



## **MICROLINK SOLUTIONS BERHAD**

Company no. 620782P  
(Incorporated in Malaysia)

### **INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010**

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**MICROLINK SOLUTIONS BERHAD (620782-P)**
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**For The Third Quarter Ended 30 September 2010**

(The figures have not been audited)

|   |      | INDIVIDUAL QUARTER |                   | CUMULATIVE QUARTER |                   |
|---|------|--------------------|-------------------|--------------------|-------------------|
|   |      | Current            | Preceding         | Current            | Preceding         |
|   |      | Year               | Year              | Year               | Year              |
|   |      | Quarter            | Corresponding     | To date            | Corresponding     |
|   |      | Quarter            | Quarter           | Period             | Period            |
|   |      | 30 September 2010  | 30 September 2009 | 30 September 2010  | 30 September 2009 |
|   | Note | RM'000             | RM'000            | RM'000             | RM'000            |
| Revenue   | B1   | 4,687              | 3,835             | 18,388             | 12,106            |
| Cost of sales   | B1   | (1,828)            | (1,598)           | (9,219)            | (5,094)           |
| Gross profit  |      | <u>2,859</u>       | <u>2,237</u>      | <u>9,169</u>       | <u>7,012</u>      |
| Other operating income                                    |      | 40                 | 90                | 106                | 212               |
| Selling and distribution expenses                         |      | (331)              | (208)             | (1,024)            | (703)             |
| Administrative expenses                                   |      | (1,563)            | (1,738)           | (5,013)            | (4,724)           |
| Other operating expenses                                  |      | (326)              | (256)             | (854)              | (1,046)           |
| Share of results of jointly controlled entity             |      | -                  | -                 | -                  | (333)             |
| <b>Profit before taxation</b>                             | B1   | <u>679</u>         | <u>125</u>        | <u>2,384</u>       | <u>418</u>        |
| Income tax expense  | B4   | (177)              | (60)              | (405)              | (154)             |
| <b>Profit for the period</b>                              |      | <u>502</u>         | <u>65</u>         | <u>1,979</u>       | <u>264</u>        |
| <b>Other comprehensive income</b>                         |      |                    |                   |                    |                   |
| Exchange differences on translation of foreign operations |      | (6)                | 18                | (4)                | 61                |
| <b>Other comprehensive income net of tax</b>              |      | <u>(6)</u>         | <u>18</u>         | <u>(4)</u>         | <u>61</u>         |
| <b>Total Comprehensive Income for the period</b>          |      | <u>496</u>         | <u>83</u>         | <u>1,975</u>       | <u>325</u>        |
| <b>Profit attributable to :</b>                           |      |                    |                   |                    |                   |
| Owners of the Parent                                      |      | 484                | 78                | 1,904              | 186               |
| Non-Controlling Interest                                  |      | 18                 | (13)              | 75                 | 78                |
|   |      | <u>502</u>         | <u>65</u>         | <u>1,979</u>       | <u>264</u>        |
| <b>Total comprehensive income attributable to :</b>       |      |                    |                   |                    |                   |
| Owners of the Parent                                      |      | 478                | 96                | 1,900              | 247               |
| Non-Controlling Interests                                 |      | 18                 | (13)              | 75                 | 78                |
|   |      | <u>496</u>         | <u>83</u>         | <u>1,975</u>       | <u>325</u>        |
| <b>Earnings per share (sen):</b>                          |      |                    |                   |                    |                   |
| Basic   | B12  | 0.38               | 0.06              | 1.49               | 0.15              |
| Diluted   | B12  | <u>N/A</u>         | <u>N/A</u>        | <u>N/A</u>         | <u>N/A</u>        |

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



**MICROLINK SOLUTIONS BERHAD (620782-P)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 September 2010**

|   | <b>Unaudited<br/>as at<br/>30 September 10<br/>RM'000</b> | <b>Audited<br/>as at<br/>31 December 09<br/>RM'000</b> |
|---|---|--|
| <b>ASSETS</b>                                       |   |  |
| <b>NON-CURRENT ASSETS</b>                           |   |  |
| Property, plant and equipment                       | 1,449   | 1,634  |
| Software development expenditure                    | 13,864  | 13,602   |
| Goodwill on consolidation                           | 2,818   | 2,818  |
| Total non-current assets                            | <u>18,131</u>   | <u>18,054</u>  |
| <b>CURRENT ASSETS</b>                               |   |  |
| Trade receivables                                   | 2,054   | 1,657  |
| Other receivables, deposits and prepayments         | 1,457   | 536  |
| Amount due from contract customers                  | 1,312   | 56   |
| Short-term investments                              | 7,030   | 4,922  |
| Fixed deposits with licensed financial institutions | 3,115   | 2,017  |
| Cash and bank balances                              | 1,463   | 3,592  |
| Total current assets                                | <u>16,431</u>   | <u>12,780</u>  |
| <b>TOTAL ASSETS</b>                                 | <b><u>34,562</u></b>                                      | <b><u>30,834</u></b>                                   |
| <b>EQUITY AND LIABILITIES</b>                       |   |  |
| <b>CAPITAL AND RESERVES</b>                         |   |  |
| Issued capital                                      | 12,741  | 12,741   |
| Reserves  | 17,008  | 15,068   |
| Shareholders' equity                                | <u>29,749</u>   | <u>27,809</u>  |
| Non-controlling interests                           | 113   | 38   |
|   | <u>29,862</u>   | <u>27,847</u>  |
| <b>DEFERRED LIABILITY</b>                           |   |  |
| Deferred tax liabilities                            | 276   | 282  |
| <b>CURRENT LIABILITIES</b>                          |   |  |
| Trade payables                                      | 393   | 966  |
| Other payables and accruals                         | 1,222   | 552  |
| Deferred maintenance income                         | 2,580   | 1,185  |
| Tax liabilities                                     | 229   | 2  |
|   | <u>4,424</u>  | <u>2,705</u>   |
| Total liabilities                                   | 4,700   | 2,987  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 | <b><u>34,562</u></b>                                      | <b><u>30,834</u></b>                                   |
| Net assets per share (RM)                           | <u>0.24</u>   | <u>0.22</u>  |

