Microlink Solutions Berhad (620782-P)
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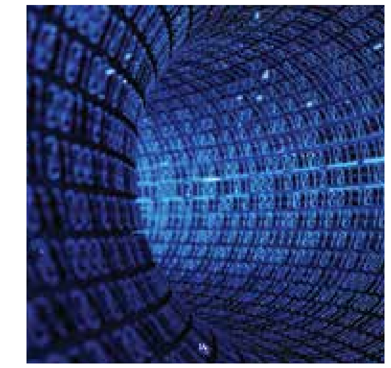
Tel : +603-2171 2200 Fax : +603-2171 2240
Email : info@microlink.com.my

MICROLINK SOLUTIONS BERHAD

ANNUAL REPORT 2013



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annual report **2013**

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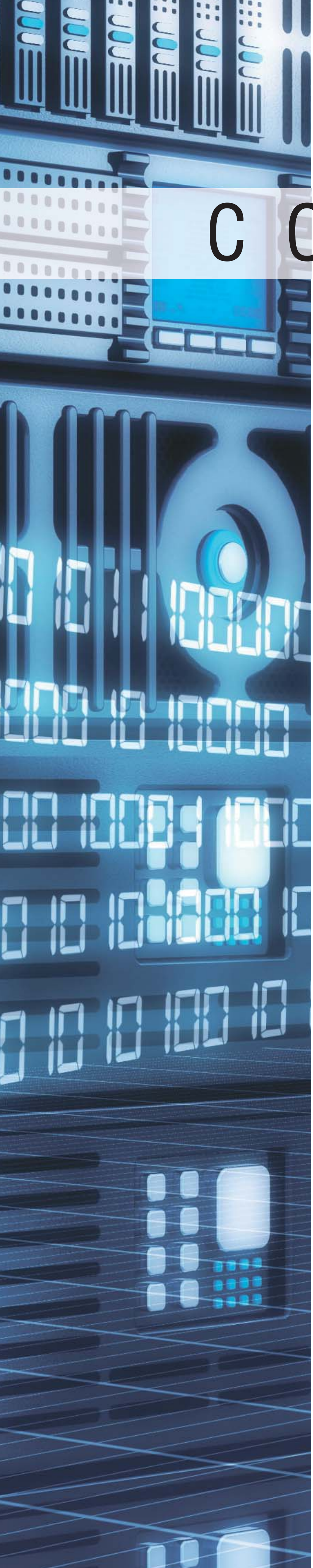


C O N T E N T S

CORPORATE INFORMATION

BOARD OF DIRECTORS

Yong Kar Seng Peter
Chief Executive Officer / Executive Director

Monteiro Gerard Clair
Non-Independent Non-Executive Director

Tai Keat Chai
Independent Non-Executive Director

Chan Hiok Khiang
Independent Non-Executive Director

Martin Chu Leong Meng
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Tai Keat Chai (Chairman)
Chan Hiok Khiang
Martin Chu Leong Meng

NOMINATION COMMITTEE

Chan Hiok Khiang (Chairman)
Tai Keat Chai
Monteiro Gerard Clair

REMUNERATION COMMITTEE

Chan Hiok Khiang (Chairman)
Yong Kar Seng Peter
Tai Keat Chai

OPTION COMMITTEE

Chan Hiok Khiang (Chairman)
Yong Kar Seng Peter
Tai Keat Chai

COMPANY SECRETARIES

Lim Shook Nyee (MAICSA 7007640)
Ng Kam May (MAICSA 7020575)

REGISTERED OFFICE

16 Floor, KH Tower
8 Lorong P.Ramlee
50250 Kuala Lumpur
Tel: 603-2078 4488
Fax: 603-2070 6893

CORPORATE OFFICE

6th Floor, Menara Atlan
161B, Jalan Ampang
50450 Kuala Lumpur
Tel: 603-2171 2200
Fax: 603-2171 2240

AUDITORS

Deloitte & Touche
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel: 603-7610 8888
Fax: 603-7726 8986

SHARE REGISTRARS

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House, Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7841 8000
Fax: 603-7841 8151

PRINCIPAL BANKERS

CIMB Islamic Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE

MICROLINK SOLUTIONS BERHAD

- Microlink Innovation Sdn. Bhd. (60%)
- Microlink Systems Sdn. Bhd. (100%)
  - PT Microlink Indonesia (20%)
- Microlink Worldwide Sdn. Bhd. (100%)
  - PT Microlink Indonesia (80%)
  - Microlink MENA (50%)
- Microlink Software Sdn. Bhd. (51%)
- CA IT Infrastructure Solutions Sdn. Bhd. (100%)

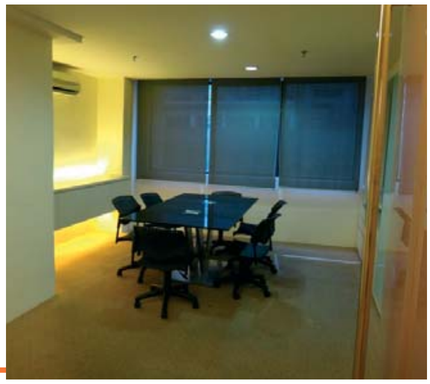
COMPANY HIGHLIGHTS

FOR EMPLOYEES

NEW RESEARCH AND DEVELOPMENT ("R&D") CENTER, MIDVALLEY CITY

March 2013

In March 2013, Microlink's R&D center relocated to The Boulevard Office at Midvalley City. The objectives of this move are to reinvigorate the staff performance by providing a better work place and to improve the organisation's collaboration and communication process.



MICROLINK TEAM BUILDING AND HAWAIIAN NIGHT

November 2013

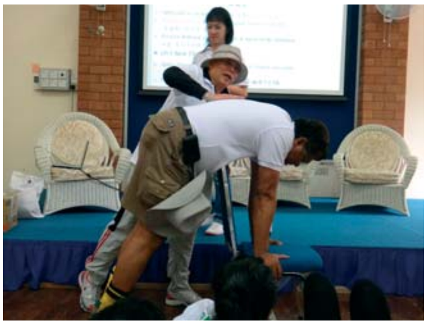
Microlink had set out for a two days Team Building and annual dinner with the theme "Hawaiian Night" at Nilai Springs Resort from 30 November 2013 to 1 December 2013. This event encouraged teamwork among the staff from local and Sibu office. In recognition of employees' commitment and loyalty to the company, the management presented Long Service Awards and Non-MC Award.

FOR COMMUNITY

SAFETY AWARENESS PROGRAM FOR SHELTER HOME FOR CHILDREN

February 2013

CA IT Infrastructure Solutions Sdn. Bhd. participated in a safety awareness program which organised by CA Technologies and Shelter Home for Children in Banting, Selangor on 26 February 2013. This program aims at educating the children from the shelter about the importance of safety and some best ways of self protection against threats.



DONATIONS FOR RUMAH ANAK-ANAK YATIM/MISKIN

June 2013

Microlink sponsored clothes for the children in Rumah Anak-anak Yatim/Miskin Taman Baiduri. This contribution was made possible with the donations collected from Microlinkers.

NTV7 FEEL GOOD RUN 2013

July 2013

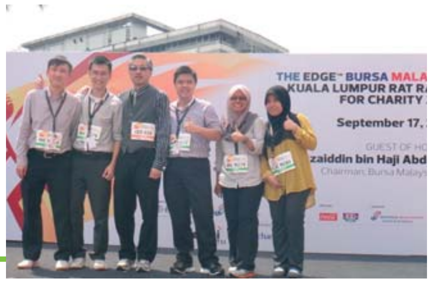
The NTV7 Feel Good Run 2013 took off on 7 July 2013 at Sri Pentas, Bandar Utama. Around 5,700 runners including Microlink's representatives were participated in this charity event. The run managed to collect a total proceeds of RM0.2 million and all proceeds were channeled equally to four charity organisations – Hospis Malaysia, Malaysian Rare Disorders Society, Rumah Kanak-Kanak Tengku Budriah and SPCA Selangor.

COMPANY HIGHLIGHTS *(Cont'd)*

THE EDGE™ – BURSA MALAYSIA KUALA LUMPUR RAT RACE 2013

September 2013

The Race organised jointly by The Edge and Bursa Malaysia is in its fourteenth year and was held on 17 September 2013. Microlink sent a team of five – two ladies and three guys, to participate the event. This year's rat race has raised about RM1.8 million with participation from 126 teams from 67 local and foreign companies.



FOR SHAREHOLDERS

TENTH ANNUAL GENERAL MEETING

April 2013

Microlink's Tenth Annual General Meeting ("AGM") was held on 18 April 2013 at Corus Hotel, Kuala Lumpur. The meeting was chaired by Yang Bahagia Datuk Ali Bin Abdul Kadir, Chairman of Microlink and attended by the Board of Directors, management and shareholders. Eight resolutions were passed at the AGM.

MAJOR MILESTONES & ACHIEVEMENTS

YEAR	MILESTONES & ACHIEVEMENTS
2000	Launched MiBS release 7 with 64-bits RISC processor based Unix operating systems compliance. In addition to English and Bahasa Malaysia, MiBS is also available in other languages commonly used in the Southeast Asia region.
2001	Awarded “Sales Performance Excellence (Banking) Award” by Sun Microsystems (M) Sdn. Bhd. in recognition of its highest sales recorded for the banking and financial sector in year 2001.
2003	Microlink was designated by IBM Corporation as an IBM Advanced Business Partner.
	Launched MiBS release 7.3 with Linux OS compliance. Together with IBM Malaysia, it jointly marketed the MiBS running on IBM eServers, particularly the zSeries (formerly known as Mainframe) and iSeries (formerly known as AS/400) in the Southeast Asia and Middle East region.
	Awarded “ICT Software of the Year” by Association of the Computer and Multimedia Industry of Malaysia or PIKOM Computimes.
2004	Microlink received Multimedia Supercorridor (MSC) status from the Government of Malaysia.
	Awarded “Best Application – Islamic Banking System” by Sun Microsystems (M) Sdn. Bhd.
	Awarded “Best System Integrator” by Sun Microsystems (M) Sdn. Bhd.
	Awarded “Premier System Integrator Malaysia” by Sun Microsystems (M) Sdn. Bhd.
2005	Launched MiBS release 8 supports the latest Open Systems, J2EE, Open Source and Grid Computing technologies, Internet and electronic channels ready.
	Awarded “Special Recognition for Outstanding Contribution to Islamic Finance Industry for IT Solutions” by Deloitte and International Institute of Islamic Finance Inc. during KLIFF 2005.
2006	Microlink Solutions Bhd listed on the MESDAQ Market of Bursa Malaysia Securities Bhd.
	Microlink certified as CMMi Level 3 status company.
	Awarded “Best Islamic Financial Service or Product” by Halal Journal during World Halal Forum 2006.
	Deloitte Technology Fast 500 Asia Pacific 2006 Winner.
	Recognised as one of the top contenders in the Best Islamic Finance Technology Provider category at the Islamic Finance News Awards - Best Islamic Banks Poll 2006.
2007	Awarded “Export Excellence Award (Services) 2006” at the Industry Excellence Awards 2006 by the Malaysia Ministry of International Trade and Industry (MITI).
	Awarded “Best of Financial Applications” award of Malaysia APICTA (Asia Pacific ICT Award) at the International APICTA 2007.

MAJOR MILESTONES & ACHIEVEMENTS *(Cont'd)*

YEAR	MILESTONES & ACHIEVEMENTS
2008	Awarded "Industry Excellent Award 2007" by the Malaysia Ministry of International Trade and Industry (MITI).
	Awarded "The Malaysian Innovation Excellence Award 2008" by the Malaysian Trade and Industry Organisation (MTI).
2009	Launched Microlink's revolutionary customer-driven banking suite, namely OneSolution. It is the world's first enterprise-level Rich Internet Application specifically developed to deliver retail core banking and finance applications.
	Microlink was granted with additional five years of Pioneer Status for the MSC status company by the Ministry of International Trade and Industry (MITI).
	Microlink was identified as one of the top performers in the 2009 MSC Malaysia SCORE+ Programme.
2010	Awarded the "2010 ASEAN Business Award, Finalist in the category of Innovation" by the ASEAN Business Advisory Council.
	Passed re-certification for CMMi Level 3 compliance.
	Awarded the "ABS Services Business Partner of the Year FY2010".
2011	Microlink sets up a wholly owned subsidiary namely CA IT Infrastructure Solutions Sdn. Bhd. in December 2011.
2012	CA IT Infrastructure Solutions Sdn. Bhd., a wholly owned subsidiary of Microlink has been appointed by CA Technologies as its Country Representative Partner for Malaysia.
2013	Passed re-certification for CMMi Level 3 compliance.

PROFILE OF BOARD OF DIRECTORS

YONG KAR SENG PETER
Chief Executive Officer and
Executive Director
Age 49, Singaporean

Mr Yong joined the Board on 27 August 2004. He is currently the Chief Executive Officer of the Company and a member of the Remuneration Committee and the Option Committee.

Mr Yong graduated with a Double Major in Economics and Accounting from the University of Reading, United Kingdom. From 1992 to 1994, he was the Vice President for Corporate Finance with Nikko Merchant Bank, Singapore with responsibility in debt and equity financing for clients within South-East Asia and the Indian sub-continent. Subsequently, he joined Quest Securities Ltd., Hong Kong, where he continued his involvement in Corporate Finance until his resignation in 1995.

Mr Yong hold directorship in Computer Systems Advisers (M) Berhad from 1996 to 2008. He pioneered the Investor Relations Department and spearheaded the company's investor relation programs. With his extensive business experience and acumen, Mr Yong is actively involved in supporting key strategic business activities in the Company. Mr Yong also holds directorships in several private limited companies.

MONTEIRO GERARD CLAIR
Non-Independent Non-Executive Director
Age 43, Malaysian

Mr Monteiro Gerard joined the Board on 16 October 2012. He is currently a member of the Nomination Committee.

Mr Monteiro Gerard completed his A Levels in 1991 in Prime College, Kuala Lumpur. Thereafter in 1992, he joined the workforce as a sales agent for Riken Auto Sdn. Bhd. ("RASB"), a company dealing in the sale of used cars, both local and imported/reconditioned cars. He consistently performed as the top salesman in RASB during that time and was appointed as a Director of RASB, and its sister company, Riken Marine Sdn. Bhd. in 1994. With his team, Gerard built up the turnover of RASB in excess of RM100 million annually.

Gerard left RASB in 1998 and set up Optima Auto Sdn. Bhd. ("Optima") in 1999 where he served as its Managing Director until 2005. During his tenure, Optima consistently registered turnover of approximately RM80 million annually.

Since then, Gerard has ventured into the property industry and various other investments via several privately held companies including Red Zone Development Sdn. Bhd. ("RZDSB") an investment holding company. Gerard serves as a Director in RZDSB and in various other private companies, including serving as the Executive Vice Chairman of Montprimo Sdn. Bhd., a company involved in property development.

In his younger years, Gerard was also an established sportsman, representing Malaysia in squash at both junior and senior levels. Gerard was the National Junior Champion in 1988, and captained the National Junior Team to the Asian Junior Squash Championships and the East Asian Junior Squash Championships in 1999 where the team came in 2nd and as champions respectively. As a member of the Senior Team, Gerard also participated in the Manurewa Open in New Zealand in 1989 where he finished third, won the Malaysian Sukma games in 1991 and finished third in the Malaysian Closed Championship in 1992.

In addition to the directorship he holds in various private companies, Gerard currently serves as an Executive Director of Formis Resources Berhad.

TAI KEAT CHAI

Independent Non-Executive Director
Age 60, Malaysian

Mr Tai joined the Board on 28 August 2013. He is currently the Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee, the Remuneration Committee and the Option Committee.

Mr Tai is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Malaysian Institute of Accountants.

Mr Tai brings with him many years of valuable experience and insight through his work in KPMG, London between 1977 and 1978, after which he returned to Malaysia and commenced working with PwC in Kuala Lumpur. In 1981, he joined Alliance Investment Bank Berhad where he worked in Corporate Finance for seven years before he ventured into stock broking, during which he worked in SJ Securities Sdn. Bhd., AA Anthony Securities Sdn. Bhd. and Kenanga Investment Bank Berhad.

He is currently a Director of Chuan Huat Resources Berhad, Cuscapi Berhad, Silk Holdings Berhad, Formis Resources Berhad, MIDF Amanah Investment Bank Berhad and few other unlisted companies.

CHAN HIOK KHIANG

Independent Non-Executive Director
Age 58, Malaysian

Mr Chan joined the Board on 15 August 2013. Presently, Mr Chan served as the Chairman of the Nomination Committee, the Remuneration Committee and the Option Committee and a member of the Audit and Risk Management Committee.

Mr Chan is a graduate from Imperial College, London where he obtained his Bachelor of Science (Engineering) with 1st Class Honors. He was also awarded the Sarawak Shell Scholarship for his studies in Imperial College from 1976 to 1979.

Mr Chan has over 25 years of experience in management and engineering consulting. He was formerly a consulting partner with Accenture, the largest global management consulting firm. Before he resigned from Accenture in December 2004, he was the head of Products Industry for Malaysia and Thailand with special emphasis on automotive and health care. He spent a total of 21 years with Accenture in Kuala Lumpur and Singapore. While with Accenture, he served in a variety of industries and management positions including being responsible for staff training, recruitment and business process consulting for Malaysia and eCommerce in Asia. In his role as a management consultant, he led and managed large IT systems implementation projects, developed business and technology strategy for large enterprises and led numerous business consulting engagements. Between 2000 and 2002, he was one of the general partners dealing with venture capital investments and corporate development work for Accenture in Asia Pacific.

