All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your Mexter Shares, you should at once hand this Abridged Prospectus together with the NPA and the RSF to the agent/ broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants which are the subject of this Abridged Prospectus should be addressed to our Share Registrar, Securities Services (Holdings) Sdn Bhd (36869-T) at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus together with the NPA and the RSF have also been lodged with the Registrar of Companies, who takes no responsibility for the contents.

The approval from our shareholders for the Rights Issue with Warrants was obtained at our EGM held on 22 July 2013. Approval from Bursa Securities has also been obtained vide its letter dated 28 May 2013 for the admission and initial listing of the Warrants to the Official List and the additional listing of and quotation of the Rights Shares as well as the new Mexter Shares to be issued arising from the exercise of the Warrants. The official listing of and quotation for all the new securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. Admission and initial listing of the Warrants to the Official List and the additional listing of and quotation for the Rights Shares as well as the new Mexter Shares to be issued arising from the exercise of the Warrants are in no way reflective of the merits of the Rights Issue with Warrants.

Our Directors have seen and approved all the documentation relating to the Rights Issue with Warrants, including this Abridged Prospectus, together with the NPA and the RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus together with the NPA and the RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and have provided our Share Registrar with an address in Malaysia not later than 5.00 p.m. on 26 August 2013. This Abridged Prospectus together with the NPA and the RSF are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. The Entitled Shareholders and/ or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue with Warrants would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHBIB nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation made by the Entitled Shareholders and/ or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHBIB, being our Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.

MEXTER

MEXTER TECHNOLOGY BERHAD

(Company No. 647673-A)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 89,452,020 NEW ORDINARY SHARES OF RM0.10 EACH IN MEXTER TECHNOLOGY BERHAD ("MEXTER") ("MEXTER SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING MEXTER SHARE HELD, TOGETHER WITH UP TO 89,452,020 FREE DETACHABLE WARRANTS IN MEXTER ("WARRANT(S)") ON THE BASIS OF ONE (1) FREE WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR, AS AT 5.00 P.M. ON 26 AUGUST 2013 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE

Adviser

RHB

RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	: Monday, 26 August 2013 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Monday, 2 September 2013 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Thursday, 5 September 2013 at 4.00 p.m.
Last date and time for acceptance and payment	: Tuesday, 10 September 2013 at 5.00 p.m.
Last date and time for excess application and payment	: Tuesday, 10 September 2013 at 5.00 p.m.

* or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time

This Abridged Prospectus is dated 26 August 2013

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:-

"Abridged Prospectus"	:	This abridged prospectus dated 26 August 2013
"Act"	:	The Companies Act, 1965
"Amendment"	:	The amendment to the Memorandum of Association of Mexter
"Board"	:	The Board of Directors of Mexter
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CDS Account"	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depository) Act, 1991 and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"CMSA"	:	Capital Markets and Services Act, 2007
"Code"	:	Malaysian Code on Take-Overs and Mergers, 2010
"Corporate Exercises"	:	The Rights Issue with Warrants, the Exemption, the Increase in Authorised Share Capital and the Amendment, collectively
"Deed Poll"	:	The deed poll dated 12 August 2013 constituting the Warrants
"Director(s)"	:	The director(s) of Mexter and shall have the meaning given in Section 4 of the Act
"EGM"	:	Extraordinary General Meeting
"Entitled Shareholder(s)"	:	The shareholders of Mexter who are registered as a member and whose names appear in the Record of Depositors of the Company on the Entitlement Date
"Entitlement Date"	:	At 5.00 p.m. on 26 August 2013, being the time and date on which shareholders of Mexter must be registered as a member and whose names appear in our Record of Depositors provided by Bursa Depository in order to participate in the Rights Issue with Warrants
"EPS"	:	Earnings per Share
"Excess Rights Shares with Warrants"	:	Rights Shares with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/ or their renouncee(s) (if applicable)
"Exemption"	:	The exemption under Paragraph 16.1 of Practice Note 9 of the Code to Ivan Sia Teck Fatt from the obligation to undertake a mandatory take-over offer for all the remaining Mexter Shares not already owned by him pursuant to the Rights Issue with Warrants
"Foreign Entitled Shareholder(s)"	:	Entitled Shareholder(s) who have not provided an address in Malaysia for the service of documents to be issued for the purposes of the Rights Issue with Warrants

DEFINITIONS (CONT'D)

"FPE"	:	Financial period ended
"FYE"	:	Financial year ended/ ending
"ICT"	:	Information and Communications Technology
"Increase in Authorised Share Capital"	:	The increase in the authorised share capital of Mexter from RM25,000,000 comprising 250,000,000 Mexter Shares to RM50,000,000 comprising 500,000,000 Mexter Shares
"IT"	:	Information Technology
"LBT"	:	Loss before taxation
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	22 July 2013, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Maximum Scenario"	:	Assuming the Rights Issue with Warrants is undertaken on a full subscription level basis
"Mexter" or the "Company"	:	Mexter Technology Berhad (647673-A)
"Mexter Group" or the "Group"	:	Mexter and its subsidiary companies, collectively
"Mexter Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.10 each in Mexter
"Minimum Scenario"	:	Assuming the Rights Issue with Warrants is undertaken on the Minimum Subscription Level
"Minimum Subscription Level"	:	A minimum level of subscription of 28,213,247 Rights Shares together with 28,213,247 Warrants pursuant to the Rights Issue with Warrants as determined by the Board. The aforesaid Minimum Subscription Level is based on the irrevocable written undertaking from a substantial shareholder of Mexter, namely Ivan Sia Teck Fatt to subscribe for 28,213,247 Rights Shares and 28,213,247 Warrants, being his entitlement under the Rights Issue with Warrants
"NPA"	:	Notice of provisional allotment of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants
"Official List"	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
"PBT"	:	Profit before taxation
"Provisional Allotment"	:	Rights Shares together with the Warrants provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue with Warrants

