



MICROLINK SOLUTIONS BERHAD

Company no. 620782P
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

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MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Fourth Quarter Ended 31 December 2011
(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 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
Revenue	B1	4,868	4,065	18,653	22,453
Cost of sales	B1	(1,821)	(1,829)	(7,552)	(11,048)
Gross profit		<u>3,047</u>	<u>2,236</u>	<u>11,101</u>	<u>11,405</u>
Other operating income		47	49	242	155
Selling and distribution expenses		(307)	(329)	(1,082)	(1,353)
Administrative expenses		(1,277)	(1,491)	(6,451)	(6,504)
Other operating expenses		(617)	(439)	(1,287)	(1,293)
Profit before taxation	B1	<u>893</u>	<u>26</u>	<u>2,523</u>	<u>2,410</u>
Income tax expense	B4	(269)	(140)	(694)	(545)
Profit / (Loss) for the period		<u>624</u>	<u>(114)</u>	<u>1,829</u>	<u>1,865</u>
Other comprehensive income / (loss)					
Exchange differences on translation of foreign operations		4	(55)	(5)	(59)
Other comprehensive income / (loss) net of tax		<u>4</u>	<u>(55)</u>	<u>(5)</u>	<u>(59)</u>
Total Comprehensive Income / (Loss) for the period		<u>628</u>	<u>(169)</u>	<u>1,824</u>	<u>1,806</u>
Profit / (Loss) attributable to :					
Owners of the Parent		719	(39)	1,913	1,865
Non-Controlling Interests		(95)	(75)	(84)	-
		<u>624</u>	<u>(114)</u>	<u>1,829</u>	<u>1,865</u>
Total comprehensive income / (loss) attributable to :					
Owners of the Parent		723	(94)	1,908	1,806
Non-Controlling Interests		(95)	(75)	(84)	-
		<u>628</u>	<u>(169)</u>	<u>1,824</u>	<u>1,806</u>
Earnings / (Loss) per share (sen):					
Basic	B12	0.56	(0.03)	1.50	1.46
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 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 December 2011

	Unaudited as at 31 December 11 RM'000	Audited as at 31 December 10 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,201	1,392
Software development expenditure	13,725	13,748
Goodwill on consolidation	2,818	2,818
Total non-current assets	<u>17,744</u>	<u>17,958</u>
CURRENT ASSETS		
Trade receivables	2,778	3,114
Other receivables, deposits and prepayments	1,192	1,272
Amount due from contract customers	531	805
Short-term investments	6,307	6,448
Fixed deposits with licensed financial institutions	3,124	3,035
Cash and bank balances	1,695	1,354
Total current assets	<u>15,627</u>	<u>16,028</u>
TOTAL ASSETS	<u>33,371</u>	<u>33,986</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	12,741	12,741
Reserves	17,581	16,914
Shareholders' equity	<u>30,322</u>	<u>29,655</u>
Non-controlling interests	(46)	38
	<u>30,276</u>	<u>29,693</u>
DEFERRED LIABILITY		
Deferred tax liabilities	210	282
CURRENT LIABILITIES		
Trade payables	160	315
Other payables and accruals	1,105	1,542
Deferred maintenance income	1,468	2,115
Tax liabilities	152	39
	<u>2,885</u>	<u>4,011</u>
Total liabilities	3,095	4,293
TOTAL EQUITY AND LIABILITIES	<u>33,371</u>	<u>33,986</u>
Net assets per share (RM)	<u>0.24</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 Fourth Quarter Ended 31 December 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			
12 months ended 31 December 2010									
At 1 January 2010 (audited)	12,741	11,480	3,467	196	(75)	27,809	38	27,847	
Other comprehensive loss					(59)	(59)		(59)	
Profit for the period		1,865				1,865	-	1,865	
Total comprehensive income for the period	-	1,865	-	-	(59)	1,806	-	1,806	
ESOS expenses	-	-	-	40	-	40	-	40	
At 31 December 2010	<u>12,741</u>	<u>13,345</u>	<u>3,467</u>	<u>236</u>	<u>(134)</u>	<u>29,655</u>	<u>38</u>	<u>29,693</u>	
12 months ended 31 December 2011									
At 1 January 2011 (audited)	12,741	13,345	3,467	236	(134)	29,655	38	29,693	
Other comprehensive loss					(5)	(5)		(5)	
Profit for the period		1,913				1,913	(84)	1,829	
Total comprehensive income for the period	-	1,913	-	-	(5)	1,908	(84)	1,824	
ESOS expenses	-	-	-	33	-	33	-	33	
Dividend paid	-	(1,274)	-	-	-	(1,274)	-	(1,274)	
At 31 December 2011	<u>12,741</u>	<u>13,984</u>	<u>3,467</u>	<u>269</u>	<u>(139)</u>	<u>30,322</u>	<u>(46)</u>	<u>30,276</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 Fourth Quarter Ended 31 December 2011
(The figures have not been audited)