Between 2005 and 2009, he served as an Independent Director with IFCA MSC Sdn. Bhd..

He is currently a Director of Diversified Gateway Solutions Berhad.

MARTIN CHU LEONG MENG

Independent Non-Executive Director
Age 58, Malaysian

Mr Martin Chu was appointed as an Independent Non-Executive Director of the Company on 6 January 2014. He is currently a member of the Audit & Risk Management Committee.

Mr Martin Chu graduated with M.Sc in Management Science and B.Sc (Hons) in Mechanical Engineering from Imperial College, University of London. He has twenty six years of experience in Financial Services covering front and back office areas including Project Finance, Corporate Banking, Credit, Treasury, Corporate Finance, Risk Management, Project Management, Group Finance, Investor Relation, IT, Loan Recovery & Collections, Human Resources, Delivery Channels, Banking Operations and Merger Integration. From 2008 to 2011, Mr Martin Chu was the Chief Operating Officer of ECM Libra Investment Bank Bhd ("ECM Libra"). He was responsible for Treasury, Retail Broking, Credit, Finance, IT and Operations. In 2011, he was reassigned to oversee Treasury and Wealth Management and in 2012, he was appointed as the Chief Risk Officer. Mr Martin Chu also nominated by ECM Libra to sit on the board of Asiasons WFG Ltd, Singapore from 2009 to 2011. Mr Martin Chu was the Deputy Chief Executive Officer, Group Management Services Division of EON Bank Bhd, Kuala Lumpur from 1993 to 2008. During this time, he managed almost all operating units of the Bank in the customer-facing businesses and operational support units. He was a member of the Management Committee, Credit Committee, Risk Committee and ALCO. He also undertook leadership roles in various corporate exercises including the reverse takeover of Kedah Cement Bhd and the acquisition of Oriental Bank and Malaysian International Merchant Bank Bhd (MIMB).

In 2000, he was appointed as the Executive Director/Acting Chief Executive Officer of Oriental Bank Bhd, Kuala Lumpur. During this period, he led the merger integration of Oriental Bank and MIMB into EON Bank.

From 1986 to 1993, he was the Manager/Head of Property Finance of The Mitsubishi Bank Ltd, London, specialising in property lending, Corporate Finance, acquisition financing and restructuring.

From 1981 to 1985, he was employed by Schlumberger Offshore Services Ltd, Holland and United Kingdom as Senior Field Engineer in wireline logging and production services, oil and gas exploration in offshore Holland and United Kingdom.

Notes

1. *Save as disclosed above, none of the Directors has any family relationship with any other Directors and/or other major shareholders of the Company.*
2. *None of the Directors has any conflict of interest with the Company and has not been convicted of any offence within the past ten years.*
3. *Details of Directors' attendances at the Board meetings are set out in the Statement on Corporate Governance.*

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders, Customers, Partners And Employees,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2013.

INDUSTRY OUTLOOK

In the Economic Report 2013/2014 by the Ministry of Finance, the Islamic banking industry was stated to have shown significant progress with assets doubling to RM494.6 billion as at end of 2012. Market share increased to 24.4% of the total banking system as at the end of August 2013.

Islamic Finance Outlook 2014

2013 proved to be another sterling year for the Islamic finance industry with asset estimated at US$1.8 trillion, representing a 16% y-o-y growth. This year, global Islamic finance assets are expected to surpass the US$2 trillion mark and the industry is expected to continue a chart positive growth across all sectors. The industry will continue to grow driven by both demand and supply factors, and further facilitated by government agencies and financial regulators.

The Islamic banking sector has been the driving force of the global Islamic finance industry and Islamic banking assets are expected to reach US$1.6 trillion by end 2014.The global sukuk market is all set to continue its upward trajectory in 2014 as a number of high profile debut sovereign issuances are expected to take place this year.

Malaysia has proven that Islamic finance contribute to financial stability

Bank Negara Governor Dr Zeti Akhtar Aziz said Malaysia has proven that Islamic finance is not only contribute to financial stability, but also show an increasing number of economic sectors to participate in the financial system. She said the Islamic finance is extremely favorable to small and medium-sized businesses, as well as micro-credit, the agency Bernama. This has led to an increase in the diversification of the financial system, which will increase its flexibility and stability. Secondly, it is possible to expand our country's international relations. In the current liberalisation and globalisation, the Islamic finance system is in anticipation of the opening of a new quality of international financial relations that exist in the world economy.

FINANCIAL PERFORMANCE

For the financial year ended ("FYE") 31 December 2013, the Group made record revenues of RM52.18 million and profit before tax ("PBT") of RM15.13 million as compared to the revenue of RM42.53 million and PBT of RM7.89 million in the preceding year. This represents an increase of 23% in revenue and 92% in profit before tax. This performance improvement was mainly attributable to the progressive recognition of the secured turnkey in preceding year and higher sales volume in both its banking solutions and distribution segments.

CHIEF EXECUTIVE OFFICER'S STATEMENT

(Cont'd)

REVIEW OF OPERATION

During FYE 31 December 2013, the Group secured several turnkey projects including sales of hardware and software. The Group has also successfully added a new customer at the beginning of the third quarter 2013 to implement its Ar Rahnu system. The project delivery and value recognition are expected to complete in the first half of 2014.

The Group's wholly-owned subsidiary, CA IT Infrastructure Solutions Sdn. Bhd. ("CAIT") which has been appointed as the primary country representative partner to distribute licenses and services related to CA Technologies's software has improved its overall financial and operational performances during the financial year. This was mainly due to the increase of CA software maintenance and services income.

In November 2013, the Company has successfully undergone the Capability Maturity Model Integration ("CMMi") Level 3 re-appraisal. The CMMi Framework is internationally recognised as one of the most diligent models for ensuring best practices in addressing the development and maintenance of products and services. This achievement reaffirms the standard of the Group as a solutions provider.

PROSPECTS

The Board is optimistic of the prospects of the Group for the following reasons.

Aside from our core banking solutions and implementation services, the Group is offering Managed Service Provider ("MSP") model which can deliver network-based services not only to own products but any other banking solutions in the market. This MSP model is expected to provide constant revenue stream to the Group.

Beyond our existing customer in Brunei, the Group is expected to further expand its revenue opportunities to other overseas markets such as Indonesia which has the largest Muslim population in the world and also Vietnam.

Besides, CAIT is progressing well with an encouraging pipeline which is expected to strengthen the business prospects of the Group.

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

CORPORATE EXERCISES

Proposed Acquisitions

The Group has initiated a corporate exercise to acquire five subsidiaries ("Target Companies") of Formis Resources Berhad, Formis Holdings Berhad and Man Yau Holdings Berhad ("Proposed Acquisitions") for an indicative aggregate purchase consideration of RM50.0 million subject to the results of the due diligence, independent valuation on the indicative purchase consideration and required approvals.

The Target Companies are specialising in the distribution and maintenance of computer hardware and software, whilst one of them is principally engaged in the provision of information technology services in terms of hardware, software, consultancy and maintenance. In this respect, the Target Companies' businesses are substantially complementary in nature with the Group's existing core businesses. Hence, the Proposed Acquisitions are expected to create synergistic benefits in the form of greater economies of scale and enhanced operational and productivity efficiencies derived from cost savings, optimisation of resources and a larger distribution network, collaborative marketing strategies to a wider client base, complementary set of products and services, as well as innovative and competitive range of solution offerings.

The expected completion will be in the second half of year 2014.

CHIEF EXECUTIVE OFFICER'S STATEMENT
(Cont'd)

Proposed Placement

The Group had also announced the proposal to undertake a placement of up to ten percent (10%) of the existing issued and paid-up share capital of Microlink ("Proposed Placement").

The Proposed Placement provides an avenue for the Group to tap into equity market to raise additional funds expeditiously without incurring interest costs given the expected timeframe for completion of the Proposed Acquisition. Upon completion, the enlarged capital base is expected to strengthen the Group's financial position and capital position and may potentially improve the liquidity of the Microlink Shares in market. Bursa Malaysia Securities Berhad had on 5 May 2014 approved the listing and quotation of up to 13,808,590 placement shares to be issued pursuant to the Proposed Placement.

CORPORATE SOCIAL RESPONSIBILITY

The Group understands that as a business matures there becomes a greater responsibility to give back to employees, customers and the wide community. From the past few years, the Group had actively organised and participated in several charity activities. Apart from giving some token donation to certain unfortunate groups in the society, the Group also participated in a Safety Awareness Program which organised by CA Technologies and Shelter Home for Children and few charity runs during the financial year.

APPRECIATION

On behalf of the Board, I would like to express my earnest gratitude to the management and employees of the Group for their loyal dedication and contribution. The Board would also like to thank our customers, suppliers, business associates and bankers for their continued support.

YONG KAR SENG PETER
Chief Executive Officer

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors of the Company recognises the importance of practising good corporate governance in directing the business of the Company to enhance business prospects and corporate performance and accountability with the ultimate objective of realising long term shareholders' value and interest of other stakeholders. The Board is fully committed towards ensuring that the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") are applied and practised throughout the Group. The Board is pleased to report to the shareholders on the manner the Company has applied all the eight (8) principles of the Code and the extent to which it has complied with the recommendations of the Code.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

THE BOARD OF DIRECTORS

Composition and Balance

The Company is led and managed by a well-balanced Board which consists of members with wide range of business, technical and financial background. This brings insightful depth and diversity to the acute leadership and management of an evolutionary business.

The Board currently consists of five (5) members as follows:
- Three (3) Independent Non-Executive Directors
- One (1) Executive Director
- One (1) Non-Independent Non-Executive Director

The profiles of the Directors are presented on pages 8 to 10 of this annual report.

The composition of the Board ensures that Independent Non-Executive Directors provide an element of objectivity, independent judgments and check and balance to the decision making process of the Board. The Independent Non-Executive Directors also ensure that the Group's development plans and business strategies are fully deliberated upon and all decisions taken are in the best interest of the shareholders, employees, customers and other stakeholders of the Group.

Duties and Responsibilities

The Board has high responsibility for the strategic direction and retains full and effective control over the Group, amongst others, the following six (6) responsibilities.

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Generally, the Executive Director is responsible for the day-to-day operations within the limit of authority entrusted to him. The Board makes major decisions such as approval of acquisitions and disposals, new ventures and investment, material agreements, major capital expenditure and budgets.

Code of Ethics

The Group is committed to conduct its businesses and operations with integrity, openness and accountability and to also conduct its affairs in an ethical, responsible and transparent manner. To facilitate the observation and application of the above values, the Group encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance with regulatory requirements and other malpractices or misconduct.

Sustainability

The Group acknowledges that sustainability is an important aspect of its business and continues to undertake responsible practices that impact the society and environment in a positive manner and to inculcate a culture of responsibility in all aspects of the business. It therefore adopts a business approach to creating shareholder value by embracing opportunities and managing risks deriving from economics, environment and social developments.

The details of sustainability activities are set out in the Corporate Social Responsibility section on page 20 of this annual report.

Supply of Information and Company Secretaries

The Directors are provided with full and timely information which enables them to discharge their responsibilities. Prior to each Board meeting, the agenda together with the detailed reports and supplementary papers are circulated to the Directors in advance. This is to enable the Directors to obtain further explanations, where necessary, to be adequately informed before the meeting.

The Directors have full access to all information within the Company in furtherance of their duties. In addition, all Directors have access to the advice and services of the Company Secretaries who are responsible for ensuring that the Board procedures are followed. The Directors may also seek external independent professional advice at the Company's expense, to assist them in their decision-making.

STRENGTHEN COMPOSITION

Board Committees

(a) Audit and Risk Management Committee

The terms of reference of the Audit and Risk Management Committee are set out on pages 21 to 23 of this annual report.

(b) Nomination Committee

The Nomination Committee is set up to propose new nominees for the Board and to evaluate each individual Director on an on-going basis. The Company has established formal and transparent procedures for the appointment of new Directors. The Nomination Committee scrutinises the sourcing and nomination of suitable candidates for appointment and also seeks to ensure an optimal mix of qualification, skill and experience among the Board members.

The Nomination Committee comprises wholly of Non-Executive Directors as follows:

	Position
Chan Hiok Khiang	Chairman
Tai Keat Chai	Member
Monteiro Gerard Clair	Member

In evaluating the suitability of candidates, the Nomination Committee considers the following factors before recommending to the Board for appointment:-

- skills, knowledge, expertise and experience;
- time commitment to effectively discharge his/her role as a Director;
- character, integrity and competence; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

The Nomination Committee has a formal assessment mechanism to assess the effectiveness of the Board as a whole and the contribution of each individual Directors.

During the financial year, the Nomination Committee had carried out the following:-

a) reviewed the required mix of skills, experience and other qualities including core competencies, which Non-Executive Directors should bring to the Board;
b) conducted the Directors' Self-Evaluation for assessment of the effectiveness of the Board as a whole, the Committees of the Board, the contribution of each individual Directors, including Independence Non-Executive Directors and Chief Executive Officer;
c) reviewed the re-designation of a Non-Independent Non-Executive Director to be an Independent Non-Executive Director; and
d) evaluated and recommended the suitable candidates for appointment of Independent Non-Executive Directors to the Board.

The Nomination Committee upon the annual review and assessment carried out is satisfied that the size of the Board is optimum and that there is an appropriate mix of skills and core competencies in the composition of the Board.

The Board acknowledges the need for gender diversity for good governance practices and to enhance the efficient functioning of the Board. The Board believes the appointment of new members is guided by the skills, experience, competency and knowledge of the individual candidate and it shall review any potential candidate wherever reasonably possible. Meanwhile, the Board does not consider setting a gender quota to be in the best interest of good corporate governance. Nor does the Board consider that setting a short term target for gender diversity on the Board is appropriate at the current time.

(c) Remuneration Committee

The Remuneration Committee is responsible to recommend to the Board the framework and quantum values for the Executive Directors' as well as senior management's remuneration packages, terms of employment, reward structure and perks.

In general, the remuneration is structured so as to link rewards to corporate and individual performance, as in the case of the Executive Directors and senior management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by the Director concerned.

The Remuneration Committee comprises the following members:-

	Position
Chan Hiok Khiang	Chairman
Yong Kar Seng Peter	Member
Tai Keat Chai	Member

The remuneration packages for the Directors for the financial year ended 31 December 2013 are as follows:

	Executive Director RM'000	Non-Executive Directors RM'000
Salaries and other emoluments	1,501	-
Fees	-	192

The number of Directors whose remuneration falls into each band of RM50,000 is set as follows:

	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	8
RM50,001 – RM100,000	-	-
Above RM450,000	1	-

(d) Option Committee

The Option Committee is appointed by the Board to administer the Employees' Share Option Scheme ("ESOS") in accordance with the objectives and regulations as stated in the By-Laws of the ESOS.

The Option Committee comprises the following members:

	Position
Chan Hiok Khiang	Chairman
Yong Kar Seng Peter	Member
Tai Keat Chai	Member

As at 31 December 2013, 8,953,600 options were exercised by the eligible Directors and employees.

Appointment and Re-election

In accordance with the Company's Articles of Association, one third of the Directors shall retire from office and be eligible for re-election at each Annual General Meeting and all Directors shall retire from office once at least in three (3) years but shall be eligible for re-election.

The Directors shall have the power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Company's Articles of Association. Any Director so appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

REINFORCE INDEPENDENCE

Annual Assessment of Independence

The Non-Executive Directors are not employees of the Group and do not participate in the day to day management of the Group. Three of the four Non-Executive Directors are Independent Directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. The Nomination Committee has reviewed the performance of the Independent Directors and is satisfied they have able to discharge their responsibilities in an independent manner.

Tenure of Independent Directors

None of the current independent Board members have served the Company for more than nine years. Should the tenure of an Independent Director exceed nine years, shareholders approval will be sought at a general meeting or if the services of the Director concerned are still required, the Director concerned will be re-designated as a Non-Independent Director.

Position of Chairman and Chief Executive Officer

There is clear separation of powers between the Chairman and the Chief Executive Officer, and this further enhances the independence of the Board. Currently, no Chairman has been appointed by the Board following the resignation of the previous Chairman in September 2013. Should any Director have any interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter.

FOSTER COMMITMENT

Board Meetings

The Board ordinarily has four (4) scheduled meetings annually, with additional meetings to be held between the scheduled meetings as and when necessary.

For this financial year under review, a total of eight (8) Board Meetings were held. The record of attendance of these meetings is as follows:

Directors	Number of Meetings Attended
Datuk Ali Bin Abdul Kadir (Resigned: 02.09.2013)	7/7
Datuk Zainun Aishah Binti Ahmad (Resigned: 06.08.2013)	6/6
Chok Kwee Bee (Resigned: 02.09.2013)	7/7
Phong Hon Voon (Resigned: 02.09.2013)	6/7
David Hii Chin Yun (Resigned: 02.09.2013)	7/7
Yong Kar Seng Peter	8/8
Monteiro Gerard Clair	6/8
Chan Hiok Khiang (Appointed: 15.08.2013)	2/2
Tai Keat Chai (Appointed: 28.08.2013)	1/1
Martin Chu Leong Meng (Appointed: 06.01.2014)	Not Applicable

All Directors have complied with the minimum 50% attendance requirement at Board Meetings held during the financial year ended 31 December 2013 as stipulated by the ACE Market Listing Requirements ("ACE LR") of the Bursa Malaysia Securities Berhad ("BMSB").

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

Directors' Training

The Board fully supports the need for its members to further enhance their skills and knowledge on relevant new laws and regulations and changing commercial risks to keep abreast with the developments in the economy, industry and technology, among others.

