



MICROLINK SOLUTIONS BERHAD

Company no. 620782P

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 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 Second Quarter Ended 30 June 2013

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding Quarter	To date	Corresponding Period
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
		RM'000	RM'000	RM'000	RM'000
Revenue	B1	13,433	6,772	25,805	11,592
Cost of sales	B1	(6,003)	(2,654)	(10,169)	(4,315)
Gross profit		7,430	4,118	15,636	7,277
Other operating income		281	238	461	326
Selling and distribution expenses		(286)	(172)	(537)	(298)
Administrative expenses		(4,133)	(2,955)	(7,461)	(4,805)
Other operating expenses		(746)	(484)	(1,513)	(1,014)
Profit before taxation	B1	2,546	745	6,586	1,486
Income tax expense	B4	-	(389)	(103)	(445)
Profit for the period		2,546	356	6,483	1,041
Other comprehensive (loss) / income					
Exchange differences on translation of foreign operations		(8)	7	(7)	5
Other comprehensive (loss) / income net of tax		(8)	7	(7)	5
Total Comprehensive Income for the period		2,538	363	6,476	1,046
Profit attributable to :					
Owners of the Parent		2,662	341	6,703	996
Non-Controlling Interests		(116)	15	(220)	45
		2,546	356	6,483	1,041
Total comprehensive income attributable to :					
Owners of the Parent		2,654	348	6,696	1,001
Non-Controlling Interests		(116)	15	(220)	45
		2,538	363	6,476	1,046
Earnings per share (sen):					
Basic	B13	1.99	0.27	5.01	0.78
Diluted	B13	1.94	N/A	4.90	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 June 2013

	Unaudited as at 30 June 2013 RM'000	Audited as at 31 December 12 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,914	1,969
Software development expenditure	13,871	13,020
Goodwill on consolidation	2,818	2,818
Total non-current assets	<u>18,603</u>	<u>17,807</u>
CURRENT ASSETS		
Trade receivables	3,746	21,792
Other receivables, deposits and prepayments	2,186	1,808
Short-term investments	20,031	10,975
Fixed deposits with licensed financial institutions	3,351	3,149
Cash and bank balances	3,042	4,143
Total current assets	<u>32,356</u>	<u>41,867</u>
TOTAL ASSETS	<u>50,959</u>	<u>59,674</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	13,368	12,910
Reserves	26,281	23,803
Shareholders' equity	<u>39,649</u>	<u>36,713</u>
Non-controlling interests	<u>(565)</u>	<u>(345)</u>
	<u>39,084</u>	<u>36,368</u>
DEFERRED LIABILITY		
Deferred tax liabilities	293	293
CURRENT LIABILITIES		
Trade payables	1,552	5,480
Other payables and accruals	4,183	5,093
Amount due to contract customers	866	10,579
Deferred maintenance income	5,272	1,811
Tax liabilities	<u>(291)</u>	<u>50</u>
	<u>11,582</u>	<u>23,013</u>
Total liabilities	11,875	23,306
TOTAL EQUITY AND LIABILITIES	<u>50,959</u>	<u>59,674</u>
Net assets per share (RM)	<u>0.29</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 Second Quarter Ended 30 June 2013
(The figures have not been audited)

	Attributable to Owners of the Parent							Total
	Issued capital	Distributable reserve	Non-distributable reserves			Total	Non-controlling interests	
			Ordinary shares	Retained earnings	Share premium			
6 months ended 30 June 2012								
At 1 January 2012 (audited)	12,741	14,009	3,467	268	(139)	30,346	(46)	30,300
Other comprehensive loss	-	-	-	-	5	5	-	5
Profit for the period	-	996	-	-	-	996	45	1,041
Total comprehensive income for the period	-	996	-	-	5	1,001	45	1,046
ESOS expenses	-	-	-	28	-	28	-	28
Dividend paid	-	(1,274)	-	-	-	(1,274)	-	(1,274)
At 30 June 2012	12,741	13,731	3,467	296	(134)	30,101	(1)	30,100
6 months ended 30 June 2013								
At 1 January 2013 (audited)	12,910	20,097	3,517	326	(137)	36,713	(345)	36,368
Other comprehensive income	-	-	-	-	(7)	(7)	-	(7)
Profit for the period	-	6,703	-	-	-	6,703	(220)	6,483
Total comprehensive income for the period	-	6,703	-	-	(7)	6,696	(220)	6,476
ESOS expenses	-	-	-	28	-	28	-	28
Issue of shares to minority shareholders	458	-	1,093	-	-	1,551	-	1,551
Dividend paid	-	(5,339)	-	-	-	(5,339)	-	(5,339)
At 30 June 2013	13,368	21,461	4,610	354	(144)	39,649	(565)	39,084

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 Second Quarter Ended 30 June 2013
(The figures have not been audited)