DEFINITIONS (CONT'D)

"R&D"	:	Research and development
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
"RHBIB" or the "Adviser"	:	RHB Investment Bank Berhad (19663-P)
"Rights Issue with Warrants"	:	The renounceable rights issue of up to 89,452,020 Rights Shares on the basis of one (1) Rights Share for every one (1) existing Mexter Share held, together with up to 89,452,020 free detachable Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, on the Entitlement Date at an issue price of RM0.10 per Rights Share
"Rights Share(s)"	:	Up to 89,452,020 new Mexter Shares to be issued pursuant to the Rights Issue with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form for the Rights Issue with Warrants
"SC"	:	Securities Commission Malaysia
"WAMP"	:	Weighted average market price
"Warrant(s)"	:	Up to 89,452,020 free detachable warrants in Mexter to be issued pursuant to the Rights Issue with Warrants

All references to "our Company" and "Mexter" in this Abridged Prospectus are made to Mexter Technology Berhad and references to "our Group" are made to our Company and our subsidiaries. All references to "we", "us", "our" and "ourselves" are made to the Company, or where the context requires, our Group or any of our subsidiaries. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Nationality	Occupation
Dato' Hj Mohammad Mokhtar Bin Hj Hasan *(Chairman/ Independent Non-Executive Director)*	No. 15, Jalan Sepah Puteri 5/20 Damansara Emas 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Ivan Sia Teck Fatt *(Managing Director/ Chief Executive Officer)*	L-05-01, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur	Malaysian	Company Director
Kuan Khian Leng *(Executive Director)*	Unit 15-3-B, Park Rose Condo Jalan Kapas Bukit Bandaraya 59100 Kuala Lumpur	Malaysian	Company Director
Andrew Su Meng Kit *(Senior Independent Non-Executive Director)*	No. 7, Jalan SS 22/42 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Yee Teck Fah *(Independent Non-Executive Director)*	203, Jalan Jemerlang 3 Country Heights Damansara 60000 Kuala Lumpur	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Andrew Su Meng Kit	Chairman	Senior Independent Non-Executive Director
Dato' Hj Mohammad Mokhtar Bin Hj Hasan	Member	Independent Non-Executive Director
Yee Teck Fah	Member	Independent Non-Executive Director

COMPANY SECRETARIES : Ooi Ean Hoon (MAICSA 7057078)

How Wee Ling (MAICSA 7033850)

Raintree Alliance Sdn Bhd
57-G, Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Penang
Tel. No.: 04-640 8933
Fax. No.: 04-643 8911

CORPORATE DIRECTORY (CONT'D)

REGISTERED OFFICE AND PRINCIPAL OFFICE	:	L-05-01, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel. No.: 03-6203 7771 Fax. No.: 03-6203 7772 Website: www.mexter.com.my Email: sales@mexter.com.my
SHARE REGISTRAR	:	Securities Services (Holdings) Sdn Bhd (36869-T) Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Tel. No.: 03-2084 9000 Fax. No.: 03-2094 9940
AUDITORS AND REPORTING ACCOUNTANTS	:	Messrs Baker Tilly Monteiro Heng (AF0117) Baker Tilly MH Tower Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur Tel. No.: 03-2297 1000 Fax. No.: 03-2282 9980
PRINCIPAL BANKER	:	Alliance Bank Malaysia Berhad (88103-W) Wisma Projass No.3, Jalan SS15/2A 47500 Subang Jaya Selangor Darul Ehsan, Malaysia Tel. No.: 03-5634 2870 Fax. No.: 03-5634 1128
SOLICITORS	:	Messrs Jin & Co. Suite No 8-10-9, Level 10 Menara Mutiara Bangsar No 8 Jalan Liku 59100 Bangsar Kuala Lumpur Tel. No.: 03-2284 2811 Fax. No.: 03-2284 2611
ADVISER	:	RHB Investment Bank Berhad (19663-P) Level 12, Tower Three, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-9287 3888 Fax. No.: 03-9287 4770
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	ACE Market of Bursa Securities

MEXTER

MEXTER TECHNOLOGY BERHAD
(Company No. 647673-A)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

L-05-01, No. 2 Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur

26 August 2013

Board of Directors

Dato' Hj Mohammad Mokhtar Bin Hj Hasan *(Chairman/ Independent Non-Executive Director)*
Ivan Sia Teck Fatt *(Managing Director/ Chief Executive Officer)*
Kuan Khian Leng *(Executive Director)*
Andrew Su Meng Kit *(Senior Independent Non-Executive Director)*
Yee Teck Fah *(Independent Non-Executive Director)*

To: **Our Entitled Shareholders**

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 89,452,020 RIGHTS SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING MEXTER SHARES HELD TOGETHER WITH UP TO 89,452,020 WARRANTS ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR AS AT 5.00 P.M. ON 26 AUGUST 2013 AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE

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1. INTRODUCTION

On 5 April 2013, RHBIB had, on behalf of our Board, announced that we propose to undertake the Corporate Exercises.