All Directors have attended and successfully completed the Mandatory Accreditation Program as prescribed under the ACE LR.

The Directors have attended training and will continue to attend other relevant training programs as may be determined by the Board to keep them abreast with the latest developments in the relevant areas. All Directors receive updates from time to time, on relevant new laws and regulations to enhance their business acumen and skills to meet changing commercial risks and challenges.

The seminars and conferences attended by the Directors during the financial year are as follows:-

Name of Director	Training attended
Yong Kar Seng Peter	CA World Expo 2013 CA Technologies Asia Pacific & Japan Partner Summit 2013
Monteiro Gerard Clair	International Investment Panel
Chan Hiok Khiang	Investment Outlook 2013 by HSBC Private Bank
Tai Keat Chai	Governance in Groups Program
Martin Chu Leong Meng	*(Not applicable)*

UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board is responsible for presenting a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects each time it releases its quarterly and audited financial statements to the shareholders, stakeholders and investors. The annual reports are prepared in accordance with the requirements of the Companies Act, 1965, the ACE LR, and the standards approved by the Malaysian Accounting Standards Board ("MASB").

In addition, the Company has adopted the appropriate accounting policies that have been consistently applied in the preparation of its accounting records to present a true and fair view of its financial performance.

The Board has established an Audit and Risk Management Committee ("ARMC"), comprising wholly Non-Executive Directors, the majority of whom are Independent. One of the key responsibilities of the ARMC is to ensure that the financial statements of the Company comply with Financial Reporting Standards in Malaysia. Such financial statements comprise the quarterly financial report announced to BMSB and the annual statutory financial statements.

The Board upholds the integrity of financial reporting by the Company. As such, it has established procedures, via the ARMC, in assessing the suitability and independence of the external auditors. Such procedures entail the provision of written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The external auditors continue to report to members of the Company on their findings from the audit on statutory financial statements which are included as part of the Company's financial reports. The Company has always maintained a formal and transparent relationship with the external auditors in seeking their professional advice and towards ensuring compliance with the accounting standards. It is the policy of the ARMC to meet with the external auditors at least twice a year to discuss their audit plan, audit findings and the Group's financial statements. These meetings are held without the presence of the Management.

Directors' Responsibility Statement

The Board is responsible for ensuring that the financial statements of the Company and of the Group give a true and fair view of the state of affairs of the Company and of the Group as at the end of the accounting year. The Board considers that the Company uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that all accounting standards, which it considers applicable, have been followed in the preparation of the financial statements.

The Board is responsible for ensuring that the Company keeps proper accounting records and that such records are disclosed with reasonable accuracy to ensure that the financial statements comply with the Companies Act, 1965. The Board has the general responsibility for taking such steps to safeguard the assets of the Group and to detect and prevent fraud as well as other irregularities.

RECOGNISE AND MANAGE RISKS

Risk Framework and Internal Audit Function

The Board has an overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets by identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.

The Board views that the system of internal controls instituted throughout the Group is sound and sufficient to safeguard shareholders' investment and the Group's assets. The Group is continuously looking into the adequacy and integrity of its system of internal controls to ensure the effectiveness of the system.

Relationship with Auditors

Through the ARMC, the Company has established a transparent and professional relationship with the Group's auditors. From time to time, the auditors highlight to the ARMC and the Board on matters that require the Board's attention. They are invited to attend the ARMC when necessary.

The ARMC recommends the appointment of the external auditors. The appointment of the external auditors is subject to the approval of the shareholders at the AGM.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board recognises the importance to have timely and equal dissemination of relevant information on the Group's performance and other developments via an appropriate channel of communication.

Shareholders, investors and analysts are kept abreast with the major developments of the Group through the various means of communications as follows:-
- Quarterly financial statements and annual report
- Announcements on major developments made to BMSB
- Company's general meetings
- Company's website at http://www.microlink.com.my

As part of the Company's continuing disclosure obligation under the ACE LR of BMSB, the Company aims to ensure timely announcements are made through the BMSB and Company's website. This serves to enable investors to make informed investment decisions.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Annual General Meeting ("AGM") is the principal forum for dialogue with public shareholders. Notice of AGM and annual reports will be sent to the shareholders within the period prescribed by the Company's Articles of Association. In addition, the Notice of AGM will be advertised in the newspaper. Any items of special business included in the Notice of AGM will be accompanied by a full explanation of the effects of the proposed special business.

Corporate Social Responsibility Statement

The Group remains committed to ensuring that in the course of maximising value for its investors, its corporate social responsibilities are not neglected. During the financial year ended 31 December 2013, the Group had participated in and organised several activities as set out on pages 4 to 5 of this annual report.

This Statement is made in accordance with the resolution of the Board of Directors at its meeting held on 20 May 2014.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTRODUCTION

The Audit and Risk Management Committee comprises the following three Directors:

1) Tai Keat Chai - Chairman, Independent Non-Executive Director
2) Chan Hiok Khiang - Independent Non-Executive Director
3) Martin Chu Leong Meng - Independent Non-Executive Director

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

Composition of Audit and Risk Management Committee

The Audit and Risk Management Committee shall be appointed by the Board of Directors from amongst their members and shall consist of no fewer than three (3) members, the majority of whom shall be Independent Directors and the Chief Executive Officer shall not be a member of the Audit and Risk Management Committee.

At least one member of the Audit and Risk Management Committee:

(a) Must be a member of the Malaysian Institute of Accountants (MIA); or
(b) If he is not a member of MIA, he/she must have at least 3 years working experience; and
   - He must have passed the examination specified in Part I of the First Schedule of the Accountants Act 1967; or
   - He must be a member of one of the Associations of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

No alternate Director will be appointed as a member of the Audit and Risk Management Committee.

The members of the Audit and Risk Management Committee shall elect a Chairman from amongst its members who shall be an Independent Director.

The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every 3 years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

Meetings

(i) Frequency of Meeting

The Committee shall meet not less than four (4) times a year or as many times as the Committee deems necessary with due notice of issues to be discussed.

(ii) Proceedings of Meeting

The quorum for meetings of the Audit and Risk Management Committee shall be two (2) Independent Directors.

If at any meeting, the Chairman of the Audit and Risk Management Committee is not present within fifteen minutes of the time appointed for holding the same, the members of the Audit and Risk Management Committee present shall choose one of their members who shall be an Independent Director to be Chairman of such meeting.

The Company Secretary shall be the Secretary of the Audit and Risk Management Committee.

Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman of the Audit and Risk Management Committee shall have a second or casting vote.

(iii) Attendance at Meeting

The Audit and Risk Management Committee may require the presence of external auditors to attend any of its meetings when necessary.

The Financial Controller and internal auditors (if any) shall normally attend the meeting.

Other members of the Board and officers of the Company and its Group may attend the meeting (specific to the relevant meeting) upon the invitation of the Committee.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT *(Cont'd)*

(iv) Keeping and Inspection of Minutes

The Company shall cause minutes of all proceedings of the Audit and Risk Management Committee Meeting to be entered in books kept for that purpose.

Those minutes to be signed by the Chairman of the Audit and Risk Management Committee Meeting at which the proceedings were held or by the Chairman of the next succeeding meeting shall be evidence of the proceedings to which it relates.

The books containing the minutes of proceedings of the Audit and Risk Management Committee Meeting shall be kept by the Company Secretary, and shall be open to the inspection of any members of the Board of Directors or Audit and Risk Management Committee without charge.

The minutes of the Audit and Risk Management Committee Meeting shall be circulated to the members of the Board for notation.

Authority

The Committee shall in accordance with the procedure determined by the Board and at the expense of the Company:

(a) have explicit authority to investigate any matter within its terms of reference;
(b) have the resources which the Committee needs to perform the duties;
(c) have full access to any information which the Committee requires in the course of performing its duties;
(d) have unrestricted access to all employees of the Group;
(e) have direct communication channels with the external auditors;
(f) be able to obtain outside legal or independent professional advice in the performance of its duties at the cost of the Company; and
(g) be able to invite outsiders with relevant experience to attend its meetings, if necessary.

Duties and Responsibilities

The duties and responsibilities of the Audit and Risk Management Committee shall include the following:

(i) Matters relating to External Audit

(a) To review the nomination of external auditors and their audit fees;
(b) To review the nature, scope and quality of external audit plan/arrangements;
(c) To review quarterly and annual financial statements of the Company, before submission to the Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgmental issues;
(d) To review the external auditors' audit report;
(e) To review with the external auditors, their evaluation of the system of internal accounting controls;
(f) To review the Company's policies and procedures with Management and external auditors to ensure the adequacy of internal accounting and financial reporting controls;
(g) To review any letter of resignation from the external auditors;
(h) To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and
(i) To review the assistance given by the Company's officers to the external auditors.

(ii) Matters relating to Internal Audit function

(a) To review the effectiveness of the internal audit function;
(b) To review the internal audit programme and results of the internal audit process;
(c) To review the follow up actions by the Management on the weakness of internal accounting procedures and controls;
(d) To review on all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
(e) To review the assistance and co-operation given by the Company and its officers to the internal auditors.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT *(Cont'd)*

(iii) Risk Management and Internal Control

(a) To review the adequacy of risk management framework and to provide independent assurance to the Board of Directors on the effectiveness of the Company's risk management processes;
(b) To evaluate the quality and effectiveness of the Company's internal controls and management information systems, including compliance with applicable laws, rules and guidelines; and
(c) To recommend to the Board of Directors the Statement of Internal Control and any changes to the said statement.

(iv) Verification of Employees' Share Option Scheme ("ESOS")

(a) To verify the allocation of options during the year under the ESOS to ensure that this was in compliance with the allocation criteria determined by the Option Committee and in accordance with the By-laws of the ESOS.

SUMMARY OF ACTIVITIES

The Audit and Risk Management Committee held five (5) meetings during the financial year ended 31 December 2013. The records of attendance of these meetings by the members are as follows:

Directors	Number of Meetings Attended
Datuk Ali Bin Abdul Kadir (Resigned: 02.09.2013)	4/4
Datuk Zainun Aishah Binti Ahmad (Resigned: 06.08.2013)	3/3
Chok Kwee Bee (Resigned: 02.09.2013)	4/4
Tai Keat Chai (Appointed: 02.09.2013)	1/1
Chan Hiok Khiang (Appointed: 02.09.2013)	1/1
Monteiro Gerard Clair (Resigned : 20.05.2014)	1/1
Martin Chu Leong Meng (Appointed: 20.05.2014)	Not applicable

During the financial year ended 31 December 2013, the activities carried out by the Audit and Risk Management Committee included the following:

(a) Reviewed the unaudited quarterly reports of the Group before recommending to the Board of Directors for their approval and release to Bursa Malaysia Securities Berhad;
(b) Reviewed with external auditors on the audit planning memorandum of the Group for the financial year ended 31 December 2013;
(c) Reviewed with external auditors on the Group's results for the financial year ended 31 December 2012 before recommending to the Board of Directors for their approval and release to Bursa Malaysia Securities Berhad;
(d) Reviewed with external auditors on the impact of new accounting standards on the Group's performance;
(e) Reviewed the recurrent related party transactions; and
(f) Recommended to the Board of Directors on the re-appointment of the external auditors.

Internal Audit Function

The Board recognises the importance of a sound system of internal control to safeguard shareholders' investment and the Company's assets. The internal audit function in the Company is being out-sourced to assist in identifying, evaluating, monitoring and managing the significant risks to ensure proper risk management, adequacy and integrity of the internal control systems in line with the requirements of the Statement on Internal Control - Guidance for Directors of Public Listed Companies. The internal auditors report directly to the Audit and Risk Management Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Pursuant to rule 15.26(b) of the ACE Market of Bursa Malaysia Securities Berhad's Listing Requirements ("Listing Requirements"), the Board of Directors of Microlink Solutions Berhad ("the Company") is pleased to make a statement in the annual report on the state of the risk management and internal controls of the Group for the financial year under review, which has been prepared in accordance with the Listing Requirements and with reference to the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

Board Responsibility

The Board of Directors acknowledges that it is ultimately responsible for the Group's system of risk management and internal control and for reviewing the adequacy and integrity of the risk management and internal control system to ensure shareholders' interests and the Group's assets are safeguarded. Due to the inherent limitations in any system of internal control, such system put in place by Management is only designed to manage rather than eliminate risks of failure to achieve business objectives. Therefore, such system can only provide reasonable and not absolute assurance against material misstatements or losses. Due to the ever changing business environment and conditions, the effectiveness of an internal control system may vary over time.

Risk Management

The Board of Directors acknowledges that all areas of the Group's activities involve some degree of risk and recognises that effective risk management is part of good business management practice for the successful achievement of the Group's business objectives. On a quarterly basis, the Board of Directors obtains assurance from the Chief Executive Officer and Finance manager that the Company's risk management and internal control system is operating adequately and effectively in all material aspects based on its risk management and internal control system. On a day to day basis, the respective Heads of Department and key management staff are responsible for managing the risks of their departments and periodic management meetings are held to address significant issues faced by the Group so as to ensure significant risks are closely monitored and appropriately addressed. Significant risks of the Group are highlighted to the Board by the Chief Executive Officer, Chief Operating Officer and Finance Manager on an exception basis.

The abovementioned practices/initiatives by the Management serve as the on-going process used to identify, evaluate and manage significant risks that affect the achievement of its business objectives.

Internal Audit

The Group's internal control systems are continually being reviewed and enhanced to ensure that changes in the Group's business and operating environment are adequately managed. The Board through the Audit and Risk Management Committee currently obtains regular assurance on the adequacy and effectiveness of the internal control system through independent reviews performed by the internal audit function which is outsourced to a professional services firm. The internal audit function reports directly to the Audit and Risk Management Committee. During the financial year, the internal audit function conducted reviews in accordance with the risk based internal audit plan approved by the Audit and Risk Management Committee. Based on the internal audit reviews carried out, the results including findings of the internal audit and recommended corrective actions are presented to the Audit and Risk Management Committee at the scheduled meetings. In addition, follow up review was conducted to ensure that corrective actions are implemented on a timely manner. Based on the internal audit review conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report. The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2013 amounted to RM10,000.00.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(Cont'd)*

Other Key Elements of Internal Control

- An organisation structure with well-defined delegation of authority, segregation of duties and lines of responsibility;
- Systematic procedures in Capability Maturity Model Integration (CMMi) to facilitate process improvement and quality control;
- Strategic plans and annual budgets are prepared by respective Heads of Department and approved by the Board;
- Timely financial reporting in providing relevant financial information for Management review. Announcement of financial information is further subjected to review by the Audit and Risk Management Committee prior to the Board's approval. In addition, statutory auditors' advice is sought as and when required;
- Monthly variance analysis between actual performances and approved budgeted numbers is performed. Comprehensive management accounts and reports are prepared and explanations of major variances are presented in the monthly Management Committee Meetings;
- Board meetings are scheduled regularly. Board papers are distributed to the members of the Board ahead of the meetings and Board members have access to all relevant information. Decisions are made by the Board only after the requisite information is presented and deliberated;
- The Executive Director adopts a hands on approach in running the business and operations of the Group and the reports to the Board on significant changes in the business and external environment, which affect the operations of the Group at large;
- Experienced and dedicated team of personnel across key functional units;
- Established internal policies and procedures for key business units within the Group; and
- Comprehensive guidelines for the employment and retention of employees are in place, including a staff handbook. Trainings are provided internally to ensure that the employees are well informed and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

Conclusion

The Board of Directors is committed towards operating a sound system of internal control and effective risk management practices throughout the Group and is of the view that they are adequate to safeguard shareholders' investments and the Group's assets. There were no material losses incurred during the financial year as a result of weaknesses in internal control that would require separate disclosure in the annual report. Nevertheless, the Board is cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Company's system of internal control.

This Statement is made in accordance with the resolution of the Board of Directors at its meeting held on 20 May 2014.

OTHER COMPLIANCE INFORMATION

The following information provided is in respect of the financial year ended 31 December 2013.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Saved for the options granted and exercised pursuant to the Company's Employees' Share Option Scheme ("ESOS") as disclosed in page 31 of this annual report, the Company has not issued any options, warrants or convertibles during the financial year under review.

The ESOS is the only scheme that is in existence during the financial year ended 31 December 2013. The number of options and shares granted to the Directors are disclosed in page 33 of this annual report.

No options and shares were granted to the Directors and senior management during the financial year. The aggregate maximum allocation of options to the Directors and senior management was 50% of the total ESOS granted while the actual percentage of ESOS granted to them was 7.1% of the total ESOS granted since the commencement of the ESOS.

NON-AUDIT FEES

During the financial year ended 31 December 2013, the Company engaged the external auditors in a corporate exercise to perform financial and tax due diligence on the target companies. The amount incurred was RM99,375.75.

MATERIAL CONTRACTS

During the financial year under review, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries involving the interest of its Directors' or Major Shareholders' of the Group and of the Company which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

FINANCIAL CONTENTS

REPORT OF THE DIRECTORS

The Directors of **MICROLINK SOLUTIONS BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and provision of research and development on information technology solutions to the financial services industry.

The principal activities of the subsidiaries are disclosed in Note 12 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and of its subsidiaries during the financial year.

SIGNIFICANT EVENTS

As mentioned in Note 29, on 7 May 2013, the Company received a Notice of Conditional Voluntary Take-Over Offer from RHB Investment Bank Berhad ("RHBI") on behalf of Formis Holdings Berhad to acquire the following for a cash consideration of RM0.60 per share:

i) All the remaining ordinary shares at RM0.10 each in the Company which are not already owned by Formis Holdings Berhad; and

ii) All the new shares that may be allotted and issued up to the close of the Offer pursuant to the exercise of any outstanding options granted under the Company's existing ESOS.

