

■ Malaysia ■ Indonesia ■ Kuwait

[www.microlink.com.my](http://www.microlink.com.my)

MICROLINK SOLUTIONS BERHAD | annual report 2008



**MICROLINK SOLUTIONS BERHAD** (620782-P)

6th Floor, Menara Atlan, 161B, Jalan Ampang  
50450 Kuala Lumpur, Malaysia.

Tel: 603 2171 2200 Fax: 603 2171 2240

ANNUAL REPORT 2008

# CONTENT

Corporate Information	2
Corporate Structure	3
Corporate Highlights	4 - 5
Major Milestones & Achievements	6 - 7
Profile of Board of Directors	8 - 11
Chairman's Statement	12 - 14
Statement on Corporate Governance	15 - 20
Audit Committee Report	21 - 24
Statement on Internal Control	25 - 26
Other Compliance Information	27 - 28
Financial Statements	29 - 69
Analysis of Shareholdings	70 - 71
Notice of Annual General Meeting	72 - 74
Form of Proxy	<b>Enclosed</b>



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

- 1) **Datuk Ali Bin Abdul Kadir**  
Chairman, Independent Non-Executive Director
- 2) **Datuk Zainun Aishah Binti Ahmad**  
Independent Non-Executive Director
- 3) **Chok Kwee Bee**  
Non-Independent Non-Executive Director
- 4) **Phong Hon Voon**  
Non-Independent Non-Executive Director
- 5) **Khaled H Mohareb Al-Hayen**  
Non-Independent Non-Executive Director
- 6) **Yong Kar Seng Peter**  
Chief Executive Officer, Executive Director
- 7) **David Hii Chin Yun**  
Chief Technology Officer, Executive Director

## COMPANY SECRETARIES

See Siew Cheng (MAICSA 7011225)  
Seng Shi lee (MAICSA 7020876)

## AUDIT COMMITTEE

- 1) **Datuk Ali Bin Abdul Kadir**
- 2) **Datuk Zainun Aishah Binti Ahmad**
- 3) **Chok Kwee Bee**

## MANAGEMENT COMMITTEE

- 1) **Yong Kar Seng Peter**
- 2) **David Hii Chin Yun**
- 3) **Chok Kwee Bee**
- 4) **Oon Chong Ling**
- 5) **Kelvin Boey Shan Hsiung**

## NOMINATION COMMITTEE

- 1) **Datuk Ali Bin Abdul Kadir**
- 2) **Datuk Zainun Aishah Binti Ahmad**
- 3) **Chok Kwee Bee**

## REMUNERATION COMMITTEE

- 1) **Chok Kwee Bee**
- 2) **Yong Kar Seng Peter**
- 3) **Datuk Zainun Aishah Binti Ahmad**

## OPTION COMMITTEE

- 1) **Chok Kwee Bee**
- 2) **Yong Kar Seng Peter**
- 3) **David Hii Chin Yun**

## REGISTERED OFFICE

10th Floor, Wisma Havela Thakardas  
No. 1, Jalan Tiong Nam  
Off Jalan Raja Laut  
50350 Kuala Lumpur  
Tel: 603-9195 1688  
Fax: 603-9195 1799

## CORPORATE OFFICE

6th Floor, Menara Atlan  
161B, Jalan Ampang  
50450 Kuala Lumpur  
Tel: 603-2171 2200  
Fax: 603-2141 2240

## AUDITORS

**Deloitte & Touche**  
Level 19, Uptown 1  
No. 1, Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 603-7723 6500  
Fax: 603-7726 3986

## SHARE REGISTRARS

**Symphony Share Registrars Sdn Bhd**  
Level 26, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel: 603-2721 2222  
Fax: 603-2721 2530

## SPONSOR

**MIMB Investment Bank Berhad**  
21st Floor, Menara EON Bank  
288, Jalan Raja Laut  
50350 Kuala Lumpur  
Tel: 603-2691 0200  
Fax: 603-2698 5388

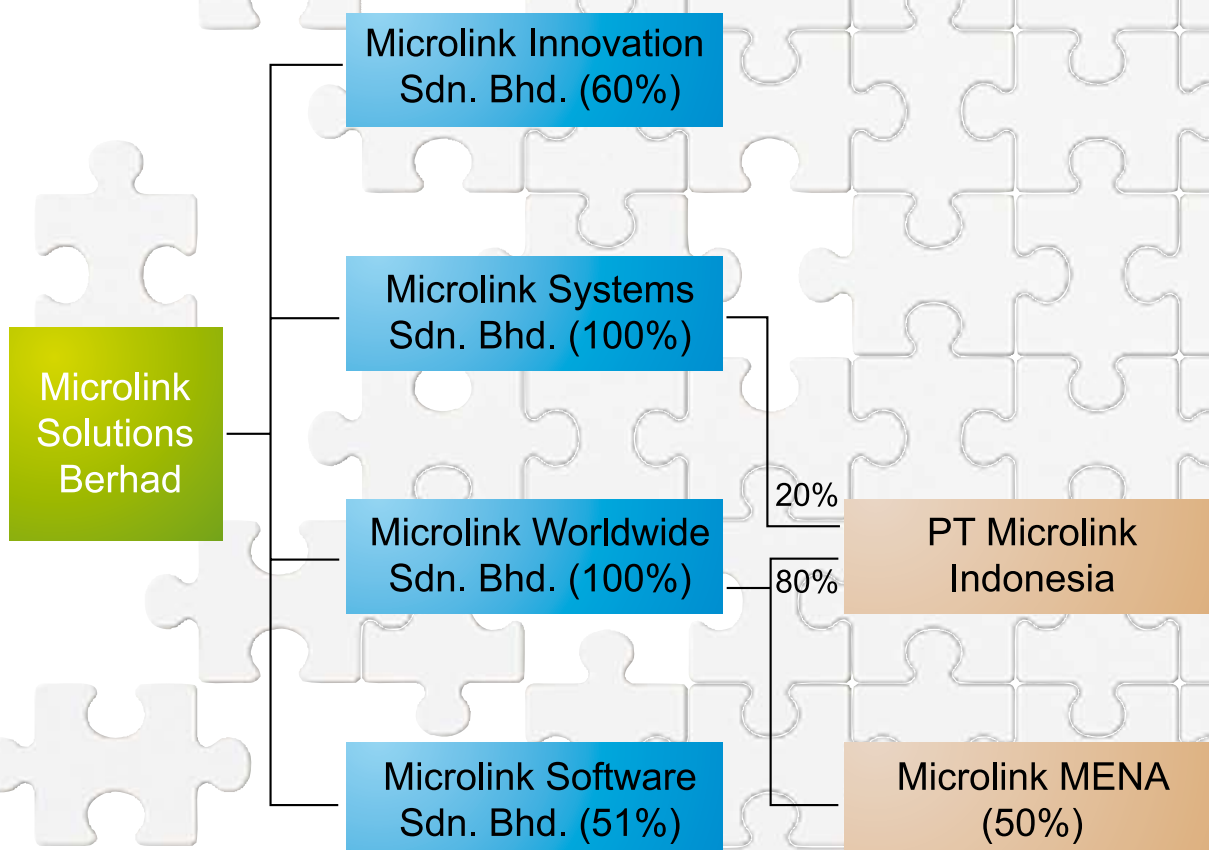
## PRINCIPAL BANKERS

**CIMB Islamic Bank Berhad**  
**Malayan Banking Berhad**  
**Standard Chartered Bank Malaysia Berhad**

## STOCK EXCHANGE LISTING

**MESDAQ Market of Bursa Malaysia Securities Berhad**

## CORPORATE STRUCTURE





## CORPORATE HIGHLIGHTS



### 5th Annual General Meeting, Kuala Lumpur

April 2008

Microlink's 5th Annual General Meeting was held at Dorsett Regency Hotel on 25th April 2008. Many shareholders attended the event and 7 resolutions were passed that day. Throughout the event, several questions were asked of the executive directors mostly relating to the strategy of the company in the Islamic Finance industry. Shareholders were satisfied with the explanation given by our CEO, Peter Yong. The Board of Directors has proposed a final tax-exempt dividend of 1 sen per share to its shareholders, payable on 19th May 2008.



### World Congress on Information Technology 2008 – PS<sup>3</sup> Exhibition

May 2008

Microlink participated as an exhibitor in the PIKOM Software and Service Showcase 2008 (PS<sup>3</sup> 2008) held from 19th – 22nd May 2008. It was held in conjunction with 16th World Congress on Information Technology at KL Convention Centre, Kuala Lumpur. Themed "The Global Impact of Information and Communication Technology: Enable Businesses, Empower Societies, Enrich Economies, the event provided a platform for software and services organisations, to showcase their products and services to create an opportunity for business visitors to align and match these with their business needs.



### PT Microlink Indonesia

June 2008

The Group has, in June 2008, set up a new subsidiary namely, PT Microlink Indonesia, with a sales office located in Jakarta, Indonesia. The company is principally involved in the provision of Information Technology solutions to the financial services industry and deals in related products specially catering to the Indonesian market. This is expected to benefit the Group in the future as Indonesia has vast potential in Islamic Banking.



## CORPORATE HIGHLIGHTS (CONT'D)

### New Corporate Office, Kuala Lumpur

July 2008

In July 2008, Microlink moved to a new corporate office at 6th Floor, Menara Atlan, Jalan Ampang. This was an auspicious moment for the Group as the move coincided with our re-branding and restructuring exercises. Our previous office in Bangunan Angkasa Raya served us well and many unforgettable memories remain. However, our belief in providing an excellent work place for our staff and confident image to our customers has been the impetus for this move.



*(Note: On February 2009, Menara Naluri was renamed as Menara Atlan.)*

### The Edge™ - Bursa Malaysia Kuala Lumpur Rat Race

August 2008

As part of the Group's community service program, Microlink participated in the Rat Race 2008. This is an annual event organised by The Edge and Bursa Malaysia in the name of Charity. The Race is in its ninth year and was held on 19th August 2008. Microlink sent a team of five – four ladies and one guy – all young and lively. The response from all employees within the Microlink Group was overwhelming.



The Race raised a record RM1.755 million for 20 charities across Malaysia and since its inception, a total RM7.7 million has been raised. Microlink is proud to have been associated with this wonderful event.
















### Preview of Microlink's Revolutionary Banking Solution, Kuala Lumpur

November & December 2008

















Microlink conducted an executive preview of Microlink's Revolutionary Banking Solution at The Ritz Carlton Hotel, Kuala Lumpur during the months of November and December 2008. More than 4 teams of customers attended the event. The event aimed to present a newly designed banking solution with ease of use and effective features. The response to the preview was good and positive feedback was received.



## MAJOR MILESTONES & ACHIEVEMENTS

1995		Developed MiBS, a comprehensive application suite of modules to cater to both conventional and Islamic banking.
1996		Launched MiBS release 1.2 with the comprehensive Islamic banking features, taking advantage of the new generation Windows 32-bits clients.
		Microlink implements first Islamic banking software solution.
1999		Launched MiBS release 2.2 with 24x7 electronic banking services by cutting daily batch downtime to near zero.
		Awarded "System Integrator with the Most Strategic Win of the Year" by Sun Microsystems (M) Sdn. Bhd.
		Awarded "The Most Strategic Partner of the Year" by Oracle Corporation (M) Sdn. Bhd.
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 receives 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.

## MAJOR MILESTONES & ACHIEVEMENTS (CONT'D)

<b>2005</b>		Microlink sets up representative offices and support centers in Jakarta, Indonesia and the Middle East.
		Launched MiBS release 8 supports the latest Open Systems, J2EE, Open Source and Grid Computing technologies, Internet and electronic channels ready.
		Microlink was admitted as an observer member of the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI).
		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.
<b>2006</b>		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.
<b>2007</b>		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.
<b>2008</b>		Awarded "Industry Excellent Award 2007" by the Malaysia Ministry of International Trade and Industry (MITI).
		Microlink sets up a wholly owned subsidiary in Jakarta, Indonesia, namely PT Microlink Indonesia in June 2008.
		Microlink sets up a 51% owned subsidiary namely Microlink Software Sdn. Bhd. in October 2008.
		Microlink sets up a 60% owned subsidiary namely Microlink Innovation Sdn. Bhd. in November 2008.
		Awarded "The Malaysian Innovation Excellence Award 2008" by the Malaysian Trade and Industry Organisation (MTI).