Our Board had, on 5 April 2013, appointed TA Securities as the Independent Adviser to advise the non-interested shareholders of Mexter in relation to the Exemption. TA Securities had, on 8 April 2013, submitted to the SC its declaration of independence in relation to its role as the independent adviser for the Exemption.

On 30 April 2013, RHBIB had on behalf of the Board, announced that the Controller of Foreign Exchange (via Bank Negara Malaysia) had, vide its letter dated 25 April 2013, approved the allotment and issuance of the Warrants to the non-resident shareholders of Mexter pursuant to the Rights Issue with Warrants.

On 28 May 2013, RHBIB had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 28 May 2013, resolved to approve the following:-

i. Admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for up to 89,452,020 Warrants to be issued pursuant to the Rights Issue with Warrants;

ii. Listing of and quotation for up to 89,452,020 Rights Shares to be issued pursuant to the Rights Issue with Warrants; and

iii. Listing of and quotation for up to 89,452,020 new Mexter Shares to be issued arising from the exercise of the Warrants,

on the ACE Market of Bursa Securities, subject to the following conditions:-

	Conditions	Status of compliance
(a)	Mexter and RHBIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	Noted
(b)	Mexter and RHBIB to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(c)	Mexter to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be complied
(d)	Mexter to furnish Bursa Securities on a quarterly basis, a summary of the total number of shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

On 22 July 2013, our shareholders had approved the Corporate Exercises at our EGM. A certified true extract of the resolutions pertaining to the Corporate Exercises which were passed at the aforesaid EGM, is set out in Appendix I of this Abridged Prospectus.

On 7 August 2013, RHBIB had, on behalf of our Board, announced that the issue price of the Rights Shares and the exercise price of the Warrants have been fixed at RM0.10 per Rights Share and RM0.13 per Warrant, respectively.

On 12 August 2013, RHBIB had, on behalf of our Board, announced the Entitlement Date and other relevant dates pertaining to the Rights Issue with Warrants.

The official listing of and quotation for the Rights Shares and the Warrants to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or RHBIB.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants entails an issuance of up to 89,452,020 Rights Shares on a renounceable basis of one (1) Rights Share for every one (1) Mexter Share held, together with up to 89,452,020 Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, by the Entitled Shareholders and/ or their renounces (if applicable) on the Entitlement Date at an issue price of RM0.10 per Rights Share.

The actual number of the Rights Shares and the Warrants to be issued pursuant to the Rights Issue with Warrants will depend on the acceptance by the Entitled Shareholders and/ or their renouncee(s) (if applicable).

As at the LPD, based on the issued and paid-up share capital of Mexter of RM8,945,202 comprising 89,452,020 Mexter Shares, a total of up to 89,452,020 Rights Shares together with up to 89,452,020 Warrants will be issued in the event all the Entitled Shareholders and/ or their renouncee(s) (if applicable) fully subscribe for their entitlements under the Rights Issue with Warrants. In addition, assuming all the 89,452,020 Warrants are exercised, a total of 89,452,020 new Mexter Shares will be issued.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll.

The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Rights Issue with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall then be entitled to the Warrants in the proportion of their acceptance of their Rights Shares entitlements.

Any unsubscribed Rights Shares together with the Warrants will be made available to the other Entitled Shareholders and/ or their renouncee(s) (if applicable) under the Excess Rights Shares with Warrants application. It is the intention of our Board to allocate the Excess Rights Shares with Warrants, if any, on a fair and equitable manner, and on a basis as set out in Section 10.8 of this Abridged Prospectus.

As you are an Entitled Shareholder, your CDS Accounts will be duly credited with the number of Provisional Allotment, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Allotment as well as to apply for the Excess Rights Shares with Warrants if you choose to do so.

Any dealings in our securities will be subject to the provisions of the Securities Industry (Central Depositories) Act, 1991, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares together with the Warrants will be credited directly into the respective CDS Accounts of the successful applicants. However, no physical share or warrant certificates will be issued. Notices of allotment will be despatched to the successful applicants.

We will allot and issue the Rights Shares together with the Warrants, despatch notices of allotment to the successful applicants and make an application for the quotation for the Rights Shares and the Warrants within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares or such period as may be prescribed by Bursa Securities. The Rights Shares and the Warrants will then be quoted two (2) Market Days after the application for quotation is made to Bursa Securities.

2.2 Basis of determining and justification for the issue price of the Rights Shares

On 7 August 2013, RHBIB had, on behalf of our Board, announced that our Board has fixed the issue price of the Rights Shares at RM0.10 per Rights Share. This represents the par value of Mexter Shares and a discount of approximately 16.67% to the theoretical ex-rights price of Mexter Shares of RM0.12, calculated based on the five (5)-day WAMP of Mexter Shares up to and including 6 August 2013, being the last trading day of Mexter Shares immediately preceding the price-fixing date for the Rights Shares, of RM0.14.

The issue price of the Rights Shares was determined and fixed by our Board after taking into consideration the aforementioned theoretical ex-rights price of Mexter Shares and it shall in no event be lower than the par value of Mexter Shares of RM0.10 each after the discount to the theoretical ex-rights price.

2.3 Basis of determinating and justification for the exercise price of the Warrants

The Warrants attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/ or their renouncee(s) (if applicable) who subscribe for the Rights Shares.

