



MICROLINK SOLUTIONS BERHAD

Company no. 620782P
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

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MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Fourth Quarter Ended 31 December 2010
(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
		31 December 2010 RM'000	31 December 2009 RM'000	31 December 2010 RM'000	31 December 2009 RM'000
Revenue	B1	4,065	5,087	22,453	17,193
Cost of sales	B1	(1,829)	(1,874)	(11,048)	(6,968)
Gross profit		<u>2,236</u>	<u>3,213</u>	<u>11,405</u>	<u>10,225</u>
Other operating income		49	29	155	241
Selling and distribution expenses		(329)	(328)	(1,353)	(1,031)
Administrative expenses		(1,491)	(1,414)	(6,504)	(5,922)
Other operating expenses		(439)	(1,311)	(1,293)	(2,573)
Share of results of jointly controlled entity		-	-	-	(333)
Profit before taxation	B1	<u>26</u>	<u>189</u>	<u>2,410</u>	<u>607</u>
Income tax expense	B4	(135)	(365)	(540)	(519)
(Loss) / Profit for the period		<u>(109)</u>	<u>(176)</u>	<u>1,870</u>	<u>88</u>
Other comprehensive income					
Exchange differences on translation of foreign operations		(55)	4	(59)	65
Other comprehensive income net of tax		<u>(55)</u>	<u>4</u>	<u>(59)</u>	<u>65</u>
Total Comprehensive Income for the period		<u>(164)</u>	<u>(172)</u>	<u>1,811</u>	<u>153</u>
Profit attributable to :					
Owners of the Parent		(34)	(95)	1,870	91
Non-Controlling Interests		(75)	(81)	-	(3)
		<u>(109)</u>	<u>(176)</u>	<u>1,870</u>	<u>88</u>
Total comprehensive income attributable to :					
Owners of the Parent		(89)	(91)	1,811	156
Non-Controlling Interests		(75)	(81)	-	(3)
		<u>(164)</u>	<u>(172)</u>	<u>1,811</u>	<u>153</u>
(Loss) / Earnings per share (sen):					
Basic	B12	(0.03)	(0.07)	1.47	0.07
Diluted	B12	N/A	N/A	N/A	N/A

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 31 December 2010

	Unaudited as at 31 December 10 RM'000	Audited as at 31 December 09 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,392	1,634
Software development expenditure	13,748	13,602
Goodwill on consolidation	2,818	2,818
Total non-current assets	<u>17,958</u>	<u>18,054</u>
CURRENT ASSETS		
Trade receivables	3,114	1,657
Other receivables, deposits and prepayments	1,216	536
Amount due from contract customers	805	56
Short-term investments	6,448	4,922
Fixed deposits with licensed financial institutions	3,035	2,017
Cash and bank balances	1,354	3,592
Total current assets	<u>15,972</u>	<u>12,780</u>
TOTAL ASSETS	<u>33,930</u>	<u>30,834</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	12,741	12,741
Reserves	16,919	15,068
Shareholders' equity	<u>29,660</u>	<u>27,809</u>
Non-controlling interests	38	38
	<u>29,698</u>	<u>27,847</u>
DEFERRED LIABILITY		
Deferred tax liabilities	271	282
CURRENT LIABILITIES		
Trade payables	315	966
Other payables and accruals	1,531	552
Deferred maintenance income	2,115	1,185
Tax liabilities	-	2
	<u>3,961</u>	<u>2,705</u>
Total liabilities	4,232	2,987
TOTAL EQUITY AND LIABILITIES	<u>33,930</u>	<u>30,834</u>
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 Fourth Quarter Ended 31 December 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			
<u>12 months ended 31 December 2009</u>									
At 1 January 2009 (audited)	12,741	12,663	3,467	156	(140)	28,887	1	28,888	
Total comprehensive income for the period	-	91	-	-	65	156	(3)	153	
ESOS expenses	-	-	-	40	-	40	-	40	
Issue of shares to minority shareholder	-	-	-	-	-	-	40	40	
Dividend	-	(1,274)	-	-	-	(1,274)	-	(1,274)	
At 31 December 2009	<u>12,741</u>	<u>11,480</u>	<u>3,467</u>	<u>196</u>	<u>(75)</u>	<u>27,809</u>	<u>38</u>	<u>27,847</u>	
<u>12 months ended 31 December 2010</u>									
At 1 January 2010 (audited)	12,741	11,480	3,467	196	(75)	27,809	38	27,847	
Total comprehensive income for the period	-	1,870	-	-	(59)	1,811	-	1,811	
ESOS expenses	-	-	-	40	-	40	-	40	
At 31 December 2010	<u>12,741</u>	<u>13,350</u>	<u>3,467</u>	<u>236</u>	<u>(134)</u>	<u>29,660</u>	<u>38</u>	<u>29,698</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 Fourth Quarter Ended 31 December 2010
(The figures have not been audited)



