INTERLINK ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2014 AND 2013 AND
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

INTERLINK ELECTRONICS, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
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	Page
Independent Auditor's Report	1 – 2
Consolidated Balance Sheets	3
Consolidated Statements of Income and Comprehensive Income	4
Consolidated Statements of Stockholders' Equity	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 – 28

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Interlink Electronics, Inc. and its subsidiaries
Camarillo, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Interlink Electronics, Inc. and its subsidiaries (collectively, the "Company") which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2014 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Interlink Electronics, Inc. and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

SingerLewak LLP

Los Angeles, California
March 16, 2015

INTERLINK ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,381	$ 1,487
Restricted cash	5	5
Accounts receivable, less allowance for doubtful accounts of $0 and $0 at December 31, 2014 and December 31, 2013, respectively	1,838	1,547
Inventories	1,056	670
Prepaid expenses and other current assets	286	263
Total current assets	5,566	3,972
Property and equipment, net	154	98
Intangibles, net	23	29
Other assets	39	49
Total assets	**$ 5,782**	**$ 4,148**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued payables	$ 473	$ 312
Accrued payroll and other accrued liabilities	300	305
Deferred revenues—current	53	60
Total current liabilities	826	677
Deferred revenues—non-current	92	145
Total liabilities	918	822
Stockholders' equity:		
Preferred stock, $0.01 par value (1,000 shares authorized, none issued and outstanding at December 31, 2014 and December 31, 2013)	—	—
Common stock, $0.001 par value (30,000 shares authorized, 5,860 and 5,848 shares issued and outstanding at December 31, 2014 and December 31, 2013, respectively)[1]	6	6
Additional paid-in capital	60,163	60,181
Accumulated other comprehensive income	27	26
Accumulated deficit	(55,332)	(56,887)
Total stockholders' equity	4,864	3,326
Total liabilities and stockholders' equity	**$ 5,782**	**$ 4,148**

[1] Issued and outstanding share amounts reflect the four-for-one forward stock split effected on May 29, 2014 and the two-for-one forward stock split effected on February 24, 2015.

See accompanying notes to the consolidated financial statements.

INTERLINK ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in thousands, except per share value)

	Years Ended December 31,		
	2014	2013	2012
Revenues, net	$ 10,278	$ 7,551	$ 6,413
Cost of revenues	5,200	4,360	3,238
Gross profit	5,078	3,191	3,175
Operating expenses:			
Product development and research	811	660	968
Selling, general and administrative	2,719	2,595	2,280
Total operating expenses	3,530	3,255	3,248
Operating income(loss)	1,548	(64)	(73)
Other income (expense):			
Interest income	2	4	7
Other income (expense), net	(16)	39	170
Other income (expense), net	(14)	43	177
Income (loss) from continuing operations before provision for income taxes	1,534	(21)	104
Provision for income taxes	13	1	2
Income (loss) from continuing operations, net of tax	1,521	(22)	102
Income from discontinued operations, net of tax	34	34	34
Net income	1,555	12	136
Other comprehensive income, net of tax:			
Foreign currency translation adjustments	1	1	-
Comprehensive income	**$ 1,556**	**$ 13**	**$ 136**
Earnings (loss) per share from continuing operations, net of tax: basic and diluted[1]	**$ 0.26**	**$ (0.00)**	**$ 0.02**
Earnings per share on discontinued operations, net of tax: basic and diluted[1]	**$ 0.01**	**$ 0.00**	**$ 0.00**
Earnings per share: basic and diluted[1]	**$ 0.27**	**$ 0.00**	**$ 0.02**
Comprehensive income per share: basic and diluted[1]	**$ 0.27**	**$ 0.00**	**$ 0.02**
Weighted-average shares used to calculate each of the per share amounts above: basic and diluted[1]	**5,852**	**5,856**	**5,848**

[1]All per-share and weighted-average share amounts have been adjusted to retroactively reflect the four-for one forward stock split effected on May 29, 2014 and the two-for-one forward stock split effected on February 24, 2015.

See accompanying notes to the consolidated financial statements.

INTERLINK ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2011	5,832	$ 6	$ 60,102	$ 25	$ (57,035)	$ 3,098
Comprehensive income						
Net income	—	—	—	—	136	136
Foreign currency translation adjustment	—	—	—	—	—	—
Comprehensive income						136
Restricted shares, net of cancellations	32	—	37	—	—	37
Balance, December 31, 2012	5,864	6	60,139	25	(56,899)	3,271
Comprehensive income						
Net income	—	—	—	—	12	12
Foreign currency translation adjustment	—	—	—	1	—	1
Comprehensive income						13
Restricted shares, net of cancellations	(16)	—	42	—	—	42
Balance, December 31, 2013	5,848	6	60,181	26	(56,887)	3,326
Comprehensive income						
Net income	—	—	—	—	1,555	1,555
Foreign currency translation adjustment	—	—	—	1	—	1
Comprehensive income						1,556
Exercised stock options	8	—	16	—	—	16
Restricted shares, net of cancellations	4	—	(34)	—	—	(34)
Balance, December 31, 2014	**5,860**	**$ 6**	**$ 60,163**	**$ 27**	**$ (55,335)**	**$ 4,864**

Share amounts reflect the four-for-one forward stock split effected on May 29, 2014 and the two-for-one stock split effected on February 24, 2015.

See accompanying notes to the consolidated financial statements.