	Current Year 12 months ended 31 December 2011	Preceding Year Corresponding period 31 December 2010
Note	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Receipts from customers	18,640	20,636
Payment to suppliers and employees	(15,321)	(18,724)
Payment of income tax expense	(647)	(499)
Net cash from operating activities	<u>2,672</u>	<u>1,413</u>
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	1	2
Purchase of property, plant and equipment	(213)	(217)
Software development expenditure incurred	(1,128)	(968)
Interest received	242	155
Net cash used in investing activities	<u>(1,098)</u>	<u>(1,028)</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	(1,274)	-
Net cash used in financing activities	<u>(1,274)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	300	385
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	10,837	10,531
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	(11)	(79)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>A12 11,126</u>	<u>10,837</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)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
For The Fourth Quarter Ended 31 December 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:

	Current quarter	Cumulative
	31 December 2011	31 December 2011
	RM'000	RM'000
<u>Segment Revenue</u>		
Malaysia	4,821	17,780
Overseas	47	873
	<u>4,868</u>	<u>18,653</u>

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

A7 Segmental information (Cont'd)

Segment Gross Profit

Malaysia	3,027	10,821
Overseas	<u>20</u>	<u>280</u>
	<u>3,047</u>	<u>11,101</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

On 16 December 2011, the Company had incorporated a new subsidiary, namely CA IT Infrastructure Solutions Sdn Bhd ("CAIISB") with an authorised share capital of RM5,000,000 and paid up share capital of RM2. CAIISB is wholly owned by the Company.

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 8 February 2012 (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 2011 RM'000
Cash and bank balances	1,695
Short-term investments	6,307
Fixed deposits with licensed financial institutions	<u>3,124</u>
	<u>11,126</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 RM4.87 million and profit before tax of RM0.89 million as compared to the revenue of RM4.06 million and profit before tax of RM0.03 million in the corresponding quarter of the preceding year.

For the twelve months ended 31 December 2011, the Group recorded a revenue of RM18.65 million as compared to the revenue of RM22.45 million in the preceding year. The variance was mainly due to significant hardware sales recorded in the preceding year. Nevertheless, the Group recorded a higher profit before tax of RM2.52 million as compared to RM2.41 million in the preceding year due to prudent cost control.

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

The Group recorded a revenue of RM4.87 million and profit before tax of RM0.89 million in the current quarter ended 31 December 2011 as compared to the preceding quarter's revenue of RM4.98 million and profit before tax of RM1.21 million. The variances in profit before tax were mainly due to lower sales volume and higher software development expenditure amortisation recorded in the current quarter.

B2 Prospects

In the current quarter, the Group secured a new project which is expected to complete within the current financial year and contribute positively to the earnings of the Group.

The Group will continue to strengthen its sales pipeline in order to secure more projects and also identify other investment opportunities to expand its revenue stream.

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	Cumulative
	31 December 2011	31 December 2011
	RM'000	RM'000
Malaysia Income Tax	(269)	(694)
	<u>(269)</u>	<u>(694)</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.

An additional 8,179,400 options approved by the Option Committee were granted in the third quarter of year 2011 and may be exercised in accordance with the following percentages in each year as follows:-

	YEAR 1	YEAR 2	YEAR 3	YEAR 4
Percentage of options exercisable during ESOS Period	0%	50%	25%*	25%*

* 25% and the remaining number of options unexercised from the previous year(s), as the case may be.

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 2011 RM'000	Unaudited As at 30 September 2011 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	23,371	22,632
- Unrealised	(310)	(314)
	23,061	22,318
Less: Consolidation adjustments	(9,077)	(9,053)
Total group retained earnings as per statement of financial position	13,984	13,265

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.

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

B13 Earnings per share

Basic profit per share

The calculation of the basic profit 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 2011	Cumulative Quarter 31 December 2011
Profit attributable to owners of the parent (RM'000)	719	1,913
No. of ordinary share in issue	127,406,000	127,406,000
Basic profit per share (sen)	0.56	1.50

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 15 February 2012.

MICROLINK SOLUTIONS BERHAD (620782-P)
15 February 2012