**Deloitte.**  
Technology Fast500  
Asia Pacific 2006 Winner





## PROFILE OF BOARD OF DIRECTORS



**Datuk Ali Bin Abdul Kadir**  
*Independent Non-Executive Chairman*

**Datuk Ali Bin Abdul Kadir**, a Malaysian, aged 59, is our Independent Non-Executive Chairman and he was appointed to our Board on 29 April 2005. Datuk Ali was the Senior Advisor of Ernst & Young Malaysia till 31 December 2005. Before that, he was the Chairman of the Malaysia Securities Commission ("SC").

After 24 years with Ernst & Young, he retired whilst holding the position of Executive Chairman of the firm when he was appointed by the Minister of Finance as the Chairman of the SC on 1 March 1999. In this capacity, he had also headed the Capital Market Advisory Council responsible for implementing the capital market masterplan. He was also a member of a number of national committees including the National Economic Consultative Council II, the Foreign Investment Committee and the Oversight Committee of the National Asset Management Company or Danaharta. He sat as a trustee of the Financial Reporting Foundation. Currently, he also sits on the board of the Labuan Offshore Services Authority.

Datuk Ali was also actively involved in international regulatory circles. He sat on the Executive Committee of the International Organisation of Securities Commissions ("IOSCO") and was the Chairman of IOSCO's Asia-Pacific Regional Committee and of the Islamic Capital Market Task Force. Datuk Ali was also a trustee of the Accounting and Auditing Organisation for Islamic Financial Institutions from November 2000 to October 2003.

He was the former President of the Malaysia Association (now Institute) of Certified Public Accountants ("MICPA") and chaired the Executive Committee and the Insolvency Practices Committee. He also co-chaired the Company Law Forum.

Datuk Ali is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"), and a member of the MICPA. He is currently the Honorary Advisor to ICAEW Malaysia, Honorary Fellow of the Institute of Chartered Secretaries and Administrators (UK), and Honorary member of the Malaysian Institute of Directors. Datuk Ali holds directorships in Airocom Technology Berhad, Jobstreet Corporation Berhad, Milux Corporation Berhad and Glomac Berhad.



**Yong Kar Seng Peter**  
*CEO / Executive Director*

**Yong Kar Seng Peter** a Singaporean, aged 44, is our Chief Executive Officer and he was appointed to our Board on 27 August 2004. 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 holds directorship in Computer Systems Advisers (M) Berhad from 1996 to June 2008. He pioneered the Investor Relations Department and continues to spearheads 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.

## PROFILE OF BOARD OF DIRECTORS (CONT'D)

**David Hii Chin Yun**, a Malaysian, aged 38, is our Chief Technology Officer and he was appointed to our Board on 22 September 2003. He is responsible for the technical and IT aspects of the business. He started his research work in 1994 at a leading Australian telecom research institute. In 1995, he joined a Malaysian bank as an electronic data processing officer where he was a member of the systems engineering team which designed, implemented and maintained the bank's online banking platform. He joined us in 1995, working his way from systems engineer to Chief Technology Officer, his present position. David is also the founder and Chief Operating Officer of a logistic web portal.

David graduated with a Bachelors degree with first class honours in Computer Science from Monash University in Australia.



**David Hii Chin Yun**  
CTO / Executive Director

**Datuk Zainun Aishah Binti Ahmad**, a Malaysian, aged 62, is our Independent Non-Executive Director and she was appointed to our Board on 29 April 2005. Datuk Zainun began her career with Malaysian Industrial Development Authority ("MIDA"), the Malaysian government's principal agency for the promotion and coordination of industrial development in the country, as an economist upon her graduation from Universiti Malaya with an Honours Degree in Economics. In her 35 years of service in MIDA, she held various key positions in MIDA as well as in some of the country's strategic council, notably her pivotal role as National Project Director in the formulation of Malaysia's first Industrial Master Plan. Datuk Zainun is also a member of the Industrial Coordination Council in the implementation of the Second Industrial Master Plan, Industrial Coordination Act Advisory Council, Defence Industry Council, National Committee on Business Competitiveness Council, Malaysia Incorporated and the National Project for Majlis Penyelarasan Perindustrian ("ICC") before retiring in September 2004. Datuk Zainun was the Director-General of MIDA for 9 years and Deputy Director-General for 11 years.



**Datuk Zainun Aishah Binti Ahmad**  
Independent Non-Executive Director

Datuk Zainun holds directorships in Malayan Banking Berhad, Degem Berhad, Scomi Engineering Berhad and Pernec Corporation Berhad. Save for Pernec Corporation Berhad, all the above companies are listed on Bursa Malaysia Securities Berhad.



## PROFILE OF BOARD OF DIRECTORS (CONT'D)



**Chok Kwee Bee**

*Non-Independent Non-Executive Director*

**Chok Kwee Bee**, a Malaysian, aged 56, is our Non-Independent Non-Executive Director and she was appointed to our Board on 27 August 2004. She joined Walden International, a US based venture capital firm, in 2000 as the Malaysia Country Representative and is currently the Executive Director of BI Walden Management Ketiga Sdn. Bhd.. Prior to joining Walden International, she was Senior General Manager and Head of the Corporate Finance Department at AmInvestment Bank Berhad. She was previously a Director of Malaysian Exchange of Securities Dealing & Automated Quotation Bhd., the Chairman of the Corporate Finance Sub-Committee of Association of Merchant Banks, the Chairman of Malaysian Issuing House, member of the Capital Market Advisory Council of the Securities Commission and Chairman of Malaysian Venture Capital and Private Equity Association .

Ms. Chok is now a member of the Malaysian Venture Capital Development Council of the Securities Commission and the Exchange Committee of Labuan International Financial Exchange. She sits on the board of several portfolio companies of Walden International.

Ms. Chok received her Bachelor of Art degree (Honours) in Business Studies from Kingston University, United Kingdom and is also a member of the Associate of the Chartered Institute of Bankers.



**Khaled H Mohareb Al-Hayen**

*Non-Independent Non-Executive Director*

**Khaled H Mohareb Al-Hayen**, a Kuwaiti, aged 54, is our Non-Independent Non-Executive Director and he was appointed to our Board on 19 March 2007. He started his career working with Municipality in Kuwait as administrator in 1981 and moved to Public Authority of Applied Education and Training in the year 1988. He then joined Media Fusion International as the General Manager which pioneers the development of interactive multimedia applications. Mr. Khaled became the CEO of Gulfweb International after AREF Investment Group acquired Media Fusion International in 1997. As CEO of GulfWeb International, he helped expand its business horizon, mainly by setting up a software development division focusing in the areas of Enterprise Knowledge Portal Solutions and establishing an internet service provider division which became the leading player in the industry within 2 years.

Mr. Khaled formed Technology World Company ("TWC") under AREF Investment Group and became the Chairman of TWC. He expanded its span of activities by bringing additional companies under TWC in the Middle East and North Africa region through entities, mergers and acquisitions. Mr. Khaled has been appointed as Director on Board of

Investment World for Development & Technology, Jordan. He also served as Director on Board of Educational Holding Group ("EDU"), a company listed on Kuwait Stock Exchange for more than 5 years till 2007.

Mr. Khaled has a diploma in Business Administration and a diploma in City & Guilds, Mechanical Engineering from Decorum College, United Kingdom.



## PROFILE OF BOARD OF DIRECTORS (CONT'D)

**Phong Hon Voon**, a Malaysian, aged 43, is our Non-Independent Non-Executive Director and he was appointed to our Board on 27 August 2004. He began his career as an application programmer with a Japanese electronic manufacturer in Taiwan in 1988 and joined a Taiwanese computer company a year later. He worked with a Japanese electrical manufacturer in Malaysia between 1990 and 1993 and subsequently joined Lion Group, Malaysia between 1993 and 1994 as a senior management information systems executive. He joined us in 1994.

Mr. Phong has wide experience in IT project management, testing and implementation, and system designated software development. He holds a Bachelor of Science in Information and Computer Engineering from Chung Yuan University in Taiwan and a Masters of Science in Parallel Computers and Computations from the University of Warwick in the United Kingdom.



**Phong Hon Voon**

*Non-Independent Non-Executive Director*

### Notes

1. Save as disclosed above, none of the Directors have any family relationship with any other Directors and/or other major shareholders of the Company.
2. None of the Directors have 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.





## CHAIRMAN'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 2008.

### INDUSTRY OUTLOOK

Islamic banking expands rapidly, with significant progress in the Malaysia International Islamic Financial Centre ("MIFC") initiative which aims to position Malaysia as a centre in the origination and trading of Islamic financial instruments. The MIFC initiative will also project Malaysia as a centre of excellence in education, training, consultancy and research in Islamic finance.

The Economy Report 2008/2009 released by the Ministry of Finance publishes some key indicators of Islamic Banking System. Total assets of Islamic banking system expanded 12.6% to RM177 billion as at end-June 2008 (end-2007: RM157.2 billion) and accounted for 13.6% of total banking system assets. Deposits increased 17.0% to RM142.7 billion (end-2007: RM122 billion) to capture a market share of 13.6%. Financing grew 8.5% to RM97.5 billion and accounted for 14.2% of total banking system loans (end-2007: RM89.9 billion).

The Islamic financial sector will therefore, continue to grow as an integral component of the Malaysian financial system.

### FINANCIAL PERFORMANCE

For the financial year ended 31 December ("FY") 2008, the Group recorded revenue of RM14.81 million, representing a 5.97% decline compared to RM15.75 million achieved in FY 2007. This is mainly due to the delay in awarding new projects as a result of stiffer operating and economic conditions as well as intense competition from industry players. Nevertheless, the Group is still actively participating in tendering projects locally and overseas, such as Indonesia, the Middle East and North Africa ("MENA") region.

The Group recorded a higher profit before tax ("PBT") of RM2.50 million as compared to RM0.27 million in the FY 2007. The Group also recorded a higher profit after tax ("PAT") of RM2.31 million as compared to RM0.63 million in FY 2007. The comparatively higher PBT and PAT were mainly due to the Group being vigilant about its cost structure during the FY 2008.

Correspondingly, the Group recorded higher earnings per share of 1.81 sen as compared to 0.49 sen in the FY 2007.



## CHAIRMAN'S STATEMENT (CONT'D)

### REVIEW OF OPERATION

The Group, in June 2008, set up a wholly-owned subsidiary in Jakarta, Indonesia, namely PT Microlink Indonesia ("PT Microlink"). PT Microlink is principally involved in the provision of Information Technology solutions to the financial services industry and deals in related products specifically catered for the Indonesian market and is expected to benefit the Group considering Indonesia has a vast potential in Islamic Banking.

In 2008, the Group established initial contact with potential business partners based in Vietnam and Indonesia in view of establishing strategic partnerships for the promotion and sale of the Group's banking software programs. In addition, the Group has also entered into 2 strategic alliances with the following partners through these shareholders agreements:-

- (i) Shareholders Agreement dated 21 October 2008 between Microlink Software Sdn. Bhd. (*formerly known as Maju Kombinasi Sdn. Bhd.*) ("MSSB"), a 51% owned subsidiary of the Company and Timeless Global Sdn. Bhd., whereby MSSB is the joint venture company, established to carry on the business of providing consultancy services, supporting and modifying Microlink banking software; and
- (ii) Shareholders Agreement dated 28 November 2008 between Microlink Innovation Sdn. Bhd. ("MISB"), a 60% owned subsidiary of the Company and Iteration Partners Pty Ltd, whereby MISB is the joint venture company established to carry on the business of developing and marketing of banking software programs.