INTERLINK ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2014	2013	2012
Cash flows from operating activities:			
Net income	$ 1,555	$ 12	$ 136
Income from discontinued operations, net of tax	34	34	34
Income (loss) from continuing operations, net of tax	1,521	(22)	102
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (used in) operating activities:			
Decrease in allowance for doubtful accounts	—	(5)	(1)
Increase (decrease) in reserves for excess and obsolete inventories	(43)	(10)	1
Depreciation and amortization	80	124	143
Adjustments to fair value of warrants and derivatives	—	—	(37)
Issuance (cancellation) of restricted stock	(34)	42	37
Changes in operating assets and liabilities			
Accounts receivable	(291)	(677)	(230)
Inventories	(343)	47	(72)
Prepaid expenses and other current assets	(23)	(16)	(53)
Other assets	10	(6)	(1)
Accounts payable and accrued payables	161	(35)	9
Accrued payroll and other accrued liabilities	(5)	55	28
Deferred revenue	(60)	(64)	(84)
Net cash provided by (used in) operating activities – continuing operations	973	(567)	(158)
Net cash provided by discontinued operations	34	34	34
Net cash provided by (used in) operations	1,007	(533)	(124)
Cash flows from investing activities:			
Purchases of property and equipment	(118)	(77)	(40)
Costs of intangibles	(12)	(6)	—
Net cash used in investing activities	(130)	(83)	(40)
Cash flows from financing activities:			
Proceeds from exercise of stock options	16	—	—
Restricted cash	—	—	5
Net cash provided by financing activities	16	—	5
Effect of exchange rate changes on cash and cash equivalents	1	1	—
Increase (decrease) in cash and cash equivalents	894	(615)	(159)
Cash and cash equivalents, beginning of period	1,487	2,102	2,261
End of period	**$ 2,381**	**$ 1,487**	**$ 2,102**
Supplemental disclosures of cash flow information: interest paid	**$ —**	**$ —**	**$ —**
Supplemental disclosures of cash flow information: income taxes paid	**$ 1**	**$ 1**	**$ 2**

See accompanying notes to the consolidated financial statements.

INTERLINK ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 2014 AND 2013 AND
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

1. Basis of Presentation

Interlink Electronics, Inc. and its subsidiaries are engaged in the development, manufacture and sale of intuitive sensor technology that incorporates proprietary technologies. Our proprietary sensor technology integrates Force Sensing Restive ("FSR") based sensors, subassemblies and modules that support cursor control and other input functions. Our FSR sensors are used in many applications, primarily in the electronic components and medical device markets.

The consolidated financial statements include our accounts and the accounts of our wholly-owned subsidiaries in Hong Kong, China, Singapore and United Kingdom (collectively "Interlink," "we," "us," "our" or the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

On January 29, 2014, the Company established a wholly-owned subsidiary named Interlink Electronics Singapore Private Limited to serve as its Asia-Pacific regional research and development center. On January 31, 2014, the Company established a wholly-owned subsidiary named Interlink Electronics Europe Limited to serve as its European regional sales office.

On April 23, 2014, the board of directors approved a four (4) share for one (1) share forward stock split of Interlink's common stock. The record date for the forward stock split is May 29, 2014. The purpose of the forward stock split is to increase the liquidity of the common stock and to enhance Interlink Electronics' ability to list its shares of common stock on a national exchange.

The board of directors authorized the adoption of an amendment to the Articles of Incorporation to increase the authorized number of shares of capital stock to 16,000,000 shares, consisting of 15,000,000 shares of common stock, par value $0.001 and 1,000,000 shares of preferred stock, par value $0.01. The number of authorized shares, common and preferred, and par values for the accompanying consolidated financial statements have been recast to reflect the number of authorized shares and par values.

On February 3, 2015, the board of directors approved a two (2) share for one (1) share forward stock split (the "Forward Stock Split") of Interlink's common stock, par value $.001 per share (the "Common Stock"). The record date for the Forward Stock Split is February 19, 2015. In connection with the Forward Stock Split, Interlink is also increasing its authorized Common Stock from 15,000,000 shares to 30,000,000 shares (the "Authorized Shares Increase"). The Forward Stock Split will be effective on February 24, 2015. The number of authorized shares, common and preferred, and par values for the December 31, 2014 accompanying consolidated financial statements have been recast to reflect the number of authorized shares and par values.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents—We invest excess cash in highly liquid interest-bearing instruments, including commercial paper or money market accounts. Investments with original maturities less than 90 days are classified as cash equivalents.

Restricted Cash—We have $5,000 in restricted cash on our consolidated balance sheets as of December 31, 2014 and 2013 related to collateral for our credit card (merchant services) exposure with our bank.

Accounts Receivable and Allowance for Doubtful Accounts—Our accounts receivable are unsecured and are at risk to the extent such amounts become uncollectible. We continually monitor individual accounts receivable balances and provide for an allowance for doubtful accounts at the time collection may become questionable based on payment performance, due to the age of the receivable or other factors, including the customer's ability to pay and our historical collection experience related to issues not yet specifically identified. We generally offer thirty-day payment terms; however, some international customers require as long as ninety-day payment terms, which do not require collateral and generally charge interest on past due balances. If future collections are not as expected, the allowance is adjusted accordingly.

Inventories—Inventories are stated at the lower of cost or market and include the cost of materials. Cost is determined using the average cost method.

Inventory Reserve—At each balance sheet date, we evaluate ending inventories for excess quantities and obsolescence. This evaluation includes analyses of forecasted sales levels by product and historical demand. We write off inventories that are considered obsolete. Remaining inventory balances are adjusted to approximate the lower of cost or market value and result in a new cost basis in such inventory until sold. If future demand or market conditions are less favorable than internal projections, additional inventory write-downs may be required and would be reflected in "cost of revenues" in the period the revision is made.