On 7 August 2013, RHBIB had, on behalf of our Board, announced that our Board has fixed the exercise price of the Warrants at RM0.13 per Warrant. This represents a premium of approximately 8.33% to the theoretical ex-rights price of Mexter Shares of RM0.12, calculated based on the five (5)-day WAMP of Mexter Shares up to and including 6 August 2013, being the last trading day of Mexter Shares immediately preceding the price-fixing date, for the exercise price of the Warrants.

The exercise price of the Warrants was determined and fixed by our Board after taking into consideration the aforementioned theoretical ex-rights price of Mexter Shares and it shall in no event be lower than the par value of Mexter Shares of RM0.10 each.

2.4 Ranking of the Rights Shares and the new Mexter Shares to be issued arising from the exercise of the Warrants

The Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Mexter Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

The new Mexter Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing Mexter Shares, save and except that the new Mexter Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the said new Mexter Shares.

2.5 Principal terms of the Warrants

The principal terms of the Warrants are set out below:-

Issue size	:	Up to 89,452,020 Warrants to be issued pursuant to the Rights Issue with Warrants to the Entitled Shareholders on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for.
Exercise rights	:	Each Warrant entitles the registered holder, at any time during the exercise period, to subscribe for one (1) new Mexter Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll.
Exercise period	:	The Warrants may be exercised at any time during the period of five (5) years commencing from and including the date of issuance of the Warrants and ending on the date preceding the fifth (5th) anniversary of the date of issue of the Warrants or if such date is not a Market Day, then it shall be the Market Day immediately preceding the non-Market Day, but excluding those days during which period the Record of Depositors and/ or the Warrant Register is or are closed. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.
Mode of exercise	:	The registered holder of the Warrant is required to lodge a subscription form, as set out in the Deed Poll, with the Company's registrar, duly completed, signed and stamped together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new Mexter Shares at any time during the exercise period, or such denomination as determined by Bursa Securities.
Participating rights of the holders of Warrants in any distribution and/ or offer of further securities	:	The Warrant holders are not entitled to vote in any general meeting of Mexter or to participate in any distribution or offer of further securities in the Company other than on winding-up compromise or arrangement of Mexter unless and until the holder of Warrants becomes a shareholder of Mexter by exercising his Warrants into new Mexter Shares or unless otherwise resolved by Mexter in a general meeting.
Rights in the event of winding-up, liquidation, compromise and/ or arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies, then every holder of Warrants shall be entitled upon and subject to the provisions of the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, to exercise the rights represented by the Warrants by payment of the Exercise Price within the said six (6) weeks and upon such exercise shall be deemed and be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement (as the case may be) been the holder of new Mexter Shares arising from the exercise of the Warrants and the liquidator of the Company shall give effect to such presumption accordingly.

Adjustments in the exercise price and/ or number of Warrants	:	The exercise price and/ or number of unexercised Warrants may be adjusted, calculated or determined by the Board, in consultation with its professional advisers and certified by the auditors in accordance with the provisions as contained in the Third Schedule of the Deed Poll, in the event of any alteration to the share capital of the Company, including but not limited to the consolidation or subdivision or conversion, issuance of shares by way of capitalisation of profits or reserves, capital distribution or rights issue of shares or convertible securities or any other events, in accordance with the provisions of the Deed Poll.
Modifications	:	Save for complying with any applicable laws and to correct any manifest error and any modification, amendment, deletion or addition which is of a formal minor or technical nature and not materially prejudicial to the interests of the Warrant holders which may be amended by the Company after consultation with its professional advisers without the consent of the Warrants holders, any other modification, amendment, deletion or addition to the Deed Poll shall require the approval of the holders of Warrants sanctioned by special resolution and may be effected only by the Deed Poll, executed by the Company and expressed to be supplemental thereto and subject to the approval of the relevant authorities, if necessary.
Constitution	:	The Warrants will be constituted by the Deed Poll.
Governing law	:	Laws and regulations of Malaysia.

2.6 Details of other corporate exercises

As at the LPD, save for the Rights Issue with Warrants, our Board confirms that there are no other outstanding corporate exercises which have been announced and/ or approved by the regulatory authorities but pending completion.

3. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE WITH WARRANTS

After due consideration, our Board is of the view that the Rights Issue with Warrants is the most appropriate avenue for raising funds as the Rights Issue with Warrants shall:-

i. Enable our Company to raise funds without incurring interests expenses as compared to bank borrowings;

ii. Improve liquidity and financial flexibility as well as to optimise our Group's capital structure by strengthening our financial position; and

iii. Provide our shareholders with an opportunity to further increase their equity participation in our Company via the issuance of new Mexter Shares without diluting the existing shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements.

In addition, the Warrants to be issued pursuant to the Rights Issue with Warrants will provide an incentive to the Entitled Shareholders and/ or their renounce(s) (if applicable) to subscribe for the Rights Shares. The Warrants will allow the Entitled Shareholders and/ or their renounce(s) (if applicable) to benefit from the potential capital appreciation of the Warrants and increase their equity participation in our Company at a predetermined price over the tenure of the Warrants. In addition, our Company would also be able to raise further proceeds as and when the Warrants are exercised.