On 16 May 2013, the Company announced that it does not intend to seek another party to make a take-over offer for the Company's shares.

On 21 May 2013, in accordance with the Malaysian Code of Take-Overs and Mergers 2010, the Company announced that Kenanga Investment Bank Berhad had been appointed to act as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company in relation to the Offer.

On 16 July 2013, the Company announced that they have received the letter from the Independent Adviser pertaining to the comments, opinions and recommendation of the Offer.

On 23 July 2013, the Company announced that the Offer has become unconditional based on the following:

(a) Formis Holdings Berhad has received valid acceptances of the Offer resulting in its holding in aggregate, together with shares already acquired, held or entitled to be acquired or held, more than fifty percent of the total voting shares of the Company; and

(b) The approval by the shareholders of Formis Resources Berhad, the holding company of Formis Holdings Berhad for the Offer has been obtained at an EGM convened on 8 July 2013.

On 2 August 2013, the Company announced that since the Offer has become unconditional, the Non-Interested Directors have reassessed their decisions and have collectively decided to accept the Offer.

On 15 August 2013, the Company announced that in light of the acceptances received pursuant to the Offer, Formis Holdings Berhad emerged as the new controlling shareholder of the Company with shares representing approximately 97.88% equity interest in the Company on 12 August 2013. Based on the Record of Depositors as at 13 August 2013, the Company's public shareholding spread was 2.12%. As such, the Company is not in compliance with the public shareholding spread requirement pursuant to Rule 8.02 (1) of the ACE Market Listing Requirements.

SIGNIFICANT EVENTS *(Cont'd)*

On 3 September 2013, the Company announced that its public shareholding spread as at 30 August 2013 has increased to 11.23%. Bursa Malaysia Securites Berhad had, vide its letter dated 30 August 2013, granted an extension of time of 6 months from 28 August 2013 until 27 February 2014 to comply with the public shareholding spread requirement.

On 7 March 2014, the Company announced that it had received another letter from Bursa Malaysia Securities Berhad dated 7 March 2014 notifying that the Company has been granted a further extension of time of 6 months from 28 February 2014 until 27 August 2014 to comply with the public shareholding spread requirement pursuant to Rule 8.02(1) of the ACE Market Listing Requirements. Based on the Register of Depositors as at 30 January 2014, the Company's public shareholding spread was 11.46%.

Pursuant to the completion of Formis Holdings Berhad's obligations under Section 223 of the Capital Market and Services Act in November 2013, the Company together with its new controlling shareholder - Formis Holdings Berhad, are in the midst of discussions with its advisers to undertake the establishment of a new employee share scheme as well as placing the shares in the Company to third-party investors pursuant to Section 132D of the Companies Act, 1965 as part of endeavours to rectify the non-compliance with the public shareholding spread requirement.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
Profit before tax	15,129,501	8,332,134
Income tax expense	(351,623)	(222,333)
Profit for the year	14,777,878	8,109,801
Attributable to:		
Equity holders of the Company	15,282,508	8,109,801
Non-controlling interests	(504,630)	-
	14,777,878	8,109,801

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

An interim tax exempt dividend of 1 sen per share declared on 20 February 2013, amounting to RM1,331,526 in respect of the previous financial year and dealt with in the previous Directors' Report was paid on 20 March 2013.

A final tax exempt dividend of 3 sen per share, amounting to RM4,008,318 proposed in the previous financial year was approved by the shareholders at the last Annual General Meeting of the Company and was paid on 20 May 2013.

An interim tax exempt dividend of 3 sen per share declared on 19 November 2013, amounting to RM4,138,461 in respect of the current financial year was paid on 27 December 2013.

DIVIDENDS *(Cont'd)*

An interim tax exempt dividend of 3 sen per share declared on 21 February 2014, amounting to RM4,141,818 in respect of the financial year 31 December 2013 was paid on 21 March 2014.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2013.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

As mentioned in Note 19 to the financial statements, during the current financial year, the issued and paid up capital of the Company was increased from RM12,909,700 comprising 129,097,000 ordinary shares of RM0.10 each to RM13,805,060, comprising 138,050,600 ordinary shares of RM0.10 each by way of issuance of 8,953,600 new ordinary shares of RM0.10 each for cash pursuant to the exercise of share options at exercise prices ranging from RM0.13 to RM0.49 per ordinary share of RM0.10 each. The new ordinary shares issued rank pari-passu with the then existing ordinary shares of the Company.

The resulting share premium from the exercise of share options amounting to RM1,444,527 as of 31 December 2013 has been credited to the share premium account.

The Company has not issued any debentures during the financial year.

SHARE OPTIONS

Under the Company's ESOS which became effective on 27 April 2006, options to subscribe for unissued new ordinary shares of RM0.10 each in the Company were granted to eligible directors and employees of the Company and its subsidiaries.

The salient features of the ESOS are as follows:

(i) the total number of shares which may be made available shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS;

(ii) the ESOS shall be in force for a period of 5 years from the effective implementation date of the ESOS, subject to any extension or renewal for a further period of 5 years commencing on the day after the date of expiry of the original 5 years period;

(iii) the new shares to be allotted and issued upon the exercise of the options will upon such allotment and issuance, rank pari passu with the then existing issued and paid-up share capital except that these new shares will not be entitled to any dividends, rights, allotments or other distributions, the entitlement date of which is prior to the date of allotment of the new shares and will be subject to all the provisions of the Articles of Association relating to the transfer, transmission and otherwise of the shares; and

(iv) the exercise price of the ESOS options shall be:

    (a) the issue price of RM0.49 for options that were granted prior to the listing; or

    (b) based on the weighted average market price of the Company's shares for the 5 market days immediately preceding the date on which the options are granted subject to a discount of not more than 10% for options that are granted subsequent to the listing.

SHARE OPTIONS *(Cont'd)*

On 21 April 2011, the Option Committee had approved the extension of the existing ESOS for a period of 5 years commencing on 27 April 2011.

The share options granted, exercised and lapsed during the financial year were as follows:

		Number of options over ordinary shares of RM0.10 each				
Exercisable from	**Exercise price per ordinary share (RM)**	**Balance as of 1.1.2013**	**Granted**	**Exercised**	**Lapsed**	**Balance as of 31.12.2013**
27.4.2007	0.49	3,489,500	-	(3,197,600)	(73,000)	218,900
27.4.2008	0.46	132,200	-	(75,100)	-	57,100
26.8.2012	0.13	5,840,900	-	(5,680,900)	(98,900)	61,100

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts need to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION *(Cont'd)*

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following Directors served on the Board of the Company since the date of last report:

Monteiro Gerard Clair
Yong Kar Seng Peter
Chan Hiok Khiang (appointed on 15.8.2013)
Tai Keat Chai (appointed on 28.8.2013)
Martin Chu Leong Meng (appointed on 6.1.2014)
Datuk Zainun Aishah Binti Ahmad (resigned on 6.8.2013)
Datuk Ali Bin Abdul Kadir (resigned on 2.9.2013)
Chok Kwee Bee (resigned on 2.9.2013)
Phong Hon Voon (resigned on 2.9.2013)
David Hii Chin Yun (resigned on 2.9.2013)

In accordance with Article 70 of the Company's Articles of Association, Mr. Monteiro Gerard Clair retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Messrs Chan Hiok Khiang, Tai Keat Chai and Martin Chu Leong Meng, who were appointed to the Board since the date of the Annual General Meeting held on 18 April 2013, retire under Article 75 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The interests in shares and share options in the Company and other related companies of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.10 each			
	Balance as of 1.1.2013	Bought	Sold	Balance as of 31.12.2013
Shares in the Company				
Direct Interest				
Yong Kar Seng Peter	19,146,670	604,000	(19,750,670)	-
Indirect Interest				
Yong Kar Seng Peter	555,000	-	(555,000)	-

DIRECTORS' INTERESTS *(Cont'd)*

	No. of ordinary shares of RM1.00 each			
	Balance as of 1.1.2013	Bought	Sold	Balance as of 31.12.2013
Shares in the ultimate holding company, Formis Resources Berhad:				
Direct Interest				
Monteiro Gerard Clair	27,457,800	107,774,482	(13,000,000)	122,232,282

Options granted to the Directors pursuant to the ESOS of the Company that was implemented on 27 April 2006 are as follows:

	Number of options over ordinary shares of RM0.10 each			
	Balance as of 1.1.2013	Granted	Exercised	Balance as of 31.12.2013
Options in the Company				
Yong Kar Seng Peter	604,000	-	(604,000)	-

By virtue of the above Directors' interest in the shares and options of the Company, they are deemed to have interest in the shares of all the subsidiary companies to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

HOLDING COMPANIES

During the current financial year and pursuant to the aforementioned Offer, the Company became a subsidiary of Formis Holdings Berhad, a company incorporated in Malaysia. The Directors regard Formis Resources Berhad, a company incorporated in Malaysia and listed on the Main Market at Bursa Malaysia Securities Berhad as the ultimate holding company.

REPORT OF THE DIRECTORS *(Cont'd)*

AUDITORS

The auditors, Messrs. Deloitte & Touche, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

YONG KAR SENG PETER

TAI KEAT CHAI

Kuala Lumpur,
1 April 2014

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MICROLINK SOLUTIONS BERHAD

Report on the Financial Statements

We have audited the financial statements of **MICROLINK SOLUTIONS BERHAD**, which comprise the statements of financial position of the Group and of the Company as of 31 December 2013 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 90.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) We have considered the accounts and auditors' reports of the subsidiary companies of which we have not acted as auditors, as shown in Note 12 to the financial statements;

Report on Other Legal and Regulatory Requirements ***(Cont'd)***

(c) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for those purposes; and

(d) The auditors' reports on the accounts of the subsidiary companies did not contain to any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 31 to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE & TOUCHE
AF 0834
Chartered Accountants

HIEW KIM TIAM
Partner - 1717/08/15 (J)
Chartered Accountant

1 April 2014

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note(s)	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	5 & 6	52,180,643	42,525,636	20,253,383	13,114,080
Cost of sales		(20,229,553)	(19,634,433)	(571,293)	(416,622)
Gross profit		31,951,090	22,891,203	19,682,090	12,697,458
Other operating income		1,143,649	471,092	238,434	253,200
Distribution costs		(908,986)	(848,869)	(45,374)	(12,445)
Administrative expenses		(13,799,272)	(11,904,914)	(9,110,022)	(3,401,079)
Other operating expenses		(3,256,980)	(2,718,307)	(2,432,994)	(2,374,330)
Profit before tax	7	15,129,501	7,890,205	8,332,134	7,162,804
Income tax expense	8	(351,623)	(827,025)	(222,333)	(17,317)
Profit for the year		14,777,878	7,063,180	8,109,801	7,145,487
Other comprehensive income/(loss), net of tax					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		(19,966)	2,012	-	-
Total comprehensive income for the year		14,757,912	7,065,192	8,109,801	7,145,487
Profit for the year attributable to:					
Equity holders of the Company		15,282,508	7,362,224	8,109,801	7,145,487
Non-controlling interests		(504,630)	(299,044)	-	-
		14,777,878	7,063,180	8,109,801	7,145,487
Total comprehensive income for the year attributable to:					
Equity holders of the Company		15,262,542	7,364,236	8,109,801	7,145,487
Non-controlling interests		(504,630)	(299,044)	-	-
		14,757,912	7,065,192	8,109,801	7,145,487
Earnings per share:					
Basic (sen)	9	11.07	5.77		
Diluted (sen)	9	11.06	5.75		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2013

		Group		Company	
		2013	2012	2013	2012
	Note(s)	RM	RM	RM	RM
ASSETS					
Non-current Assets					
Property, plant and equipment	10	1,718,402	1,969,378	53,930	27,674
Software development expenditure	11	13,422,847	13,019,793	11,208,634	10,265,562
Investment in subsidiaries	12	-	-	13,677,404	13,677,404
Investment in a joint venture	13	-	-	-	-
Goodwill on consolidation	14	2,817,852	2,817,852	-	-
Total non-current assets		17,959,101	17,807,023	24,939,968	23,970,640
Current Assets					
Trade receivables	15	7,516,277	21,792,349	-	-
Other receivables, deposits and prepaid expenses	15	1,915,964	1,788,159	126,733	90,940
Amount owing by subsidiaries	12	-	-	19,421,904	17,470,228
Amount due from contract customers	16	2,239,812	-	-	-
Tax recoverable		914,500	19,800	-	-
Short-term investments	17 & 25	12,614,090	10,975,471	204,631	1,909,940
Fixed deposits with licensed financial institutions	18 & 25	4,391,072	3,149,223	-	-
Cash and bank balances	25	5,897,008	4,142,815	327,492	319,945
Total current assets		35,488,723	41,867,817	20,080,760	19,791,053
Total Assets		53,447,824	59,674,840	45,020,728	43,761,693
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	19	13,805,060	12,909,700	13,805,060	12,909,700
Reserves	20	31,136,002	23,803,668	29,892,625	29,713,032
Equity attributable to equity holders of the Company		44,941,062	36,713,368	43,697,685	42,622,732
Non-controlling interests		(849,871)	(345,241)	-	-
Total Equity		44,091,191	36,368,127	43,697,685	42,622,732
Deferred Liability					
Deferred tax liability	21	481,621	293,550	229,000	-
Current Liabilities					
Trade payables	22	1,761,311	5,206,477	-	-
Other payables and accrued expenses	22	4,757,606	5,093,120	994,125	957,157
Amount owing to a related company	26	18,970	273,743	-	-
Amount due to contract customers	16	55,456	10,579,105	-	-
Deferred maintenance income		2,279,071	1,810,868	97,993	171,740
Tax liabilities		2,598	49,850	1,925	10,064
Total current liabilities		8,875,012	23,013,163	1,094,043	1,138,961
Total Liabilities		9,356,633	23,306,713	1,323,043	1,138,961
Total Equity and Liabilities		53,447,824	59,674,840	45,020,728	43,761,693

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

Group	Note	Share capital RM	Distributable reserve - Retained earnings RM	Non-distributable reserves Share premium RM	Non-distributable reserves Equity compensation reserve RM	Non-distributable reserves Translation reserve RM	Equity attributable to equity holders of the Company RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2012		12,740,600	14,009,043	3,466,728	268,465	(139,180)	30,345,656	(46,197)	30,299,459
Other comprehensive income		-	-	-	-	2,012	2,012	-	2,012
Profit for the year		-	7,362,224	-	-	-	7,362,224	(299,044)	7,063,180
Total comprehensive income for the year		-	7,362,224	-	-	2,012	7,364,236	(299,044)	7,065,192
ESOS expenses		-	-	-	57,706	-	57,706	-	57,706
Issue of shares pursuant to ESOS	19	169,100	-	50,730	-	-	219,830	-	219,830
Dividend paid	23	-	(1,274,060)	-	-	-	(1,274,060)	-	(1,274,060)
Balance as at 31 December 2012		12,909,700	20,097,207	3,517,458	326,171	(137,168)	36,713,368	(345,241)	36,368,127
Balance as at 1 January 2013		12,909,700	20,097,207	3,517,458	326,171	(137,168)	36,713,368	(345,241)	36,368,127
Other comprehensive loss		-	-	-	-	(19,966)	(19,966)	-	(19,966)
Profit for the year		-	15,282,508	-	-	-	15,282,508	(504,630)	14,777,878
Total comprehensive income for the year		-	15,282,508	-	-	(19,966)	15,262,542	(504,630)	14,757,912
ESOS expenses		-	-	-	103,570	-	103,570	-	103,570
Issue of shares pursuant to ESOS	19	895,360	-	1,444,527	-	-	2,339,887	-	2,339,887
Dividend paid	23	-	(9,478,305)	-	-	-	(9,478,305)	-	(9,478,305)
Transfer to retained earnings on share options exercised		-	416,505	-	(416,505)	-	-	-	-
Balance as at 31 December 2013		13,805,060	26,317,915	4,961,985	13,236	(157,134)	44,941,062	(849,871)	44,091,191

(Forward)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013 *(Cont'd)*

Company	Note	Share capital RM	Distributable reserve - Retained earnings RM	Non-distributable reserves Share premium RM	Equity compensation reserve RM	Total equity RM
Balance as at 1 January 2012		12,740,600	19,997,976	3,466,728	268,465	36,473,769
Total comprehensive income for the year		-	7,145,487	-	-	7,145,487
ESOS expenses		-	-	-	57,706	57,706
Issue of shares pursuant to ESOS	19	169,100	-	50,730	-	219,830
Dividend paid	23	-	(1,274,060)	-	-	(1,274,060)
Balance as at 31 December 2012		12,909,700	25,869,403	3,517,458	326,171	42,622,732
Balance as at 1 January 2013		12,909,700	25,869,403	3,517,458	326,171	42,622,732
Total comprehensive income for the year		-	8,109,801	-	-	8,109,801
ESOS expenses		-	-	-	103,570	103,570
Issue of shares pursuant to ESOS	19	895,360	-	1,444,527	-	2,339,887
Dividend paid	23	-	(9,478,305)	-	-	(9,478,305)
Transfer to retained earnings on share options exercised		-	416,505	-	(416,505)	-
Balance as at 31 December 2013		13,805,060	24,917,404	4,961,985	13,236	43,697,685

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES					
Receipts from customers		51,435,233	38,185,550	18,742,480	11,871,465
Payments to suppliers and employees		(35,976,845)	(26,880,503)	(9,999,542)	(3,824,455)
Payments of income tax expense		(1,105,504)	(829,215)	(1,472)	(661)
Net Cash From Operating Activities		14,352,884	10,475,832	8,741,466	8,046,349
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES					
Investment in subsidiary company		-	-	-	(4,499,998)
Purchase of property, plant and equipment		(338,834)	(1,258,943)	(50,706)	(1,070)
Software development expenditure incurred		(2,850,531)	(1,198,250)	(3,279,751)	(2,809,245)
Interest received		530,823	268,573	28,335	36,249
Proceeds from disposal of property, plant and equipment		2,867	100	1,312	-
Fixed deposits pledged with licensed banks		(1,079,921)	(42,159)	-	-
Net Cash Used In Investing Activities		(3,735,596)	(2,230,679)	(3,300,810)	(7,274,064)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Dividend paid		(9,478,305)	(1,274,060)	(9,478,305)	(1,274,060)
Issue of shares pursuant to ESOS		2,339,887	219,830	2,339,887	219,830
Net Cash Used In Financing Activities		(7,138,418)	(1,054,230)	(7,138,418)	(1,054,230)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		3,478,870	7,190,923	(1,697,762)	(281,945)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		16,152,902	9,054,133	2,229,885	2,511,830
Effects of Exchange Rate Changes on Cash and Cash Equivalents		75,870	(92,154)	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	19,707,642	16,152,902	532,123	2,229,885

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The Company is also a Multimedia Super Corridor ("MSC") status company.