Property and Equipment—Property and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets, which range from three to ten years. Amortization of leasehold improvements is based upon the estimated useful lives of the assets or the term of the lease (including appropriate renewal options), whichever is shorter. Maintenance and repairs are charged to operations as incurred, while significant improvements are capitalized. Upon retirement or disposition of property, the asset and related accumulated depreciation or amortization is removed from the accounts, and any resulting gain or loss is charged to operations. The carrying value of property and equipment is assessed periodically and/or when factors indicating impairment are present. We recognize impairment losses when the expected future cash flows are less than the asset's carrying value, in which case the asset is written down to its estimated fair value.

2. Summary of Significant Accounting Policies (Continued)

Intangibles—Our costs to acquire patents and trademarks are amortized on a straight-line basis over their estimated useful lives, which we estimate to be five years. The related carrying value of the intangibles amounted to $23,000 and $29,000 as of December 31, 2014 and 2013, respectively. Amortization expense for the years ended December 31, 2014, 2013 and 2012 was $18,000, $25,000 and $33,000, respectively. Amortization expense on existing costs for intangibles over the next five years is summarized as follows (in thousands):

Year ending December 31,	
2015	$ 10
2016	5
2017	4
2018	3
2019	1
Total	**$ 23**

The carrying value of intangibles is assessed periodically and/or when factors indicating impairment are present. We recognize impairment losses when the expected future cash flows are less than the asset's carrying value, in which case the asset is written down to its estimated fair value. Based on the Company's review of both qualitative and quantitative factors, no significant indicators of impairment were identified during the years ended December 31, 2014 and 2013.

Foreign Currency Translation/Transactions—The accounts of our Chinese subsidiary have been translated as required by the "Foreign Currency Matters" Topic of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 830 ("ASC 830"). Management has determined that the functional currency for the Chinese subsidiary is the Chinese Yuan Renminbi, and the functional currency for our Hong Kong, Singapore and United Kingdom subsidiaries is the U.S. Dollar. Translation gains or losses for the Chinese subsidiary are recorded as "accumulated other comprehensive income." All of the accumulated other comprehensive income represents cumulative translation adjustments. The Chinese subsidiary's assets and liabilities are translated into U.S. Dollars using the period-end exchange rate. Revenues and expenses are translated at average rates during the year. Any gains or losses resulting from foreign currency transactions are reflected in the accompanying consolidated statements of income and comprehensive income for the period in which they occur.

Revenue Recognition—We recognize revenue in accordance with the "Revenue Recognition" Topic of FASB ASC Topic No. 605 ("ASC 605"). ASC 605 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the fee is fixed and determinable and (4) collectibility is reasonably assured. Determination of criteria (3) and (4) requires management's judgments regarding the fixed nature of the fee charged for services rendered and products delivered and the collectibility of those fees.

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)— To satisfy the criteria, we (1) input orders based upon receipt of a customer purchase order, (2) record revenue upon shipment of goods and when risk of loss and title transfer, (3) confirm pricing through the customer purchase order and (4) validate creditworthiness through past payment history, credit agency reports and other financial data. All customers have warranty rights, and some customers also have explicit or implicit rights of return. We comply with ASC 605 with respect to sell-through and returns and the related recording of reserves for potential customer returns or warranty repairs.

We defer revenue on advanced cash receipts until the delivery of the goods or over the service term, whichever is sooner.

Research and Development—Research and development costs are expensed as incurred.

Shipping and Handling—We account for shipping and handling costs as required by the Revenue Recognition Topic of FASB ASC Topic No. 605-45, which requires fees billed to customers to be included in revenue. During 2014, 2013 and 2012, related shipping and handling expenses of $122,000, $62,000 and $78,000, respectively, are included in “revenues” and “cost of revenues” in the accompanying consolidated statements of income and comprehensive income.

Stock-based Compensation—We account for stock-based awards in accordance with the provisions of the Compensation – Stock Compensation Topic of FASB ASC Topic No. 718 (“ASC 718”). Accordingly, we measure stock-based compensation expense at the grant date, based on the fair value of the award, and recognize the expense over the employee’s requisite service period using the straight-line method. The measurement of stock-based compensation expense is based on several criteria, including but not limited to the valuation model used and associated input factors, such as expected term of the award, stock price volatility, risk-free interest rate and award forfeiture rate. We elected to adopt the alternative transition method for calculating the tax effects of stock-based compensation and continue to use the simplified method in developing the expected term used in the valuation of stock-based compensation in accordance with ASC 718.

Income Taxes—Under the Income Taxes Topic of FASB ASC Topic No. 740 (“ASC 740”), we are required to estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating actual current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the accompanying consolidated balance sheets. ASC 740 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the net deferred tax assets will not be realized. The valuation allowance is reviewed annually based upon the facts and circumstances known at the time. In assessing this valuation allowance, we review historical and future expected operating results and other factors, including recent cumulative earnings experience, expectations of future taxable income by taxing jurisdiction and the carryforward periods available for tax reporting purposes, to determine whether it is more likely than not that deferred tax assets are realizable.

2. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)— ASC 740 provides guidance on the minimum threshold that an uncertain income tax benefit is required to meet before it can be recognized in the financial statements and applies to all income tax positions taken by a company. ASC 740 contains a two-step approach to recognizing and measuring uncertain income tax positions.

The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. If it is not more likely than not that the benefit will be sustained on its technical merits, no benefit will be recorded.

The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above, if any, is reflected as a liability for unrecognized tax benefits along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

During the year ended December 31, 2014, we performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the consolidated financial statements.