The Company moved to a new corporate office at 6th Floor, Menara Atlan, Jalan Ampang in July 2008. This move coincided with the rebranding and restructuring exercises of the Group. A comfortable office and well-thought-out workplace design is expected to have significant impact on employee's productivity and concentration levels.

The Group believes that "staying competitive is the key to sustainability". In 2008, the management team increased support to employees by organising training workshops and seminars in order to ensure their individual development and to keep them up-to-date with industry trends and new technologies. These initiatives are welcomed and appreciated by employees.

In 2008, the Group was awarded the 'Industry Excellence Award 2007' by the Malaysia Ministry of International Trade and Industry (MITI). The group was also awarded 'The Malaysian Innovation Excellence Award 2008' by the Malaysian Trade and Industry Organisation (MTI).



### PROSPECTS

The Group's product development and marketing campaigns in Malaysia, Indonesia and MENA region are expected to provide middle to long-term contribution to its financial results via the following:

- The establishment of a subsidiary in Indonesia, PT Microlink Indonesia, to enable the Group to penetrate into this region which has the largest Muslim population in the world by promoting the banking solution to the financial industry services and related products.
- The Group has deployed a team of marketing and technically experienced personnel to a joint venture company in Kuwait, to enhance the Group's capabilities in addressing the large potential in MENA region.
- The Group's new core-banking framework, rich enterprise banking solution and internet banking system will address the challenges arising from the paradigm shift from inward focus of the financial institutions themselves to outward focus to the needs of its customers.

## CHAIRMAN'S STATEMENT (CONT'D)

### PROSPECTS (CONT'D)

In the near future the Group expects the outlook of the Group to remain stable despite the ongoing global economic turmoil. Further to its continuous efforts as set out above, the Group also expects to enhance its middle to long-term prospects and allow the Group to further expand its revenue stream from domestic to overseas markets.

In addition, the Group would continue to identify and to secure more projects within the banking industry, both conventional and Islamic.

### UPDATE ON RESEARCH AND DEVELOPMENT

An innovation lab was set up in June 2008 in Melbourne, Australia with a group of leading experts in banking solutions for the purpose of conducting the Group's research and development initiatives. This will result in a comprehensive upgrade of the flagship MiBS banking suite which will substantially enhance the functionalities and capabilities of the existing banking solutions and represent the next generation of banking software.

During the fourth quarter of 2008, the Group conducted pre-release road shows to potential customers. In the road shows, the use of the new banking solution was demonstrated. In view of the positive feedback gathered, the Group plans to release its next generation banking solution in stages and will continue to invest in developing and enhancing the new banking solution in 2009.



For the year ended 31 December 2008, the Group has incurred approximately RM3.12 million on research and development.

### DIVIDENDS

There was no interim dividend declared and paid in respect of the financial year ended 31 December 2008. However, the Board of Directors of the Company has proposed the payment of a tax exempt final dividend, subject to shareholders' approval at the forthcoming annual general meeting, of 1 sen per share in respect of the financial year ended 31 December 2008 amounting to RM1,274,060. The entitlement and payment dates for the proposed final dividend are 15 May 2009 and 29 May 2009 respectively.

### APPRECIATION

On behalf of the Board, I would like to express my appreciation and gratitude to the management and employees of the Group for their dedicated services, contribution and hard work. The Board would also like to thank our customers, suppliers, business associates and bankers for their continued support and loyalty.

**DATUK ALI BIN ABDUL KADIR**  
Chairman

# STATEMENT ON CORPORATE GOVERNANCE

---

## INTRODUCTION

The Board of Directors of the Company recognises the importance of practicing good corporate governance in directing the business of the Company to enhance business prospect 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 best practices as set out in the Malaysian Code on Corporate Governance ("the Code") are applied and practiced throughout the Group. The Board is therefore pleased to outline below the application of the principles of Part 1 of the Code and would also state herewith that all of the best practices of Part 2 of the Code has been complied with accordingly.

## 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 is made up of seven (7) members as follows:-

- Two (2) Independent Non-Executive Directors
- Two (2) Executive Directors
- Three (3) Non-Independent Non-Executive Directors

The profiles of the Directors are presented on pages 8 to 11 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.

The Chairman of the Company, Datuk Ali Bin Abdul Kadir was appointed as the senior Independent Non-Executive Director, to whom concerns by the public and external stakeholders can be addressed.

### Duties and Responsibilities

The Board has overall responsibility for the strategic direction and retains full and effective control over the Group. The Chairman leads strategic planning at the Board level while the Executive Directors are responsible for the day-to-day operations within the limit of authority entrusted to them. The Board makes major decisions such as approval of acquisitions and disposals, new ventures and investment, material agreements, major capital expenditure and budgets.

### 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.



# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## THE BOARD OF DIRECTORS (CONT'D)

### Board Meetings (cont'd)

For this financial year under review, a total of five (5) Board Meetings were held. The record of attendance of these meetings by the current Board is as follows:-

Directors	Number of Meetings Attended
Datuk Ali Bin Abdul Kadir	5/5
Datuk Zainun Aishah Binti Ahmad	5/5
Chok Kwee Bee	4/5
Yong Kar Seng Peter	5/5
Phong Hon Voon	5/5
David Hii Chin Yun	5/5
Khaled H Mohareb Al-Hayen	3/5

Each Director is 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.

### 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 conducted by Bursatra Sdn. Bhd..

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.

### 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 each 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.

In line with the Board's commitment to having good corporate governance, the Board has set up five (5) board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the Option Committee and the Management Committee, each entrusted with specific tasks to assist the Board in carrying out its duties and responsibilities.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### THE BOARD OF DIRECTORS (CONT'D)

#### Board Committees

##### (a) *Audit Committee*

The terms of reference of the Audit Committee are set out on pages 21 to 24 of the annual report.

##### (b) *Nomination Committee*

The Nomination Committee is set up to propose new nominees for the Board and to evaluate each individual Directors on an on-going basis. The Nomination Committee 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
Datuk Ali Bin Abdul Kadir	Chairman
Datuk Zainun Aishah Binti Ahmad	Member
Chok Kwee Bee	Member

##### (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 package, 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
Chok Kwee Bee	Chairman
Yong Kar Seng Peter	Member
Datuk Zainun Aishah Binti Ahmad	Member

The remuneration packages for the Directors for the financial year ended 31 December 2008 are as follows:

	Executive Directors RM'000	Non-Executive Directors RM'000
Salaries and other emoluments	478	90
Fees	—	73

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## THE BOARD OF DIRECTORS (CONT'D)

### Board Committees (cont'd)

#### (c) Remuneration Committee (cont'd)

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

	Number of Directors	
	Executive	Non-Executive
Below RM50,000	–	4
RM50,001 – RM100,000	–	1
RM100,001 – RM150,000	–	–
RM150,001 – RM200,000	1	–
RM200,001 – RM250,000	–	–
RM250,001 – RM300,000	1	–
RM300,001 – RM350,000	–	–
RM351,000 – RM400,000	–	–
RM400,001 – RM450,000	–	–

#### (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
Chok Kwee Bee	Chairman
Yong Kar Seng Peter	Member
David Hii Chin Yun	Member

There was no new option granted to the eligible Executive Directors and employees of the Group during the financial year under review.

#### (e) Management Committee

The Management Committee is responsible for the overall operational matters of the group. The management committee members are meeting once a month to ensure the operational matters are dealt with in a speedy, effective and efficient manner.

The Management Committee comprises of Executive, Non-Executive Directors as well as senior management personnel as follows:

	Position
Yong Kar Seng Peter	Chairman
David Hii Chin Yun	Member
Chok Kwee Bee	Member
Oon Chong Ling	Member
Kelvin Boey Shan Hsiung	Member

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### THE BOARD OF DIRECTORS (CONT'D)

#### Board Committees (cont'd)

##### (e) *Management Committee (cont'd)*

The functions of the Management Committee are:

- i. to review and recommend the strategic plan for Board's approval;
- ii. to review and recommend the annual budget for Audit Committee's deliberation;
- iii. to monitor the performance of the Group against budget on regular basis;
- iv. to review and monitor statutory and legal compliance and advise the Board accordingly;
- v. to review and monitor initiated ventures and to report progress to the Board on regular basis; and
- vi. to review and approve monthly management accounts and report to the Board on regular basis.

### SHAREHOLDERS

#### Investors' Relations and Shareholders' Communication

The Board recognises the importance to have timely and equal dissemination of relevant information on the Group's performance and other development 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 Bursa Malaysia Securities Berhad ("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 Listing Requirements of BMSB for the MESDAQ Market ("MMLR"), 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.

#### Annual General Meeting ("AGM")

The 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.

### ACCOUNTABILITY AND AUDIT

#### 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 MMLR, and the standards approved by 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.



# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

---

## ACCOUNTABILITY AND AUDIT (CONT'D)

### 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.

### Internal Control

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

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

### Corporate Social Responsibility

Apart from giving some token donations to certain unfortunate groups in the society, the Company also participated in the Rat Race 2008, organised by The Edge and Bursa Malaysia in the name of Charity during the year ended 31 December 2008.

## AUDIT COMMITTEE REPORT

### INTRODUCTION

The Audit Committee currently has three members, comprising two Independent Non-Executive Directors and one Non-Independent Non-Executive Director as follows:-

- 1) Datuk Ali Bin Abdul Kadir - Chairman, Independent Non-Executive Director
- 2) Datuk Zainun Aishah Binti Ahmad - Independent Non-Executive Director
- 3) Chok Kwee Bee - Non-Independent Non-Executive Director

### TERMS OF REFERENCE OF AUDIT COMMITTEE

#### Composition of Audit Committee

The Audit 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 Committee.

At least one member of the Audit 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 1st 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 is appointed as a member of the Audit Committee.

The members of the Audit 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 and as many times as the Committee deems necessary with due notice of issues to be discussed.

##### (ii) Proceedings of Meeting

The quorum for meeting of the Audit Committee shall be two (2) members where majority shall be independent director.

If at any meeting, the Chairman of the Audit Committee is not present within fifteen minutes of the time appointed for holding the same, the members of the Audit 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 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 Committee shall have a second or casting vote.

# AUDIT COMMITTEE REPORT (CONT'D)

---

## TERMS OF REFERENCE OF AUDIT COMMITTEE (CONT'D)

### Meetings (cont'd)

#### (iii) *Attendance at Meeting*

The Audit Committee may require the presence of external auditors to attend any of its meetings as it determines.

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.

#### (iv) *Keeping and Inspection of Minutes*

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

Those minutes to be signed by the Chairman of the Audit 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 Audit 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 Committee members without charge.

The minutes of the Audit 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 cost 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.

## AUDIT COMMITTEE REPORT (CONT'D)

### TERMS OF REFERENCE OF AUDIT COMMITTEE (CONT'D)

#### Duties and Responsibility

The duties and responsibilities of the Audit 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, if any exists:-**

- (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.

**(iii) 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 Committee held five (5) meetings during the financial year ended 31 December 2008. The record of attendance of these meetings by the current Board is as follows:-

Directors	Number of Meetings Attended
Datuk Ali Bin Abdul Kadir	5/5
Datuk Zainun Aishah Binti Ahmad	5/5
Chok Kwee Bee	4/5



# AUDIT COMMITTEE REPORT (CONT'D)

## SUMMARY OF ACTIVITIES (CONT'D)

During the financial year ended 31 December 2008, the activities carried by the Audit Committee included:-

- (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 2008;
- (c) Reviewed with external auditors on the Group's results 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 to ensure compliance with laws and regulations and the renewal of shareholders mandate; and
- (f) Recommend to the Board of Directors on the re-appointment of the external auditors.

## Statement by Audit Committee on the Group Employee Share Option Scheme ("ESOS")

Appendix 9C item no. 27 of the Mesdaq Market Listing Requirements of Bursa Malaysia Securities Berhad requires a statement by the Audit Committee in relation to the allocation of options pursuant to any share scheme for employees as required under Rule 8.24.

However, there was no new option granted to the eligible Executive Directors and employees of the Group during the financial year under review.