4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.10 per Rights Share, the total gross proceeds that is expected to be raised from the Rights Issue with Warrants and the intended utilisation are set out below:-

	Timeframe for utilisation	Minimum Scenario RM'000	Maximum Scenario RM'000
Working capital[*1]	Refer to Note (2) below	2,171	8,295
Estimated expenses in relation to the Corporate Exercises[*3]	Upon completion	650	650
Total		**2,821**	**8,945**

Notes:-

*1 *The proceeds earmarked for working capital will be utilised in the following manner:-*

	Minimum Scenario RM'000	*Maximum Scenario RM'000*
Repayment of trade and other payables	*651*	*2,489*
Staff salaries	*1,194*	*4,562*
Marketing expenses	*326*	*1,244*
Total	***2,171***	***8,295***

The proceeds to be raised will improve the Group's cash flow and fund its operating expenses. The above breakdown is purely for illustrative purposes and is indicative at this juncture. In the event of any shortfall or excess in funds allocated to any of the above categories of working capital, such shortfall or excess in funds will be funded from or used for the other remaining categories of working capital.

*2 *The timeframe for utilisation of proceeds earmarked for working capital is set out below:-*

	Timeframe for utilisation
Minimum Scenario	*Within 12 months*
Maximum Scenario	*Within three (3) years*

*3 *The proceeds earmarked for estimated expenses in relation to the Corporate Exercises shall be utilised as set out below:-*

	RM'000
Professional fees (i.e. adviser, reporting accountants and solicitors)	*515*
Regulatory fees	*69*
Other incidental expenses in relation to the Corporate Exercises	*66*
Total	***650***

Any variation to the amount of proceeds to be raised which is dependent upon the actual number of Rights Shares to be issued, will be adjusted against the amount allocated for the working capital of our Group.

The gross proceeds to be raised from the exercise of the Warrants is dependent on the total number of Warrants exercised during the tenure of the Warrants. The gross proceeds to be raised from the exercise of the Warrants will be utilised as additional working capital of our Group.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

5. IRREVOCABLE UNDERTAKINGS AND UNDERWRITING ARRANGEMENTS

Our Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level. The Minimum Subscription Level has been determined by our Board after taking into consideration the minimum level of funds that we wish to raise from the Rights Issue with Warrants which will be channelled towards the proposed utilisation of proceeds as set out in Section 4 of this Abridged Prospectus.

A substantial shareholder of our Company, namely Ivan Sia Teck Fatt, had vide his letter dated 5 April 2013, provided his irrevocable undertaking to subscribe in full for his entitlement under the Rights Issue with Warrants based on his shareholding.

A summary of the irrevocable undertaking is set out below:-

	Shareholding as at the LPD		Entitlement under the Rights Issue with Warrants		Undertaking
	No. of Shares	**%**	**No. of Shares**	**%[*1]**	**No. of Shares**
Ivan Sia Teck Fatt	28,213,247	31.54	28,213,247	31.54	28,213,247

Note:-

[*1] *Computed based on up to 89,452,020 Rights Shares available for subscription under the Maximum Scenario*

Based on the issue price of RM0.10 per Rights Share, the funding requirements for Ivan Sia Teck Fatt pursuant to his undertaking is approximately RM2.82 million. Ivan Sia Teck Fatt had, on 5 April 2013, provided confirmation that he has sufficient financial resources to subscribe for his entitlement. The said confirmation has been verified by RHBIB, the Adviser for the Rights Issue with Warrants.

As the Rights Issue with Warrants will be undertaken on a Minimum Subscription Level basis, we will not procure any underwriting arrangement for the balance of up to 61,238,773 Rights Shares, representing approximately 68.46% of the total Rights Shares available from for subscription under the Maximum Scenario.

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6. RISK FACTORS

In addition to other information contained elsewhere in this Abridged Prospectus, you and/ or your renouncees (if applicable) should consider carefully the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue with Warrants.

6.1 Risks relating to our Group and the ICT industry in which we operate

6.1.1 Business and operational risk

Our Group is principally involved in providing mobile gateway solutions and services, computer and electronic products, mobile and web application development services as well as manpower services and project outsourcing to world class multinational corporations operating within industries such as discrete manufacturing, telecommunication, healthcare and oil and gas. Hence, our Group is subject to certain business and operational risks inherent in the ICT industry at large which includes, amongst others, changes in domestic and world economic conditions, entry of new players, shortage in skilled workforce and increase in cost of operations.

Whilst our Group seeks to limit these risks through our continued initiative in focusing on effective marketing activities, expanding into new overseas markets such as Australia and Taiwan, developing of new solutions and services and streamlining operations whilst maintaining prudence in expenditures to ultimately put its products and services at a competitive price to the market, while maintaining the level of services that the market and customers expect, there is no assurance that any change to these risks will not adversely affect our Group's business.

6.1.2 Dependence on Directors and key personnel

Our continued success will depend significantly on the ability, expertise and continued efforts of our Directors, key management and technical personnel. The departure of any of these individuals may, to a certain extent, affect our future business operations and financial performance. Our future success also depends on our ability to attract, hire, train and motivate sufficient skilled personnel.

Recognising the importance of our key management and technical personnel, we will continuously consider appropriate measures so as to attract and retain our key personnel. To avoid dependence on any key personnel, we strive to attract qualified and experienced personnel as well as to address our succession planning programme by grooming the junior personnel to complement our management team. We believe that offering a competitive salary package, training and conducive working environment should mitigate this risk further, which will in turn help to ensure continuity and competency of our management team.

6.1.3 Risk of expanding into new geographical market

A significant growth strategy of our Group is to expand into new geographical markets such as Australia and Taiwan. Presently, we have expanded our mobile gateway service to multiple countries such as Bangladesh, Indonesia, Singapore, Thailand and Vietnam. For the FYE 31 December 2012, our international revenue accounted for approximately RM1.3 million or 3.73% of our Group's revenue, representing an increase of 0.29 % as compared to the previous financial year.

