



MICROLINK SOLUTIONS BERHAD

Company no. 620782P

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

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MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The First Quarter Ended 31 March 2013
(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 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2012 RM'000
Revenue	B1	12,372	4,820	12,372	4,820
Cost of sales	B1	(4,166)	(1,661)	(4,166)	(1,661)
Gross profit		8,206	3,159	8,206	3,159
Other operating income		180	88	180	88
Selling and distribution expenses		(251)	(126)	(251)	(126)
Administrative expenses		(3,328)	(1,850)	(3,328)	(1,850)
Other operating expenses		(767)	(530)	(767)	(530)
Profit before taxation	B1	4,040	741	4,040	741
Income tax expense	B4	(103)	(56)	(103)	(56)
Profit for the period		3,937	685	3,937	685
Other comprehensive income / loss					
Exchange differences on translation of foreign operations		1	(2)	1	(2)
Other comprehensive income / loss net of tax		1	(2)	1	(2)
Total Comprehensive Income for the period		3,938	683	3,938	683
Profit attributable to :					
Owners of the Parent		4,041	655	4,041	655
Non-Controlling Interests		(104)	30	(104)	30
		3,937	685	3,937	685
Total comprehensive income attributable to :					
Owners of the Parent		4,042	653	4,042	653
Non-Controlling Interests		(104)	30	(104)	30
		3,938	683	3,938	683
Earnings per share (sen):					
Basic	B13	3.03	0.51	3.03	0.51
Diluted	B13	2.96	N/A	2.96	N/A

Note:
These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013

	Unaudited as at 31 March 2013 RM'000	Audited as at 31 December 12 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,892	1,969
Software development expenditure	13,718	13,020
Goodwill on consolidation	2,818	2,818
Total non-current assets	<u>18,428</u>	<u>17,807</u>
CURRENT ASSETS		
Trade receivables	4,607	21,792
Other receivables, deposits and prepayments	3,753	1,808
Short-term investments	18,725	10,975
Fixed deposits with licensed financial institutions	3,320	3,149
Cash and bank balances	9,383	4,143
Total current assets	<u>39,788</u>	<u>41,867</u>
TOTAL ASSETS	<u>58,216</u>	<u>59,674</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	13,315	12,910
Reserves	27,447	23,803
Shareholders' equity	<u>40,762</u>	<u>36,713</u>
Non-controlling interests	<u>(449)</u>	<u>(345)</u>
	<u>40,313</u>	<u>36,368</u>
DEFERRED LIABILITY		
Deferred tax liabilities	293	293
CURRENT LIABILITIES		
Trade payables	1,094	5,480
Other payables and accruals	5,926	5,093
Amount due to contract customers	7,228	10,579
Deferred maintenance income	3,474	1,811
Tax liabilities	(112)	50
	<u>17,610</u>	<u>23,013</u>
Total liabilities	17,903	23,306
TOTAL EQUITY AND LIABILITIES	<u>58,216</u>	<u>59,674</u>
Net assets per share (RM)	<u>0.30</u>	<u>0.28</u>

Note:

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MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The First Quarter Ended 31 March 2013
(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	Currencies translation reserve				
3 months ended 31 March 2012									
At 1 January 2012 (audited)	12,741	14,009	3,467	268	(139)	30,346	(46)	30,300	
Other comprehensive loss	-	-	-	-	(2)	(2)	-	(2)	
Profit for the period	-	655	-	-	-	655	30	685	
Total comprehensive income for the period	-	655	-	-	(2)	653	30	683	
ESOS expenses	-	-	-	14	-	14	-	14	
At 31 March 2012	12,741	14,664	3,467	282	(141)	31,013	(16)	30,997	
3 months ended 31 March 2013									
At 1 January 2013 (audited)	12,910	20,097	3,517	326	(137)	36,713	(345)	36,368	
Other comprehensive income	-	-	-	-	1	1	-	1	
Profit for the period	-	4,041	-	-	-	4,041	(104)	3,937	
Total comprehensive income for the period	-	4,041	-	-	1	4,042	(104)	3,938	
ESOS expenses	-	-	-	14	-	14	-	14	
Issue of shares to minority shareholders	405	-	919	-	-	1,324	-	1,324	
Interim dividend paid	-	(1,331)	-	-	-	(1,331)	-	(1,331)	
At 31 March 2013	13,315	22,807	4,436	340	(136)	40,762	(449)	40,313	

Note:

These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013
(The figures have not been audited)



	Current Year 3 months ended 31 March 2013 RM'000	Preceding Year Corresponding period 31 March 2012 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Receipts from customers	25,758	3,446
Payment to suppliers and employees	(11,153)	(3,299)
Payment of income tax expense	(245)	(52)
Net cash from operating activities	14,360	95
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(78)	(185)
Software development expenditure incurred	(1,303)	(262)
Interest received	180	88
Net cash used in investing activities	(1,201)	(359)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	(1,331)	-
Proceeds from issuance of shares	1,324	-
Net cash used in financing activities	(7)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,152	(264)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	18,267	11,126
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	9	(4)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	A12 31,428	10,858

Note:
These condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013

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 2012. 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 2012.