A breakdown of the options offered to and exercised by Non-Executive Directors pursuant to a share scheme for employees in respect of the financial year under review in tabular form as follows:-

Non-Executive Directors	Amount of Option Granted	Amount of Options Exercised
(1) Datuk Ali Bin Abdul Kadir	1,000,000	—
(2) Datuk Zainun Aishah Binti Ahmad	1,000,000	—
(3) Phong Hon Voon	108,100	—
(4) Chok Kwee Bee	99,000	—
Total	2,207,100	—

## 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 Committee.

## STATEMENT ON INTERNAL CONTROL

---

### INTRODUCTION

Pursuant to paragraph 15.27(b) of the Bursa Securities Listing Requirements, the Board of Directors of Microlink Solutions Berhad is pleased to make a statement in the annual report on the state of the internal controls of the Group which has been prepared in accordance with the Listing Requirements and as guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

### BOARD RESPONSIBILITY

The Board has overall responsibility for the Group's system of internal controls, which includes the establishment of an appropriate control environment and framework, and the review of its' effectiveness and adequacy to ensure that the Group's assets and shareholders' interests are safeguarded. Due to the inherent limitations in any system of internal controls, such systems put in place by Management are only designed to manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable and not absolute assurance against material misstatements or losses. Due to ever changing circumstances and conditions, the effectiveness of an internal control system may vary over time.

### RISK MANAGEMENT

The process of identifying, evaluating and managing significant risks faced by the Group is practiced continuously. These processes are managed under the leadership of the directors. Meetings are held regularly to review changes in the business environment and its' impact on the operations. Business strategies are reviewed and refined at the same time to ensure that operations are in accordance with corporate expectations. In addition, corporate matters and significant issues are discussed and reviewed at the Board level.

### 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 Audit Committee and Board currently obtain 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. During the financial year, the internal audit function carried out audits in accordance with the risk based internal audit plan approved by the Audit Committee. Based on the internal audit reviews carried out, the results of the review were presented to the Audit Committee at the committee's scheduled meetings.

## STATEMENT ON INTERNAL CONTROL (CONT'D)

---

### OTHER KEY ELEMENTS OF INTERNAL CONTROL

- An organization structure that clearly defines the lines of responsibility, proper segregation of duties and delegation of authority;
- Systematic procedures in Capability Maturity Model Integration (CMMi) to aid in process improvement and quality control;
- Strategic planning and annual budgeting process with reviews at all levels of the operations. Formal reviews and approval by the Board in relation to strategic decisions and the annual budget is mandatory;
- Timely financial reporting in providing relevant financial information for management review. Announcement of financial information is further subjected to the Audit Committee's reviews prior to the Board's approval. In addition, statutory auditors' advice is sought as and when required;
- Monthly variance analysis between actual performance and approved budget results. Comprehensive management accounts and reports are prepared, explanation of major variances is presented in the monthly management committee meeting;
- Board meetings are scheduled regularly. Board papers are distributed to the members 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 which would ensure that the Board maintains full and effective control on the direction of the Group;
- Active involvement by the Executive Directors in the running of the business and operations of the Group and they report 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, to ensure that the employees are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

### CONCLUSION

The Board is of the view that the Company's system of internal controls is adequate to safeguard shareholders' investments and the Company's assets. There were no material losses incurred during the financial year as a result of weaknesses in internal control that would require disclosure in the annual report. Nevertheless, the Board is also cognizant of the fact that the Company'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 system of internal controls.

## OTHER COMPLIANCE INFORMATION

The following information provided is in respect of the financial year ended 31 December 2008.

### UTILISATION OF PROCEEDS

The total gross proceeds arising from the initial listing of the Company of approximately RM7.24 million, which were planned to be utilised within 24 months from 23 June 2006 (being the listing date of the Company on Bursa Malaysia Securities Berhad), have been fully utilised in the first quarter of the financial year under review, the details of which are as follows:-

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance amount RM'000	%
1. R&D expenditure	2,225	2,225	—	—
2. Working capital requirements	3,515	3,802	—	—
3. Listing expenses	1,500	1,213	—	—
	7,240	7,240	—	—

Apart from the total gross proceeds arising from its listing, the Company has not undertaken any fund-raising corporate exercise.

### SHARE BUYBACKS

During the financial year under review, the Company did not enter into any share buyback transactions.

### OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Saved for the options granted and exercised as disclosed on page 31 of the Annual Report, the Company has not issued any options, warrants or convertible securities during the financial year under review.

### AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

During the financial year, the Company did not sponsor any ADR or GDR programmes.

### SANCTIONS AND/OR PENALTIES

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year under review.



## OTHER COMPLIANCE INFORMATION (CONT'D)

---

### **NON-AUDIT FEES**

There were no fees paid or payable to the external auditors by the Group for the financial year ended 31 December 2008 for non-audit related work.

### **PROFIT ESTIMATES, FORECAST OR PROJECTION**

There was no profit forecast issued by the Group.

### **PROFIT GUARANTEE**

No profit guarantee was given by the Company and or its subsidiaries in respect of the financial year.

### **MATERIAL CONTRACTS**

During the financial year under review, there were no material contracts entered into by the Company and its subsidiaries which involved Directors' or major shareholders' interests.

### **REVALUATION POLICY ON LANDED PROPERTY**

The Group does not have a revaluation policy in respect of the Group's property.

### **RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE**

The details of the recurrent related party transactions are disclosed on pages 66 to 67 of the Annual Report.

# FINANCIAL STATEMENTS

---

Directors' Report	30 - 34
Independent Auditors' Report	35 - 36
Income Statements	37
Balance Sheets	38 - 39
Statements of Changes in Equity	40
Cash Flow Statements	41
Notes to the Financial Statements	42 - 68
Statement by Directors	69
Declaration by the Officer	69

## DIRECTORS' REPORT

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 2008.

### PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding and provision of and 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

Significant events during the financial year are disclosed in Note 28 to the Financial Statements.

### RESULTS OF OPERATIONS

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

	<b>The Group RM</b>	<b>The Company RM</b>
<b>Profit before tax</b>	2,501,127	3,382,615
<b>Income tax (expense)/credit</b>	(191,183)	534
<b>Net profit for the year</b>	2,309,944	3,383,149
<b>Attributable to:</b>		
<b>Equity holders of the Company</b>	2,309,134	3,383,149
<b>Minority interests</b>	810	–
	2,309,944	3,383,149

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

A final dividend of 1 sen per share, tax-exempt, amounting to RM1,274,060 proposed in the previous financial year and disclosed in the previous Directors' report, was paid on 19 May 2008.

The Directors proposed a final dividend of 1 sen per share, tax-exempt, amounting to RM1,274,060 in respect of the current financial year. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

### 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.

## DIRECTORS' REPORT (CONT'D)

### ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or 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 from 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 in all respects 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.

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

Exercisable from	Exercise price per ordinary share (RM)	Number of options over ordinary shares of RM0.10 each				Balance as of 31.12.2008
		Balance as of 1.1.2008	Granted	Exercised	Lapsed	
27.4.2007	0.49	5,429,000	–	–	(1,102,500)	4,326,500
27.4.2008	0.46	936,300	–	–	(588,300)	348,000

Except as disclosed hereunder, the Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who were granted options amounting to less than 108,000 options under the ESOS:

	Number of options granted (more than 108,000 options granted)
<b>Directors</b>	
Datuk Ali Bin Abdul Kadir	1,000,000
Datuk Zainun Aishah Binti Ahmad	1,000,000
Phong Hon Voon	108,100
David Hii Chin Yun	108,100



# DIRECTORS' REPORT

## (CONT'D)

### SHARE OPTIONS (CONT'D)

	Number of options granted (more than 108,000 options granted)
<b>Employees</b>	
Wong Kim Ming	108,100
Lee King You	108,100
Azidah Binti M.O.B. Hassan	108,100

### OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets 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 there are no known bad debts to be written off and that no allowance for doubtful debts is required; 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 the setting up of allowance for doubtful debts in the financial statements of the Group and of the Company; 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.

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' REPORT (CONT'D)

### DIRECTORS

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

Datuk Ali Bin Abdul Kadir  
 Datuk Zainun Aishah Binti Ahmad  
 Chok Kwee Bee  
 Yong Kar Seng Peter  
 Phong Hon Voon  
 David Hii Chin Yun  
 Khaled H Mohareb Al-Hayen

In accordance with Article 70 of the Company's Articles of Association, Datuk Ali Bin Abdul Kadir, Datuk Zainun Aishah Binti Ahmad and Mr. Phong Hon Voon retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS

The shareholdings in the Company 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 1.1.2008	Bought	Sold
<b>Shares in the Company</b>			
<b>Direct Interest</b>			
Datuk Ali Bin Abdul Kadir	2,050,000	—	—
Datuk Zainun Aishah Binti Ahmad	50,000	—	—
Chok Kwee Bee	50,000	—	—
Yong Kar Seng Peter	7,709,170	—	—
Phong Hon Voon	14,339,991	495,188	(1,700,000)
David Hii Chin Yun	12,078,191	266,713	(450,000)
<b>Indirect Interest</b>			
Datuk Ali Bin Abdul Kadir	2,950,000	205,000	—
Yong Kar Seng Peter	211,000	—	—
Phong Hon Voon	11,355,235	—	(4,250,155)
David Hii Chin Yun	11,355,235	—	(4,250,155)

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

	Number of options over ordinary shares of RM0.10 each		
	Balance as of 1.1.2008	Granted	Exercised
<b>Options in the Company</b>			
Datuk Ali Bin Abdul Kadir	1,000,000	—	—
Datuk Zainun Aishah Binti Ahmad	1,000,000	—	—
Chok Kwee Bee	99,000	—	—
Yong Kar Seng Peter	99,000	—	—
Phong Hon Voon	108,100	—	—
David Hii Chin Yun	108,100	—	—

## DIRECTORS' REPORT (CONT'D)

---

### **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 other than any benefits that may be deemed to have arisen by virtue of the transactions as disclosed in Note 26 to the Financial Statements.

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 other than the options granted as disclosed above and in Note 26 to the Financial Statements.

### **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**

**DAVID HII CHIN YUN**

Kuala Lumpur,  
13 March 2009

# 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 balance sheets of the Group and of the Company as of 31 December 2008 and the income statements, statements of changes in equity and cash flow statements for the financial year then ended of the Group and of the Company, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 68.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, 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.

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 and fair presentation of the financial statements 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 have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and 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 2008 and of their financial performance and cash flows for the financial year then ended.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MICROLINK SOLUTIONS BERHAD (CONT'D)

---

### 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 financial statements and auditors' reports of subsidiary companies of which we have not acted as auditors, as shown in Note 12 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes.
- (d) The auditors' report on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Sub-section (3) of Section 174 of the Act.

