAN and MENA regions will continue to be positive in coming years. The Group will be vigilant on the cost structure and ensure that improvements are made in the forthcoming and future quarters. The Group continues to identify and secure more projects within the banking industry. Nevertheless, a potential net loss for the financial year ending 31 December 2007 may be expected.

**B3 Profit forecast or guarantee**

There were no profit forecast or profit guarantee issued by the Group and the Company.

**B4 Taxation**

	<b>Current quarter 30 September 2007 RM'000</b>	<b>Cumulative 30 September 2007 RM'000</b>
Malaysia Income Tax	80	214
	<b>80</b>	<b>214</b>

The effective tax rate for the period under review is lower than the statutory income tax rate due to tax exempt income of the Company arising from its pioneer status granted under the Promotion of Investments Act, 1986 (Amendments) pursuant to its MSC status entitlement under the MSC Bill of Guarantees effective from 1 September 2004 to 31 August 2009.

**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 listing proceeds**

The Company established the Employee Share Option Scheme ("ESOS") which entails the granting of ESOS Options to the eligible Directors and employees of the Group to subscribe for new Shares up to a maximum of 10% of the issued and paid up share capital at any point in time during the 5 years tenure of the ESOS ("ESOS Period") from 27 April 2006 to 26 April 2011, subject to the terms and conditions of the By-Laws.

An additional 936,300 options approved by the Option Committee were granted in year 2007 and may be exercised in accordance with the following percentages in each year as follows:-

	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>
Percentage of options exercisable during ESOS Period	0%	0%	40%	20%*	40%*

\* 20% and the remaining number of options unexercised from the previous year(s), as the case may be.



**B EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET (Cont'd)**

**B7 Corporate exercise and utilisation of listing proceeds (Cont'd)**

The status of the planned utilisation of the total gross proceeds from the listing exercise as at 30 September 2007 is set out below:-

	<b>Intended timeframe</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance amount</b>	
				<b>RM'000</b>	<b>%</b>
1. R&D expenditure	24 months	2,225	2,225	0	0
2. Working capital requirements *	24 months	3,515	3,205	597	17
3. Listing expenses *	6 months	1,500	1,213	0	0
		<u>7,240</u>	<u>6,643</u>	<u>597</u>	

\* As stated in our Prospectus dated 2 June 2006, the remaining amount not utilised for the listing expenses of RM287,000 shall be utilised for our working capital requirements.

**B8 Group's borrowings and debt securities**

The Group has unutilised secured banking facilities totaling RM2.50 million, denominated in Ringgit Malaysia as at the end of the reporting period.

**B9 Off balance sheet financial instruments**

The Group has not entered into any contract involving off balance sheet financial instruments as at the date of this announcement.

**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 had been declared in respect of the current quarter under review.





**B EXPLANATORY NOTES PURSUANT TO APPENDIX B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET (Cont'd)**

**B12 Earnings per share**

	<b>Individual Quarter 30 September 2007</b>	<b>Cumulative Quarter 30 September 2007</b>
<b>Basic earnings per share</b>		
The calculation of the basic earnings per share is based on the net loss for the financial quarter and period under review divided by the weighted average number of ordinary shares of RM0.10 in issue.		
Loss attributable to ordinary shareholders (RM'000)	(1,543)	(152)
No. of ordinary share in issue	127,406,000	127,406,000
<b>Basic loss per share (sen)</b>	<b><u>(1.21)</u></b>	<b><u>(0.12)</u></b>

**Fully diluted earnings per share**

The calculation of the diluted earnings per share is based on the net loss for the financial quarter and period under review divided by the adjusted weighted average number of ordinary shares of RM0.10 each in issue and the assumed exercised of share options granted under the ESOS scheme.

Loss attributable to ordinary shareholders (RM'000)	(1,543)	(152)
Weighted average number of shares used in the calculation of basic earning per ordinary share	127,406,000	127,406,000
ESOS:		
Weighted average number of unissued shares available under option	6,365,300	5,967,458
Number of shares that would have been issued at fair value	(6,357,266)	(5,539,152)
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	<u>127,414,034</u>	<u>127,834,306</u>
<b>Fully diluted loss per share (sen)</b>	<b><u>(1.21)</u></b>	<b><u>(0.12)</u></b>

**B13 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 21 November 2007.