The Company is principally involved in investment holding and provision of research and development on information technology solutions to the financial services industry.

The principal activities of the subsidiaries are disclosed in Note 12 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and of its subsidiaries during the financial year.

The Company's registered office is located at 16th Floor, KH Tower, 8 Lorong P. Ramlee, 50250 Kuala Lumpur, Malaysia.

The Company's principal place of business is located at 6th Floor, Menara Atlan, 161B Jalan Ampang, 50450 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 1 April 2014.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

2.1 Application of New and Revised Malaysian Financial Reporting Standards

In the current year, the Group and the Company has applied a number of new and revised MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for accounting period that begins on or after 1 January 2013.

MFRS 7	Financial Instruments: Disclosures Amendments relating to Disclosures - Offsetting Financial Assets and Financial Liabilities
New and revised Standards on consolidation, jointly arrangement, associates and disclosure	
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair value Measurement
MFRS 101	Presentation of Financial Statements (Amendment relating to Presentation of Items of Other Comprehensive Income)
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities - Transition Guidance
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2010 - 2012 Cycle	

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(Cont'd)*

2.1 Application of New and Revised Malaysian Financial Reporting Standards *(Cont'd)*

The adoption of the new and revised MFRSs during the financial year has no material impact on the amounts reported in the financial statements of the Group and the Company for the current and prior years except as follows:

Impact of the application of MFRS 10

MFRS 10 replaces the parts of MFRS 127 Consolidated and Separate Financial Statements that deal with consolidated financial statements and IC Int. 112 Consolidation - Special Purpose Entities. MFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in MFRS 10 to explain when an investor has control over an investee. Some guidance included in MFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The directors of the Company made an assessment as at the date of initial application of MFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over the subsidiary companies in accordance with the new definition of control and the related guidance set out in MFRS 10. The directors concluded that it has had control over these subsidiary companies as the Company owns more than 50% of the voting rights in these subsidiaries companies.

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

The Group and the Company have applied the amendments to MFRS 101 ***Presentation of Items of Other Comprehensive Income*** for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to MFRS 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

MFRS 13 Fair Value Measurement

The Group and the Company has applied MFRS 13 for the first time in the current year. MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of MFRS 13 is broad; the fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 ***Share-based Payment***, leasing transactions that are within the scope of MFRS 117 ***Leases***, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(Cont'd)*

2.1 Application of New and Revised Malaysian Financial Reporting Standards *(Cont'd)*

MFRS 13 Fair Value Measurement *(Cont'd)*

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group and the Company has not made any new disclosures required by MFRS 13 for the 2012 comparative period (please see notes 24 for the 2013 disclosures). Other than the additional disclosures, the application of MFRS 13 has not had any material impact on the amounts recognised in these financial statements.

2.2 Standards and IC Interpretations in issue but not effective

The directors anticipate that the Standards and IC Interpretations shown below will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group and of the Company in the period of initial application, excepts as discussed.

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)[1]
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)[1]
IC Int. 21	Levies[2]
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures[1]
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities[2]
Amendments to MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)[2]
Amendments to MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)[2]
Amendments to MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)[2]
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting[2]

[1] Effective for annual periods beginning on or after 1 January 2015 instead of 1 January 2013 immediately upon the issuance of Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and MFRS 7 relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" on 1 March 2012

[2] Effective for annual periods beginning on or after 1 January 2014

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(Cont'd)*

2.2 Standards and IC Interpretations in issue but not effective *(Cont'd)*

MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("MFRS 9") relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" which became immediately effective on the issuance date of 1 March 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013, with earlier application still permitted as well as modified the relief from restating prior periods. MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduces new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Key requirements of MFRS 9 are described as follows:

- All recognised financial assets that are within the scope of MFRS 139 ***Financial Instruments: Recognition and Measurement*** are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the application of MFRS 9 in the future may not have significant impact on amounts reported in respect of the Group and the Company's financial assets and financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the significant accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Basis of Accounting *(Cont'd)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) inactive markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Subsidiaries and Basis of Consolidation *(Cont'd)*

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 ***Financial Instruments: Recognition and Measurement*** or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Subsidiaries

Investment in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Business Combinations *(Cont'd)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 ***Provisions, Contingent Liabilities and Contingent Assets***, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3(revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 ***Income Taxes*** and MFRS 119 ***Employee Benefits*** respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 ***Share-based Payment***; and

- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 ***Non-current Assets Held for Sale and Discontinued Operations*** are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Business Combinations *(Cont'd)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year.

Revenue

Revenue in respect of software licensing fee is recognised based on a fixed percentage of the revenue generated by the licensee of the licensed software in accordance with the licensing agreement.

Revenue in respect of sales of hardware equipment is recognised upon delivery of products and when the risks and rewards of ownership have passed.

Revenue from provision of information technology solutions that are of short duration is recognised when the services are rendered. Regular maintenance revenue is recognised evenly over the period in which the maintenance services are carried out and revenue in respect of subsequent periods is deferred and shown as deferred maintenance income under current liabilities until it is earned.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the statements of profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread evenly over the lease term.

Contracts

Revenue from and expenses of contracts that are of longer duration are recognised by reference to the stage of completion of the contract activity. Contract costs consist of costs that relate directly to the specific project, costs that are attributable to contract activity in general and can be allocated to the project and such other costs as are specifically chargeable to the customer under the terms of the contract. Allowances for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Employee Benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company. Sick leave is recognised when the absences occur.

(ii) Defined contribution plans

The Group and the Company make statutory contributions to an approved provident fund, the Employees Provident Fund ("EPF") and contributions are charged to the statements of comprehensive income. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Employee Benefits *(Cont'd)*

(iii) Share-based compensation

The Group and the Company operates an equity-settled, share-based compensation plan for the employees of the Group and the Company. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the statements of comprehensive income over the vesting periods of the grant with a corresponding increase in equity under equity compensation reserve.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At each reporting date, the Group and the Company revise the estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statements of comprehensive income with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Taxation *(Cont'd)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign Currency Conversion

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group and of the Company, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in RM using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation accumulated in a separate component of equity, shall be reclassified from equity to statements of profit and loss when the gain or loss on disposal is recognised.

Impairment of Tangible and Intangible Assets Excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Impairment of Tangible and Intangible Assets Excluding Goodwill *(Cont'd)*

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Depreciation of property, plant and equipment is computed on the straight-line method based on the estimated useful lives of the various assets. The annual rates of depreciation based on the estimated useful lives of the various classes of depreciable assets are as follows:

Furniture and fittings	20%
Office equipment	20%
Computer software and hardware	20% - 25%
Renovations	10%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

Software Development Expenditure

Software development expenditure is charged to the statements of profit or loss in the year in which it is incurred except that development expenditure relating to specific projects with commercial viability and for which there is a clear indication of the marketability of the software being developed, is carried forward. Such development expenditure is amortised on a straight-line method over five to ten years in which benefits are expected to be derived commencing from the period in which the software is available for sale or use.

Interests in a Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Interests in a Joint Venture *(Cont'd)*

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 ***Impairment of Assets*** as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Interests in a Joint Venture *(Cont'd)*

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associate or joint venture that are not related to the Group.

Goodwill on Consolidation

Goodwill on consolidation represents the excess of the cost of acquisition of subsidiary companies over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill will not be reversed in subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Deferred Maintenance Income

Deferred maintenance income represents income received in advance for maintenance work and is recognised in the statements of comprehensive income evenly over the period in which the maintenance works is carried out.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the amount required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

At each reporting date, provisions are reviewed by the directors and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that the Group and the Company will be required to settle the obligation.

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(iii) Impairment of Financial Assets ***(Cont'd)***

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(iv) Derecognition of Financial Assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial Liabilities and Equity Instruments Issued by the Group and the Company

(i) Classification of Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

(iii) Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial Liabilities and Equity Instruments Issued by the Group and the Company *(Cont'd)*

(iv) Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(v) Derecognition of Financial Liabilities

The Group derecognised financial liabilities when and only when, the Group's obligations are discharged, cancelled or they expire.

Statements of Cash Flows

The Group and the Company adopt the direct method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of 3 months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management believes that the key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Capitalisation and Amortisation of Software Development Expenditure

In determining the amount and nature of software development expenditure to be capitalised as intangible assets, the Group and the Company make an assessment on whether the product is technically feasible and would be commercialised, and whether the Group and the Company have sufficient technical, financial and other resources to market the product. In addition, the Group and the Company also apply their judgement to assess the probability of expected future economic benefits, that are attributable to the use of capitalised software development expenditure that will flow to the Group and the Company. The Directors anticipate that the relevant software development expenditure capitalised as of 31 December 2013 would be able to be commercialised and completely amortised over its expected useful lives of approximately 5 to 10 years from date of commercialisation. Changes in the expected level of usage and technological development will impact the economic useful lives and residual values of the assets and therefore, future amortisation charges may be revised.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Cont'd)*

Impairment of Goodwill

Determining whether the goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of the value-in-use calculation are provided in Note 14.

5. REVENUE

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Projects	37,103,585	30,427,519	-	-
Maintenance income:				
Third parties	12,747,729	10,113,077	-	-
Subsidiaries	-	-	5,196,987	4,116,215
Sales of hardware equipment	33,295	71,061	-	-
Small scale projects and integration charges:				
Third parties	2,296,034	1,913,979	-	-
Subsidiaries	-	-	2,498,148	2,152,998
Software licensing fee charged to subsidiaries	-	-	12,558,248	6,844,867
	52,180,643	42,525,636	20,253,383	13,114,080

6. OPERATING COSTS APPLICABLE TO REVENUE

The operating costs classified by nature, applicable to revenue, are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Cost of hardware equipment	26,076	45,848	-	-
Contract costs recognised	10,079,993	11,489,516	-	-
Maintenance cost	3,285,614	1,879,989	-	-
Costs for small scale projects and integration charges	911,055	592,519	-	-
Directors' remuneration:				
Emoluments	1,975,006	867,030	1,597,006	586,030
Contributions to EPF	96,192	57,750	96,192	57,750
	2,071,198	924,780	1,693,198	643,780
Staff costs	14,340,702	12,332,877	3,267,593	2,513,071
Depreciation of property, plant and equipment	580,953	490,257	15,594	15,694
Amortisation of software development expenditure	2,447,477	1,903,106	2,336,679	2,332,543
Other expenses	4,451,723	5,447,631	4,846,619	699,388
	38,194,791	35,106,523	12,159,683	6,204,476

6. OPERATING COSTS APPLICABLE TO REVENUE *(Cont'd)*

Staff costs include salaries, ESOS expenses for the Group and the Company amounting to RM103,570 (RM57,706 in 2012) and RM71,867 (RM26,093 in 2012), bonuses, contributions to EPF and all other staff related expenses. Contributions to EPF by the Group and the Company during the current financial year amounted to RM1,641,967 (RM1,324,594 in 2012) and RM341,729 (RM250,322 in 2012) respectively.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

Compensation of Key Management Personnel

The remuneration of key management personnel, including directors, during the year is as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Short-term employee benefits	2,444,552	1,125,428	1,597,006	679,212
Defined contribution plans	147,503	84,984	96,192	73,626
	2,592,055	1,210,412	1,693,198	752,838

Directors' remuneration of the Group and of the Company during the year is as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Executive Directors:				
Salaries and other emoluments	1,747,273	766,030	1,405,273	512,030
Defined contribution plans	96,192	57,750	96,192	57,750
	1,843,465	823,780	1,501,465	569,780
Non-Executive Directors:				
Fees	227,733	101,000	191,733	74,000
	2,071,198	924,780	1,693,198	643,780

7. PROFIT BEFORE TAX

Profit before tax have been arrived at:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
After charging:				
Rental of office	844,156	747,125	79,266	65,064
Auditors' remuneration:				
Current year	111,950	100,520	40,000	36,000
Underprovision in prior year	3,000	-	-	-
Loss on foreign exchange:				
Realised	10,876	6,888	-	-
Unrealised	-	39,835	-	-
Property, plant and equipment written off	8,853	-	8,853	-
Allowance for doubtful debts on:				
Third parties	-	220,400	-	-
Amount owing by a subsidiary company	-	-	3,409,506	-
Loss on disposal of property, plant and equipment	-	12	-	-
After crediting:				
Interest income	530,823	268,573	28,335	36,249
Allowance for doubtful debts no longer required - net	115,150	-	-	-
Gain on foreign exchange:				
Realised	80,731	-	21	-
Gain on disposal of property, plant and equipment	3,162	-	1,309	-

8. INCOME TAX EXPENSE

Income tax expense recognised in profit and loss:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Estimated tax payable:				
Current year	185,251	756,447	9,108	17,343
Overprovision in prior years	(21,699)	(12,449)	(15,775)	(26)
	163,552	743,998	(6,667)	17,317
Deferred tax (Note 21):				
Current year	188,071	80,275	229,000	-
Underprovision in prior years	-	2,752	-	-
	188,071	83,027	229,000	-
	351,623	827,025	222,333	17,317

8. INCOME TAX EXPENSE *(Cont'd)*

The Company was granted pioneer status under the Promotion of Investments Act, 1986 (Amendments) ("the said Act") pursuant to its MSC status entitlement under the MSC Bill of Guarantees whereby the profits earned from the development of Islamic financial software applications are exempted from Malaysian income tax for the period 1 September 2009 to 31 August 2014. By virtue of the said pioneer status, provision for estimated current tax payable has been made for non-tax exempt income only. Based on existing tax laws, any dividends distributed out of tax-exempt profits will be tax-exempted in the hands of the shareholder. As at 31 December 2013, the Company has tax-exempt income of approximately RM30,475,000 (RM29,033,000 in 2012) which is subject to agreement with the tax authorities.

Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Budget 2014 announced on 25 October 2013 reduced the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the expected rates.

A reconciliation of income tax expense applicable to profit before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Profit before tax	15,129,501	7,890,205	8,332,134	7,162,804
Tax at applicable tax rate of 25%	3,782,375	1,972,551	2,083,034	1,790,701
Tax effects of :				
Non-deductible expenses	930,303	520,867	342,022	86,942
Income not subject to tax	(50,824)	(46,696)	(4,582)	(8,300)
Intercompany billings not taxable	(2,221,766)	-	-	-
Pioneer status tax-exempt income	(2,730,000)	(2,024,000)	(2,730,000)	(2,024,000)
Deferred tax assets not recognised	115,600	414,000	-	172,000
Reversal of deferred tax liabilities previously not recognised	547,634	-	547,634	-
Overprovision of tax payable in prior years	(21,699)	(12,449)	(15,775)	(26)
Underprovision of deferred tax in prior years	-	2,752	-	-
	351,623	827,025	222,333	17,317

9. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company for the year by the weighted average number of ordinary shares in issue during the year.

	Group	
	2013	**2012**
Profit attributable to owners of the Company (RM)	15,282,508	7,362,224
Weighted average number of ordinary shares of RM0.10 each in issue	138,050,600	127,686,563
Basic earnings per share (sen)	11.07	5.77

(b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group's dilutive potential ordinary shares is its share options granted to employees pursuant to the ESOS.

In respect of share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denomination as an issue of ordinary shares for no consideration. This calculation serves to determine the 'bonus' element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to profit for the year for the share options calculation.

	Group	
	2013	**2012**
Profit attributable to owners of the Company (RM)	15,282,508	7,362,224
Weighted average number of ordinary shares of RM0.10 each in issue	138,050,600	127,686,563
Adjustments for share options	105,182	425,171
	138,155,782	128,111,734
Diluted earnings per share (sen)	11.06	5.75

The weighted average number of ordinary shares of RM0.10 each have been adjusted to reflect the ESOS exercised by eligible Directors and employees during the financial year.