**DELOITTE & TOUCHE**  
**AF 0834**  
**Chartered Accountants**

**HIEW KIM TIAM**  
**Partner - 1717/8/09 (J)**  
**Chartered Accountant**

13 March 2009



## INCOME STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2008

	Note(s)	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	5 & 6	14,812,593	15,753,887	5,938,800	11,386,849
Cost of sales		(5,257,750)	(8,751,481)	(585,955)	(1,419,351)
Gross profit		9,554,843	7,002,406	5,352,845	9,967,498
Distribution costs		(1,447,554)	(882,009)	(475,262)	–
Administrative expenses		(4,878,640)	(5,239,845)	(1,297,251)	(2,798,649)
Other operating expenses		(1,091,860)	(962,594)	(398,605)	(323,842)
Other operating income		405,561	353,709	200,888	95,079
Share of results of jointly controlled entity		(41,223)	–	–	–
<b>Profit before tax</b>	7	2,501,127	271,667	3,382,615	6,940,086
Income tax (expense)/credit	8	(191,183)	353,561	534	(5,861)
<b>Net profit for the year</b>		2,309,944	625,228	3,383,149	6,934,225
<b>Attributable to:</b>					
Equity holders of the Company		2,309,134	625,228		
Minority interests		810	–		
		2,309,944	625,228		
<b>Earnings per share</b>					
Basic (sen)	9	1.81	0.49		
Diluted (sen)	9	N/A	N/A		

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

## BALANCE SHEETS

### AS AT 31 DECEMBER 2008

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property, plant and equipment	10	1,401,250	949,408	66,560	171,367
Software development expenditure	11	9,037,089	6,475,378	12,787,405	11,014,221
Investment in subsidiaries	12	–	–	9,117,410	9,116,894
Interests in a jointly controlled entity	13	333,137	–	–	–
Goodwill on consolidation	14	2,817,852	2,817,852	–	–
Total non-current assets		13,589,328	10,242,638	21,971,375	20,302,482
<b>Current Assets</b>					
Trade receivables	15	3,771,103	3,374,558	–	–
Other receivables, deposits and prepaid expenses	15	1,160,743	1,232,120	65,169	29,523
Amount owing by subsidiaries	12	–	–	10,183,586	9,957,448
Amount due from contract customers	16	389,538	731,841	–	–
Short-term investments	17	8,594,279	9,922,364	6,591,540	6,564,660
Fixed deposits with licensed financial institutions	18	2,515,526	2,526,779	–	–
Cash and bank balances		2,465,674	3,158,603	234,522	347,596
Total current assets		18,896,863	20,946,265	17,074,817	16,899,227
<b>Total Assets</b>		<b>32,486,191</b>	<b>31,188,903</b>	<b>39,046,192</b>	<b>37,201,709</b>

## BALANCE SHEETS

### AS AT 31 DECEMBER 2008 (CONT'D)

	Note	The Group 2008 RM	2007 RM	The Company 2008 RM	2007 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	19	12,740,600	12,740,600	12,740,600	12,740,600
Reserves	20	16,146,595	15,182,514	25,702,025	23,524,244
Equity attributable to equity holders of the Company		28,887,195	27,923,114	38,442,625	36,264,844
Minority interests		1,304	–	–	–
		28,888,499	27,923,114	38,442,625	36,264,844
<b>Deferred Liability</b>					
Deferred tax liabilities	21	198,400	–	–	–
<b>Current Liabilities</b>					
Trade payables	22	159,214	146,028	–	–
Other payables and accrued expenses	22	754,216	891,098	185,415	136,759
Deferred maintenance income		2,485,862	2,228,663	418,152	800,106
Total current liabilities		3,399,292	3,265,789	603,567	936,865
<b>Total Liabilities</b>		3,597,692	3,265,789	603,567	936,865
<b>Total Equity and Liabilities</b>		32,486,191	31,188,903	39,046,192	37,201,709

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2008

The Group	Note	Share capital RM	Distributable reserve - Unappropriated profit RM	Share premium RM	Non-distributable reserves Equity compensation reserve RM	Translation reserve RM	Equity attributable to equity holders of the Company RM	Minority interests RM	Total RM
<b>Balance as at 1 January 2007</b>		12,740,600	12,277,301	3,466,728	55,104	–	28,539,733	–	28,539,733
Dividend	23	–	(1,274,060)	–	–	–	(1,274,060)	–	(1,274,060)
ESOS expenses		–	–	–	32,213	–	32,213	–	32,213
Net profit for the year		–	625,228	–	–	–	625,228	–	625,228
<b>Balance as at 31 December 2007 / 1 January 2008</b>		12,740,600	11,628,469	3,466,728	87,317	–	27,923,114	–	27,923,114
Dividend	23	–	(1,274,060)	–	–	–	(1,274,060)	–	(1,274,060)
ESOS expenses		–	–	–	68,692	–	68,692	–	68,692
Issue of shares to minority shareholders		–	–	–	–	–	–	494	494
Exchange differences arising on translation of foreign operations		–	–	–	–	(139,685)	(139,685)	–	(139,685)
Net profit for the year		–	2,309,134	–	–	–	2,309,134	810	2,309,944
<b>Balance as at 31 December 2008</b>		12,740,600	12,663,543	3,466,728	156,009	(139,685)	28,887,195	1,304	28,888,499

The Company	Note	Share capital RM	Distributable reserve - Unappropriated profit RM	Share premium RM	Non-distributable reserves Equity compensation reserve RM	Total RM
<b>Balance as at 1 January 2007</b>		12,740,600	14,310,034	3,466,728	55,104	30,572,466
Dividend	23	–	(1,274,060)	–	–	(1,274,060)
ESOS expenses		–	–	–	32,213	32,213
Net profit for the year		–	6,934,225	–	–	6,934,225
<b>Balance as at 31 December 2007 / 1 January 2008</b>		12,740,600	19,970,199	3,466,728	87,317	36,264,844
Dividend	23	–	(1,274,060)	–	–	(1,274,060)
ESOS expenses		–	–	–	68,692	68,692
Net profit for the year		–	3,383,149	–	–	3,383,149
<b>Balance as at 31 December 2008</b>		12,740,600	22,079,288	3,466,728	156,009	38,442,625

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

## CASH FLOW STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	The Group 2008 RM	2007 RM	The Company 2008 RM	2007 RM
<b>CASH FLOWS FROM/(USED IN)</b>					
<b>OPERATING ACTIVITIES</b>					
Receipts from customers		15,330,282	21,491,226	8,615,601	13,870,355
Payments to suppliers and employees		(11,746,145)	(14,828,385)	(5,598,347)	(4,559,882)
Income tax refunded		78,563	—	—	—
Payments of income tax expense		(245,765)	(333,510)	(2,730)	(5,546)
Net Cash From Operating Activities		3,416,935	6,329,331	3,014,524	9,304,927
<b>CASH FLOWS FROM/(USED IN)</b>					
<b>INVESTING ACTIVITIES</b>					
Investment in subsidiary companies		—	—	(516)	—
Investment in a jointly controlled entity		(374,360)	—	—	—
Purchase of property, plant and equipment		(921,054)	(437,749)	—	—
Proceeds from disposal of property, plant and equipment		4,451	—	—	—
Software development expenditure incurred		(3,120,121)	(1,761,905)	(2,027,030)	(3,827,526)
Interest received		384,949	336,736	200,888	80,080
Net Cash Used In Investing Activities		(4,026,135)	(1,862,918)	(1,826,658)	(3,747,446)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>					
Share issue expenses		—	(39,375)	—	(39,375)
Dividend paid		(1,274,060)	(1,274,060)	(1,274,060)	(1,274,060)
Net Cash Used In Financing Activities		(1,274,060)	(1,313,435)	(1,274,060)	(1,313,435)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(1,883,260)	3,152,978	(86,194)	4,244,046
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		15,607,746	12,454,768	6,912,256	2,668,210
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(149,007)	—	—	—
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	25	13,575,479	15,607,746	6,826,062	6,912,256

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. The Company is also a Multimedia Super Corridor ("MSC") status company.

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

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

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 10th Floor, Wisma Havela Thakardas, No. 1, Jalan Tiong Nam, Off Jalan Raja Laut, 50350 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 13 March 2009.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standard Board ("MASB") approved accounting standards in Malaysia.

### Adoption of New and Revised Financial Reporting Standards

In the current financial year, the Group and the Company adopted all of the new and revised Financial Reporting Standards ("FRSs"), amendment to FRS and IC Interpretation issued by MASB that are relevant to their operations and effective for annual periods beginning on or after 1 January 2008 as follows:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 8	Scope of FRS 2

The adoption of the abovementioned revised FRSs, amendment to FRS and IC Interpretation have not resulted in substantial changes to the Group's and the Company's accounting policies and does not have any material financial effect on the financial statements of the Group and of the Company for the current and prior financial years.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

#### Standards And Interpretations In Issue But Not Yet Adopted

At the date of authorisation for issue of these financial statements, the following FRSs and IC Interpretations were issued but not yet effective until future periods:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

Except for FRS 8 which is effective for annual periods beginning on or after 1 July 2009, the other FRSs and IC Interpretations are effective for annual periods beginning on or after 1 January 2010.

The Directors anticipate that the adoption of the applicable FRSs and IC Interpretations in future periods will have no material financial effect on the financial statements of the Group and of the Company. By virtue of the exemption provided in paragraph 103AB of FRS 139, the impact of applying FRS 139 on the Group's and the Company's financial statements upon initial application of this standard as required by paragraph 30(b) of FRS 108 is not disclosed.

### 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.

#### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved whereby the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets of consolidated subsidiary companies are identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary company's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Business Combinations

The acquisition of subsidiary companies is accounted for using the purchase method. The cost of the 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, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3, Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 5, Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in consolidated income statements.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

#### 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 entered into.

Revenue in respect of sales of goods 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 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 income statements 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Employee Benefits

##### (a) 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 leaves are recognised when the absences occur.

##### (b) 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 income statements. Once the contributions have been paid, the Group and the Company have no further payment obligations.

##### (c) Share-based compensation

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

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 balance sheet date, the Group revises its 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 income statements 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.

#### Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 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, 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 balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at balance sheet 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 Ringgit Malaysia using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve account. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statements for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statements for the year except for differences arising on the retranslation of non-monetary items in respect of which gain and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

#### Impairment of Assets Excluding Goodwill

The carrying amounts of property, plant and equipment, software development expenditure, investment in subsidiaries and interests in a jointly controlled entity are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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.

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 the income statements.

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, to the extent 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 the income statements.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 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 the income statements.

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 balance sheet date.

#### Software Development Expenditure

Software development expenditure is charged to the income statements 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 years in which benefits are expected to be derived commencing from the period in which the software is available for sale or use.

#### Investment in Subsidiaries

Subsidiaries are those companies in which the Group has a long-term equity investment of more than 50% and/or power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investment in unquoted shares of subsidiaries, which is eliminated on consolidation, is stated in the Company's financial statements at cost less any impairment losses.

#### Interests in a Jointly Controlled Entity

A jointly controlled entity is a non-subsidiary company in which the Group has joint control over its economic activities under a contractual arrangement.

Investment in unquoted shares of jointly controlled entity is stated in the Company's financial statements at cost less any impairment losses.

The Group's interests in jointly controlled entity are accounted for by the equity method of accounting based on the management financial statements of the jointly controlled entity made up to the end of the financial year. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the jointly controlled entity is included in the consolidated results.

Unrealised profits and losses arising on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interests in the relevant jointly controlled entity.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

---

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### **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 is not reversed in a 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.

#### **Receivables**

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

#### **Short-term Investments**

Short-term investments are stated at the lower of cost and net realisable value.

#### **Deferred Maintenance Income**

Deferred maintenance income represents income received in advance for maintenance work and is recognised in the income statements evenly over the period in which the maintenance works are 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 balance sheet date, and are discounted to present value where the effect is material.

At each balance sheet 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.

#### **Cash Flow Statements**

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

#### (i) 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.

#### (ii) Key sources of estimation uncertainty

Management believes that the key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year 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 makes an assessment, among other factors, whether the product is technically feasible and would be commercialised, and whether the Group and the Company has sufficient technical, financial and other resources to market the product. In addition, the Group and the Company also applies its judgement to assess the probability of expected future economic benefits, that are attributable to the use of these capitalised software development expenditure that will flow to the Group and the Company. The Directors anticipated that the relevant software development expenditure capitalised as of 31 December 2008 would be able to be commercialised and completely amortised over its expected useful lives of approximately 5 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.

### 5. REVENUE

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Projects	4,869,315	7,602,240	—	—
Maintenance income:				
Third parties	6,587,748	5,848,517	—	—
Subsidiaries	—	—	1,788,265	1,639,965
Small scale projects and integration charges:				
Third parties	3,355,530	2,303,130	—	—
Subsidiaries	—	—	3,838,581	8,440,212
Software licensing fee charged to subsidiaries	—	—	311,954	1,306,672
	14,812,593	15,753,887	5,938,800	11,386,849

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6. OPERATING COSTS APPLICABLE TO REVENUE

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cost of software and hardware	308,089	1,099,100	–	–
Contract costs recognised	1,678,647	4,530,048	–	–
Directors' remuneration:				
Emoluments	594,036	787,938	504,101	769,951
Contributions to EPF	46,812	69,269	46,812	69,269
	640,848	857,207	550,913	839,220
Staff costs	6,049,164	5,833,260	881,367	1,962,724
Depreciation of property, plant and equipment	336,667	266,679	45,743	58,814
Amortisation of software development expenditure	558,410	663,679	253,846	241,596
Other operating expenses	3,103,979	2,585,956	1,025,204	1,439,488
	12,675,804	15,835,929	2,757,073	4,541,842

Staff costs include salaries, ESOS expenses, 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 RM740,206 (RM833,710 in 2007) and RM207,031 (RM366,424 in 2007) respectively.