Our continuous expansion in foreign markets could expose our Group to foreign political and regulatory risk, the costs and risks of customising software solutions for foreign markets, currency rate fluctuations or capital controls, difficulty on staffing, managing overseas operations and other risks. Any failure to accurately assess these issues could affect our Group's business, financial condition and operating results.

In mitigating the above, our Board will exercise prudence and care in implementing our business expansion plans. Our management will continue to monitor closely our Group's operating and financial performance and will only invest in the new markets after studies have been carried out to determine the viability of such investments.

6.1.4 Foreign exchange risk

Our Group is exposed to foreign exchange risks through business transactions and revenue from countries such as Singapore, Indonesia, Thailand and some European countries, where the transactions are mainly denominated in Singaporean Dollar, Indonesian Rupiah, Thai Baht, and Euro. Our business is therefore exposed to foreign exchange risks, mainly from the fluctuations of the said currencies.

To mitigate such risk, our Group has adopted prudent approaches which create natural hedges by matching the value of sales and purchases to and from the same geographical market. In addition, where possible and as a matter of policy, we also use forward contracts to hedge the foreign currency exchange exposure.

For the past three (3) financial years up to the FYE 31 December 2012 and the subsequent period up to the LPD, there have been no material fluctuations in the exchange rate which had adversely affected our Group's financial performance. Nevertheless, there can be no assurance that any future material fluctuations in exchange rates will not have an impact on our Group's financial performance.

6.1.5 No assurance that our future plans will be commercially successful

In order to achieve our future plans, our Group relies on the availability of our management, financial, customer support, operational and other resources. The success of our future plans will largely depend on the market acceptance of our products as well as our ability to enhance our existing products and services, develop new business solutions, and implement strategic marketing plan and licensing arrangements on a timely basis and on favourable terms.

Further, to manage any future growth of our operations and personnel resulting from our business expansion, we need to improve and effectively utilise our existing operational, management, marketing and financial systems and to recruit, hire, train and manage additional personnel.

Whilst we may utilise significant resources in realising our future plans, there can be no assurance that our future plans will be successful or that unanticipated expenses, problems and/ or technical difficulties which would result in material delays in our implementation or even deviation from our original plans will not occur. Further, the actual results may deviate from our business plans due to rapid technological and market changes as well as competitive pressures.

6.1.6 Competition risks

The ICT industry is competitive and fragmented. We expect competition to persist and increase in the future as we face competition from existing operators and new entrants into the market, both locally and internationally who offer similar products and services. Increased competition from external parties could erode our market position or pricing power, hence our overall financial and operational performance could be adversely affected.

In this respect, we have enhanced our market expansion plan by expanding its mobile gateway solutions and services to multiple countries, namely Australia, Bangladesh, Indonesia, Singapore, Taiwan, Thailand and Vietnam. In addition to the gateway business, our mobile division is making efforts to develop and market trendy multimedia contents and applications in line with the converging digital needs of mobile users. This product developments plan is to increase our market share and to ensure sustainable earning growths.

Besides, in order to maintain our competitiveness in the market for our range of solutions and services our Enterprise Software Solutions Division has started marketing and selling technical, software development and outsourcing services to government linked companies and government agencies. This new area of business is expected to contribute strongly to our Group in the future.

Our Group, which is driven by a team of experienced and dedicated personnel has established a brand name for our products and services. Our Group will continue to implement business rationalisation strategies, by focusing on effective marketing activities, penetrating new unsaturated overseas markets, developing new solutions and services and streamlining operations whilst maintaining prudence in expenditures to ultimately put our products and services at a competitive price to the market, while maintaining the level of services that the market and our clients expect.

6.1.7 Technological obsolescence

Our products and services are characterised by rapid technological developments of the ICT industry, constantly evolving industry standards, computer operating environments and software applications, swift changes in customer requirements and frequent new product introductions and enhancements. As such, our Group's future growth would depend on our ability to adapt to the ongoing advances in technology and to address the increasingly sophisticated needs of our customers.

The timely development of new or enhanced products and services is a complex and uncertain process. Although our Group believes that we will have adequate funding and skilled personnel to implement our business plan, there can be no assurance that our Group will be able to accurately anticipate the technological and market trends in the industry and continue to have sufficient resources to support the long development cycles. We may also experience design, marketing and other difficulties that could delay or prevent the development of existing or new products and services, and the introduction or marketing of new or enhanced products and services. Further, there is no assurance that the demand for our products and services will not decline as our competitors develop and introduce newer solutions, or solutions with better features and functionalities.

To mitigate these risks, our technical personnel have been continually kept abreast and updated with the relevant knowledge, skills and development in their respective fields of software development to ensure that they are proficient in performing their respective job responsibilities. Our Group is also actively engaging in R&D activities that focus on developing new products and services as well as enhancing our proprietary solutions based on the latest cost and operationally effective technological platform to meet the changing needs of the market. Nevertheless, there can be no assurance that we would be able to develop new products and services which meet the needs of our customers on a timely manner and cost effective basis.

6.1.8 Risk of sustainability and sales of our Group

A substantial part of our Group's revenue is derived from our mobile services division, whereby such services are generally provided on a yearly renewable contractual basis to our customers. Our failure to secure new contracts may have a material adverse effect on our Group's future performance. It is normal within the industry that users of such services do not enter into long term contracts with the service providers. There is no assurance that our customers will continue to engage us to provide them with such services.