	Current Year 3 months ended 30 June 2013	Preceding Year Corresponding period 30 June 2012
Note	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Receipts from customers	35,650	14,505
Payment to suppliers and employees	(21,306)	(8,934)
Payment of income tax expense	(424)	(138)
Net cash from operating activities	13,920	5,433
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	1	-
Purchase of property, plant and equipment	(256)	(696)
Software development expenditure incurred	(2,061)	(602)
Interest received	301	127
Net cash used in investing activities	(2,015)	(1,171)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	(5,339)	(1,274)
Proceeds from issuance of shares	1,551	-
Net cash used in financing activities	(3,788)	(1,274)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,117	2,988
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	18,267	11,126
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	40	(42)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	A12 26,424	14,072

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

The shareholders had on the Annual General Meeting held on 18 April 2013 approved the payment of a tax exempted final dividend of 3.00 sen per ordinary share of RM0.10 each in the Company amounting RM4,008,318 for the financial year ended 31 December 2012. The payment was made on 20 May 2013.

A7 Segmental information

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

	Current quarter 30 June 2013 RM'000	Cumulative 30 June 2013 RM'000
<u>Segment Revenue</u>		
Malaysia	13,345	25,535
Overseas	88	270
	13,433	25,805
<u>Segment Gross Profit</u>		
Malaysia	7,372	15,426
Overseas	58	210
	7,430	15,636

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 13 August 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 June 2013 RM'000
Cash and bank balances	3,042
Short-term investments	20,031
Fixed deposits with licensed financial institutions	3,351
	26,424

* 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 RM13.43 million as compared to the revenue of RM6.77 million in the corresponding quarter of the preceding year. The higher revenue was due to progressive recognition of new turnkey projects.

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

The Group recorded a revenue of RM13.43 million and profit before tax of RM2.55 million in the current quarter ended 30 June 2013 as compared to the preceding quarter's revenue of RM12.37 million and profit before tax of RM4.04 million. The profit before tax was lower despite higher revenue recorded in the current quarter mainly due to increase in hardware and third party software cost of sales and professional fees incurred on the recent corporate exercise.

B2 Prospects

The Group has successfully added a new customer at the beginning of third quarter to implement its Ar Rahnu system. The project delivery and value recognition are expected to complete in the first half of next financial year. The project will contribute positively towards the current year and future earnings of the Group.

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 June 2013 RM'000	Cumulative 30 June 2013 RM'000
Malaysia Income Tax	-	(103)
	-	(103)

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, Formis Holdings Berhad ("FHB" or "Offeror") had received valid acceptances from the holders of the offer shares resulting in the Offeror holding in aggregate, together with such Microlink Solutions Berhad ("MSB") shares that are already acquired, held or entitled to be acquired or held, more than fifty percent (50%) of the total voting shares of MSB on 23 July 2013. Accordingly, the Offer was declared unconditional then.

The offer acceptance was closed on 12 August 2013 and FHB emerged as the new controlling shareholder of MSB with 134,880,482 MSB shares representing approximately 97.88% equity interest in MSB.

Based on the Record of Depositors as at 13 August 2013, MSB's public shareholding spread was 2.12%. As the public shareholding spread of MSB is less than 10% of the total MSB shares in issue, pursuant to Rule 16.02(2) of the ACE Market Listing Requirements, Bursa Securities shall suspend the trading of MSB shares with effect from 6 September 2013.

As disclosed in Section 5 of the Offer Document to shareholders of MSB dated 28 May 2013, it is the intention of FHB to maintain the listing status of MSB subsequent to the Offer. In this respect, MSB together with its new controlling shareholder – FHB, are in the midst of discussing with its advisers and Board of Directors of FHB on the best option to comply with the public shareholding spread requirement. The Company will make further announcement 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.

Since FHB's take over offer was declared unconditional on 23 July 2013, all the unvested options in Years 3 and 4 have been vested and became exercisable pursuant to by-law 11.1(i) of the ESOS' By-Laws.

As of 30 June 2013, 6,271,020 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 June 2013 RM'000	Unaudited As at 31 March 2013 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	30,477	32,232
- Unrealised	(293)	(293)
	<u>30,184</u>	<u>31,939</u>
Less: Consolidation adjustments	(8,723)	(9,132)
Total group retained earnings as per statement of financial position	<u>21,461</u>	<u>22,807</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.

	Individual Quarter 30 June 2013	Cumulative Quarter 30 June 2013
Profit attributable to owners of the parent (RM)	2,662,000	6,703,000
No. of ordinary share in issue	133,677,020	133,677,020
Basic profit per share (sen)	<u>1.99</u>	<u>5.01</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)	2,662,000	6,703,000
Weighted average number of shares used in the calculation of basic earning per ordinary share	133,677,020	133,677,020
ESOS:		
Weighted average number of unissued shares available under option	4,882,580	4,882,580
Number of shares that would have been issued at fair value	(1,630,630)	(1,762,844)
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	<u>136,928,970</u>	<u>136,796,756</u>
Fully diluted earnings per share (sen)	<u>1.94</u>	<u>4.90</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 20 August 2013.

MICROLINK SOLUTIONS BERHAD (620782-P)

20 August 2013