The remunerations of the key management personnel, which are the directors' remuneration, are as disclosed above.

### 7. PROFIT BEFORE TAX

This is arrived at:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>After charging:</b>				
Rental of office	405,178	271,370	48,822	48,798
Write-off of property, plant and equipment	127,625	–	59,064	–
Auditors' remuneration:				
Current year	76,902	50,000	30,000	25,000
Under provision in prior years	–	15,040	–	10,020
Realised loss on foreign exchange	33,275	99,380	–	–
Loss on disposal of property, plant and equipment	469	23	–	–
<b>And crediting:</b>				
Interest income	384,949	338,709	200,888	80,080

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. INCOME TAX (CREDIT)/EXPENSE

Income tax (credit)/expense consists of the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>	<b>2008 RM</b>	<b>2007 RM</b>
Estimated tax payable:				
Current year	23,933	5,316	2,226	3,816
(Over)/Underprovision in prior years	(31,150)	15,123	(2,760)	2,045
	(7,217)	20,439	(534)	5,861
Deferred tax (Note 21):				
Current year	198,400	(374,000)	–	–
	191,183	(353,561)	(534)	5,861

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 2005 to 31 August 2009. 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 shareholder. As at 31 December 2008, the Company has tax-exempt income of RM25,237,000 (RM21,792,000 in 2007) which is subject to agreement with the tax authorities.

A reconciliation of income tax expense/(credit) 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:

	<b>The Group</b>		<b>The Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>	<b>2008 RM</b>	<b>2007 RM</b>
Profit before tax	2,501,127	271,667	3,382,615	6,940,086
Tax at applicable tax rates of 26% (27% in 2007)	650,293	73,350	879,480	1,873,823
Tax effects of non-deductible expenses	393,040	113,966	153,746	46,993
Pioneer status tax-exempt income	(876,000)	(908,000)	(896,000)	(1,325,000)
Deferred tax liabilities not recognised	(135,000)	(592,000)	(135,000)	(592,000)
Deferred tax assets not recognised	190,000	944,000	–	–
(Over)/Underprovision of tax payable in prior years	(31,150)	15,123	(2,760)	2,045
	191,183	(353,561)	(534)	5,861



# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 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 number of ordinary shares in issue during the year.

	<b>The Group</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Profit attributable to ordinary equity holders of the Company	2,309,134	625,228
Number of RM0.10 each in issue	127,406,000	127,406,000
Basic earnings per share (sen)	1.81	0.49

#### (b) Diluted earnings per share

The diluted earnings per share of the Group has not been presented as the options over unissued ordinary shares granted pursuant to the ESOS at the end of the financial year have anti-dilutive effect as the exercise prices of the options are above the average market value of the Company's shares during the financial years ended 31 December 2008 and 2007.

### 10. PROPERTY, PLANT AND EQUIPMENT

<b>The Group</b>	<b>Furniture and fittings RM</b>	<b>Office equipment RM</b>	<b>Computer software and hardware RM</b>	<b>Renovations RM</b>	<b>Total RM</b>
<b>Cost</b>					
Balance as of 1 January 2007	226,845	285,784	2,754,890	154,357	3,421,876
Reclassification	–	4,020	(4,020)	–	–
Additions	25,437	28,950	325,138	58,224	437,749
Disposals	(44,980)	(12,774)	(137,522)	–	(195,276)
Balance as of 1 January 2008	207,302	305,980	2,938,486	212,581	3,664,349
Additions	167,837	82,543	164,160	506,514	921,054
Disposals	–	–	(6,675)	–	(6,675)
Written off	(154,254)	(238,180)	(1,203,308)	(148,628)	(1,744,370)
Balance as of 31 December 2008	220,885	150,343	1,892,663	570,467	2,834,358

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Furniture and fittings RM	Office equipment RM	Computer software and hardware RM	Renovations RM	Total RM
<b>Accumulated Depreciation</b>					
Balance as of					
1 January 2007	169,078	269,614	2,177,350	27,473	2,643,515
Reclassification	(475)	5	470	–	–
Charge for the year	24,160	10,083	214,082	18,354	266,679
Disposals	(44,958)	(12,774)	(137,521)	–	(195,253)
Balance as of					
1 January 2008	147,805	266,928	2,254,381	45,827	2,714,941
Charge for the year	35,115	21,292	240,798	39,462	336,667
Disposals	–	–	(1,755)	–	(1,755)
Written off	(134,472)	(236,819)	(1,203,301)	(42,153)	(1,616,745)
Balance as of					
31 December 2008	48,448	51,401	1,290,123	43,136	1,433,108
<b>Net Book Value</b>					
Balance as of					
31 December 2008	172,437	98,942	602,540	527,331	1,401,250
Balance as of					
31 December 2007	59,497	39,052	684,105	166,754	949,408
<b>The Company</b>					
<b>Cost</b>					
Balance as of					
1 January 2007	95,474	14,360	123,754	116,651	350,239
Reclassification	(16,296)	–	16,296	–	–
Balance as of					
1 January 2008	79,178	14,360	140,050	116,651	350,239
Written off	(74,570)	(7,400)	–	(72,388)	(154,358)
Balance as of					
31 December 2008	4,608	6,960	140,050	44,263	195,881

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Furniture and fittings RM	Office equipment RM	Computer software and hardware RM	Renovations RM	Total RM
<b>Accumulated Depreciation</b>					
Balance as of 1 January 2007	40,133	6,143	47,336	26,446	120,058
Charge for the year	15,836	2,872	28,441	11,665	58,814
Balance as of 1 January 2008	55,969	9,015	75,777	38,111	178,872
Charge for the year	8,378	2,132	28,393	6,840	45,743
Written off	(60,899)	(6,043)	–	(28,352)	(95,294)
Balance as of 31 December 2008	3,448	5,104	104,170	16,599	129,321
<b>Net Book Value</b>					
Balance as of 31 December 2008	1,160	1,856	35,880	27,664	66,560
Balance as of 31 December 2007	23,209	5,345	64,273	78,540	171,367

Included in the cost of property, plant and equipment of the Group is an amount of approximately RM680,000 (RM2,029,000 in 2007), representing fully depreciated property, plant and equipment which are still in use by the Group.

### 11. SOFTWARE DEVELOPMENT EXPENDITURE

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>At cost:</b>				
At beginning of year	12,229,249	10,548,184	15,282,314	12,302,707
Incurred during the year	3,120,121	1,761,905	2,027,030	3,827,526
Write off during the year	–	(80,840)	–	(847,919)
At end of year	15,349,370	12,229,249	17,309,344	15,282,314
<b>Cumulative amortisation:</b>				
At beginning of year	(5,753,871)	(5,090,192)	(4,268,093)	(4,026,497)
Current year amortisation	(558,410)	(663,679)	(253,846)	(241,596)
At end of year	(6,312,281)	(5,753,871)	(4,521,939)	(4,268,093)
<b>Net book value</b>	9,037,089	6,475,378	12,787,405	11,014,221

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. SOFTWARE DEVELOPMENT EXPENDITURE (CONT'D)

Current charges to software development expenditure include the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>	<b>2008 RM</b>	<b>2007 RM</b>
Staff costs:				
Salaries, bonuses and all other staff related expenses	548,870	1,453,570	442,193	1,086,919
Contributions to EPF	59,128	131,991	41,882	100,042
Consultation costs related to research and development (Note 26)	2,512,123	–	–	–
Provision of information technology solutions by subsidiaries (Note 26)	–	–	1,436,615	2,432,273

### 12. INVESTMENT IN SUBSIDIARIES

	<b>The Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Unquoted shares - at cost	9,117,410	9,116,894

The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2008 %	2007 %	
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.
Microlink Innovation Sdn. Bhd.	Malaysia	60	–	Provision of research and development for information technology solutions to the financial services industry.
Direct Subsidiary				
Microlink Software Sdn. Bhd. (formerly known as Maju Kombinasi Sdn. Bhd.) @	Malaysia	51	–	Providing consultancy services in supporting and modifying banking software.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2008 %	2007 %	
Indirect Subsidiary Company (Held through Microlink Systems Sdn. Bhd. and Microlink Worldwide Sdn. Bhd.)				
PT Microlink Indonesia @	Republic of Indonesia	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.

Amount owing by subsidiaries, which arose mainly from trade transactions and payments on behalf, is unsecured, interest-free and has no fixed repayment terms.

### 13. INTERESTS IN A JOINTLY CONTROLLED ENTITY

	The Group	
	2008 RM	2007 RM
<b>Unquoted shares - at cost</b>		
Foreign	374,360	–
Share of post - acquisition loss	(41,223)	–
	333,137	–
Represented by:		
Share of net assets	333,137	–

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 13. INTERESTS IN A JOINTLY CONTROLLED ENTITY (CONT'D)

The Group's aggregate share of income, expenses, assets and liabilities of the jointly controlled entity is as follows:

	<b>The Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Revenue	1,958,016	–
Expenses	1,999,239	–
Net losses	(41,223)	–
Current assets	315,440	–
Non-current assets	81,979	–
Current liabilities	(64,282)	–
Net assets	333,137	–

The details of the jointly controlled entity are as follows:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Effective Equity Interest</b>		<b>Principal Activities</b>
		<b>2008</b>	<b>2007</b>	
		<b>%</b>	<b>%</b>	
Microlink Middle East Company for Programming and Computer Corporation LLC	The State of Kuwait	50	–	Provision of information technology solutions to the financial services industry and dealing in related products.

### 14. GOODWILL ON CONSOLIDATION

	<b>The Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
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 had been allocated as follows:

	<b>The Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
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.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 14. GOODWILL ON CONSOLIDATION (CONT'D)

#### 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% (15.3% in 2007). 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 estimated growth rate of 8.0% (13.6% in 2007). This rate does not exceed the average long-term growth rate of the relevant market.

#### 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

Trade receivables of the Group and of the Company represent amounts receivable for the provision of information technology solutions and dealing in related products. The credit period granted to trade receivables is 30 days (30 days in 2007).

Included in trade receivables of the Group is an amount of RM463,594 (RM564,339 in 2007) representing amount owing by Technology World Company K.S.C.C, a company incorporated in the State of Kuwait and a substantial shareholder of the Company.

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Refundable deposits	214,635	122,099	32,399	26,799
Prepaid expenses	468,302	832,871	10,942	2,660
Tax recoverable	451,569	277,150	3,328	64
Other receivables	26,237	–	18,500	–
	1,160,743	1,232,120	65,169	29,523

### 16. AMOUNT DUE FROM CONTRACT CUSTOMERS

	The Group	
	2008 RM	2007 RM
Contract costs incurred plus recognised profits	710,766	3,500,253
Progress billings received and receivable	(321,228)	(2,768,412)
Due from contract customers	389,538	731,841
Retention sum held by contract customers (included under trade receivables)	524,548	280,677

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 17. SHORT-TERM INVESTMENTS

Short-term investments are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>	<b>2008 RM</b>	<b>2007 RM</b>
At cost	8,594,279	9,922,364	6,591,540	6,564,660

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 2.88% to 3.25% (2.91% to 3.50% in 2007) 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 3.00% to 3.10% (3.00% to 3.10% in 2007) per annum.

Fixed deposits of the Group have an average maturity of 1 month (1 month in 2007).

Included in fixed deposits of the Group is an amount of RM2,515,526 (RM2,515,526 in 2007) pledged to a licensed bank as security for banking facilities granted.

As at 31 December 2008, the Group has unutilised credit facilities totalling RM2,500,000 (RM2,500,000 in 2007) 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 8.10% (8.10% in 2007) per annum.

