



## MICROLINK SOLUTIONS BERHAD

Company no. 620782P  
(Incorporated in Malaysia)

### INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

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**MICROLINK SOLUTIONS BERHAD** (620782-P)  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For The First Quarter Ended 31 March 2011**  
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding Quarter	To date	Corresponding Period
		31 March 2011 RM'000	31 March 2010 RM'000	31 March 2011 RM'000	31 March 2010 RM'000
Revenue	B1	3,774	9,411	3,774	9,411
Cost of sales	B1	(1,880)	(5,763)	(1,880)	(5,763)
Gross profit		<u>1,894</u>	<u>3,648</u>	<u>1,894</u>	<u>3,648</u>
Other operating income		93	40	93	40
Selling and distribution expenses		(304)	(352)	(304)	(352)
Administrative expenses		(1,476)	(1,673)	(1,476)	(1,673)
Other operating expenses		(344)	(347)	(344)	(347)
<b>(Loss) / Profit before taxation</b>	B1	<u>(137)</u>	<u>1,316</u>	<u>(137)</u>	<u>1,316</u>
Income tax expense	B4	(1)	(53)	(1)	(53)
<b>(Loss) / Profit for the period</b>		<u>(138)</u>	<u>1,263</u>	<u>(138)</u>	<u>1,263</u>
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations		(2)	4	(2)	4
<b>Other comprehensive income net of tax</b>		<u>(2)</u>	<u>4</u>	<u>(2)</u>	<u>4</u>
<b>Total Comprehensive Income for the period</b>		<u>(140)</u>	<u>1,267</u>	<u>(140)</u>	<u>1,267</u>
<b>(Loss) / Profit attributable to :</b>					
Owners of the Parent		(166)	1,184	(166)	1,184
Non-Controlling Interests		28	79	28	79
		<u>(138)</u>	<u>1,263</u>	<u>(138)</u>	<u>1,263</u>
<b>Total comprehensive (loss) / income attributable to :</b>					
Owners of the Parent		(168)	1,188	(168)	1,188
Non-Controlling Interests		28	79	28	79
		<u>(140)</u>	<u>1,267</u>	<u>(140)</u>	<u>1,267</u>
<b>(Loss) / Earnings per share (sen):</b>					
Basic	B12	(0.13)	0.93	(0.13)	0.93
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 2010 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 March 2011**

	Unaudited as at 31 March 11 RM'000	Audited as at 31 December 10 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,301	1,392
Software development expenditure	13,796	13,748
Goodwill on consolidation	2,818	2,818
Total non-current assets	<u>17,915</u>	<u>17,958</u>
<b>CURRENT ASSETS</b>		
Trade receivables	4,249	3,114
Other receivables, deposits and prepayments	1,791	1,272
Amount due from contract customers	439	805
Short-term investments	5,801	6,448
Fixed deposits with licensed financial institutions	3,072	3,035
Cash and bank balances	2,654	1,354
Total current assets	<u>18,006</u>	<u>16,028</u>
<b>TOTAL ASSETS</b>	<b><u>35,921</u></b>	<b><u>33,986</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Issued capital	12,741	12,741
Reserves	16,749	16,914
Shareholders' equity	<u>29,490</u>	<u>29,655</u>
Non-controlling interests	66	38
	<u>29,556</u>	<u>29,693</u>
<b>DEFERRED LIABILITY</b>		
Deferred tax liabilities	271	282
<b>CURRENT LIABILITIES</b>		
Trade payables	402	315
Other payables and accruals	1,372	1,542
Deferred maintenance income	4,317	2,115
Tax liabilities	3	39
	<u>6,094</u>	<u>4,011</u>
Total liabilities	6,365	4,293
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>35,921</u></b>	<b><u>33,986</u></b>
Net assets per share (RM)	<u>0.23</u>	<u>0.24</u>

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 First Quarter Ended 31 March 2011**  
(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 earnings	Share premium	Equity compensation reserve	Currencies translation reserve	Total			
<b><u>3 months ended 31 March 2010</u></b>									
At 1 January 2010 (audited)	12,741	11,480	3,467	196	(75)	27,809	38	27,847	
Other comprehensive income					4	4		4	
Profit for the period		1,184				1,184	79	1,263	
Total comprehensive income for the period	-	1,184	-	-	4	1,188	79	1,267	
ESOS expenses	-	-	-	13	-	13	-	13	
At 31 March 2010	<u>12,741</u>	<u>12,664</u>	<u>3,467</u>	<u>209</u>	<u>(71)</u>	<u>29,010</u>	<u>117</u>	<u>29,127</u>	
<b><u>3 months ended 31 March 2011</u></b>									
At 1 January 2011 (audited)	12,741	13,345	3,467	236	(134)	29,655	38	29,693	
Other comprehensive loss					(2)	(2)		(2)	
(Loss) / Profit for the period		(166)				(166)	28	(138)	
Total comprehensive (loss) / profit for the period	-	(166)	-	-	(2)	(168)	28	(140)	
ESOS expenses	-	-	-	3	-	3	-	3	
At 31 March 2011	<u>12,741</u>	<u>13,179</u>	<u>3,467</u>	<u>239</u>	<u>(136)</u>	<u>29,490</u>	<u>66</u>	<u>29,556</u>	