The Company is subject to U.S. federal income tax as well as state of California income tax. Our federal and state of California income tax returns are subject to examination for the following periods:

Jurisdiction	Open Tax Years
Federal	2011 – 2014
State	2010 – 2014

Earnings per Common Share—Basic earnings per common share are computed by dividing net earnings by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share are computed by adjusting outstanding shares assuming any dilutive effects of options and restricted stock calculated using the treasury stock method. Under the treasury stock method, an increase in the fair market value of our common stock results in a greater dilutive effect from outstanding options and restricted stock. Additionally, the exercise of employee stock options and the vesting of restricted stock results in a greater dilutive effect on net earnings per share.

Comprehensive Income—Comprehensive income is calculated in accordance with the "Comprehensive Income" Topic of FASB ASC Topic No. 220, which requires the disclosure of all components of comprehensive income, including net income and changes in equity during a period from transactions and other events and circumstances generated from non-owner sources.

2. Summary of Significant Accounting Policies (Continued)

Segment Reporting—FASB ASC Topic No. 280, "Segment Reporting" ("ASC 280"), establishes standards for the way that entities report information about operating segments in annual consolidated financial statements and requires that those enterprises report selected information about operating segments in interim financial reports. ASC 280 also establishes standards for related disclosures about products and services, geographic areas and major customers. We operate in one reportable segment: the manufacturing and sale of intuitive sensor technology.

Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Significant estimates by management include the allowance for doubtful accounts, excess and obsolete reserves for inventory, impairment of long-lived assets, including patents, ASC 740 positions, deferred taxes and the valuation allowance. Actual results could materially differ from those estimates.

Concentration of Credit Risk—Financial instruments that potentially subject us to credit risk consist primarily of cash and cash equivalents and accounts receivable. All of our cash and cash equivalents are invested at major financial institutions primarily within the United States, United Kingdom, Hong Kong, Singapore and China. At December 31, 2014 and December 31, 2013, our cash and cash equivalents were maintained in accounts that are insured up to the limit determined by the appropriate governmental agency. The amounts held in accounts with U.S. banks were insured up to the Federal Deposit Insurance Corporation ("FDIC") general insurance limit of $250,000, and approximately $1,890,000 and $867,000 was not insured at December 31, 2014 and December 31, 2013, respectively. The amounts held by Hong Kong banks were fully insured at December 31, 2014 and December 31, 2013. Approximately $31,000 and $361,000 held at Chinese banks was not insured at December 31, 2014 and December 31, 2013, respectively. Approximately $151,000 held at a Singaporean bank opened in 2014 was not insured at December 31, 2014. To date, we have not suffered any losses to our cash and cash equivalents. The amounts held by United Kingdom bank accounts opened in 2014 were fully insured at December 31, 2014.

With regard to accounts receivable, we trade only with recognized, creditworthy third parties. It is our policy that all customers that wish to trade on credit terms are subject to credit verification procedures. In addition, accounts receivable are monitored on an ongoing basis with the result that the accounts deemed to have a credit risk have been fully reserved for as of December 31, 2014, 2013 and 2012. For the year ended December 31, 2014, three customers accounted for approximately 19%, 17% and 10% of total revenues. For the year ended December 31, 2013, three customers accounted for approximately 19%, 18% and 18% of total revenues. For the year ended December 31, 2012, two customers accounted for approximately 24% and 18% of total revenues. At December 31, 2014, four customers accounted for approximately 22%, 22%, 10% and 10% of total accounts receivable. At December 31, 2013, four customers accounted for approximately 29%, 14%, 14% and 10% of total accounts receivable. At December 31, 2012, four customers accounted for approximately 26%, 25%, 13% and 12% of total accounts receivable.

2. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements—We comply with the provisions of FASB ASC Topic No. 820, "Fair Value Measurements and Disclosures" ("ASC 820"), in measuring fair value and in disclosing fair value measurements. ASC 820 provides a framework for measuring fair value and expands the disclosures required for fair value measurements of financial assets and liabilities and nonfinancial assets and liabilities.

As of December 31, 2014 and December 31, 2013, the carrying values of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued payables, accrued expenses and other accrued liabilities approximate fair value due to the short-term nature of such items.

Recently Adopted Accounting Pronouncements—In February 2013, the FASB issued Accounting Standards Update ("ASU") No. 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU 2013-02"), which requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles ("GAAP") to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. Nonpublic companies are required to comply with the requirements of ASU 2013-02 for all reporting periods beginning after December 15, 2013. The adoption of this guidance did not have a material financial impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements—In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"). The amendments to this Update supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of this Topic is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. This Topic defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. A nonpublic entity may elect to apply this guidance earlier, however, only as of the following: (1) an annual reporting period beginning after December 15, 2016, including interim periods within that reporting period (public entity effective date), (2) an annual reporting period beginning after December 15, 2016, and interim periods within annual periods beginning after December 15, 2017, (3) an annual reporting period beginning after December 15, 2017, including interim periods within that reporting period. The Company has not yet assessed the impact of ASU 2014-09 but does not believe it will have a material effect on the Company's consolidated financial statements.

2. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements (Continued)—In June 2014, the FASB issued ASU No. 2014-12, "Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force)", effective for annual periods and interim periods within those annual periods, beginning after December 15, 2015. This update is intended to resolve the diverse accounting treatment of share-based payment awards whose performance target may be achieved after the requisite service period. An entity may apply the standards (1) prospectively to all share-based payment awards that are granted or modified on or after the effective date, or (2) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. Earlier application is permitted. The Company has not yet assessed the impact of ASU 2014-12 but does not believe it will have a material effect on the Company's consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements – Going Concern (Sub-Topic 205-40), which provides guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This Update is effective for annual periods ending after December 15, 2016 and for annual periods and interim periods thereafter. Early application is permitted. The Company has not yet assessed the impact of ASU 2014-15 but does not believe it will have a material effect on the Company's consolidated financial statements.