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 2012 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 periods beginning on or after 1 July 2012

Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income

Financial periods beginning on or after 1 January 2013

Amendments to MFRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

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 2012 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.

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

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

A tax exempted interim dividend of 1 sen per ordinary share of RM0.10 each in the company, amounting to RM1,331,526 in respect to the financial year ended 31 December 2012 was declared on 20 February 2013. The payment was made on 20 March 2013.

A7 Segmental information

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

	Current quarter 31 March 2013 RM'000	Cumulative 31 March 2013 RM'000
<u>Segment Revenue</u>		
Malaysia	12,190	12,190
Overseas	182	182
	12,372	12,372
<u>Segment Gross Profit</u>		
Malaysia	8,054	8,054
Overseas	152	152
	8,206	8,206

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 May 2013 (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 March 2013 RM'000
Cash and bank balances	9,383
Short-term investments	18,725
Fixed deposits with licensed financial institutions	3,320
	31,428

* 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 RM12.37 million as compared to the revenue of RM4.82 million in the corresponding quarter of the preceding year. The higher revenue was due to new turnkey projects secured in the preceding year.

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

The Group recorded a revenue of RM12.37 million and profit before tax of RM4.04 million in the current quarter ended 31 March 2013 as compared to the preceding quarter's revenue of RM22.85 million and profit before tax of RM5.13 million. The variance in profit before tax was mainly due to significant hardware sales recognised in the preceding quarter.

B2 Prospects

The outlook and sales pipeline of the Group remain encouraging, the Board is cautiously optimistic on the Group's performance for the remaining 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

	Current quarter 31 March 2013 RM'000	Cumulative 31 March 2013 RM'000
Malaysia Income Tax	(103)	(103)
	<u>(103)</u>	<u>(103)</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 7 May 2013 received a Notice of Conditional Voluntary Take-Over Offer ("Offer") in accordance with the Malaysian Take-Overs and Mergers 2010 from RHB Investment Bank Berhad on behalf of Formis Holdings Berhad ("FHB" or "Offeror"), to acquire all the remaining ordinary shares of RM0.10 each in Microlink Solutions Berhad ("MSB") which are not already owned by the Offeror and all the new MSB shares that may be allotted and issued up to the close of the offer pursuant to the exercise of any outstanding options granted under existing employee share option scheme for a cash consideration of RM0.60 for every one (1) MSB share.

The corporate exercise is on-going, the Company will make further announcements in due course.

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 31 March 2013, 5,746,600 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 31 March 2013 RM'000	Audited As at 31 December 2012 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	32,232	29,609
- Unrealised	(293)	(330)
	<u>31,939</u>	<u>29,279</u>
Less: Consolidation adjustments	(9,132)	(9,182)
Total group retained earnings as per statement of financial position	<u>22,807</u>	<u>20,097</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

The Board of Directors had proposed a tax exempted final dividend of 3 sen per ordinary share of RM0.10 each in the Company, amounting to RM4,008,318 in respect to the financial year ended 31 December 2012 and subsequently approved by the shareholders at the Annual General Meeting held on 18 April 2013. The entitlement and payment dates for the proposed final dividend were 6 May 2013 and 20 May 2013 respectively.

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 March 2013	Cumulative Quarter 31 March 2013
Profit attributable to owners of the parent (RM)	4,041,000	4,041,000
No. of ordinary share in issue	133,152,600	133,152,600
Basic profit per share (sen)	<u>3.03</u>	<u>3.03</u>

Fully diluted earnings per share

The calculation of the diluted earnings per share is based on the net profit for the financial period under review divided by the adjusted weighted average number of ordinary shares of RM0.10 each in issue and the assumed exercised of share options granted under the ESOS scheme.

Profit attributable to ordinary shareholders (RM)	4,041,000	4,041,000
Weighted average number of shares used in the calculation of basic earning per ordinary share	133,152,600	133,152,600
ESOS:		
Weighted average number of unissued shares available under option	5,407,000	5,407,000
Number of shares that would have been issued at fair value	(2,151,650)	(2,151,650)
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	<u>136,407,950</u>	<u>136,407,950</u>
Fully diluted earnings per share (sen)	<u>2.96</u>	<u>2.96</u>

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 May 2013.