### 19. SHARE CAPITAL

	<b>The Group and The Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
<b>Authorised:</b>		
At beginning and end of year:		
250,000,000 ordinary shares of RM0.10 each	25,000,000	25,000,000
<b>Issued and fully paid:</b>		
At beginning and end of year:		
127,406,000 ordinary shares of RM0.10 each	12,740,600	12,740,600

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.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 19. SHARE CAPITAL (CONT'D)

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 from 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 in all respects 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:
  - i. the issue price of RM0.49 for options that were granted prior to the listing; or
  - ii. 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.

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

Exercisable from	Exercise price per ordinary share (RM)	Number of options over ordinary shares of RM0.10 each				Balance as of 31.12.2008
		Balance as of 1.1.2008	Granted	Exercised	Lapsed	
27.4.2007	0.49	5,429,000	–	–	(1,102,500)	4,326,500
27.4.2008	0.46	936,300	–	–	(588,300)	348,000

### 20. RESERVES

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Distributable:</b>				
Unappropriated profit	12,663,543	11,628,469	22,079,288	19,970,199
<b>Non-distributable:</b>				
Share premium	3,466,728	3,466,728	3,466,728	3,466,728
Equity compensation reserve	156,009	87,317	156,009	87,317
Translation reserve	(139,685)	–	–	–
	16,146,595	15,182,514	25,702,025	23,524,244

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. RESERVES (CONT'D)

	<b>The Group and the Company</b>	<b>Equity</b>
	<b>Share premium RM</b>	<b>compensation reserve RM</b>
Balance as at 1 January 2007	3,466,728	55,104
Recognition of share-based payments	–	32,213
Balance as at 31 December 2007/1 January 2008	3,466,728	87,317
Recognition of share-based payments	–	68,692
Balance as at 31 December 2008	3,466,728	156,009

#### Unappropriated profit

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.

Companies without Section 108 tax credit balance will automatically move to the single tier tax system on 1 January 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier tax system and disregard the tax credit or to continue to use the tax credits under Section 108 account to frank the payment of cash dividends on ordinary shares for a period of 6 years ending 31 December 2013 or until the tax credits are fully utilised, whichever comes first. During the transitional period, any tax paid will not be added to the Section 108 account and any tax credits utilised will reduce the tax credit balance. All companies will be in the new system on 1 January 2014.

As of the balance sheet date, the Company has not elected for the irrevocable option to disregard its Section 108 tax credits. Accordingly, subject to the agreement of the Inland Revenue Board and based on the prevailing tax rate applicable, the estimated tax credits and the tax-exempt income account balances as mentioned in Note 8, the Company is able to frank the payment as dividend out of its entire unappropriated profit as of 31 December 2008 without additional tax liabilities being incurred.

#### Share premium

Share premium arose from the premium on the issuance of new ordinary shares in 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.

#### Translation reserve

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

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 21. DEFERRED TAX LIABILITIES

	<b>The Group</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
At beginning of year	–	374,000
Transfer from/(to) income statements (Note 8)	198,400	(374,000)
At end of year	198,400	–

The deferred tax liabilities represent the tax effects of temporary differences arising from:

	<b>The Group</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Software development expenditure	46,200	–
Property, plant and equipment	152,200	–
	198,400	–

As at 31 December 2008, the tax effects of taxable temporary differences which would give rise to deferred tax liabilities that have not been recognised in the financial statements as the settlement of the liabilities are estimated to be within the pioneer period, are as follows:

	<b>The Group and the Company Deferred Tax Liability</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Tax effects of temporary differences arising from:		
Property, plant and equipment	54,000	132,000
Software development expenditure	347,000	134,000
	401,000	266,000

As explained in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets 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 2008, the estimated amount of deferred tax asset calculated at current tax rate, which has not been recognised in the financial statements of the Group due to uncertainty of its realisation, is as follows:

	<b>The Group Deferred Tax Asset</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Tax effects of unused tax losses	1,222,000	1,032,000

The unused tax losses are subject to agreement by the tax authorities.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 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 2007).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	12,600	111,225	13,166	17,043
Accrued expenses	741,616	779,873	172,249	119,716
	754,216	891,098	185,415	136,759

### 23. DIVIDEND

	The Group and the Company	
	2008 RM	2007 RM
In respect of financial year ended 31 December 2006:		
Final dividend of 1 sen per share, tax-exempt	–	1,274,060
In respect of financial year ended 31 December 2007:		
Final dividend of 1 sen per share, tax-exempt	1,274,060	–
	1,274,060	1,274,060

### 24. FINANCIAL INSTRUMENTS

#### Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities.

#### (i) Foreign currency risk

The Group undertakes certain trade transactions in foreign currencies where the amounts outstanding are exposed to foreign currency risk.



# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 24. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Risk Management Objectives and Policies (Cont'd)

##### (i) Foreign currency risk (cont'd)

Analysis of financial assets and liabilities of the Group and of the Company by foreign currency is as follows:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Cash and bank balances</b>				
Ringgit Malaysia	1,809,068	3,101,513	234,522	347,596
Indonesia Rupiah	644,286	—	—	—
United States Dollar	12,320	57,090	—	—
	2,465,674	3,158,603	234,522	347,596
<b>Trade receivables</b>				
Ringgit Malaysia	2,473,796	2,449,878	—	—
United States Dollar	1,297,307	822,553	—	—
Brunei Dollar	—	102,127	—	—
	3,771,103	3,374,558	—	—

##### (ii) Interest rate risk

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

##### (iii) Credit risk

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

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. 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.

##### (iv) Liquidity risk

The Group and the Company have sufficient funds to finance its ongoing working capital requirements.

##### (v) Cash flow risk

The Group and the Company review its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial Assets

The principal financial assets of the Group are cash and bank balances, fixed deposits with licensed financial institutions, trade and other receivables and short-term investments.

The financial assets of the Company also include amount owing by subsidiaries.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

#### Financial Liabilities and Equity Instruments

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

Significant financial liabilities include trade and other payables, which are stated at their nominal values.

Equity instruments are recorded at the proceeds received net of direct issue costs.

#### Fair Values

**Cash and cash equivalents, trade and other receivables, trade and other payables, inter-company indebtedness.**

The carrying amounts approximate fair values because of the short maturity period of these instruments.

### 25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	2,465,674	3,158,603	234,522	347,596
Fixed deposits with licensed financial institutions	2,515,526	2,526,779	—	—
Short-term investments	8,594,279	9,922,364	6,591,540	6,564,660
	13,575,479	15,607,746	6,826,062	6,912,256

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 26. RELATED PARTY TRANSACTIONS

Significant transactions, undertaken with related parties during the financial year, are as follows:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<u>Subsidiaries</u>				
Provision of information technology solutions to subsidiaries	–	–	5,626,846	10,080,177
Software licensing fee charged to subsidiaries	–	–	311,954	1,306,672
Provision of information technology solutions by subsidiaries (Note 11)	–	–	1,436,615	2,432,273
<u>Related party</u>				
Purchase of computer hardware and software from a company [CSC Malaysia Sdn. Bhd. ("CSC") (formerly known as Computer Systems Advisors (M) Berhad)] in which Mr. Yong Kar Seng Peter, a director of the Company was a director of the CSC and had substantial financial interests	–	23,272	–	–
<u>Minority interests</u>				
Consultation cost related to research and development provided by Iteration Partners Pty Ltd ("IPPL"), a company incorporated in Australia and 40% equity holder of Microlink Innovation Sdn. Bhd. (Note 11)	2,512,123	–	–	–

Significant related party balances as at the end of the financial year are as follows:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Included in bank balances</b>				
Arose from maintaining of bank accounts with a financial institution (Maybank Berhad) in which a director (Datuk Zainun Aishah Binti Ahmad) of the Company is also a director	791,019	985,711	49,064	108,507
<b>Included in trade receivables</b>				
Arose from trade transactions with a substantial shareholder (Note 15)	463,594	564,339	–	–

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. 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 over ordinary shares of RM0.10 each	
	2008	2007
<b>Direct Interest</b>		
Datuk Ali Bin Abdul Kadir	1,000,000	1,000,000
Datuk Zainun Aishah Binti Ahmad	1,000,000	1,000,000
Chok Kwee Bee	99,000	99,000
Yong Kar Seng Peter	99,000	99,000
Phong Hon Voon	108,100	108,100
David Hii Chin Yun	108,100	108,100

### 27. SEGMENTAL REPORTING

Geographical Segments

Segmental information about the Group's operations by geographical areas is presented as follows:

	2008 RM	2007 RM
<u>Revenue</u>		
Malaysia	13,649,482	13,828,420
Overseas	1,163,111	1,925,467
	14,812,593	15,753,887
<u>Total assets</u>		
Malaysia	31,443,423	31,188,903
Overseas	1,042,768	–
	32,486,191	31,188,903
<u>Total liabilities</u>		
Malaysia	3,524,557	3,265,789
Overseas	73,135	–
	3,597,692	3,265,789
<u>Capital expenditure</u>		
Malaysia	874,345	437,749
Overseas	46,709	–
	921,054	437,749

No segmental information based on business activity is presented as the Group is principally engaged in the provision of information technology solutions to the financial services industry.

# NOTES TO THE FINANCIAL STATEMENTS

## (CONT'D)

### 28. SIGNIFICANT EVENTS

- (a) On 25 May 2007, Microlink Worldwide Sdn. Bhd. ("MWSB"), a wholly-owned subsidiary of the Company, entered into a Joint Venture Agreement with Technology World Company K.S.C.C ("TWC"), a company incorporated in the State of Kuwait and a substantial shareholder of the Company whereby MWSB and TWC have agreed to collaborate in distributing Microlink Banking Solutions ("MiBS") in the Middle East and North Africa Region (the "Territory") via a new company which will be established for the purpose of providing sales and support services for MiBS within the Territory.

On 8 May 2008, the Company announced that the joint venture company, known as Microlink Middle East Company for Programming and Computer Operations LLC, was registered in Kuwait with the Commercial Registry of Kuwait with a capital of KWD60,000 (equivalent to RM748,720). The Group subscribed for 50% of the equity shares for a cash consideration of KWD30,000 (equivalent to RM374,360).

- (b) On 6 June 2008, the Company announced that its wholly-owned subsidiaries, MWSB and Microlink Systems Sdn. Bhd. ("MSSB") have incorporated a subsidiary company, PT Microlink Indonesia ("PMI"), a company incorporated in the Republic of Indonesia. MWSB and MSSB have subscribed for 200,000 ordinary shares of USD1.00 each and 50,000 ordinary shares of USD1.00 each respectively in PMI for a total cash consideration of USD250,000 (equivalent to RM812,500).

- (c) On 15 October 2008, the Company announced it had subscribed for 510 new ordinary shares of RM1.00 each in Microlink Software Sdn. Bhd. (formerly known as Maju Kombinasi Sdn. Bhd.) ("Msoft") representing 51% equity interest in Msoft for a total cash consideration of RM510. The subscription was completed on 13 October 2008.

On 21 October 2008, the Company announced it had entered into a Shareholders Agreement with Timeless Global Sdn. Bhd. ("TGSB") (49% shareholder of Msoft) and Msoft whereby both the Company and TGSB have agreed that Msoft shall be the company to carry on the business of providing consultancy services, supporting and modifying MiBS to cater for the Group's needs.

- (d) On 28 November 2008, the Company announced it had subscribed for 6 new ordinary shares of RM1.00 each in Microlink Innovation Sdn. Bhd. ("MISB") representing 60% equity interest in MISB for a total cash consideration of RM6.00. The subscription was completed on 26 November 2008.

### 29. COMMITMENTS

As of 31 December 2008, the Group and the Company has lease commitments in respect of rental of premises as follows:

	Future Minimum Lease Payments The Group and The Company	
	2008 RM	2007 RM
Within 1 year	420,000	—
Within 2 - 5 years	140,000	—
	560,000	—

## STATEMENT BY DIRECTORS

The Directors of **MICROLINK SOLUTIONS BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

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

**YONG KAR SENG PETER**

**DAVID HII CHIN YUN**

Kuala Lumpur,  
13 March 2009

## 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 balance sheets and the related statements of income, cash flows and changes in equity 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 13th day of March 2009.