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Furniture and fittings RM	Office equipment RM	Computer software and hardware RM	Renovations RM	Total RM
Cost					
Balance as of 1 January 2012	287,101	196,493	2,229,229	842,692	3,555,515
Additions	71,858	70,618	878,119	238,348	1,258,943
Disposals	-	(2,010)	(35,836)	-	(37,846)
Balance as of 31 December 2012/ 1 January 2013	358,959	265,101	3,071,512	1,081,040	4,776,612
Additions	50,765	21,709	261,410	4,950	338,834
Disposals	(4,608)	(9,160)	(38,798)	-	(52,566)
Written-off	-	-	-	(44,263)	(44,263)
Balance as of 31 December 2013	405,116	277,650	3,294,124	1,041,727	5,018,617
Accumulated Depreciation					
Balance as of 1 January 2012	201,488	137,323	1,744,913	270,987	2,354,711
Charge for the year	56,055	37,434	295,070	101,698	490,257
Disposals	-	(2,010)	(35,724)	-	(37,734)
Balance as of 31 December 2012/ 1 January 2013	257,543	172,747	2,004,259	372,685	2,807,234
Charge for the year	44,356	33,405	398,707	104,485	580,953
Disposals	(4,607)	(9,158)	(38,797)	-	(52,562)
Written-off	-	-	-	(35,410)	(35,410)
Balance as of 31 December 2013	297,292	196,994	2,364,169	441,760	3,300,215
Net Book Value					
Balance as of 31 December 2013	107,824	80,656	929,955	599,967	1,718,402
Balance as of 31 December 2012	101,416	92,354	1,067,253	708,355	1,969,378

10. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

Company

	Furniture and fittings RM	Office equipment RM	Computer software and hardware RM	Renovations RM	Total RM
Cost					
Balance as of 1 January 2012	6,601	6,960	107,399	44,263	165,223
Additions	-	1,070	-	-	1,070
Balance as of 31 December 2012/ 1 January 2013	6,601	8,030	107,399	44,263	166,293
Additions	25,654	9,449	10,653	4,950	50,706
Disposals	(4,608)	(3,960)	-	-	(8,568)
Written-off	-	-	-	(44,263)	(44,263)
Balance as of 31 December 2013	27,647	13,519	118,052	4,950	164,168
Accumulated Depreciation					
Balance as of 1 January 2012	5,591	6,957	80,501	29,876	122,925
Charge for the year	399	54	10,815	4,426	15,694
Balance as of 31 December 2012/ 1 January 2013	5,990	7,011	91,316	34,302	138,619
Charge for the year	3,287	1,689	9,510	1,108	15,594
Disposals	(4,607)	(3,958)	-	-	(8,565)
Written-off	-	-	-	(35,410)	(35,410)
Balance as of 31 December 2013	4,670	4,742	100,826	-	110,238
Net Book Value					
Balance as of 31 December 2013	22,977	8,777	17,226	4,950	53,930
Balance as of 31 December 2012	611	1,019	16,083	9,961	27,674

Included in the cost of property, plant and equipment of the Group is an amount of approximately RM2,000,000 (RM1,422,000 as of 2012), representing fully depreciated property, plant and equipment which are still in use by the Group.

11. SOFTWARE DEVELOPMENT EXPENDITURE

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
At cost:				
At beginning of year	23,742,328	22,544,078	21,224,921	18,415,676
Incurred during the year	2,850,531	1,198,250	3,279,751	2,809,245
At end of year	26,592,859	23,742,328	24,504,672	21,224,921
Accumulated amortisation:				
At beginning of year	(10,722,535)	(8,819,429)	(10,959,359)	(8,626,816)
Current year amortisation	(2,447,477)	(1,903,106)	(2,336,679)	(2,332,543)
At end of year	(13,170,012)	(10,722,535)	(13,296,038)	(10,959,359)
Net book value	13,422,847	13,019,793	11,208,634	10,265,562

Current charges to software development expenditure include the following:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Staff costs:				
Salaries, bonuses and all other staff related expenses	119,622	423,540	83,523	51,951
Contributions to EPF	14,519	53,830	9,970	6,190
Consultation costs related to research and development	2,716,390	720,880	2,716,386	709,883
Provision of information technology solutions by subsidiaries (Note 26)	-	-	469,872	2,041,221

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2013	2012
	RM	RM
Unquoted shares – at cost	13,677,404	13,677,404

12. INVESTMENT IN SUBSIDIARIES *(Cont'd)*

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest 2013 %	Effective equity interest 2012 %	Principal activities
Direct Subsidiaries				
Microlink Systems Sdn. Bhd.	Malaysia	100	100	Provision of information technology solutions to the financial services industry and dealing in related products.
Microlink Worldwide Sdn. Bhd.	Malaysia	100	100	Provision of information technology solutions to the financial services industry and dealing in related products.
CA IT Infrastructure Solutions Sdn. Bhd.	Malaysia	100	100	Trading and marketing of computer software programs and products.
Microlink Innovation Sdn. Bhd.	Malaysia	60	60	Provision of research and development for information technology solutions to the financial service industry.
Microlink Software Sdn. Bhd. @	Malaysia	51	51	Providing consultancy services in supporting and modifying banking software.
Indirect Subsidiary Company				
(Held through Microlink Systems Sdn. Bhd. and Microlink Worldwide Sdn. Bhd.)				
PT Microlink Indonesia @	Republic of Indonesia	100	100	Provision of information technology solutions to the financial services industry and dealing in related products.

@ The financial statements of these subsidiaries are audited by auditors other than the auditors of the Company.

	Company 2013 RM	Company 2012 RM
Amount owing by subsidiaries	22,831,410	17,470,228
Less: Allowance for doubtful debts	(3,409,506)	-
Net	19,421,904	17,470,228

Amount owing by subsidiaries, which arose mainly from trade transactions and payments on behalf, is unsecured, interest-free and repayable on demand.

12. INVESTMENT IN SUBSIDIARIES *(Cont'd)*

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation	Number of wholly-owned subsidiaries 2013 RM	2012 RM
Provision of research and development for information technology solutions to the financial service industry.	Malaysia	2	2
	Republic of Indonesia	1	1
Trading and marketing of computer software programs and products.	Malaysia	1	1
		4	4

Principal activities	Place of incorporation	Number of non-wholly-owned subsidiaries 2013 RM	2012 RM
Provision of research and development for information technology solutions to the financial service industry.	Malaysia	1	1
Providing consultancy services in supporting and modifying banking software.	Malaysia	1	1
		2	2

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Losses allocated to non-controlling interests		Accumulated non-controlling interests	
		2013 %	2012 %	2013 RM	2012 RM	2013 RM	2012 RM
Microlink Innovation Sdn. Bhd. ("MISB")	Malaysia	40	40	515,054	315,329	(915,850)	(400,796)

12. INVESTMENT IN SUBSIDIARIES *(Cont'd)*

The Group owns 60% equity shares of MISB with the same voting rights. Based on the contractual arrangements between the Group and other investor, the Group has the power to appoint and remove the majority of the board of directors of MISB. The relevant activities of MISB are determined by the board of directors of MISB based on simple majority votes. Therefore, the directors of the Group concluded that the Group has control over MISB and MISB is consolidated in these financial statements.

Significant restrictions

There are no significant restrictions on the Company's or its subsidiaries' ability to access or use the assets and settle the liabilities of the Group.

13. INVESTMENT IN A JOINT VENTURE

	Group	
	2013	**2012**
	RM	**RM**
Unquoted shares – at cost		
Foreign	374,060	374,060
Share of post – acquisition loss	(374,060)	(374,060)
	-	-
Represented by:		
Share of net assets/(liabilities)	-	-

The above joint venture is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with MFRSs.

	Group	
	2013	**2012**
	RM	**RM**
Revenue	-	-
Expenses	-	-
Net losses	-	-
Current assets	124,884	124,884
Current liabilities	(124,884)	(124,884)
Net assets	-	-

13. INVESTMENT IN A JOINT VENTURE *(Cont'd)*

The accumulated losses not recognised by the Group as of 31 December 2013 amounted to RM1,880,697 (RM1,880,697 in 2012) as the Group's share of post acquisition losses have exceeded its cost of investment. The Group was not able to obtain the latest financial statements of the joint venture to determine the extent of the losses incurred in the current financial year (RM1,513,467 in 2011).

The Company has the intention to propose for a voluntary winding up of the joint venture. The date of the proposed voluntary winding up has not been finalised at the date of the report.

The details of the joint venture are as follows:

Name of company	Country of incorporation	Effective equity interest 2013 %	Effective equity interest 2012 %	Principal activities
Microlink Middle East Company for Programming and Computer Corporation LLC	The State of Kuwait	50	50	Provision of information technology solutions to the financial services industry and dealing in related products.

14. GOODWILL ON CONSOLIDATION

	Group 2013 RM	Group 2012 RM
At beginning and end of year	2,817,852	2,817,852

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill was allocated as follows:

	Group 2013 RM	Group 2012 RM
Information technology solutions operations	2,817,852	2,817,852

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired.

Key assumptions used in value-in-use calculations

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding discount rates, growth rates and expected changes to pricing and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The discount rate used is 10.0% (10.0% in 2012). The growth rates are based on industry growth forecasts. Changes in pricing and direct costs are based on past practices and expectations of future changes in the market. The Group prepares cash flow forecasts derived from the most recent financial budget approved by management for the next three years and extrapolates cash flows for the following three years based on an estimated growth rate of 5.0% (5.0% in 2012). This rate does not exceed the average long-term growth rate of the relevant market.

14. GOODWILL ON CONSOLIDATION *(Cont'd)*

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially differ from their recoverable amounts.

15. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	Group	
	2013 RM	**2012 RM**
Trade receivables	7,621,527	22,012,749
Less: Allowance for doubtful debts	(105,250)	(220,400)
Total	7,516,277	21,792,349
Analysis of trade receivables:		
Not past due and not impaired	6,586,948	15,694,127
Past due but not impaired	929,329	6,098,222
Past due and impaired	105,250	220,400
Total	7,621,527	22,012,749

Trade receivables of the Group represent amounts receivable for the provision of information technology solutions and dealing with related products. The credit period granted to trade receivables is 30 days (30 days in 2012).

Ageing of trade receivables past due but not impaired

	Group	
	2013 RM	**2012 RM**
Past due 0 – 30 days	159,242	5,409,026
Past due 31 – 60 days	134,270	655,620
Past due more than 61 days	635,817	33,576
Total	929,329	6,098,222

Movement in the allowance for doubtful debts:

	Group	
	2013 RM	**2012 RM**
At beginning of the year	220,400	-
Add: Impairment losses recognised on receivables	105,250	220,400
Less: Impairment loss no longer required	(220,400)	-
At end of year	105,250	220,400

15. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES *(Cont'd)*

In determining the recoverability of the trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The currency profile of trade receivables of the Group is as follows:

	Group	
	2013	**2012**
	RM	**RM**
Ringgit Malaysia	7,509,771	21,918,815
Brunei Dollar	111,756	93,934
	7,621,527	22,012,749

Other receivables, deposits and prepaid expenses consist of:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Refundable deposits	318,956	319,235	38,600	34,983
Prepaid expenses	744,963	713,465	86,982	54,157
Other receivables	151,327	54,743	1,151	1,800
Deferred expenses	700,718	700,716	-	-
	1,915,964	1,788,159	126,733	90,940

16. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2013	**2012**
	RM	**RM**
Contract costs incurred plus recognised profits	35,405,229	18,127,724
Progress billings received and receivable	(33,220,873)	(28,706,829)
Due from/(to) contract customers	2,184,356	(10,579,105)
Retention sum held by contract customers (included under trade receivables)	-	96,483

16. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS *(Cont'd)*

	Group	
	2013	2012
	RM	RM
Presented as:		
Gross amounts due from customers	2,239,812	-
Gross amounts due to customers	(55,456)	(10,579,105)
Due from/(to) contract customers	2,184,356	(10,579,105)

17. SHORT-TERM INVESTMENTS

Short-term investments are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
At cost	12,614,090	10,975,471	204,631	1,909,940

Short-term investments represent deposit placement with investment fund management companies mainly for investment in fixed income, money market and debt market instruments. The weighted average effective interest rates of the short-term investments range from 1.90% to 3.83% (2012 : 1.81% to 3.66%) per annum and are readily convertible to cash with insignificant risk of changes in value.

18. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

Fixed deposits of the Group earn interest at rates ranging from 1.00% to 3.00% (2012: 1.00% to 3.00%) per annum.

Fixed deposits of the Group have an average maturity of 1 month (2012: 1 month).

As at 31 December 2013, the Group has unutilised credit facilities totalling RM5,260,000 (2012: RM3,295,105) obtained from a licensed bank. These facilities are secured by way of lien over fixed deposits of a subsidiary supported by letter of set-off. The credit facilities bear interest at rate of 8.35% (2012: 8.35%) per annum.

19. SHARE CAPITAL

	2013	2012
	RM	RM
Authorised:		
At beginning and end of year:		
250,000,000 ordinary shares of RM0.10 each	25,000,000	25,000,000

19. SHARE CAPITAL *(Cont'd)*

	2013 RM	2012 RM
Issued and fully paid:		
At beginning of year:		
129,097,000 ordinary shares of RM0.10 each in 2013; 127,406,000 ordinary shares of RM0.10 each in 2012	12,909,700	12,740,600
Issue of shares pursuant to ESOS:		
8,953,600 ordinary shares of RM0.10 each in 2013; 1,691,000 ordinary shares of RM0.10 each in 2012	895,360	169,100
At end of year:		
138,050,600 ordinary shares of RM0.10 each in 2013; 129,097,000 ordinary shares of RM0.10 each in 2012	13,805,060	12,909,700

During the current financial year, the issued and paid up capital of the Company was increased from RM12,909,700 comprising 129,097,000 ordinary shares of RM0.10 each to RM13,805,060, comprising 138,050,600 ordinary shares of RM0.10 each by way of issuance of 8,953,600 new ordinary shares of RM0.10 each for cash pursuant to the exercise of share options at exercise prices ranging from RM0.13 to RM0.49 per ordinary shares of RM0.10 each. The new ordinary shares issued rank pari-passu with the then existing ordinary shares of the Company.

The resulting share premium from the exercise of share options amounting to RM1,444,527 has been credited to the share premium account as shown in Note 20.

Under the Company's ESOS which became effective on 27 April 2006, options to subscribe for unissued new ordinary shares of RM0.10 each in the Company were granted to eligible directors and employees of the Company and its subsidiaries.

The salient features of the ESOS are as follows:

(i) the total number of shares which may be made available shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS;

(ii) the ESOS shall be in force for a period of 5 years from the effective implementation date of the ESOS, subject to any extension or renewal for a further period of 5 years commencing on the day after the date of expiry of the original 5 year period;

(iii) the new shares to be allotted and issued upon the exercise of the options will upon such allotment and issuance, rank pari passu with the then existing issued and paid-up share capital except that these new shares will not be entitled to any dividends, rights, allotments or other distributions, the entitlement date of which is prior to the date of allotment of the new shares and will be subject to all the provisions of the Articles of Association relating to the transfer, transmission and otherwise of the shares; and

(iv) the exercise price of the ESOS options shall be:

a) the issue price of RM0.49 for options that were granted prior to the listing; or

b) based on the weighted average market price of the Company's shares for the 5 market days immediately preceding the date on which the options are granted subject to a discount of not more than 10%, for options that are granted subsequent to the listing.

19. SHARE CAPITAL *(Cont'd)*

On 21 April 2011, the Option Committee had approved the extension of the existing ESOS for a period of 5 years commencing on 27 April 2011.

The share options granted, exercised and lapsed during the financial year are as follows:

		Number of options for ordinary shares of RM0.10 each				
Exercisable from	**Exercise price per ordinary share (RM)**	**Balance as of 1.1.2013**	**Granted**	**Exercised**	**Lapsed**	**Balance as of 31.12.2013**
27.4.2007	0.49	3,489,500	-	(3,197,600)	(73,000)	218,900
27.4.2008	0.46	132,200	-	(75,100)	-	57,100
26.8.2012	0.13	5,840,900	-	(5,680,900)	(98,900)	61,100

		Number of options for ordinary shares of RM0.10 each				
Exercisable from	**Exercise price per ordinary share (RM)**	**Balance as of 1.1.2012**	**Granted**	**Exercised**	**Lapsed**	**Balance as of 31.12.2012**
27.4.2007	0.49	3,666,400	-	-	(176,900)	3,489,500
27.4.2008	0.46	148,800	-	-	(16,600)	132,200
26.8.2012	0.13	8,179,400	-	(1,691,000)	(647,500)	5,840,900

20. RESERVES

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Distributable:				
Retained earnings	26,317,915	20,097,207	24,917,404	25,869,403
Non-distributable:				
Share premium	4,961,985	3,517,458	4,961,985	3,517,458
Equity compensation reserve	13,236	326,171	13,236	326,171
Translation reserve	(157,134)	(137,168)	-	-
	31,136,002	23,803,668	29,892,625	29,713,032

Retained earnings

In accordance with the Finance Act 2007, the single tier income tax system became effective from the year assessment of 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

20. RESERVES *(Cont'd)*

Retained earnings *(Cont'd)*

Companies with Section 108 tax credit are given an irrevocable option to disregard the tax credit or to continue to utilise such tax credits until the tax credits are fully utilised or upon the expiry of the 6 year transitional period on 31 December 2013, whichever is earlier. During the transitional period, the Section 108 tax credit will be reduced by any tax credits utilised and any tax paid will not be added to this account.

The Company had not previously made the irrevocable option to disregard the Section 108 tax credits. Accordingly, the Company will be under the single tier tax system upon the expiry of the transitional period on 31 December 2013. Any remaining balance of the Section 108 tax credits as of that date shall be disregarded.

Share premium

Share premium arose from the premium on the issuance of new ordinary shares in the current and prior financial years.