	Current Year 12 months ended 31 December 2010	Preceding Year Corresponding period 31 December 2009
Note	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Receipts from customers	20,639	17,541
Payment to suppliers and employees	(18,734)	(13,329)
Payment of income tax expense	(491)	(1)
Net cash from operating activities	1,414	4,211
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(217)	(673)
Software development expenditure incurred	(968)	(5,606)
Interest received	153	189
Net cash used in investing activities	(1,032)	(6,090)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	-	(1,274)
Issue of shares to minority shareholders	-	40
Net cash used in financing activities	-	(1,234)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	382	(3,113)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	10,531	13,575
CURRENCIES TRANSLATION DIFFERENCE	(76)	69
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	A12 10,837	10,531

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 Fourth Quarter Ended 31 December 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:

	Current quarter	Cumulative
	31 December 2010	31 December 2010
	RM'000	RM'000
<u>Segment Revenue</u>		
Malaysia	3,574	19,999
Overseas	491	2,454
	<u>4,065</u>	<u>22,453</u>

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

A7 Segmental information (Cont'd)

Segment Gross Profit

Malaysia	2,066	9,703
Overseas	<u>170</u>	<u>1,702</u>
	<u>2,236</u>	<u>11,405</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 14 February 2011 (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

	Current year as at 31 December 2010 RM'000
Cash and bank balances	1,354
Short-term investments	6,448
Fixed deposits with licensed financial institutions	<u>3,035</u>
	<u>10,837</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 RM4.07 million and profit before tax of RM0.03 million as compared to the revenue of RM5.09 million and profit before tax of RM0.19 million in the corresponding quarter of the preceding year.

For the twelve months ended 31 December 2010, the Group recorded a revenue of RM22.45 million and profit before tax of RM2.41 million as compared to the revenue of RM17.19 million and profit before tax of RM0.61 million in the preceding year. This represents an increase of 31% in revenue and 297% 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 RM4.07 million and profit before tax of RM0.03 million in the current quarter ended 31 December 2010 as compared to the preceding quarter's revenue of RM4.69 million and profit before tax of RM0.68 million. The variance in profit before tax was mainly due to lower sales volume in the current quarter.

B2 Prospects

The Group is optimistic and expects that some opportunities in the sales pipeline will materialise in the first quarter of 2011. These projects will contribute positively to the Group's earnings.

Barring any unforeseen circumstances, the Board is positive about the prospect and the financial performance of the Group for the next financial year.

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 December 2010 RM'000	Cumulative 31 December 2010 RM'000
Malaysia Income Tax	(135)	(540)
	<u>(135)</u>	<u>(540)</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 Disclosure of Realised and Unrealised Profits (Unaudited)

	As at 31 December 2010 RM'000	As at 30 September 2010 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	22,489	23,042
- Unrealised	-	-
	<u>22,489</u>	<u>23,042</u>
Less: Consolidation adjustments	(9,139)	(9,658)
Total group retained profits as per statement of financial position	<u>13,350</u>	<u>13,384</u>

B11 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.

B12 Dividends

No dividend has been declared in respect of the current quarter under review.

The Board of Directors of the Company has at the Board of Directors Meeting today, proposed the payment of tax exempted final dividend, subject to shareholders' approval at the forthcoming annual general meeting of one sen per share in respect of the financial year ended 31 December 2010 amounting RM1,274,060 computed based on the issued and paid up share capital of the company as at the date of this report. The entitlement and payment dates for the proposed final dividend will be determined and announced at a later date.

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

B13 Earnings per share

(Loss) / 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.

	Individual Quarter 31 December 2010	Cumulative Quarter 31 December 2010
(Loss) / Profit attributable to owners of the parent (RM'000)	(34)	1,870
No. of ordinary share in issue	127,406,000	127,406,000
Basic (loss) / earnings per share (sen)	<u>(0.03)</u>	<u>1.47</u>

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.

B14 Authorisation for issue

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 21 February 2011.

MICROLINK SOLUTIONS BERHAD (620782-P)

21 February 2011