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**MICROLINK SOLUTIONS BERHAD** (620782-P)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For The First Quarter Ended 31 March 2011**  
(The figures have not been audited)



	Current Year 3 months ended 31 March 2011	Preceding Year Corresponding period 31 March 2010
Note	RM'000	RM'000
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Receipts from customers	5,347	7,303
Payment to suppliers and employees	(4,254)	(5,297)
Payment of income tax expense	(223)	(19)
Net cash from operating activities	870	1,987
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(14)	(63)
Software development expenditure incurred	(258)	(375)
Interest received	93	40
Net cash used in investing activities	(179)	(398)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	691	1,589
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	10,837	10,531
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT</b>	(1)	(2)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	A12 11,527	12,118

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**MICROLINK SOLUTIONS BERHAD (620782-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**For The First Quarter Ended 31 March 2011**

**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 2010. 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 2010.

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 2010, except for the following:

FRS 3, Business Combinations (revised)  
 FRS 127, Consolidated and Separate Financial Statements  
 Amendments to FRS 2, Share-based Payment  
 Amendments to FRS 138, Intangible Assets  
 Amendments to FRS 139, Financial Instruments: Recognition and Measurement  
 Improvements to FRSs (2010)

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 annual audited financial statements for the financial year ended 31 December 2010 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 31 March 2011 RM'000</b>	<b>Cumulative 31 March 2011 RM'000</b>
<u>Segment Revenue</u>		
Malaysia	3,498	3,498
Overseas	276	276
	<u>3,774</u>	<u>3,774</u>

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

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

Segment Gross Profit / (Loss)

Malaysia	1,969	1,969
Overseas	<u>(75)</u>	<u>(75)</u>
	<u>1,894</u>	<u>1,894</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 5 May 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**

	<b>Current year as at 31 March 2011 RM'000</b>
Cash and bank balances	2,654
Short-term investments	5,801
Fixed deposits with licensed financial institutions	<u>3,072</u>
	<u>11,527</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 RM3.77 million and loss before tax of RM0.14 million as compared to the revenue of RM9.41 million and profit before tax of RM1.32 million in the corresponding quarter of the preceding year. The variances in revenue and profit before tax were mainly due to lower sales volume in the current quarter.

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

The Group recorded a revenue of RM3.77 million and loss before tax of RM0.14 million in the current quarter ended 31 March 2011 as compared to the preceding quarter's revenue of RM4.07 million and profit before tax of RM0.03 million. The variance in profit before tax was mainly due to lower revenue.

**B2 Prospects**

The Group secured several new turnkey projects at the end of 2010. Implementation will start in the second quarter and scheduled to be completed in 2011.

Barring unforeseen circumstances, the Group is expected to record positive results in the coming quarters.

**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 31 March 2011 RM'000</b>	<b>Cumulative 31 March 2011 RM'000</b>
Malaysia Income Tax	(1)	(1)
	<u>(1)</u>	<u>(1)</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. Upon the expiration of the original 5 years tenure, the Board of Directors had approved the ESOS extension for additional 5 years commenced from 27 April 2011 to 26 April 2016 in accordance to the terms of the ESOS' 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 March 2011 RM'000	Audited As at 31 December 2010 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	22,412	22,832
- Unrealised	(291)	(347)
	<u>22,121</u>	<u>22,485</u>
Less: Consolidation adjustments	(8,942)	(9,140)
Total group retained earnings as per statement of financial position	<u>13,179</u>	<u>13,345</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**

The Board of Directors had recommended a tax exempted final dividend of 1.00 sen per ordinary share of RM0.10 each in the Company amounting RM1,274,060 for the financial year ended 31 December 2010 and subsequently approved by the shareholders at the Annual General Meeting held on 21 April 2011. The entitlement and payment dates fall on 1 July 2011 and 15 July 2011 respectively.

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

**B13 Earnings per share**

**Basic loss per share**

The calculation of the basic loss 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.

	<b>Individual Quarter 31 March 2011</b>	<b>Cumulative Quarter 31 March 2011</b>
Loss attributable to owners of the parent (RM'000)	(166)	(166)
No. of ordinary share in issue	127,406,000	127,406,000
<b>Basic loss per share (sen)</b>	<b><u>(0.13)</u></b>	<b><u>(0.13)</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.

**B14 Authorisation for issue**

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 12 May 2011.

**MICROLINK SOLUTIONS BERHAD (620782-P)**

**12 May 2011**