3. Discontinued Operations and Assets Held for Sale

On October 14, 2009, we completed the sale of our eTransactions business segment. The sale was structured as an asset sale and included the inventory, fixed assets, intangible assets and related intellectual property rights and other assets that constituted the operations of the divested business segment.

Our consolidated financial statements have been reclassified for all periods presented to reflect the eTransactions business segment as discontinued operations in accordance with the Property, Plant and Equipment Topic under FASB ASC Topic No. 360. Accordingly, the revenues, costs and expenses directly associated with the eTransactions business segment have been reclassified as discontinued operations on the consolidated statements of operations for all periods presented.

3. Discontinued Operations and Assets Held for Sale (Continued)

Corporate expenses such as general corporate overhead, facility costs and interest have not been allocated to discontinued operations. Income from discontinued operations, net of tax, is summarized as follows (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Net revenue from discontinued operations	$ 53	$ 53	$ 53
Income from discontinued operations before income tax benefit	34	34	34
Income tax benefit, net of reserve	—	—	—
Income from discontinued operations	$ 34	$ 34	$ 34

4. Fair Value Measurements

We comply with the provisions of ASC 820 which define fair value, provide a framework for measuring fair value and expand the disclosures required for fair value measurements of financial assets and liabilities and nonfinancial assets and liabilities. ASC 820 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1— Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2— Includes other inputs that are directly or indirectly observable in the marketplace

Level 3— Unobservable inputs which are supported by little or no market activity

The following is a description of the valuation methodologies used for our financial instruments measured at fair value:

The estimated fair values of our accounts receivables, accounts payable and accrued payables, accrued payroll and other accrued liabilities approximate their carrying values because of the short-term maturity of these instruments.

Cash and cash equivalents and restricted cash are estimated at fair value and valued primarily using quoted market prices utilizing market-observable inputs.

4. Fair Value Measurements (Continued)

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis as of December 31, 2014 and 2013 (in thousands):

	Level 1	Level 2	Level 3	Total
December 31, 2014				
Cash and cash equivalents	$ 2,381	$ -	$ -	$ 2,381
Restricted cash	5	-	-	5
December 31, 2013				
Cash and cash equivalents	$ 1,487	$ -	$ -	$ 1,487
Restricted cash	5	-	-	5

5. Inventories

Inventories consisted of the following at December 31, 2014 and 2013 (in thousands):

	December 31, 2014	2013
Raw material	$ 589	$ 350
Work in process	326	160
Finished goods	141	160
Total inventories	**$ 1,056**	**$ 670**

6. Property and Equipment

Property and equipment consisted of the following at December 31, 2014 and 2013 (in thousands):

	December 31, 2014	2013
Furniture, machinery and equipment	$ 2,105	$ 1,993
Leasehold improvements	606	600
	2,711	2,593
Less accumulated depreciation and amortization	(2,557)	(2,495)
Property and equipment, net	**$ 154**	**$ 98**

Depreciation expense charged to operations amounted to $62,000, $99,000 and $110,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

7. Stockholders' Equity

Stock Split— On April 23, 2014, the board of directors approved a four (4) share for one (1) share forward stock split of Interlink's common stock. The record date for the forward stock split is May 29, 2014. The purpose of the forward stock split is to increase the liquidity of the common stock and to enhance Interlink's' ability to list its shares of common stock on a national exchange. References to shares and exercise prices of our common stock and stock options (and associated dollars amounts) in the accompanying consolidated financial statements are provided on post-split basis.

The board of directors authorized the adoption of an amendment to the Articles of Incorporation to increase the authorized number of shares of capital stock to 16,000,000 shares, consisting of 15,000,0000 shares of common stock, par value $0.001 and 1,000,000 shares of preferred stock, par value $0.01. The number of authorized shares, common and preferred, and par values for the accompanying consolidated financial statements have been recast to reflect the number of authorized shares and par values.

On February 3, 2015, the board of directors approved a two (2) share for one (1) share forward stock split (the "Forward Stock Split") of Interlink's common stock, par value $.001 per share (the "Common Stock"). The record date for the Forward Stock Split is February 19, 2015. In connection with the Forward Stock Split, Interlink is also increasing its authorized Common Stock from 15,000,000 shares to 30,000,000 shares (the "Authorized Shares Increase"). The Forward Stock Split will be effective on February 24, 2015. The number of authorized shares, common and preferred, and par values for the accompanying consolidated financial statements have been recast to reflect the number of authorized shares and par values.

Restricted Stock—On March 15, 2012, the board of directors approved the issuance of 80,000 shares each of restricted stock to two employees ($0.001 par value, valued at $67,500 for each employee based on the Company's stock closing price on March 15, 2012 of $0.84375). One employee has left the Company and the other individual's employment agreement was revised which resulted in forfeiture of the restricted stock. As a result, the 160,000 shares were forfeited and $57,400 is subtracted from stock compensation expense which is reflected in "additional paid-in capital" in the December 31, 2014 accompanying consolidated balance sheet.

The board of directors, in accordance with the employment agreement dated March 6, 2012, approved the issuance of 40,000 shares of restricted stock to one employee ($0.001 par value, valued at $42,750, based on the Company's stock closing price on July 23, 2012 of $1.06875). The employee was terminated in July 2013. As a result of the termination, 40,000 shares were forfeited and $10,700 is subtracted from stock compensation expense which is reflected in "additional paid-in capital" in the December 31, 2014 accompanying consolidated balance sheet.

