



MICROLINK SOLUTIONS BERHAD

Company no. 620782P

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

<u>Table of contents</u>	<u>Page</u>
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flow	4
Notes to the Interim Financial Report	5 - 6
Explanatory notes pursuant to Appendix 9B of the ACE Market Listing Requirements	7 - 9

MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Third Quarter Ended 30 September 2013
(The figures have not been audited)

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current	Preceding	Current	Preceding
		Year	Year	Year	Year
		Corresponding	Corresponding	To date	Corresponding
		Quarter	Quarter		Period
		30 September 2013	30 September 2012	30 September 2013	30 September 2012
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	B1	10,769	8,084	36,574	19,676
Cost of sales	B1	(4,996)	(2,759)	(15,165)	(7,074)
Gross profit		<u>5,773</u>	<u>5,325</u>	<u>21,409</u>	<u>12,602</u>
Other operating income		474	48	935	374
Selling and distribution expenses		(168)	(312)	(705)	(610)
Administrative expenses		(3,527)	(3,153)	(10,988)	(7,958)
Other operating expenses		(781)	(636)	(2,294)	(1,650)
Profit before taxation	B1	<u>1,771</u>	<u>1,272</u>	<u>8,357</u>	<u>2,758</u>
Income tax expense	B4	16	(164)	(87)	(609)
Profit for the period		<u>1,787</u>	<u>1,108</u>	<u>8,270</u>	<u>2,149</u>
Other comprehensive (loss) / income					
Exchange differences on translation of foreign operations		(8)	(2)	(15)	3
Other comprehensive (loss) / income net of tax		<u>(8)</u>	<u>(2)</u>	<u>(15)</u>	<u>3</u>
Total Comprehensive Income for the period		<u>1,779</u>	<u>1,106</u>	<u>8,255</u>	<u>2,152</u>
Profit attributable to :					
Owners of the Parent		1,940	1,217	8,643	2,213
Non-Controlling Interests		(153)	(109)	(373)	(64)
		<u>1,787</u>	<u>1,108</u>	<u>8,270</u>	<u>2,149</u>
Total comprehensive income attributable to :					
Owners of the Parent		1,932	1,215	8,628	2,216
Non-Controlling Interests		(153)	(109)	(373)	(64)
		<u>1,779</u>	<u>1,106</u>	<u>8,255</u>	<u>2,152</u>
Earnings per share (sen):					
Basic	B13	1.41	0.95	6.27	1.74
Diluted	B13	1.41	N/A	6.26	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 30 September 2013

	Unaudited as at 30 September 2013 RM'000	Audited as at 31 December 12 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,829	1,969
Software development expenditure	13,822	13,020
Goodwill on consolidation	2,818	2,818
Total non-current assets	<u>18,469</u>	<u>17,807</u>
CURRENT ASSETS		
Trade receivables	5,853	21,792
Other receivables, deposits and prepayments	2,176	1,808
Amount due from contract customers	16	-
Short-term investments	18,752	10,975
Fixed deposits with licensed financial institutions	4,366	3,149
Cash and bank balances	2,679	4,143
Total current assets	<u>33,842</u>	<u>41,867</u>
TOTAL ASSETS	<u>52,311</u>	<u>59,674</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	13,787	12,910
Reserves	28,525	23,803
Shareholders' equity	<u>42,312</u>	<u>36,713</u>
Non-controlling interests	<u>(718)</u>	<u>(345)</u>
	<u>41,594</u>	<u>36,368</u>
DEFERRED LIABILITY		
Deferred tax liabilities	296	293
CURRENT LIABILITIES		
Trade payables	1,995	5,480
Other payables and accruals	4,258	5,093
Amount due to contract customers	335	10,579
Deferred maintenance income	3,833	1,811
Tax liabilities	-	50
	<u>10,421</u>	<u>23,013</u>
Total liabilities	10,717	23,306
TOTAL EQUITY AND LIABILITIES	<u>52,311</u>	<u>59,674</u>
Net assets per share (RM)	<u>0.30</u>	<u>0.28</u>

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 CHANGES IN EQUITY
For The Third Quarter Ended 30 September 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		
9 months ended 30 September 2012									
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 shareholder	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	
9 months ended 30 September 2013									
At 1 January 2013 (audited)	12,910	20,097	3,517	326	(137)	36,713	(345)	36,368	
Other comprehensive income	-	-	-	-	(15)	(15)	-	(15)	
Profit for the period	-	8,643	-	-	-	8,643	(373)	8,270	
Total comprehensive income for the period	-	8,643	-	-	(15)	8,628	(373)	8,255	
ESOS expenses	-	-	-	45	-	45	-	45	
Issue of shares to minority shareholders	877	-	1,388	-	-	2,265	-	2,265	
Dividend paid	-	(5,339)	-	-	-	(5,339)	-	(5,339)	
At 30 September 2013	13,787	23,401	4,905	371	(152)	42,312	(718)	41,594	

