



MICROLINK SOLUTIONS BERHAD

Company no. 620782P

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 Fourth Quarter Ended 31 December 2013
(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
		31 December 2013 Note	31 December 2012 RM'000	31 December 2013 RM'000	31 December 2012 RM'000
Revenue	B1	15,607	22,850	52,181	42,526
Cost of sales	B1	(5,064)	(12,561)	(20,229)	(19,635)
Gross profit		10,543	10,289	31,952	22,891
Other operating income		110	97	1,045	471
Selling and distribution expenses		(204)	(239)	(909)	(849)
Administrative expenses		(2,789)	(3,947)	(13,777)	(11,905)
Other operating expenses		(880)	(1,068)	(3,174)	(2,718)
Profit before taxation	B1	6,780	5,132	15,137	7,890
Income tax expense	B4	(817)	(218)	(904)	(827)
Profit for the period		5,963	4,914	14,233	7,063
Other comprehensive (loss) / income					
Exchange differences on translation of foreign operations		(4)	(1)	(19)	2
Other comprehensive (loss) / income net of tax		(4)	(1)	(19)	2
Total Comprehensive Income for the period		5,959	4,913	14,214	7,065
Profit attributable to :					
Owners of the Parent		6,093	5,149	14,736	7,362
Non-Controlling Interests		(130)	(235)	(503)	(299)
		5,963	4,914	14,233	7,063
Total comprehensive income attributable to :					
Owners of the Parent		6,089	5,148	14,717	7,364
Non-Controlling Interests		(130)	(235)	(503)	(299)
		5,959	4,913	14,214	7,065
Earnings per share (sen):					
Basic	B13	4.41	3.99	10.67	5.77
Diluted	B13	N/A	3.84	N/A	5.75

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 December 2013

	Unaudited as at 31 December 2013 RM'000	Audited as at 31 December 12 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,718	1,969
Software development expenditure	13,423	13,020
Goodwill on consolidation	2,818	2,818
Total non-current assets	<u>17,959</u>	<u>17,807</u>
CURRENT ASSETS		
Trade receivables	7,566	21,792
Other receivables, deposits and prepayments	2,374	1,808
Amount due from contract customers	2,135	-
Short-term investments	12,614	10,975
Fixed deposits with licensed financial institutions	4,391	3,149
Cash and bank balances	5,897	4,143
Total current assets	<u>34,977</u>	<u>41,867</u>
TOTAL ASSETS	<u>52,936</u>	<u>59,674</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	13,805	12,910
Reserves	30,590	23,803
Shareholders' equity	<u>44,395</u>	<u>36,713</u>
Non-controlling interests	<u>(848)</u>	<u>(345)</u>
	43,547	36,368
DEFERRED LIABILITY		
Deferred tax liabilities	1,029	293
CURRENT LIABILITIES		
Trade payables	1,769	5,480
Other payables and accruals	4,482	5,093
Amount due to contract customers	-	10,579
Deferred maintenance income	2,556	1,811
Tax liabilities	(447)	50
	<u>8,360</u>	<u>23,013</u>
Total liabilities	9,389	23,306
TOTAL EQUITY AND LIABILITIES	<u>52,936</u>	<u>59,674</u>
Net assets per share (RM)	<u>0.32</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 Fourth Quarter Ended 31 December 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	Total		
			Ordinary shares	Retained earnings	Share premium				
12 months ended 31 December 2012									
At 1 January 2012 (audited)	12,741	14,009	3,467	268	(139)	30,346	(46)	30,300	
Other comprehensive income	-	-	-	-	2	2	-	2	
Profit for the period	-	7,362	-	-	-	7,362	(299)	7,063	
Total comprehensive income for the period	-	7,362	-	-	2	7,364	(299)	7,065	
ESOS expenses	-	-	-	58	-	58	-	58	
Issue of shares to minority shareholder	169	-	50	-	-	219	-	219	
Dividend paid	-	(1,274)	-	-	-	(1,274)	-	(1,274)	
At 31 December 2012	12,910	20,097	3,517	326	(137)	36,713	(345)	36,368	
12 months ended 31 December 2013									
At 1 January 2013 (audited)	12,910	20,097	3,517	326	(137)	36,713	(345)	36,368	
Other comprehensive income	-	-	-	-	(19)	(19)	-	(19)	
Profit for the period	-	14,736	-	-	-	14,736	(503)	14,233	
Total comprehensive income for the period	-	14,736	-	-	(19)	14,717	(503)	14,214	
ESOS expenses	-	-	-	103	-	103	-	103	
Issue of shares to minority shareholders	895	-	1,445	-	-	2,340	-	2,340	
Dividend paid	-	(9,478)	-	-	-	(9,478)	-	(9,478)	
At 31 December 2013	13,805	25,355	4,962	429	(156)	44,395	(848)	43,547	