7. Stockholders' Equity (Continued)

Restricted Stock (Continued)— On July 13, 2012, the board of directors approved that the chairman of each committee (the audit committee and compensation committee) will be paid $5,000 per annum on July 15 of each year through the issuance of common stock, $0.001 par value, valued at $5,000, based on the Company's stock closing price on July 13, 2012 of $1.0625. The shares vested at the rate of 1/12th per month on the 15th day of each month during the period from July 15, 2012 through June 14, 2013. As of December 31, 2014, 9,430 shares are vested, and the $10,000 of the shares is reflected in "common stock" and "additional paid-in capital" in the December 31, 2014 accompanying consolidated balance sheet.

On February 5, 2013, the board of directors approved the issuance of 40,000 shares of restricted stock to an employee ($0.001 par value, valued at $57,500 based on the Company's stock closing price on February 5, 2013 of $1.4375). The employee was terminated in September 2014. As a result of the termination, 40,000 shares were forfeited and $18,200 is subtracted from stock compensation expense which is reflected in "additional paid-in capital" in the December 31, 2014 accompanying consolidated balance sheet.

On July 12, 2013, the board of directors approved that the chairman of each committee (the audit committee and compensation committee) will be paid $5,000 per annum on July 15 of each year through the issuance of common stock ($0.001 par value, valued at $5,000, based on the Company's stock closing price on July 12, 2013 of $1.6875). The shares vested at the rate of 1/12th per month on the 15th day of each month during the period from July 15, 2013 through June 14, 2014. As of December 31, 2014, 5,930 shares are vested, and the $10,000 of the shares is reflected in "common stock" and "additional paid-in capital" in the December 31, 2014 accompanying consolidated balance sheet.

The board of directors, in accordance with the employment agreement dated January 31, 2014, approved the issuance of 64,000 shares of restricted stock to one employee ($0.001 par value, valued at $80,000, based on the Company's stock closing price on January 31, 2014 of $1.25). The first 32,000 shares will vest after four years, on January 31, 2018, and the remaining 32,000 shares will vest on January 31, 2019. As of December 31, 2014, the Company recorded $14,700 of stock compensation expense, which is reflected in "additional paid-in capital" in the December 31, 2014 accompanying consolidated balance sheet.

On July 18, 2014, the board of directors approved that the chairman of each committee (the audit committee and compensation committee) will be paid $5,000 per annum on July 15 of each year through the issuance of common stock ($0.001 par value, valued at $5,000, based on the Company's stock closing price on July 15, 2014 of $3.75). The shares vested at the rate of 1/12th per month on the 15th day of each month during the period from July 15, 2014 through June 14, 2015. As of December 31, 2014, 1,200 shares are vested, and the $4,200 of the shares is reflected in "common stock" and "additional paid-in capital" in the December 31, 2014 accompanying consolidated balance sheet.

7. Stockholders' Equity (Continued)

Restricted Stock (Continued)—On July 18, 2014, the board of directors approved that the chairman of each committee (the audit committee and compensation committee) will be paid $5,000 per annum on July 15 of each year through the issuance of common stock ($0.001 par value, valued at $5,000, based on the Company's stock closing price on July 15, 2014 of $3.75). The shares vested at the rate of 1/12th per month on the 15th day of each month during the period from July 15, 2014 through June 14, 2015. As of December 31, 2014, 1,200 shares are vested, and the $4,200 of the shares is reflected in "common stock" and "additional paid-in capital" in the December 31, 2014 accompanying consolidated balance sheet.

A summary of our restricted stock activity for the year ended December 31, 2014 and 2013 is presented below:

	Options	Weighted-average Grant Date Fair Value (1)
Nonvested as of December 31, 2012	205,500	$ .89
Granted	45,900	$ 1.47
Vested	(8,000)	$ 1.26
Cancelled	(40,000)	$ 1.08
Nonvested as of December 31, 2013	203,400	$ .97
Granted	66,700	$ 1.35
Vested	(4,500)	$ 2.19
Cancelled	(200,000)	$ .96
Nonvested as of December 31, 2014	**65,600**	**$ 1.31**

7. Stockholders' Equity (Continued)

Stock Options—Under the terms of our 1996 Stock Incentive Plan, officers and key employees may be granted non-qualified or incentive stock options, and outside directors and independent contractors may be granted non-qualified stock options. The aggregate number of shares that may be issued under the Plan is 7,250,000. New options are granted at fair market value on the date of grant and generally vest ratably over thirty-six months and have a ten-year term but terminate earlier if employment is terminated. As of December 31, 2014, options for 149,500 shares of stock have been granted (17,500 are outstanding, and 132,000 have been exercised, forfeited or expired). Activity under the Plan for the years ended December 31, 2014 and 2013 is summarized as follows:

	Options	Weighted-average Grant Date Fair Value [1]
Outstanding as of December 31, 2012	70,200	$ 9.20
Granted	—	$ —
Exercised	—	$ —
Forfeited or expired	(3,600)	$ 10.45
Outstanding as of December 31, 2013	66,600	$ 9.13
Granted	—	$ —
Exercised	(8,000)	$ 1.95
Forfeited or expired	(41,100)	$ 11.41
Outstanding as of December 31, 2014	**17,500**	$ **7.05**
Exercisable as of December 31, 2014	**17,500**	**$ 7.05**

7. Stockholders' Equity (Continued)

The following table summarizes information about stock options outstanding as of December 31, 2014:

	Employee Options Outstanding			Employee Options Exercisable	
Range of Exercise Prices	Shares	Weighted-average. Remaining Contractual Life (Years) [1]	Weighted-average Exercise Price	Shares	Weighted-average Exercise Price [1]
$0.00 – $1.95	3,200	3.27	$ 1.95	3,200	$ 1.95
$6.00 – $13.90	13,100	1.68	7.28	13,100	7.28
$15.38 – $19.55	1,200	.16	$ 18.16	1,200	$ 18.16
	17,500	**1.87**	**$ 7.05**	**17,500**	**$ 7.05**

[1] Issued and outstanding share amounts and weighted-average grant date fair values reflect the four-for-one forward stock split effected on May 29, 2014 and the two-for-one stock split effected on February 24, 2015.