Before me,

**COMMISSIONER FOR OATHS**



# ANALYSIS OF SHAREHOLDINGS

## AS AT 27 FEBRUARY 2009

Authorised Share Capital	:	250,000,000 ordinary shares of RM0.10 each
Issued and Paid-Up Capital	:	127,406,000 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	One vote per ordinary share

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	8	1.35	278	0.00
100-1,000	64	10.81	56,690	0.04
1,001-10,000	270	45.61	1,494,200	1.17
10,001-100,000	187	31.59	6,508,040	5.11
100,001 to less than 5% of issued shares	56	9.46	40,130,015	31.50
5% and above of issued shares	7	1.18	79,216,777	62.18
<b>Total</b>	<b>592</b>	<b>100.00</b>	<b>127,406,000</b>	<b>100.00</b>

### DIRECTORS' SHAREHOLDING

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares held	%	No. of Shares held	%
1	Datuk Ali Bin Abdul Kadir	2,050,000	1.61	3,155,000 <sup>1</sup>	2.48
2	David Hii Chin Yun	11,894,904	9.34	7,105,080 <sup>2</sup>	5.58
3	Datuk Zainun Aishah Binti Ahmad	50,000	0.04	—	—
4	Chok Kwee Bee	50,000	0.04	—	—
5	Yong Kar Seng Peter	7,709,170	6.05	211,000 <sup>3</sup>	0.17
6	Khaled H Mohareb Al-Hayen	—	—	—	—
7	Phong Hon Voon	13,135,179	10.31	7,105,080 <sup>2</sup>	5.58

### THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Name of Shareholders	No. of Shares	%
1	HDM Nominees (Asing) Sdn. Bhd. <i>Technology World Company (KSC)</i>	25,483,100	20.00
2	Phong Hon Voon	13,135,179	10.31
3	BI Walden Ventures Ketiga Sdn. Bhd.	11,437,500	8.98
4	Yong Kar Seng Peter	7,709,170	6.05
5	David Hii Chin Yun	7,358,548	5.78
6	MiBS Systems Sdn. Bhd.	7,105,080	5.58
7	Insas Plaza Sdn. Bhd.	6,988,200	5.48
8	Wong Kim Ming	4,762,060	3.74
9	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for David Hii Chin Yun (SFC)</i>	4,536,356	3.56
10	Lily Ling	3,000,000	2.35
11	OXFORDTRAX Sdn. Bhd.	2,950,000	2.32
12	Kenanga Nominees (Asing) Sdn. Bhd. <i>UOB Kay Hian Pte Ltd for Ng Kiang Tong</i>	2,639,165	2.07
13	AmBank (M) Berhad <i>Pledged Securities Account for Ali Bin Abdul Kadir (Smart)</i>	2,000,000	1.57
14	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt an for Credit Suisse (HK BR-TST-Asing)</i>	1,873,000	1.47

## ANALYSIS OF SHAREHOLDINGS AS AT 27 FEBRUARY 2009 (CONT'D)

### THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
15	Azidah Binti Mob Hassan	1,538,244	1.21
16	AmSec Nominees (Asing) Sdn. Bhd. <i>AmFraser Securities Pte Ltd for Zheng Liyan (108153)</i>	1,521,300	1.19
17	Lee King You	1,204,459	0.95
18	CIMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Christine Belinda Ling (J TUNPRK-CL)	1,127,400	0.88
19	Multi-Purpose Insurans Bhd.	1,070,300	0.84
20	Yong Chow Ping	1,000,000	0.78
21	HLG Nominee (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ong Chin Seong</i>	809,000	0.63
22	Sam Kwai Kuen	655,117	0.51
23	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt an for Credit Suisse (SG BR-TST-Asing)</i>	631,900	0.50
24	Chen Kwee Ling	503,785	0.40
25	Kenanga Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Ng Chew Gek	496,400	0.39
26	Khalid Bin Sufat	458,000	0.36
27	HSBC Nominees (Tempatan) Sdn. Bhd. Nalachakravarthy Odhayakumar (HBM301-49)	440,000	0.35
28	Jaganath Derek Steven Sabapathy	400,000	0.31
29	Yeong Kok Hee	390,000	0.31
30	Gan Khong Kiat	386,314	0.30

### SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	Direct Interest		Indirect Interest	
		No. of Shares held	%	No. of Shares held	%
1	HDM Nominees (Asing) Sdn. Bhd. Technology World Company (KSC)	25,483,100	20.00	—	—
2	Phong Hon Voon	13,135,179	10.31	7,105,080 <sup>2</sup>	5.58
3	BI Walden Ventures Ketiga Sdn. Bhd.	11,437,500	8.98	—	—
4	Yong Kar Seng Peter	7,709,170	6.05	211,000 <sup>3</sup>	0.17
5	David Hii Chin Yun	11,894,904	9.34	7,105,080 <sup>2</sup>	5.58
6	MiBS Systems Sdn. Bhd.	7,105,080	5.58	—	—
7	Insas Plaza Sdn. Bhd.	6,988,200	5.48	—	—
8	Bank Perusahaan Kecil & Sederhana Malaysia Berhad	—	—	11,437,500 <sup>4</sup>	8.98
9	Malayan Banking Berhad	—	—	11,437,500 <sup>4</sup>	8.98
10	Khazanah Nasional Berhad	—	—	11,437,500 <sup>4</sup>	8.98

#### Notes:

- 1- Deemed interest by virtue of interest in Oxfordtrax Sdn. Bhd. and Rio Venture Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965
- 2- Deemed interest by virtue of interest in MiBS Systems Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965
- 3- Deemed interest by virtue of spouse's direct interest pursuant to Section 6A(4) of the Companies Act, 1965
- 4- Deemed interest by virtue of interest in BI Walden Ventures Ketiga Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Sixth Annual General Meeting of Microlink Solutions Berhad will be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 16 April 2009 at 11.30 a.m. for the following purposes:-

### AGENDA

#### As Ordinary Business

- |    |   |                       |
|----|---|-----------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon. | Ordinary Resolution 1 |
| 2. | To approve the payment of Directors' fees in respect of the financial year ended 31 December 2008.  | Ordinary Resolution 2 |
| 3. | To approve the payment of Directors' fees in respect of the financial year ending 31 December 2009, to be payable quarterly in arrears.               | Ordinary Resolution 3 |
| 4. | To declare a Final Tax Exempt Dividend of 1.0 sen per share in respect of the financial year ended 31 December 2008.                                  | Ordinary Resolution 4 |
| 5. | To re-elect the following Directors who retire pursuant to Article 70 of the Company's Articles of Association:-                                      |                       |
|    | (i) Datuk Ali Bin Abdul Kadir   | Ordinary Resolution 5 |
|    | (ii) Mr Phong Hon Voon  | Ordinary Resolution 6 |
|    | (iii) Datuk Zainun Aishah Binti Ahmad   | Ordinary Resolution 7 |
| 6. | To re-appoint Messrs Deloitte & Touche as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.      | Ordinary Resolution 8 |

#### As Special Business

To consider and, if thought fit, pass the following Resolutions:-

- |    |   |                       |
|----|---|-----------------------|
| 7. | <b>AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965</b>  | Ordinary Resolution 9 |
|    | <p>"THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share 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 in force until the conclusion of the next Annual General Meeting of the Company."</p> |                       |
| 8. | To transact any other business that may be transacted at an Annual General Meeting of which, due notice shall have been previously given in accordance with the Companies Act, 1965 and the Company's Articles of Association.  |                       |

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

---

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS HEREBY GIVEN THAT a Final Tax Exempt Dividend of 1.0 sen per share in respect of the financial year ended 31 December 2008, if approved at the Sixth Annual General Meeting of the Company, will be payable on 29 May 2009 to Depositors registered in the Record of Depositors at the close of business on 15 May 2009.

A Depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the depositor's securities account before 4.00 p.m. on 15 May 2009 in respect of ordinary transfers;
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

SEE SIEW CHENG  
SENG SHI IEE  
Company Secretaries

26 March 2009  
Kuala Lumpur

### 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 and if he is not a member of the Company, Section 149(1)(b) of the Companies Act, 1965 shall not be applicable.
2. When a member appoints more than one proxy, the member shall specify the proportions of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a Proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised and in the case of a Corporation, either under the Common Seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a Proxy must be deposited at the Registered Office of the Company at 10th Floor, Wisma Havela Thakardas, No.1, Jalan Tiong Nam, Off Jalan Raja Laut, 50350 Kuala Lumpur not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.
5. Explanatory Notes on Special Business:
  - (a) The proposed Ordinary Resolution 9, 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 is to avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next conclusion of the Annual General Meeting of the Company.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

---

## **STATEMENT ACCOMPANYING NOTICE OF SIXTH ANNUAL GENERAL MEETING**

Pursuant to Article 70 of the Company's Articles of Association the Directors who are standing for re-election are as follows:-

- (i) Datuk Ali Bin Abdul Kadir
- (ii) Mr Phong Hon Voon
- (iii) Datuk Zainun Aishah Binti Ahmad

The details of the above Directors who are standing for re-election are set out in their respective profiles which appear in the Directors' Profiles on pages 8 to 11 and page 16 of this Annual Report.

Their shareholdings in the Company are set out in the Analysis of shareholdings which appear on pages 70 and 71 of this Annual Report.

# MICROLINK SOLUTIONS BERHAD

Company No: 620782-P  
(Incorporated in Malaysia)

## FORM OF PROXY

NUMBER OF SHARES HELD

I/We \_\_\_\_\_ of \_\_\_\_\_ being

a member/members of Microlink Solutions Berhad hereby appoint Mr/Ms \_\_\_\_\_

of \_\_\_\_\_ or failing him, the Chairman of the Meeting as my/our proxy, to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 16 April 2009 at 11.30 a.m. and at any adjournment thereof.

My/\*Our proxy(ies) is/are to vote as indicated below:

No.	Resolutions	For	Against
1.	Receive the Audited Financial Statements for the financial year ended 31 December 2008, together with the Directors' and Auditors' Reports thereon.		
2.	Approve the payment of Directors' fees in respect of the financial year ended 31 December 2008.		
3.	Approve the payment of Directors' fees in respect of the financial year ending 31 December 2009, to be payable quarterly in arrears.		
4.	Declare a Final Tax Exempt Dividend of 1.0 sen per share in respect of the financial year ended 31 December 2008.		
5.	Re-elect Datuk Ali Bin Abdul Kadir as Director.		
6.	Re-elect Mr Phong Hon Voon as Director.		
7.	Re-elect Datuk Zainun Aishah Binti Ahmad as Director.		
8.	Re-appoint Messrs Deloitte & Touche as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
9.	Authority to allot shares pursuant to Section 132D of the Companies Act, 1965		

Please indicate with (X) how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

.....  
Signature/Common Seal of Shareholder(s)  
[\*Delete if not applicable]

### 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 and if he is not a member of the Company, Section 149(1) (b) of the Companies Act, 1965 shall not be applicable.
2. When a member appoints more than one proxy, the member shall specify the proportions of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a Proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised and in the case of a Corporation, either under the Common Seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a Proxy must be deposited at the Registered Office of the Company at 10th Floor, Wisma Havela Thakardas, No.1, Jalan Tiong Nam, Off Jalan Raja Laut, 50350 Kuala Lumpur not less than 48 hours before the time fixed for holding the Meeting or adjournment thereof.





Fold this flap for sealing

Then fold here

AFFIX  
STAMP

THE COMPANY SECRETARY  
**MICROLINK SOLUTIONS BERHAD** Company No: 620782-P  
10th Floor, Wisma Havela Thakardas,  
No. 1, Jalan Tiong Nam,  
Off Jalan Raja Laut,  
50350 Kuala Lumpur.

1st fold here