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010**  
(The figures have not been audited)

**Attributable to Owners of the Parent**

|  | Issued capital  |                  | Distributable reserve |                             |                                | Non-distributable reserves |            |               | Non-controlling interests | Total |
|--|-----------------|------------------|-----------------------|-----------------------------|--------------------------------|----------------------------|------------|---------------|---------------------------|-------|
|  | Ordinary shares | Retained profits | Share premium         | Equity compensation reserve | Currencies translation reserve | Total                      |            |               |                           |       |
| <b><u>9 months ended 30 September 2009</u></b> |                 |                  |                       |                             |                                |                            |            |               |                           |       |
| At 1 January 2009 (audited)                    | 12,741          | 12,663           | 3,467                 | 156                         | (140)                          | 28,887                     | 1          | 28,888        |                           |       |
| Total comprehensive income for the period      | -               | 186              | -                     | -                           | 61                             | 247                        | 78         | 325           |                           |       |
| ESOS expenses                                  | -               | -                | -                     | 40                          | -                              | 40                         | -          | 40            |                           |       |
| Issue of shares to minority shareholder        | -               | -                | -                     | -                           | -                              | -                          | 40         | 40            |                           |       |
| Dividend                                       | -               | (1,274)          | -                     | -                           | -                              | (1,274)                    | -          | (1,274)       |                           |       |
| At 30 September 2009                           | <u>12,741</u>   | <u>11,575</u>    | <u>3,467</u>          | <u>196</u>                  | <u>(79)</u>                    | <u>27,900</u>              | <u>119</u> | <u>28,019</u> |                           |       |
| <b><u>9 months ended 30 September 2010</u></b> |                 |                  |                       |                             |                                |                            |            |               |                           |       |
| At 1 January 2010 (audited)                    | 12,741          | 11,480           | 3,467                 | 196                         | (75)                           | 27,809                     | 38         | 27,847        |                           |       |
| Total comprehensive income for the period      | -               | 1,904            | -                     | -                           | (4)                            | 1,900                      | 75         | 1,975         |                           |       |
| ESOS expenses                                  | -               | -                | -                     | 40                          | -                              | 40                         | -          | 40            |                           |       |
| At 30 September 2010                           | <u>12,741</u>   | <u>13,384</u>    | <u>3,467</u>          | <u>236</u>                  | <u>(79)</u>                    | <u>29,749</u>              | <u>113</u> | <u>29,862</u> |                           |       |

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

**MICROLINK SOLUTIONS BERHAD** (620782-P)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For The Third Quarter Ended 30 September 2010**  
(The figures have not been audited)



|   | <b>Current<br/>Year<br/>9 months ended<br/>30 September 2010</b> | <b>Preceding<br/>Year<br/>Corresponding period<br/>30 September 2009</b> |
|---|--|--|
| <b>Note</b>   | <b>RM'000</b>  | <b>RM'000</b>  |
| <b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>         |  |  |
| Receipts from customers   | 17,674   | 12,014   |
| Payment to suppliers and employees                              | (15,556)   | (9,437)  |
| Payment of income tax expense                                   | (161)  | 59   |
| Net cash from operating activities                              | 1,957  | 2,636  |
| <b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>         |  |  |
| Purchase of property, plant and equipment                       | (162)  | (625)  |
| Software development expenditure incurred                       | (751)  | (5,342)  |
| Grant received  | 51   | 51   |
| Interest received   | 106  | 160  |
| Net cash used in investing activities                           | (807)  | (5,756)  |
| <b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>         |  |  |
| Dividend paid   | -  | (1,274)  |
| Issue of shares to minority shareholders                        | -  | 40   |
| Net cash used in financing activities                           | -  | (1,234)  |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | 1,150  | (4,354)  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING<br/>OF THE PERIOD</b> | 10,531   | 13,575   |
| <b>CURRENCIES TRANSLATION DIFFERENCE</b>                        | (73)   | 65   |
| <b>CASH AND CASH EQUIVALENTS AT END<br/>OF THE PERIOD</b>       | A12 11,608   | 9,286  |

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010**

**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 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 December 2009. 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 2009.