Equity compensation reserve

Equity compensation reserve relates to the share options granted to employees and is made up of the cumulative value of services received from employees recorded since grant of share options. The movements during the year are as follows:

	Group and Company RM
Balance as at 31 December 2011/1 January 2012	268,465
Recognition of share-based payments	57,706
Balance as at 31 December 2012/1 January 2013	326,171
Recognition of share-based payments	103,570
Transferred to retained earnings	(416,505)
Balance as at 31 December 2013	13,236

Translation reserve

Translation differences arising from translation of foreign controlled entities are taken to the translation reserve account as described in the accounting policies.

21. DEFERRED TAX LIABILITY

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Deferred tax liability	481,621	293,550	229,000	-

21. DEFERRED TAX LIABILITY *(Cont'd)*

The movements of deferred tax assets/(liabilities) during the financial year are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
At beginning of year	(293,550)	(210,523)	-	-
(Charge)/Credit to Profit or loss for the year (Note 8):				
Property, plant and equipment	42,520	(94,155)	(2,000)	-
Unused tax losses	12,409	-	16,000	-
Software development expenditure	(243,000)	11,128	(243,000)	-
	(188,071)	(83,027)	(229,000)	-
At end of year	(481,621)	(293,550)	(229,000)	-

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects on the following:

	Group	
	2013	2012
	RM	RM
Deferred tax liability (before offsetting):		
Temporary differences arising from:		
Property, plant and equipment	(280,405)	(322,925)
Software development expenditure	(243,000)	-
Offsetting	41,784	29,375
Deferred tax liability (after offsetting)	(481,621)	(293,550)
Deferred tax asset (before offsetting):		
Temporary differences arising from unused tax losses	41,784	29,375
Offsetting	(41,784)	(29,375)
Deferred tax asset (after offsetting)	-	-

21. DEFERRED TAX LIABILITY *(Cont'd)*

	Company	
	2013	**2012**
	RM	**RM**
Deferred tax liability (before offsetting):		
Temporary differences arising from:		
Property, plant and equipment	(2,000)	-
Software development expenditure	(243,000)	-
Offsetting	16,000	-
Deferred tax liability (after offsetting)	(229,000)	-
Deferred tax asset (before offsetting):		
Temporary differences arising from unused tax losses	16,000	-
Offsetting	(16,000)	-
Deferred tax asset (after offsetting)	-	-

As explained in Note 3, the deductible temporary differences, unused tax losses and unused tax credits which would give rise to gross deferred tax assets and deferred tax liabilities are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As at 31 December 2013, the deductible temporary differences, unabsorbed capital allowance and unused tax losses, which have not been recognised in the financial statements of the Group and of the Company due to uncertainty of realisation, are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Deferred tax assets				
Temporary differences arising from:				
Trade receivables	105,200	-	-	-
Unabsorbed capital allowances	358,000	263,700	-	-
Unused tax losses	6,337,100	6,074,200	-	-
	6,800,300	6,337,900	-	-
Deferred tax liabilities				
Temporary differences arising from:				
Software development expenditure	-	-	-	2,190,536
	-	-	-	2,190,536

The unused tax losses and unabsorbed capital allowance are subject to agreement by the tax authorities.

22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade payables comprise amounts outstanding for trade purchases. The credit period granted to the Group and the Company for trade purchases is 30 days (30 days in 2012).

Other payables and accrued expenses consist of:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Other payables	404,642	1,289,433	4,160	215,052
Accrued expenses	4,352,964	3,803,687	989,965	742,105
	4,757,606	5,093,120	994,125	957,157

23. DIVIDENDS

	Group and Company	
	2013	**2012**
	RM	**RM**
In respect of financial year ended 31 December 2013/ 2012/ 2011:		
Final dividend of 3 sen per share, tax-exempt in 2012; final dividend of 1 sen per share, tax-exempt in 2011	4,008,318	1,274,060
Interim dividend of 3 sen per share, tax-exempt in 2013	1,331,526	-
Interim dividend of 3 sen per share, tax-exempt in 2013	4,138,461	-
	9,478,305	1,274,060

An interim tax exempt dividend of 3 sen per share declared on 21 February 2014, amounting to RM4,141,818 in respect of the financial year 31 December 2013 was paid on 21 March 2014.

24. FINANCIAL INSTRUMENTS

24.1 Capital Risk Management

The Group and the Company manages their capital to ensure that entities in the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group and the Company consist mainly of equity.

The Group and the Company monitor and review their capital structure based on their business and operating requirements.

There were no changes in the Group's and the Company's approach to capital management during the year.

24. FINANCIAL INSTRUMENTS *(Cont'd)*

24.2 Significant Accounting Policies

Details of the significant accounting policies and methods adopted for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

24.3 Categories of Financial Instruments

	Non - financial assets RM	Loans and receivables RM	Total RM
Group			
Financial Assets			
At 31 December 2013			
Trade receivables (Note 15)	-	7,516,277	7,516,277
Other receivables, deposits and prepaid expenses (Note 15)	1,445,681	470,283	1,915,964
Short-term investments (Note 17)	-	12,614,090	12,614,090
Fixed deposits with licensed financial institutions (Note 18)	-	4,391,072	4,391,072
Cash and bank balances (Note 25)	-	5,897,008	5,897,008
	1,445,681	30,888,730	32,334,411

	Non - financial liabilities RM	Other financial liabilities RM	Total RM
Group			
Financial Liabilities			
At 31 December 2013			
Trade payables (Note 22)	-	1,761,311	1,761,311
Other payables and accrued expenses (Note 22)	-	4,757,606	4,757,606
Amount owing to a related company (Note 26)	-	18,970	18,970
	-	6,537,887	6,537,887

24. FINANCIAL INSTRUMENTS *(Cont'd)*

24.3 Categories of Financial Instruments *(Cont'd)*

	Non - financial assets RM	Loans and receivables RM	Total RM
Group			
Financial Assets			
At 31 December 2012			
Trade receivables (Note 15)	-	21,792,349	21,792,349
Other receivables, deposits and prepaid expenses (Note 15)	1,414,181	373,978	1,788,159
Short-term investments (Note 17)	-	10,975,471	10,975,471
Fixed deposits with licensed financial institutions (Note 18)	-	3,149,223	3,149,223
Cash and bank balances (Note 25)	-	4,142,815	4,142,815
	1,414,181	40,433,836	41,848,017

	Non - financial liabilities RM	Other financial liabilities RM	Total RM
Group			
Financial Liabilities			
At 31 December 2012			
Trade payables (Note 22)	-	5,206,477	5,206,477
Other payables and accrued expenses (Note 22)	-	5,093,120	5,093,120
Amount owing to a related company (Note 26)	-	273,743	273,743
	-	10,573,340	10,573,340

	Non - financial assets RM	Loans and receivables RM	Total RM
Company			
Financial Assets			
At 31 December 2013			
Amount owing by subsidiaries (Note 12)	-	19,421,904	19,421,904
Other receivables, deposits and prepaid expenses (Note 15)	86,982	39,751	126,733
Short-term investments (Note 17)	-	204,631	204,631
Cash and bank balances (Note 25)	-	327,492	327,492
	86,982	19,993,778	20,080,760

24. FINANCIAL INSTRUMENTS *(Cont'd)*

24.3 Categories of Financial Instruments *(Cont'd)*

	Non - financial liabilities RM	Other financial liabilities RM	Total RM
Financial Liability			
At 31 December 2013			
Other payables and accrued expenses (Note 22)	-	994,125	994,125

	Non - financial assets RM	Loans and receivables RM	Total RM
Company			
Financial Assets			
At 31 December 2012			
Amount owing by subsidiaries (Note 12)	-	17,470,228	17,470,228
Other receivables, deposits and prepaid expenses (Note 15)	54,157	36,783	90,940
Short-term investments (Note 17)	-	1,909,940	1,909,940
Cash and bank balances (Note 25)	-	319,945	319,945
	54,157	19,736,896	19,791,053

	Non - financial liabilities RM	Other financial liabilities RM	Total RM
Financial Liability			
At 31 December 2012			
Other payables and accrued expenses (Note 22)	-	957,157	957,157

24.4 Financial Risk Management

The operations of the Group are subject to various financial risks which include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk in connection with its use or holding of financial instruments. The Group has adopted a financial risk management framework with the principal objective of effectively managing risks and minimising any potential adverse effects on the financial performance of the Group.

24.5 Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see 24.6 below) and interest rates (see 24.7 below). The Group does not enter into any derivative financial instruments to manage its exposure to foreign currency and interest rate risk. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

24. FINANCIAL INSTRUMENTS *(Cont'd)*

24.6 Foreign Currency Risk

The Group undertakes certain transactions in foreign currencies where the amounts outstanding are exposed to foreign currency risk. The Group monitors its foreign exchange exposure closely.

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets at the reporting date are as disclosed in Note 15 for trade receivables and Note 25 for cash and bank balances.

Foreign currency sensitivity

The Group is mainly exposed to the currency of Brunei Dollar, Indonesia Rupiah and United States Dollar.

The following table details the Group's sensitivity to a 10% increase and decrease in the RM against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the RM weakens 10% against the relevant currency. For a 10% strengthening of the RM against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

		Group	
	Carrying amount	Foreign currency risk	
		+10%	-10%
	RM	RM	RM
Year ended 31 December 2013			
Brunei Dollar Impact			
Financial Asset			
Trade receivables (Note 15)	111,756	(11,176)	11,176
Indonesia Rupiah Impact			
Financial Asset			
Cash and bank balances (Note 25)	17,197	(1,720)	1,720
United States Dollar Impact			
Financial Asset			
Fixed deposits with licensed financial institutions (Note 25)	1,096,544	(109,654)	109,654
Cash and bank balances (Note 25)	41,147	(4,115)	4,115
Total (decrease)/increase		(113,769)	113,769
Total		(126,665)	126,665

24. FINANCIAL INSTRUMENTS *(Cont'd)*

		Group	
	Carrying	Foreign currency risk	
	amount	+10%	-10%
	RM	RM	RM
Year ended 31 December 2012			
Brunei Dollar Impact			
Financial Asset			
Trade receivables (Note 15)	93,934	(9,393)	9,393
Indonesia Rupiah Impact			
Financial Asset			
Cash and bank balances (Note 25)	81,347	(8,135)	8,135
United States Dollar Impact			
Financial Asset			
Fixed deposits with licensed financial institutions (Note 25)	1,016,191	(101,619)	101,619
Cash and bank balances (Note 25)	38,230	(3,823)	3,823
Total (decrease)/increase		(105,442)	105,442
Total		(122,970)	122,970

24.7 Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on short-term investments and fixed deposits with licensed financial institutions. The interest rates of the Group's short-term investments and fixed deposits are disclosed in Notes 17 and 18.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for interest bearing short-term investment and fixed deposits with licensed financial institutions at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2013 would increase/decrease by RM85,026 (2012: increase/decrease by RM70,531). This is mainly attributable to the Group's exposure to interest rates on its interest rates for interest bearing short-term investment and fixed deposits with licensed financial institutions.

24.8 Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Group. Credit risk with respect to trade and other receivables is managed through the application of credit approvals, credit limits and monitoring procedures. Credit is extended to the customers based on careful evaluation of the customers' financial condition and credit history.

The maximum credit exposure of the Group, without taking into account the fair value of any collateral, is represented by carrying amounts of the trade and other receivables as shown on the statements of financial position.

24. FINANCIAL INSTRUMENTS *(Cont'd)*

24.8 Credit Risk *(Cont'd)*

The Group is dependent on a few key customers, which are regulated and governed by Bank Negara Malaysia, the composition of which may vary from year to year. Significant credit risk exposure to these key customers constitutes 68% of its total receivables of the Group. In line with the Group's efforts to enter into transactions with a diversity of credit-worthy parties, the Group continues to diversify its customer base to mitigate the significant concentration of credit risk.

24.9 Liquidity Risk

The Group monitors its cash flows actively and maintains sufficient levels of cash and cash equivalents to meet its obligations as and when they fall due.

The financial liabilities of the Group and the Company are not interest bearing which mature less than 12 months.

24.10 Fair Values

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Where applicable, fair values will be arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based on certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Group are as follows:

- **Cash and cash equivalents, trade and other receivables, intercompany indebtedness, trade and other payables:** The carrying amounts are considered to approximate the fair values as they are either within the normal credit terms or they have short-term maturity period.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statements of financial position:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	5,897,008	4,142,815	327,492	319,945
Fixed deposits with licensed financial institutions	4,391,072	3,149,223	-	-
Short-term investments	12,614,090	10,975,471	204,631	1,909,940
	22,902,170	18,267,509	532,123	2,229,885
Less: Fixed deposits pledged with a licensed bank	(3,194,528)	(2,114,607)	-	-
	19,707,642	16,152,902	532,123	2,229,885

25. CASH AND CASH EQUIVALENTS *(Cont'd)*

The currency profile of cash and cash equivalents is as follow:

	Group 2013 RM	Group 2012 RM
Cash and bank balances		
Ringgit Malaysia	5,838,664	4,023,238
Indonesia Rupiah	17,197	81,347
United States Dollar	41,147	38,230
	5,897,008	4,142,815
Fixed deposits with licensed financial institutions		
Ringgit Malaysia	3,294,528	2,133,032
United States Dollar	1,096,544	1,016,191
	4,391,072	3,149,223

26. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

As mentioned in Note 29, during the current financial year and pursuant to the Offer, the Company became a subsidiary of Formis Holdings Berhad, a company incorporated in Malaysia. The directors regard Formis Resources Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad as the ultimate holding company.

Amount owing to a related company, which arose mainly from trade transactions, is unsecured and interest free. The credit period granted is 30 days (30 days in 2012).

Significant transactions, undertaken based on terms and conditions negotiated between the Company and the related company and subsidiaries during the financial year, are as follows:

	Group 2013 RM	Group 2012 RM
Related company		
Provision of hardware and professional services by subsidiary of the ultimate holding company	1,327,529	4,942,900

	Company 2013 RM	Company 2012 RM
Subsidiaries		
Provision of information technology solutions to subsidiaries (Note 5)	7,695,135	6,269,213
Software licensing fee charged to subsidiaries (Note 5)	12,558,248	6,844,867
Provision of information technology solutions by subsidiaries (Note 11)	469,872	2,041,221

26. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS *(Cont'd)*

Options over ordinary shares of the Company granted to the Directors of the Company are as follows:

	Number of unexercised options for ordinary shares of RM0.10 each	
	2013	**2012**
Direct Interest		
Datuk Ali Bin Abdul Kadir	*	1,350,000
Datuk Zainun Aishah Binti Ahmad	*	1,700,000
Chok Kwee Bee	*	286,500
Yong Kar Seng Peter	-	604,000
Phong Hon Voon	*	483,100
David Hii Chin Yun	*	483,100

* The directors resigned during the financial year.

27. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

The Group is principally engaged in the provision of information technology solutions to the financial services industry. For management purposes, the Group is organised into geographical segments as follows:

<u>Local</u>

Local segment refers to the financial results of the subsidiaries that cater to the Malaysian market. This includes the results of Microlink Solutions Berhad, Microlink Systems Sdn. Bhd., Microlink Software Sdn. Bhd., Microlink Innovation Sdn. Bhd. and CA(IT) Infrastructure Solutions Sdn. Bhd.

<u>Overseas</u>

Overseas segment refers to the financial results of the overseas' operations and subsidiaries that cater to the overseas market. This includes Microlink Worldwide Sdn. Bhd. and PT Microlink Indonesia.

27. SEGMENTAL REPORTING *(Cont'd)*

Information regarding the Group's reportable segments is presented below.

Segment Revenue and Results

Group

2013	**Local RM**	**Overseas RM**	**Elimination RM**	**Consolidated RM**
REVENUE				
External sales	51,490,887	689,756	-	52,180,643
Inter-segment sales	23,584,464	822,960	(24,407,424)	-
	75,075,351	1,512,716	(24,407,424)	52,180,643
RESULTS				
Segment results	14,085,204	(99,352)	-	13,985,852
Other operating income				1,143,649
Profit before tax				15,129,501
Income tax expense				(351,623)
Profit for the year				14,777,878

Group

2012	**Local RM**	**Overseas RM**	**Elimination RM**	**Consolidated RM**
REVENUE				
External sales	41,556,765	968,871	-	42,525,636
Inter-segment sales	16,936,980	1,230,498	(18,167,478)	-
	58,493,745	2,199,369	(18,167,478)	42,525,636
RESULTS				
Segment results	7,192,960	226,153	-	7,419,113
Other operating income				471,092
Profit before tax				7,890,205
Income tax expense				(827,025)
Profit for the year				7,063,180

27. SEGMENTAL REPORTING *(Cont'd)*

Segment Assets and Liabilities

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and liabilities that relate to investing and financing activities and cannot be reasonably allocated to individual segments. These include mainly corporate assets, other investments, deferred tax assets/liabilities and tax liabilities.

