



## **MICROLINK SOLUTIONS BERHAD**

Company no. 620782P

(Incorporated in Malaysia)

### **INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

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**MICROLINK SOLUTIONS BERHAD** (620782-P)  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For The Third Quarter Ended 30 September 2012**  
(The figures have not been audited)

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
	30 September 2012 Note	30 September 2011 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Revenue	B1	8,084	4,981	19,676	13,785
Cost of sales	B1	(2,759)	(1,871)	(7,074)	(5,731)
Gross profit		<u>5,325</u>	<u>3,110</u>	<u>12,602</u>	<u>8,054</u>
Other operating income		48	51	374	195
Selling and distribution expenses		(312)	(206)	(610)	(775)
Administrative expenses		(3,153)	(1,729)	(7,958)	(5,174)
Other operating expenses		(636)	(14)	(1,650)	(670)
<b>Profit before taxation</b>	B1	<u>1,272</u>	<u>1,212</u>	<u>2,758</u>	<u>1,630</u>
Income tax expense	B4	(164)	(229)	(609)	(425)
<b>Profit for the period</b>		<u>1,108</u>	<u>983</u>	<u>2,149</u>	<u>1,205</u>
<b>Other comprehensive income / loss</b>					
Exchange differences on translation of foreign operations		(2)	(1)	3	(9)
<b>Other comprehensive income / loss net of tax</b>		<u>(2)</u>	<u>(1)</u>	<u>3</u>	<u>(9)</u>
<b>Total Comprehensive Income for the period</b>		<u>1,106</u>	<u>982</u>	<u>2,152</u>	<u>1,196</u>
<b>Profit attributable to :</b>					
Owners of the Parent		1,217	996	2,213	1,194
Non-Controlling Interests		(109)	(13)	(64)	11
		<u>1,108</u>	<u>983</u>	<u>2,149</u>	<u>1,205</u>
<b>Total comprehensive income attributable to :</b>					
Owners of the Parent		1,215	995	2,216	1,185
Non-Controlling Interests		(109)	(13)	(64)	11
		<u>1,106</u>	<u>982</u>	<u>2,152</u>	<u>1,196</u>
<b>Earnings per share (sen):</b>					
Basic	B13	0.95	0.78	1.74	0.94
Diluted	B13	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 2011 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 2012

	Unaudited as at 30 September 12 RM'000	Audited as at 31 December 11 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,727	1,201
Software development expenditure	13,422	13,724
Goodwill on consolidation	2,818	2,818
Total non-current assets	<u>17,967</u>	<u>17,743</u>
<b>CURRENT ASSETS</b>		
Trade receivables	13,940	2,778
Other receivables, deposits and prepayments	1,540	908
Amount due (to) / from contract customers	(2,767)	632
Short-term investments	6,396	6,307
Fixed deposits with licensed financial institutions	3,532	3,124
Cash and bank balances	1,795	1,695
Total current assets	<u>24,436</u>	<u>15,444</u>
<b>TOTAL ASSETS</b>	<b><u>42,403</u></b>	<b><u>33,187</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Issued capital	12,813	12,741
Reserves	18,612	17,605
Shareholders' equity	<u>31,425</u>	<u>30,346</u>
Non-controlling interests	(110)	(46)
	<u>31,315</u>	<u>30,300</u>
<b>DEFERRED LIABILITY</b>		
Deferred tax liabilities	196	210
<b>CURRENT LIABILITIES</b>		
Trade payables	112	160
Other payables and accruals	2,977	1,114
Amount owing to associate company	4,621	-
Deferred maintenance income	2,901	1,275
Tax liabilities	281	128
	<u>10,892</u>	<u>2,677</u>
Total liabilities	11,088	2,887
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>42,403</u></b>	<b><u>33,187</u></b>
Net assets per share (RM)	<u>0.25</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 2011 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 2012**  
(The figures have not been audited)