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 2009, except for the following:

FRS 7, Financial Instruments: Disclosure  
 FRS 8, Operating Segment  
 FRS 101 (revised), Presentation of Financial Statements  
 FRS 132 (revised), Financial Instruments: Presentation  
 FRS 139, Financial Instruments: Recognition and Measurement

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application, other than as discussed below:

FRS 101 (revised) - Presentation of Financial Statements

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Group's financial statements as this change in accounting policy affects only the presentation of the Group's financial statements.

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

The preceding annual audited financial statements for the financial year ended 31 December 2009 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**

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

|                        | <b>Current quarter</b>   | <b>Cumulative</b>        |
|------------------------|--------------------------|--------------------------|
|                        | <b>30 September 2010</b> | <b>30 September 2010</b> |
|                        | <b>RM'000</b>            | <b>RM'000</b>            |
| <u>Segment Revenue</u> |                          |                          |
| Malaysia               | 3,934                    | 16,425                   |
| Overseas               | 753                      | 1,963                    |
|                        | <u>4,687</u>             | <u>18,388</u>            |

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

**A7 Segmental information (Cont'd)**

Segment Gross Profit

|          |              |              |
|----------|--------------|--------------|
| Malaysia | 2,253        | 7,637        |
| Overseas | <u>606</u>   | <u>1,532</u> |
|          | <u>2,859</u> | <u>9,169</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 of 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.

**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 November 2010 (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 year<br/>as at<br/>30 September 2010<br/>RM'000</b> |
| Cash and bank balances                              | 1,463  |
| Short-term investments                              | 7,030  |
| Fixed deposits with licensed financial institutions | <u>3,115</u>   |
|   | <u>11,608</u>  |

\* Included in fixed deposits with licensed financial institutions is an amount of RM2.02 million pledged to a licensed bank as security for banking facilities totaling RM3.50 million granted to the Group.

## B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE LISTING REQUIREMENTS

### B1 Review of performance

For the current quarter, the Group recorded a revenue of RM4.69 million and profit before tax of RM0.68 million as compared to the revenue of RM3.84 million and profit before tax of RM0.13 million in the corresponding quarter of the preceding year.

For the nine months ended 30 September 2010, the Group recorded a revenue of RM18.39 million and profit before tax of RM2.38 million as compared to the revenue of RM12.11 million and profit before tax of RM0.42 million in the corresponding period of the preceding year. This represents an increase of 52% in revenue and 470% in profit before tax. The performance improvement was mainly attributable to higher sales volume and absence of significant provision for doubtful debt in this financial year.

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

The Group recorded a revenue of RM4.69 million and profit before tax of RM0.68 million in the current quarter ended 30 September 2010 as compared to the preceding quarter's revenue of RM4.29 million and profit before tax of RM0.39 million. The variance in profit before tax was mainly due to higher sales volume in the current quarter.

### B2 Prospects

Barring unforeseen circumstances, the Group is expected to achieve satisfactory performance in the current financial year underpinned by encouraging sales pipeline and our proactive marketing efforts.

### B3 Profit forecast or guarantee

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

### B4 Income tax expense

|                     | <b>Current quarter<br/>30 September 2010<br/>RM'000</b> | <b>Cumulative<br/>30 September 2010<br/>RM'000</b> |
|---------------------|---|--|
| Malaysia Income Tax | (177)   | (405)  |
|                     | <u>(177)</u>  | <u>(405)</u>                                       |

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. The Ministry of International Trade and Industry had, vide letter dated 29 October 2009, granted the Company with additional five years of Pioneer Status for MSC status company commencing from 1 September 2009 until 31 August 2014.

### 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.



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

**B7 Corporate exercise**

There is no corporate exercise announced but not completed during the period under review.

**Employee Share Option Scheme ("ESOS")**

The Company established the 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.

There is no option granted to the eligible employees of the Group during the financial period under review.

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

The Group had issued a bank guarantee amounting to RM0.02 million and the remaining unutilised secured banking facilities of RM3.48 million during the financial period under review.

**B9 Off balance sheet financial instruments**

A bank guarantee amounting to RM0.02 million has been issued as an utility deposit.

**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.

**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 of RM0.10 in issue.

|  | <b>Individual<br/>Quarter<br/>30 September 2010</b> | <b>Cumulative<br/>Quarter<br/>30 September 2010</b> |
|--|---|---|
| Profit attributable to owners of the parent (RM'000) | 484   | 1,904   |
| No. of ordinary share in issue                       | 127,406,000   | 127,406,000   |
| <b>Basic earnings per share (sen)</b>                | <b><u>0.38</u></b>                                  | <b><u>1.49</u></b>                                  |

The diluted earnings per share is not presented in the consolidated income statement as the effect of the assumed conversion of outstanding ESOS option is anti-dilutive.

**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 November 2010.