Nevertheless, the risk of sustainability and sales of our Group is mitigated by our established business relationships with our customers, as well as our ability to continuously secure the renewable of contracts with them. However, there can be no assurance that the aforesaid factors are sufficient to mitigate the risk arising from the lack of long term contracts with our customers.

In addition, we will also continue to implement our business rationalisation strategies as set out in Section 7.5 of this Abridged Prospectus while striving to maintain a strong rapport with our existing customers.

6.1.9 Political, economic and regulatory risks

Our financial and business prospects, and the industry in which we operate in, will depend to some degree on the developments in the political and regulatory front in Malaysia and other countries in which we operate in or source our input materials. Amongst the political, economic and regulatory factors that are beyond our control are changes in inflation rates, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the governments' policies such as taxation and licensing regulations.

We will continue to adopt effective measures such as prudent management and efficient operating procedures to mitigate these factors. Nevertheless, there can be no assurance that any adverse economic, political and regulatory changes will not materially affect our Group's business.

6.2 Risks relating to the Rights Issue with Warrants

6.2.1 Market risks for the Rights Shares and the Warrants

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets, outlook of the ICT industry and our financial performance. In view of this, there can be no assurance that our Shares will trade above the issue price of the Rights Shares or the theoretical ex-rights price of our Shares upon or subsequent to the listing of and quotation for the Rights Shares on the ACE Market of Bursa Securities.

The value of the Warrants is dependent on the market price of our Shares, exercise price for the Warrants, remaining tenure of the Warrants, volatility of our share price and the perceived risk-free rates applicable in the relevant market. In view of this, there can be no assurance that the Warrants will be "in-the-money" during the tenure of the Warrants. There can also be no assurance that an active market for the Warrants will develop upon or subsequent to the listing of the Warrants on Bursa Securities or if developed, that such market can be sustained.

Furthermore, you are reminded that should the outstanding Warrants expire at the end of its tenure, it will cease thereafter to be valid for any purposes and hence, will no longer have any value.

6.2.2 Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one (1) or more of the following events:-

i. Material adverse change of events/ circumstances such as changes in inflation rates, interest rates, political leadership and unfavourable changes in the governments' policies such as taxation and licensing regulations as well as other force majeure events, which are beyond the control of our Company and RHBIB, arising prior to or during the implementation of the Rights Issue with Warrants; and

ii. We are unable to meet the public spread requirement of the Listing Requirements, i.e. at least 25% of our issued and paid-up capital must be held by public shareholders holding not less than 100 Shares each.

Nevertheless, our Group will endeavour to ensure the successful listing of the Rights Shares and the Warrants. However, there can be no assurance that the above-mentioned events will not occur and cause a delay in or abortion of the Rights Issue with Warrants. In the event the Rights Issue with Warrants is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares pursuant to the Rights Issue with Warrants and if such monies are not repaid within 14 days after it becomes liable, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

6.3 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of the future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on assumptions made by our management and although believed to be reasonable at that time, are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In view of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by us on the achievability of our future plans and objectives.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the global economy

The global economy grew at a modest pace in the first quarter of 2013. The growth in the United States remained slow, while the economic performance in most European economies remained weak amidst the ongoing policy challenges and domestic structural concerns. In Asia, economic activity continued to expand, although at a slower pace, as domestic demand continued to outweigh weakness in external demand.

Going forward, the global economy is expected to continue to expand, but downside risks to growth will remain. In the advanced economies, economic recovery continues to be vulnerable to policy uncertainties and the risk of contagion. The divergent policies across regions are also resulting in spillover effects on global financial conditions. Nevertheless, in Asia, growth will continue to be sustained by domestic demand, underpinned by income growth and healthy labour market conditions, and supported by continued policy flexibility.

(Source: Bank Negara Malaysia Quarterly Bulletin – First Quarter 2013)

The global growth outlook is expected to improve in 2013. Financial and policy risks have receded compared to the situation over the recent two (2) years. Policy measures introduced in the latter half of 2012 have reduced policy uncertainties and stress in the financial markets. In the advanced economies, the pace of recovery is likely to be weak, with the differential in national growth rates reflecting the degree of economic and financial stress in the individual economies. The outlook for the emerging economies is relatively more favourable, despite their vulnerability to external developments. For most of these economies, domestic demand remains the key driver of growth. Overall, the pace of global growth would be contingent on the strength of the revival in private sector activity in the United States, the commitment towards a credible and comprehensive set of crisis resolution policies in the euro area and the sustainability of domestic demand in the emerging economies.

Global inflation is expected to remain moderate in tandem with the modest improvement in global demand. In the advanced economies, underlying inflationary pressures are expected to be subdued, reflecting excess capacity and weak demand in these economies. There are, however, signs of demand-pull inflationary pressures in the emerging economies following the stronger domestic activity. Nevertheless, on the supply side, the risk of cost-push inflation is expected to remain restrained, given the expectations of modest increases in the prices of global commodities.