As of December 31, 2014, we do not have any unrecognized stock-based compensation cost related to nonvested stock options to be recognized. There were no stock options granted and 8,000 stock options were exercised during 2014. There were no stock options granted nor stock options exercised during the years ended December 31, 2014 and 2013.

8. 401(k) Savings Plan

In 1995, we implemented a savings plan for all eligible employees, which qualifies under Section 401(k) of the Internal Revenue Code ("IRC"). Participating employees may contribute up to 25% of their pretax salary, but not more than statutory limits. We match 50% of the first $1,000 a participant contributes. We expensed $5,000, $6,000 and $5,000 in 2014, 2013 and 2012, respectively, related to this plan.

9. Income Taxes

The provision for income taxes for the years ended December 31, 2014, 2013 and 2012 is as follows (in thousands):

	2014	2013	2012
Current taxes:			
Federal	$ —	$ —	$ —
State	1	1	2
Foreign	12	—	—
Subtotal	13	1	2
Deferred taxes:			
Federal	—	—	—
State	—	—	—
Foreign	—	—	—
Subtotal	—	—	—
Provision for income taxes	**$ 13**	**$ 1**	**$ 2**

Differences between the provision for income taxes and income taxes at the statutory federal income tax rate for the years ended December 31, 2014, 2013 and 2012 are as follows (in thousands):

	2014	2013	2012
Income tax benefit at the statutory federal rate	$ 526	$ 4	$ 47
State income taxes, net of federal income tax effect	82	12	6
Foreign taxes at rates different than U.S. taxes	(10)	18	(57)
Expiring net operating loss carryforwards	533	70	7
Fair value of warrants and interest	—	—	(15)
Valuation allowance	(1,219)	(103)	(67)
Other	101	—	81
Total provision for income taxes	**$ 13**	**$ 1**	**$ 2**

9. Income Taxes (Continued)

The tax effects of temporary differences and carryforwards that give rise to a significant portion of the deferred tax assets at December 31, 2014 and 2013 are summarized as follows (in thousands):

	2014	2013
Deferred tax assets:		
Net operating loss carryforwards	$ 19,287	$ 20,639
Credits	658	654
Accruals	21	36
Reserves	452	499
State taxes	36	(991)
Other	(792)	44
Total deferred tax assets	19,662	20,881
Valuation allowance	(19,662)	(20,881)
Net deferred tax assets	**$ —**	**$ —**

In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portions or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible and the periods before the carryforwards expire. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes there is insufficient evidence to conclude that it is more likely than not that the results of future operations will generate sufficient taxable income to realize a portion of the net deferred tax assets. Accordingly, the Company has recorded a valuation allowance against its entire net deferred tax asset as of December 31, 2014 and 2013.

The United States income and loss before provision for taxes was $1,407,000, $218,000 and $89,000 for the years ended December 31, 2014, 2013 and 2012, respectively. The corresponding income and loss before provision for taxes for non-U.S.-based operations was $162,000, $(275,000) and $117,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

As of December 31, 2014, withholding and U.S. taxes had not been provided on unremitted earnings of non-U.S. subsidiaries, because the Company has currently reinvested these earnings permanently in such operations. Such earnings would become taxable upon the sale or liquidation of these subsidiaries or upon remittance of dividends.

9. Income Taxes (Continued)

As of December 31, 2014, the Company had net operating loss ("NOL") carryforwards for federal, and state income tax purposes of $49.6 million and $27.2 million, respectively. Such carryforwards may be used to reduce taxable income in those jurisdictions through 2031, subject to limitations of Section 382 of the IRC. For the year ended December 31, 2012, the Company believes an ownership change may have occurred, as defined by Sections 382 and 383 of the IRC, which could result in the forfeiture of a significant portion of its net operating loss and credit carryforwards. The Company is currently analyzing whether a change occurred and the related impact on its gross deferred tax assets, if any. As the Company's analysis is not complete, the impact to its gross deferred tax assets is uncertain.

10. Earnings per Share

For all periods presented, per-share information was computed pursuant to provisions of the Earnings per Share Topic of FASB ASC Topic No. 260. The computation of earnings per share—basic is based upon the weighted-average number of common shares outstanding during the periods presented. Earnings per share—diluted also includes the effect of common shares contingently issuable from options and warrants (in periods in which they have a dilutive effect).

Common stock equivalents are calculated using the treasury stock method. Under the treasury stock method, the proceeds from the assumed conversion of options and warrants are used to repurchase outstanding shares, using a yearly average market price.

The following table contains information necessary to calculate earnings per share (in thousands):

	2014	2013	2012
Weighted-average shares outstanding[2]	5,852	5,856	5,848
Effect of dilutive securities, options and warrants	—[1]	—[1]	—[1]
Weighted-average shares—diluted	**5,852**	**5,856**	**5,848**

[1] During the years ended December 31, 2014, 2013 and 2012, 83,000, 270,000 and 276,000 shares of common stock equivalents, respectively, were not added to the basic common shares outstanding, as our average stock price during these periods was lower than the conversion price of all common stock equivalents.