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 Third Quarter Ended 30 September 2013
(The figures have not been audited)



	Current Year 9 months ended 30 September 2013	Preceding Year Corresponding period 30 September 2012
Note	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Receipts from customers	41,758	18,325
Payment to suppliers and employees	(28,067)	(14,390)
Payment of income tax expense	(597)	(453)
Net cash from operating activities	13,094	3,482
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	3	-
Purchase of property, plant and equipment	(315)	(873)
Software development expenditure incurred	(2,651)	(917)
Interest received	421	172
Net cash used in investing activities	(2,542)	(1,618)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	(5,339)	(1,274)
Proceeds from issuance of shares	2,265	95
Net cash used in financing activities	(3,074)	(1,179)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,478	685
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	18,267	11,126
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	52	(88)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	A12 25,797	11,723

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.

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 January 2013:

- 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

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 2013 RM'000	Cumulative 30 September 2013 RM'000
<u>Segment Revenue</u>		
Malaysia	10,628	36,163
Overseas	141	411
	<u>10,769</u>	<u>36,574</u>
<u>Segment Gross Profit</u>		
Malaysia	5,666	21,092
Overseas	107	317
	<u>5,773</u>	<u>21,409</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 11 November 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 30 September 2013 RM'000
Cash and bank balances	2,679
Short-term investments	18,752
Fixed deposits with licensed financial institutions	4,366
	<u>25,797</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

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	Change	Current Year Quarter	Preceding year Corresponding Quarter	Change
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	10,769	8,084	33%	36,574	19,676	86%
Profit before taxation	1,771	1,272	39%	8,357	2,758	203%

The higher profit before taxation was due to additional new turnkey projects secured in the current year.

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

	Current Year Quarter	Immediate Preceding Quarter	Change
	RM'000	RM'000	%
Revenue	10,769	13,433	-20%
Profit before taxation	1,771	2,546	-30%

The lower profit before tax in the current quarter was mainly due to lower sales.

B2 Prospects

The Board is optimistic that the good performance achieved in the preceding quarters will be sustainable.

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 30 September 2013	Cumulative 30 September 2013
	RM'000	RM'000
Malaysia Income Tax	16	(87)
	<u>16</u>	<u>(87)</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

Further to the announcements made in the preceding quarter, Microlink Solutions Berhad's ("MSB") public shareholding spread has increased to 11.23% based on the Record of Depositors as at 30 August 2013. As the public shareholding spread is now more than 10% of the total MSB shares in issue, the suspension of the trading of MSB shares pursuant to Rule 16.02(2) of the Listing Requirements is no longer apply.

Bursa Malaysia Securities Berhad had also vide its letter dated 30 August 2013, granted MSB's a further extension of time of six months from 28 August 2013 until 27 February 2014 to comply with the public shareholding spread requirement pursuant to Rule 8.02(1) of the ACE Market Listing Requirements.

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.

Since Formis Holdings Berhad's take over offer was declared unconditional on 23 July 2013, all the unvested options have been vested and became exercisable pursuant to by-law 11.1(i) of the ESOS' By-Laws.

As of 30 September 2013, 521,300 options remain unexercised; 10,460,400 options were exercised by the eligible Directors and employees.

B8 Group's borrowings and debt securities

The Group had issued bank guarantees amounting to RM0.28 million. Unutilised secured banking facilities during the financial period under review is RM3.30 million.

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM0.28 million have been issued.

B10 Disclosure of Realised and Unrealised Profits

	Unaudited As at 30 September 2013 RM'000	Unaudited As at 30 June 2013 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	31,887	30,477
- Unrealised	(240)	(293)
	<u>31,647</u>	<u>30,184</u>
Less: Consolidation adjustments	(8,246)	(8,723)
Total group retained earnings as per statement of financial position	<u>23,401</u>	<u>21,461</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 has declared a tax exempt interim dividend of 3.00 sen per ordinary share of RM0.10 each in the Company for the financial year ending 31 December 2013. The entitlement and payment dates will be announced at a later date.

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 30 September 2013	Cumulative Quarter 30 September 2013
Profit attributable to owners of the parent (RM)	1,940,000	8,643,000
No. of ordinary share in issue	137,866,400	137,866,400
Basic profit per share (sen)	<u>1.41</u>	<u>6.27</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)	1,940,000	8,643,000
Weighted average number of shares used in the calculation of basic earning per ordinary share	137,866,400	137,866,400
ESOS:		
Weighted average number of unissued shares available under option	521,300	521,300
Number of shares that would have been issued at fair value	(368,286)	(391,512)
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	<u>138,019,414</u>	<u>137,996,188</u>
Fully diluted earnings per share (sen)	<u>1.41</u>	<u>6.26</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 18 November 2013.