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 Fourth Quarter Ended 31 December 2013
(The figures have not been audited)



	Current Year 12 months ended 31 December 2013	Preceding Year Corresponding period 31 December 2012
Note	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Receipts from customers	51,544	38,186
Payment to suppliers and employees	(36,008)	(26,881)
Payment of income tax expense	(1,218)	(829)
Net cash from operating activities	14,318	10,476
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	3	-
Purchase of property, plant and equipment	(339)	(1,259)
Software development expenditure incurred	(2,816)	(1,198)
Interest received	531	269
Net cash used in investing activities	(2,621)	(2,188)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	(9,478)	(1,274)
Proceeds from issuance of shares	2,340	219
Net cash used in financing activities	(7,138)	(1,055)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,559	7,233
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	18,267	11,126
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	76	(92)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	A12 22,902	18,267

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

A tax exempted interim dividend of 3 sen per ordinary share of RM0.10 each in the company, amounting to RM4,138,461 in respect to the financial year ended 31 December 2013 was declared on 19 November 2013. The payment was made on 27 December 2013.

A7 Segmental information

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

	Current quarter 31 December 2013 RM'000	Cumulative 31 December 2013 RM'000
<u>Segment Revenue</u>		
Malaysia	15,328	51,491
Overseas	279	690
	<u>15,607</u>	<u>52,181</u>
<u>Segment Gross Profit</u>		
Malaysia	10,394	31,486
Overseas	149	466
	<u>10,543</u>	<u>31,952</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 February 2014 (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 2013 RM'000
Cash and bank balances	5,897
Short-term investments	12,614
Fixed deposits with licensed financial institutions	4,391
	<u>22,902</u>

* Included in fixed deposits with licensed financial institutions is an amount of RM3.20 million pledged to a licensed bank as security for banking facilities totaling RM5.50 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	15,607	22,850	-32%	52,181	42,526	23%
Profit before taxation	6,780	5,132	32%	15,137	7,890	92%

The Group recorded lower revenue in the current quarter as compared to the preceding year corresponding quarter due to the absence of significant hardware sales but overall gross margins improved due to this reason.

The Group made record profit before taxation in the current year due to higher sales volume in both its banking solutions and distribution segments.

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	15,607	10,769	45%
Profit before taxation	6,780	1,771	283%

The higher profit before tax in the current quarter was mainly due to recognition of new work orders secured with higher composition of license fees.

B2 Prospects

Barring any unforeseen circumstances, the Board is positive about the prospects and the financial performance of the Group for the next financial year.

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 December 2013 RM'000	Cumulative 31 December 2013 RM'000
Malaysia Income Tax	(817)	(904)
	<u>(817)</u>	<u>(904)</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 31 December 2013, 337,100 options remain unexercised; 10,828,800 options were exercised by the eligible Directors and employees.

B8 Group's borrowings and debt securities

The Group had issued bank guarantees amounting to RM0.24 million. Unutilised secured banking facilities during the financial period under review is RM5.26 million.

B9 Off balance sheet financial instruments

Bank guarantees amounting to RM0.24 million have been issued.

B10 Disclosure of Realised and Unrealised Profits

	Unaudited As at 31 December 2013 RM'000	Unaudited As at 30 September 2013 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	24,991	31,887
- Unrealised	(948)	(240)
	<u>24,043</u>	<u>31,647</u>
Less: Consolidation adjustments	1,312	(8,246)
Total group retained earnings as per statement of financial position	<u>25,355</u>	<u>23,401</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 ended 31 December 2013. The entitlement and payment dates fall on 7 March 2014 and 21 March 2014 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 December 2013	Cumulative Quarter 31 December 2013
Profit attributable to owners of the parent (RM)	6,093,000	14,736,000
No. of ordinary share in issue	138,050,600	138,050,600
Basic profit per share (sen)	<u>4.41</u>	<u>10.67</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 February 2014.

MICROLINK SOLUTIONS BERHAD (620782-P)
21 February 2014