[2] The common shares outstanding for all periods reflect the Company's four-for-one forward stock split effected on May 29, 2014 and the two-for-one forward stock split effected on February 24, 2015.

11. Commitments and Contingencies

Operating Leases—We lease our facilities and certain equipment under operating leases expiring through 2020. Rent expense totaled approximately $287,000, $261,000 and $233,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

Our future operating leases amounting to $367,000 for our future rent obligations.

Year ending December 31,	
2015	$ 81
2016	67
2017	69
2018	71
2019 and beyond	79
Total	**$ 367**

12. Geographic Information

Geographic Information—We attribute revenues to different geographic areas on the basis of customer location. Our revenues and long-lived assets by geographic area for the years ended December 31, 2014, 2013 and 2012 are as follows (in thousands):

	Years Ended December 31,					
	2014		2013		2012	
	Revenues	Long-lived Assets	Revenues	Long-lived Assets	Revenues	Long-lived Assets
United States	$ 6,183	$ 41	$ 5,148	$ 71	$ 4,536	$ 140
Japan	553	—	490	—	457	—
Asia (other than Japan)	1,784	136	588	56	291	29
Europe and other	1,758	—	1,325	—	1,129	—
Total	**$ 10,278**	**$ 177**	**$ 7,551**	**$ 127**	**$ 6,413**	**$ 169**

13. Quarterly Financial Data (Unaudited)[1]

The following table presents certain financial information for each of the following quarters during the years ended December 31, 2014, 2013 and 2012:

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Revenues	$ 2,957	$ 2,928	$ 2,680	$ 1,713
Gross profit	1,587	1,452	1,283	756
Income (loss) from continuing operations, net of tax	777	468	414	(138)
Income from discontinued operations, net of tax	8	9	9	8
Net income (loss)	785	477	423	(130)
Income (loss) per share—basic and diluted	0.14	0.08	0.07	(0.02)

[1] All per-share and weighted-average share amounts have been adjusted to retroactively reflect the four-for-one forward stock split effected on May 29, 2014 and the two-for-one stock split effected on February 24, 2015.

	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Revenues	$ 2,013	$ 1,802	$ 1,910	$ 1,826
Gross profit	760	649	882	900
Income (loss) from continuing operations, net of tax	33	(107)	(10)	62
Income from discontinued operations, net of tax	8	9	9	8
Net income (loss)	41	(98)	(1)	70
Income (loss) per share—basic and diluted	0.01	(0.02)	0.00	0.01

13. Quarterly Financial Data (Unaudited)[1] (Continued)

	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Revenues	$ 1,490	$ 1,623	$ 1,605	$ 1,695
Gross profit	653	787	823	912
Income (loss) from continuing operations, net of tax	(324)	(43)	285	184
Income from discontinued operations, net of tax	8	9	9	8
Net income (loss)	(316)	(34)	294	192
Income (loss) per share—basic and diluted	(0.06)	(0.01)	0.05	0.03

Quarterly and year-to-date computations of earnings per share amounts are made independently. Therefore, the sum of the computations and per-share amounts for the quarters may not agree with the per-share amounts for the year.

[1] All per-share and weighted-average share amounts have been adjusted to retroactively reflect the four-for-one forward stock split effected on May 29, 2014 and the two-for-one forward stock split effected on February 24, 2015.

14. Legal

On May 21, 2012, the Company signed a settlement agreement and release of claims with a third-party supplier on its complaint, originally filed on April 22, 2011 and amended on January 31, 2012. Under the terms of the settlement, the Company received a one-time payment in the amount of $135,000 from the supplier, which was recorded as “other income, net” in the consolidated statement of income and comprehensive income for the year ended December 31, 2012.

From time to time, the Company is involved in various legal actions that arise in the ordinary course of business, and such items, if any, are not expected to have a significant impact to the consolidated financial statements of the Company.

15. Related Party Transactions

The Company paid fees to a related party for consulting services of $75,000, $75,000 and $0 for the years ended December 31, 2014, 2013 and 2012, respectively. The agreement for consulting services was terminated as of December 31, 2014.

The Company shared certain services and expenses with a related party amounting to $48,877, $0 and $0 for the years ended December 31, 2014, 2013 and 2012, respectively. At December 31, 2014 and 2013, the Company had an outstanding receivable due from the related party amounting to $5,116 and $3,481, respectively.

16. Subsequent Events

Subsequent events have been evaluated through March 16, 2015, which is the date the financial statements were available to be issued.

The Company announced on February 3, 2015, the board of directors had approved a two (2) share for one (1) share forward stock split (the “Forward Stock Split”) of Interlink’s common stock, par value $.001 per share (the “Common Stock”). The record date for the Forward Stock Split is February 19, 2015. In connection with the Forward Stock Split, Interlink is also increasing its authorized Common Stock from 15,000,000 shares to 30,000,000 shares (the “Authorized Shares Increase”). Nevada corporate law does not require Interlink to affect the Forward Stock Split or the Authorized Shares Increase. Interlink will not hold a meeting of its stockholders to consider or to vote upon the Forward Stock Split or Authorized Shares Increase. It is expected that the Forward Stock Split will be effective on February 24, 2015. The purpose of the Forward Stock Split is to increase the liquidity of the Common Stock and to enhance Interlink’s ability to list its shares of common stock on a national securities exchange.