	Attributable to Owners of the Parent							Non-controlling interests	Total
	Issued capital	Distributable reserve	Non-distributable reserves			Total			
			Ordinary shares	Retained earnings	Share premium		Equity compensation reserve		
<b>9 months ended 30 September 2011</b>									
At 1 January 2011 (audited)	12,741	13,345	3,467	236	(134)	29,655	38	29,693	
Other comprehensive loss	-	-	-	-	(9)	(9)	-	(9)	
Profit for the period	-	1,194	-	-	-	1,194	11	1,205	
Total comprehensive (loss) /income for the period	-	1,194	-	-	(9)	1,185	11	1,196	
ESOS expenses	-	-	-	18	-	18	-	18	
Dividend paid	-	(1,274)	-	-	-	(1,274)	-	(1,274)	
At 30 September 2011	12,741	13,265	3,467	254	(143)	29,584	49	29,633	
<b>9 months ended 30 September 2012</b>									
At 1 January 2012 (audited)	12,741	14,009	3,467	268	(139)	30,346	(46)	30,300	
Other comprehensive income	-	-	-	-	3	3	-	3	
Profit for the period	-	2,213	-	-	-	2,213	(64)	2,149	
Total comprehensive income for the period	-	2,213	-	-	3	2,216	(64)	2,152	
ESOS expenses	-	-	-	43	-	43	-	43	
Issue of shares to minority shareholders	72	-	22	-	-	94	-	94	
Dividend paid	-	(1,274)	-	-	-	(1,274)	-	(1,274)	
At 30 September 2012	12,813	14,948	3,489	311	(136)	31,425	(110)	31,315	

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 2012**  
(The figures have not been audited)



	<b>Current Year 9 months ended 30 September 2012</b>	<b>Preceding Year Corresponding period 30 September 2011</b>
Note	RM'000	RM'000
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Receipts from customers	18,325	15,053
Payment to suppliers and employees	(14,390)	(11,974)
Payment of income tax expense	(453)	(501)
Net cash from operating activities	3,482	2,578
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of fixed assets	-	1
Purchase of property, plant and equipment	(873)	(94)
Software development expenditure incurred	(917)	(957)
Interest received	172	194
Net cash used in investing activities	(1,618)	(856)
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		
Dividend paid	(1,274)	(1,274)
Proceeds from issuance of shares	95	-
Net cash used in financing activities	(1,179)	(1,274)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	685	448
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	11,126	10,837
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT</b>	(88)	(7)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	A12 11,723	11,278

**Note:**

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 2012**

**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 Malaysian Financial Reporting Standards ("MFRS") 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 2011. 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 2011.

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 2011 except for the newly-issued accounting framework - MFRS and IC Interpretations ("IC Int.") to be applied by all Entities Other Than Private Entities for the financial period beginning on 1 January 2012:

MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards  
MFRS 2, Share-based Payment  
MFRS 3, Business Combinations  
MFRS 5, Non-current Assets Held for Sale and Discontinued Operations  
MFRS 7, Financial Instruments: Disclosures  
MFRS 8, Operating Segments  
MFRS 101, Presentation of Financial Statements  
MFRS 107, Statement of Cash Flows  
MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors  
MFRS 110, Events after the Reporting Period  
MFRS 112, Income Taxes  
MFRS 116, Property, Plant and Equipment  
MFRS 118, Revenue  
MFRS 119, Employee Benefits  
MFRS 121, The Effects of Changes in Foreign Exchange Rates  
MFRS 124, Related Party Disclosures  
MFRS 127, Consolidated and Separate Financial Statements  
MFRS 128, Investment in Associates  
MFRS 132, Financial Instruments: Presentation  
MFRS 133, Earnings Per Share  
MFRS 134, Interim Financial Reporting  
MFRS 136, Impairment of Assets  
MFRS 137, Provisions, Contingent Liabilities and Contingent Assets  
MFRS 138, Intangible Assets  
MFRS 139, Financial Instruments: Recognition and Measurement  
Improvements to MFRSs

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 2011 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.