Group

2013	**Local RM**	**Overseas RM**	**Elimination RM**	**Consolidated RM**
SEGMENT ASSETS				
Segment assets	88,368,335	3,746,166	(38,666,677)	53,447,824
SEGMENT LIABILITIES				
Segment liabilities	29,863,608	9,317,254	(30,308,448)	8,872,414
Unallocated liabilities				
- Tax liabilities				2,598
- Deferred tax liabilities				481,621
Consolidated total liabilities				9,356,633

Group

2012	**Local RM**	**Overseas RM**	**Elimination RM**	**Consolidated RM**
SEGMENT ASSETS				
Segment assets	97,042,046	3,877,775	(41,244,981)	59,674,840
SEGMENT LIABILITIES				
Segment liabilities	37,909,960	9,278,803	(24,225,450)	22,963,313
Unallocated liabilities				
- Tax liabilities				49,850
- Deferred tax liabilities				293,550
Consolidated total liabilities				23,306,713

27. SEGMENTAL REPORTING *(Cont'd)*

Other Segment Information

Segment capital expenditure and software development expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Group

	Local RM	Overseas RM	Elimination RM	Consolidated RM
OTHER INFORMATION				
2013				
Capital expenditure	338,834	-	-	338,834
Depreciation	575,043	5,910	-	580,953
Software development expenditure	2,850,531	-	-	2,850,531
Amortisation of software development expenditure	2,447,477	-	-	2,447,477
2012				
Capital expenditure	1,258,943	-	-	1,258,943
Depreciation	484,065	6,192	-	490,257
Software development expenditure	1,198,250	-	-	1,198,250
Amortisation of software development expenditure	1,903,106	-	-	1,903,106

28. OPERATING LEASE ARRANGEMENTS

As of 31 December 2013, the Group and the Company have operating lease arrangements in respect of rental of premises as follows:

	Future Minimum Lease Payments			
	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Within 1 year	572,976	792,546	108,000	97,266
Within 2 - 5 years	82,853	486,490	27,000	135,000
	655,829	1,279,036	135,000	232,266

29. SIGNIFICANT EVENTS

On 7 May 2013, the Company received a Notice of Conditional Voluntary Take-Over Offer from RHB Investment Bank Berhad ("RHBI") on behalf of Formis Holdings Berhad to acquire the following for a cash consideration of RM0.60 per share:

i) All the remaining ordinary shares at RM0.10 each in the Company which are not already owned by Formis Holdings Berhad; and

ii) All the new shares that may be allotted and issued up to the close of the Offer pursuant to the exercise of any outstanding options granted under the Company's existing ESOS.

On 16 May 2013, the Company announced that it does not intend to seek another party to make a take-over offer for the Company's shares.

On 21 May 2013, in accordance with the Malaysian Code of Take-Overs and Mergers 2010, the Company announced that Kenanga Investment Bank Berhad had been appointed to act as the Independent Adviser to advise the non-interested Directors and non- interested shareholders of the Company in relation to the Offer.

On 16 July 2013, the Company announced that they have received the letter from the Independent Adviser pertaining to the comments, opinions and recommendation of the Offer.

On 23 July 2013, the Company announced the Offer has become unconditional based on the following:

(a) Formis Holdings Berhad has received valid acceptances of the Offer resulting in its holding in aggregate, together with shares already acquired, held or entitled to be acquired or held, more than fifty percent of the total voting shares of the Company; and

(b) The approval by the shareholders of Formis Resources Berhad, the holding company of Formis Holdings Berhad for the Offer has been obtained at an EGM convened on 8 July 2013.

On 2 August 2013, the Company announced that since the Offer has become unconditional, the Non-Interested Directors have reassessed their decisions and have collectively decided to accept the Offer.

On 15 August 2013, the Company announced that in light of the acceptances received pursuant to the Offer, Formis Holdings Berhad emerged as the new controlling shareholder of the Company with shares representing approximately 97.88% equity interest in the Company on 12 August 2013. Based on the Record of Depositors as at 13 August 2013, the Company's public shareholding spread was 2.12%. As such, the Company is not in compliance with the public shareholding spread requirement pursuant to Rule 8.02 (1) of Ace Market Listing Requirements.

On 3 September 2013, the Company announced that its public shareholding spread as at 30 August 2013 has increased to 11.23%. Bursa Malaysia Securites Berhad had, vide its letter dated 30 August 2013, granted an extension of time of 6 months from 28 August 2013 until 27 February 2014 to comply with the public shareholding spread requirement.

On 7 March 2014, the Company announced that it had received another letter from Bursa Malaysia Securities Berhad dated 7 March 2014 notifying that the Company has been granted a further extension of time of 6 months from 28 February 2014 until 27 August 2014 to comply with the public shareholding spread requirement pursuant to Rule 8.02(1) of the ACE Market Listing Requirements. Based on the Register of Depositors as at 30 January 2014, the Company's public shareholding spread was 11.46%.

Pursuant to the completion of Formis Holdings Berhad's obligations under Section 223 of the Capital Market and Services Act in November 2013, the Company together with its new controlling shareholder - Formis Holdings Berhad, are in the midst of discussions with its advisers to undertake the establishment of a new employee share scheme as well as placing the shares in the Company to third-party investors pursuant to Section 132D of the Companies Act, 1965 as part of endeavours to rectify the non-compliance with the public shareholding spread requirement.

30. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS/LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of the Bursa Securities ACE Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of 31 December 2013 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Total retained profits of the Company and its subsidiaries				
Realised	25,413,358	29,609,625	25,146,404	25,869,403
Unrealised	(409,240)	(330,391)	(229,000)	-
	25,004,118	29,279,234	24,917,404	25,869,403
Add/(Less):				
Consolidation adjustments	1,313,797	(9,182,027)	-	-
Total retained profits as of 31 December	26,317,915	20,097,207	24,917,404	25,869,403

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2012. A charge or a credit to the profit or loss of a legal entity is deemed realised when it results from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information has been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS

The Directors of **MICROLINK SOLUTIONS BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 30 to the Financial Statements, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance
with a resolution of the Directors,

YONG KAR SENG PETER **TAI KEAT CHAI**

Kuala Lumpur,
1 April 2014

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHIN SHIN YI**, the Officer primarily responsible for the financial management of **MICROLINK SOLUTIONS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHIN SHIN YI

Subscribed and solemnly declared
by the abovenamed **CHIN SHIN YI**
at **KUALA LUMPUR** this 1st day of
April, 2014.

Before me,

COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS
As at 30 April 2014

Authorised Share Capital	:	RM25,000,000.00 divided into 250,000,000 ordinary shares of RM0.10 each
Issued and Paid-up Share Capital	:	RM13,808,990.00 divided into 138,089,900 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Rights	:	1 vote per Ordinary Share
Number of Shareholders	:	238

DISTRIBUTION OF SHAREHOLDERS
according to statistical summary of the Record of Depositors as at 30 April 2014

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100 shares	15	6.30	646	0.00
100 to 1,000 shares	53	22.27	37,978	0.03
1,001 to 10,000 shares	90	37.82	444,200	0.32
10,001 to 100,000 shares	61	25.63	2,024,394	1.46
100,001 to less than 5% of issued shares	15	6.30	13,350,400	9.67
5% and above of issued shares	4	1.68	122,232,282	88.52
Total	238	100.00	138,089,900	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS
according to the Record of Depositors as at 30 April 2014

	Name	No. of Shares Held	%
1.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Formis Holdings Berhad (GO)	34,907,116	25.28
2.	M & A Nominee (Tempatan) Sdn. Bhd. Insas Credit & Leasing Sdn. Bhd. for Formis Holdings Bhd	30,794,700	22.30
3.	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Formis Holdings Berhad (Margin)	30,007,466	21.73
4.	Formis Holdings Bhd	26,523,000	19.21
5.	HSBC Nominees (Tempatan) Sdn. Bhd. Exempt An for Credit Suisse AG (SG-CLT-T-OS PR)	4,000,000	2.90
6.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Francis Chia Mong Tet (CEB)	2,000,000	1.45
7.	Lim Lucy @ Lim Kim Chee	1,480,000	1.07
8.	AmSec Nominees (Tempatan) Sdn. Bhd. Amfraser Securities Pte Ltd for Alwin Kumar Magimay	1,308,500	0.95
9.	Yap Eng Huai	1,000,000	0.72
10.	AmSec Nominees (Tempatan) Sdn. Bhd. Amfraser Securities Pte Ltd for Dharmendra a/l Magasvaran (45559)	500,000	0.36

ANALYSIS OF SHAREHOLDINGS
As at 30 April 2014 *(Cont'd)*

LIST OF THIRTY LARGEST SHAREHOLDERS
according to the Record of Depositors as at 30 April 2014 *(Cont'd)*

	Name	No. of Shares Held	%
11.	Kee E-Lene	500,000	0.36
12.	Mohamad Rauff Bin Nabi Bax	500,000	0.36
13.	Tan Lai Kim	500,000	0.36
14.	Wong Siew Len	500,000	0.36
15.	Lim Hwi Pheng	300,000	0.22
16.	Lee Yean Li Chloe	250,000	0.18
17.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Maybank Kim Eng Securities Pte Ltd for Lim You Moy	212,400	0.15
18.	Citigroup Nominees (Asing) Sdn. Bhd. UBS AG for Swordfish Holdings Ltd	198,000	0.14
19.	Gan Kho @ Gan Hong Leong	101,500	0.07
20.	Mok E. King	100,000	0.07
21.	Kamal Effendy Bin Abdul Rashid	91,000	0.07
22.	Mah Siew Sian	90,000	0.07
23.	Azidah Binti Mob Hassan	81,844	0.06
24.	Teng Seng Kiong	76,000	0.06
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yong Chaw Nam	75,400	0.05
26.	Chua Heng Fatt	66,200	0.05
27.	Chu Kin Chan @ Chu Kim Chau	61,000	0.04
28.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Loh Pin Cheen (E-SRB/RSH)	55,000	0.04
29.	Chen Kwee Ling	50,000	0.04
30.	Fan Har @ Fan Choy	50,000	0.04
Total		136,379,126	98.76

ANALYSIS OF SHAREHOLDINGS
As at 30 April 2014 *(Cont'd)*

SUBSTANTIAL SHAREHOLDERS
according to the Register of Substantial Shareholders as at 30 April 2014

Name		No. of Shares Held			
		Direct Interest	%	Deemed Interest	%
1.	Formis Holdings Bhd ("FHB")	122,232,282	88.52	-	-
2.	Formis Resources Berhad ("FRB")	-	-	122,232,282(1)	88.52
3.	Red Zone Development Sdn. Bhd. ("RZDSB")	-	-	122,232,282(2)	88.52
4.	Monteiro Gerard Clair	-	-	122,232,282(3)	88.52
5.	Wong Kit-Leong	-	-	122,232,282(3)	88.52
6.	Raymond Tan	-	-	122,232,282(3)	88.52
7.	Dato' Mah Siew Kwok	-	-	122,232,282(4)	88.52

DIRECTORS' INTERESTS IN THE COMPANY
according to the Register of Directors' Shareholdings as at 30 April 2014

		No. of Shares Held			
MICROLINK SOLUTIONS BERHAD		Direct Interest	%	Deemed Interest	%
1.	Yong Kar Seng Peter	-	-	-	-
2.	Monteiro Gerard Clair	-	-	122,232,282(3)	88.52
3.	Chan Hiok Khiang	-	-	-	-
4.	Tai Keat Chai	-	-	-	-
5.	Martin Chu Leong Meng	-	-	-	-

DIRECTORS' INTERESTS IN THE RELATED COMPANY
as at 30 April 2014

		No. of Ordinary Shares Held			
Formis Resources Berhad ("FRB") - Ordinary Shares		Direct Interest	%	Deemed Interest	%
1.	Monteiro Gerard Clair	41,000	0.01	77,638,800(5)	20.04
2.	Chan Hiok Khiang	1,845,000	0.48	-	-
3.	Yong Kar Seng Peter	3,621,300	0.93	-	-

ANALYSIS OF SHAREHOLDINGS
As at 30 April 2014 *(Cont'd)*

RELATED COMPANY

		No. of Warrants Held			
		Direct Interest	**%**	**Deemed Interest**	**%**
Formis Resources Berhad – Warrants 2013/2018					
1.	Monteiro Gerard Clair	40,000	0.05	20,382,500[5]	24.52
2.	Chan Hiok Khiang	750,000	0.90	-	-

Notes:

[1] Deemed interest by virtue of FHB being a wholly-owned subsidiary of FRB pursuant to Section 6A of the Companies Act, 1965 ("the Act").

[2] Deemed interest by virtue of its substantial interest in FRB, the holding company of FHB pursuant to Section 6A of the Act.

[3] Deemed interest by virtue of their substantial interest in RZDSB, which in turn owns 20.04% equity interest in FRB, the holding company of FHB pursuant to Section 6A of the Act.

[4] Deemed interest by virtue of his substantial interest in FRB, the holding company of FHB pursuant to Section 6A of the Act.

[5] Deemed interest by virtue of his substantial interest in RZDSB pursuant to Section 6A of the Act.

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be held at Fairway Family Restaurant, The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur on Thursday, 26 June 2014 at 2.00 p.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of Directors' fees in respect of the financial year ending 31 December 2014, to be payable quarterly in arrears. **Resolution 2**

3. To re-elect Monteiro Gerard Clair who retiring pursuant to Article 70 of the Company's Articles of Association and being eligible, offered himself for re-election. **Resolution 3**

4. To re-elect the following Directors retiring pursuant to Article 75 of the Company's Articles of Association and being eligible, offered themselves for re-election.
   (a) Chan Hiok Khiang **Resolution 4**
   (b) Tai Keat Chai **Resolution 5**
   (c) Martin Chu Leong Meng **Resolution 6**

5. To appoint Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**

   Notice of nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed in the Annual Report as "Annexure A", has been received by the Company from the holding company, Formis Holdings Bhd, for the nomination of Messrs BDO, who have given their consent to act, for appointment as Auditors of the Company and of their intention to propose the following Ordinary Resolution:

   "THAT Messrs BDO be and is hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte & Touche, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

AS SPECIAL BUSINESS :

6. To consider and if thought fit, pass the following resolution as an Ordinary Resolution:

   AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "THAT subject always to the Companies Act, 1965 and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 8**

7. To transact any other business of which due notice shall have been given.

By Order of the Board

LIM SHOOK NYEE [MAICSA No. 7007640]
NG KAM MAY [MAICSA No. 7020575]
Company Secretaries

Kuala Lumpur
4 June 2014

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING *(Cont'd)*

NOTES:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a Member of the Company. If the proxy is not a Member of the Company, Section 149(1)(b) of the Companies Act, 1965 shall not be applicable.

2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with provisions of subsection 25A(1) of SICDA.

3. A Member may appoint more than two (2) proxies to attend at the same meeting. Where a Member appoints two (2) or more proxies, the Member shall specify the proportion of his shareholding to be represented by each proxy.

4. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

5. Only members whose names appear in the Record of Depositors on 20 June 2014 shall be entitled to attend, speak and vote at the Annual General Meeting.

6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at 16th Floor, KH Tower, 8 Lorong P. Ramlee, 50250 Kuala Lumpur not less than 48 hours before the time fixed for holding the Meeting or adjourned Meeting thereof.

7. Explanatory Notes:

   Ordinary Resolution 8 – Authority to Issue Shares

   The proposed Resolution 8, if passed, will authorise the Directors of the Company to issue and allot shares up to an aggregate amount not exceeding 10% of the issued and paid-up capital of the Company for the time being for such purposes as the Directors would consider to be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next conclusion of the Annual General Meeting of the Company.

   This is a renewal of the general mandate for the issue of new ordinary shares in the Company which was approved at the Tenth Annual General Meeting of the Company held on 18 April 2013. The Company did not issue any new shares after the previous mandate was obtained at the Tenth Annual General Meeting and accordingly no proceeds were raised.

   The authority is to avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. The aforesaid authority is to give the Directors the authority and flexibility to raise fund more expediently via issuance of shares for purpose of funding future investments, working capital and/or any acquisition.

LETTER OF NOMINATION OF AUDITORS

Annexure A

2 June 2014

The Board of Directors
Microlink Solutions Berhad
16th Floor, KH Tower,
8 Lorong P. Ramlee,
50250 Kuala Lumpur.

Dear Sirs,

NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, we being the holding company of the Company, hereby give notice of our intention to nominate Messrs BDO (AF 0206) for appointment as Auditors and to propose the following resolution to be tabled at the forthcoming Annual General Meeting of Microlink Solutions Berhad as an ordinary resolution, to replace the retiring Auditors, Messrs Deloitte & Touche:

"THAT Messrs BDO be and is hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte & Touche, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,
FORMIS HOLDINGS BHD

Neo Poh Lian
Director

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MICROLINK SOLUTIONS BERHAD

(Company No. 620782-P)
(Incorporated in Malaysia)

Form Of Proxy

I/We, ____ NRIC No.: ____________________

of ____

being a member / members of MICROLINK SOLUTIONS BERHAD, hereby appoint ______________________

____ NRIC No.: ____________________

of ____

or failing him/her, ____

NRIC No.: __________________ of ______________________________________ or failing whom, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company, to be held at Fairway Family Restaurant, The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur on Thursday, 26 June 2014 at 2.00 p.m. and at any adjournment thereof in the manner as indicated below:

RESOLUTION	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		
RESOLUTION 7		
RESOLUTION 8		

(Please indicate with an "X" in the spaces provided above to indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy may vote as he or she thinks fit, or at his or her discretion, abstains from voting)

Number of Ordinary Shares Held

Signed this______ day of ___________________________ 2014

____

Signature of Shareholder(s)

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a Member of the Company. If the proxy is not a Member of the Company, Section 149(1)(b) of the Companies Act, 1965 shall not be applicable.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with provisions of subsection 25A(1) of SICDA.
3. A Member may appoint more than two (2) proxies to attend at the same meeting. Where a Member appoints two (2) or more proxies, the Member shall specify the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
5. Only members whose names appear in the Record of Depositors on 20 June 2014 shall be entitled to attend, speak and vote at the Annual General Meeting.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at 16th Floor, KH Tower, 8 Lorong P. Ramlee, 50250 Kuala Lumpur not less than 48 hours before the time fixed for holding the Meeting or adjourned Meeting thereof.

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AFFIX
STAMP
HERE

To: The COMPANY SECRETARY
MICROLINK SOLUTIONS BERHAD
16th Floor, KH Tower,
8 Lorong P. Ramlee,
50250 Kuala Lumpur

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