



MICROLINK SOLUTIONS BERHAD

Company no. 620782P
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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MICROLINK SOLUTIONS BERHAD (620782-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The First Quarter Ended 31 March 2012
(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 2012 RM'000	31 March 2011 RM'000	31 March 2012 RM'000	31 March 2011 RM'000
Revenue	B1	4,820	3,774	4,820	3,774
Cost of sales	B1	(1,661)	(1,880)	(1,661)	(1,880)
Gross profit		3,159	1,894	3,159	1,894
Other operating income		88	93	88	93
Selling and distribution expenses		(126)	(304)	(126)	(304)
Administrative expenses		(1,850)	(1,476)	(1,850)	(1,476)
Other operating expenses		(530)	(344)	(530)	(344)
Profit / (Loss) before taxation	B1	741	(137)	741	(137)
Income tax expense	B4	(56)	(1)	(56)	(1)
Profit / (Loss) for the period		685	(138)	685	(138)
Other comprehensive loss					
Exchange differences on translation of foreign operations		(2)	(2)	(2)	(2)
Other comprehensive loss net of tax		(2)	(2)	(2)	(2)
Total Comprehensive Income / (Loss) for the period		683	(140)	683	(140)
Profit / (Loss) attributable to :					
Owners of the Parent		655	(166)	655	(166)
Non-Controlling Interests		30	28	30	28
		685	(138)	685	(138)
Total comprehensive income / (loss) attributable to :					
Owners of the Parent		653	(168)	653	(168)
Non-Controlling Interests		30	28	30	28
		683	(140)	683	(140)
Earnings / (Loss) per share (sen):					
Basic	B13	0.51	(0.13)	0.51	(0.13)
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 31 March 2012

	Unaudited as at 31 March 12 RM'000	Audited as at 31 December 11 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,287	1,201
Software development expenditure	13,607	13,724
Goodwill on consolidation	2,818	2,818
Total non-current assets	<u>17,712</u>	<u>17,743</u>
CURRENT ASSETS		
Trade receivables	4,025	2,778
Other receivables, deposits and prepayments	5,982	908
Amount due from contract customers	621	632
Short-term investments	6,165	6,307
Fixed deposits with licensed financial institutions	3,132	3,124
Cash and bank balances	1,561	1,695
Total current assets	<u>21,486</u>	<u>15,444</u>
TOTAL ASSETS	<u>39,198</u>	<u>33,187</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	12,741	12,741
Reserves	18,272	17,605
Shareholders' equity	31,013	30,346
Non-controlling interests	<u>(16)</u>	<u>(46)</u>
	30,997	30,300
DEFERRED LIABILITY		
Deferred tax liabilities	203	210
CURRENT LIABILITIES		
Trade payables	173	160
Other payables and accruals	1,952	1,114
Deferred maintenance income	5,735	1,275
Tax liabilities	138	128
	<u>7,998</u>	<u>2,677</u>
Total liabilities	8,201	2,887
TOTAL EQUITY AND LIABILITIES	<u>39,198</u>	<u>33,187</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 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 First Quarter Ended 31 March 2012
(The figures have not been audited)

	Attributable to Owners of the Parent					Total	Non-controlling interests	Total
	Issued capital	Distributable reserve	Non-distributable reserves					
	Ordinary shares	Retained earnings	Share premium	Equity compensation reserve	Currencies translation reserve			
3 months ended 31 March 2011								
At 1 January 2011 (audited)	12,741	13,345	3,467	236	(134)	29,655	38	29,693
Other comprehensive loss	-	-	-	-	(2)	(2)	-	(2)
(Loss) / Profit for the period	-	(166)	-	-	-	(166)	28	(138)
Total comprehensive (loss) /income for the period	-	(166)	-	-	(2)	(168)	28	(140)
ESOS expenses	-	-	-	3	-	3	-	3
At 31 March 2011	<u>12,741</u>	<u>13,179</u>	<u>3,467</u>	<u>239</u>	<u>(136)</u>	<u>29,490</u>	<u>66</u>	<u>29,556</u>
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	<u>12,741</u>	<u>14,664</u>	<u>3,467</u>	<u>282</u>	<u>(141)</u>	<u>31,013</u>	<u>(16)</u>	<u>30,997</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 CASH FLOW
For The First Quarter Ended 31 March 2012
(The figures have not been audited)



	Current Year 3 months ended 31 March 2012 RM'000	Preceding Year Corresponding period 31 March 2011 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Receipts from customers	3,446	5,347
Payment to suppliers and employees	(3,299)	(4,254)
Payment of income tax expense	(52)	(223)
Net cash from operating activities	95	870
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(185)	(14)
Software development expenditure incurred	(262)	(258)
Interest received	88	93
Net cash used in investing activities	(359)	(179)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(264)	691
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	11,126	10,837
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	(4)	(1)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	A12 10,858	11,527

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 First Quarter Ended 31 March 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 31 March 2012 RM'000	Cumulative 31 March 2012 RM'000
<u>Segment Revenue</u>		
Malaysia	4,651	4,651
Overseas	169	169
	<u>4,820</u>	<u>4,820</u>
<u>Segment Gross Profit</u>		
Malaysia	3,009	3,009
Overseas	150	150
	<u>3,159</u>	<u>3,159</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 26 April 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 March 2012 RM'000
Cash and bank balances	1,561
Short-term investments	6,165
Fixed deposits with licensed financial institutions	<u>3,132</u>
	<u>10,858</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 RM4.82 million and profit before tax of RM0.74 million as compared to the revenue of RM3.77 million and loss before tax of RM0.14 million in the corresponding quarter of the preceding year. The variances in revenue and profit before tax were mainly due to higher sales volume in the current quarter.

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

The Group recorded a revenue of RM4.82 million and profit before tax of RM0.74 million in the current quarter ended 31 March 2012 as compared to the preceding quarter's revenue of RM4.87 million and profit before tax of RM0.89 million. The variance in profit before tax was not significant.

B2 Prospects

CA IT Infrastructure Solutions Sdn Bhd ("CAIT"), a wholly owned subsidiary of the Company has been appointed by CA Technologies, a leading provider of IT management software and solutions as its country representative partner for Malaysia to distribute licenses and services related to CA Technologies. CAIT also will manage the CA Technologies partner and customer ecosystem in Malaysia, ensuring seamless connectivity between the business needs of the partner and user community and the industry leading solutions provided by CA Technologies. This appointment is expected to provide medium to long-term contribution to the Group's financial results.

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 2012 RM'000	Cumulative 31 March 2012 RM'000
Malaysia Income Tax	(56)	(56)
	<u>(56)</u>	<u>(56)</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 March 2012 RM'000	Audited As at 31 December 2011 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	24,547	23,328
- Unrealised	(240)	(243)
	<u>24,307</u>	<u>23,085</u>
Less: Consolidation adjustments	(9,643)	(9,076)
Total group retained earnings as per statement of financial position	<u>14,664</u>	<u>14,009</u>

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 recommended a tax exempted final dividend of 1.00 sen per ordinary share of RM0.10 each in the Company amounting RM1,274,060 for the financial year ended 31 December 2011 and subsequently approved by the shareholders at the Annual General Meeting held on 12 April 2012. The entitlement and payment dates fall on 11 May 2012 and 25 May 2012 respectively.

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 March 2012	Cumulative Quarter 31 March 2012
Profit attributable to owners of the parent (RM'000)	655	655
No. of ordinary share in issue	127,406,000	127,406,000
Basic profit per share (sen)	0.51	0.51

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 3 May 2012.

**MICROLINK SOLUTIONS BERHAD (620782-P)
3 May 2012**