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

### 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 30 September 2012 RM'000	Cumulative 30 September 2012 RM'000
<u>Segment Revenue</u>		
Malaysia	7,772	18,997
Overseas	312	679
	<u>8,084</u>	<u>19,676</u>
<u>Segment Gross Profit</u>		
Malaysia	5,037	11,985
Overseas	288	617
	<u>5,325</u>	<u>12,602</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 November 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 30 September 2012 RM'000
Cash and bank balances	1,795
Short-term investments	6,396
Fixed deposits with licensed financial institutions	3,532
	<u>11,723</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 RM8.08 million as compared to the revenue of RM4.98 million in the corresponding quarter of the preceding year. The higher revenue was due to commencement of the new turnkey project as set out in note B2 below.

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

The Group recorded a revenue of RM8.08 million and profit before tax of RM1.27 million in the current quarter ended 30 September 2012 as compared to the preceding quarter's revenue of RM6.78 million and profit before tax of RM0.75 million. The variance in profit before tax was mainly due to higher sales volume.

### B2 Prospects

The Group has on 15 August 2012 secured a contract amounting to RM35,492,306 from a financial institution to primarily upgrade its Core Banking System. The project delivery and value recognition are in progress and expected to complete in second half of next financial year. The project will contribute significantly towards the current year and future earnings of the Company.

A new subsidiary of the Company, namely CA IT Infrastructure Solutions Sdn Bhd is progressing well with an encouraging pipeline, it is expected to contribute positively after the end of the gestation period.

### 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</b> <b>30 September 2012</b> <b>RM'000</b>	<b>Cumulative</b> <b>30 September 2012</b> <b>RM'000</b>
Malaysia Income Tax	(164)	(609)
	<u>(164)</u>	<u>(609)</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

The Company had on 8 May 2012 entered into a conditional heads of agreement ("HOA") with Formis Resources Berhad ("FRB") and Formis Holdings Berhad ("FHB"), a wholly-owned subsidiary of FRB (FRB and FHB are collectively referred to as the "Vendors"), expressing its intention to acquire four subsidiaries of the Vendors ("Proposed Acquisitions"). The progress of the Proposed Acquisitions were subsequently announced on 10 May 2012, 3 August 2012 and 5 September 2012.

The Company had, via the exchange of letters with the Vendors on 5 October 2012, mutually agree that the HOA and all negotiations and discussions in respect of the transaction be terminated with effect from the date of the letters. The exchange of letters were entered into in view that the terms of the Definitive Agreements have not been finalised on even date.

Arising therefrom, the Company will not be pursuing any legal action and there will be no material financial effects to the Group.

### 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.

As of 30 September 2012, 727,600 options were exercised by the eligible Directors and employees.

### B8 Group's borrowings and debt securities

The Group had issued bank guarantees amounting to RM0.20 million and the remaining unutilised secured banking facilities of RM3.30 million during the financial period under review.

### B9 Off balance sheet financial instruments

Bank guarantees amounting to RM0.20 million have been issued.

### B10 Disclosure of Realised and Unrealised Profits

	Unaudited As at 30 September 2012 RM'000	Unaudited As at 30 June 2012 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	24,752	23,772
- Unrealised	(234)	(199)
	<u>24,518</u>	<u>23,573</u>
Less: Consolidation adjustments	(9,570)	(9,842)
Total group retained earnings as per statement of financial position	<u>14,948</u>	<u>13,731</u>

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

**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.

**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.

	<b>Individual Quarter 30 September 2012</b>	<b>Cumulative Quarter 30 September 2012</b>
Profit attributable to owners of the parent (RM'000)	1,217	2,213
No. of ordinary share in issue	128,133,600	127,459,109
<b>Basic profit per share (sen)</b>	<b>0.95</b>	<b>1.74</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 21 November 2012.