(Source: Ministry of Finance Malaysia, Outlook and Policy in 2013)

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7.2 Overview and outlook of the Asian economy

Most economies in Asia continued to expand, albeit at a slower pace, in the first quarter. Domestic demand remained the key contributor to growth, underpinned by favourable labour market conditions, continued access to financing and rising income levels. In several regional economies, overall investment activity continued to be supported by government spending, in particular for infrastructure projects. Intra-regional trade also provided some support to growth, but this was offset in part by weak demand from the United States and Europe. In Korea, Hong Kong SAR and Indonesia, growth was sustained as the improvement in net exports offset weaker investment. Resilient consumption also supported economic activity in Indonesia and Hong Kong SAR. In the People's Republic of China ("PRC"), economic expansion moderated to 7.7%, following slower industrial activity. Growth in Chinese Taipei moderated to 1.5%, amid subdued private consumption and lower export growth. In Singapore, growth contracted by 0.6%, as the manufacturing sector declined at a faster pace, due mainly to the contraction in the biomedical manufacturing cluster.

Headline inflation rose at a slightly faster pace in several Asian economies, driven by a variety of factors. In the PRC and Indonesia, food costs increased amid lower supply conditions. In the Philippines, the rise in inflation was attributable largely to increases in the prices of alcohol and tobacco due to higher taxes. Meanwhile, in Singapore, private transportation costs rose. Price increases in India, however, decelerated due mainly to lower costs of manufactured products.

As inflationary pressures generally remained moderate, most regional central banks kept their key policy rates unchanged during the quarter to provide support to economic activity. Nevertheless, the Bank of Korea and the Reserve Bank of India cut their benchmark interest rates by 25 basis points to 2.50% and 7.25% respectively in May 2013, following concerns over weak economic activity amid high downside risks from the global environment. The State Bank of Vietnam also reduced its discount, refinancing and overnight rates by 100 basis points to 5%, 7% and 8% respectively to increase lending to businesses and support the economy. In addition, Bangko Sentral ng Pilipinas, in April 2013, reduced the interest rates on the Special Deposit Account ("SDA") facility by 50 basis points to 2% across all tenures, to further enhance the efficiency of its operations in absorbing liquidity through the SDA facility.

Moreover, amid continued concerns over property price inflation in several economies, the monetary authorities also undertook further macroprudential measures aimed at the property sector during the quarter. In Singapore, policy measures included additional stamp duties on the first purchase of residential property by permanent residents and the second purchase of residential property by Singaporeans, and lower loan-to-value ratios for the second mortgage and above. Similarly, in the PRC, to curb speculative demand for properties, the government imposed higher down-payment requirements and mortgage rates, and strengthened the ban on the purchase of second homes in several cities.

Going forward, the global economy is expected to continue its moderate expansion. Downside risks to growth, however, remain. While there has been progress made in the major advanced economies to address the fiscal and financial issues, the sustainability of the economic recovery remains vulnerable to continued policy uncertainties and the risk of contagion. The divergent policies across regions are also resulting in spillover effects on global financial conditions, as reflected by the large capital flows into the emerging economies. Nevertheless, in Asia, growth will continue to be sustained by domestic demand, underpinned by income growth and healthy labour market conditions, and supported by continued policy flexibility.

(Source: Bank Negara Malaysia Quarterly Bulletin – First Quarter 2013)

Driven by greenfield investment opportunities and lower production costs, Foreign Direct Investment ("FDI") inflows to the developing regions of East Asia and Southeast Asia rose 14.0% to United States Dollar ("USD") 335.5 billion, accounting for 22.0% of the global inflows. Inflows to East Asia experienced a 9.0% increase to USD219 billion while FDI to Southeast Asia increased 26.0% to USD116.6 billion. Four (4) ASEAN economies, namely Brunei, Indonesia, Malaysia and Singapore saw a considerable rise in FDI inflows in 2011 reaching a combined total of USD96 billion. Malaysia's FDI inflows accelerated 31.5% to USD12 billion. As the PRC continues to experience rising wages and production costs, the relative competitiveness of ASEAN in manufacturing sector has been enhanced. Accordingly, some foreign investors in the PRC's coastal regions are relocating to Southeast Asia. FDI inflows to the PRC, the largest recipient among developing nations, reached USD124 billion in 2011. FDI flows to the services sector surpassed the manufacturing sector for the first time due to higher inflows to non-financial services.

(Source: Ministry of Finance Malaysia, Economic Report 2012/ 2013)

7.3 Overview and outlook of the Malaysian economy

Amid this weaker external environment, the Malaysian economy expanded by 4.1% in the first quarter, supported by stronger domestic demand that expanded by 8.2% during the quarter. On the supply side, while the domestic-oriented industries continued to register sustained growth, activity in the major economic sectors was weighed down by the weak external conditions.

Domestic demand remained robust, increasing by 8.2% during the quarter. Private consumption recorded a strong growth of 7.5%, driven by sustained income growth and favourable labour market conditions. This was further supported by the implementation of the minimum wage policy. Growth in public consumption, however, moderated to 0.1%, amidst lower spending on supplies and services.

Growth in gross fixed capital formation remained firm, rising by 13.2%, underpinned by capital spending by both the private and public sectors. Private investment grew by 10.9%, supported by continued capital spending in the domestic-oriented manufacturing and consumer-related services sub-sectors, in addition to the ongoing implementation of projects in the oil and gas sector. Public investment expanded by 17.3%, driven by higher capital spending by public enterprises in the oil and gas, utilities and telecommunication sectors, while Federal Government development expenditure was channeled mainly into the transportation, education, and trade and industry sectors. On the supply side, growth in the manufacturing sector slowed, weighed down by the weak external conditions. Despite the weakness in trade-related activity, the services sector continued to expand, driven largely by sub-sectors catering to the domestic market. Growth in the agriculture sector was sustained on account of higher production of palm oil, while the mining sector declined due to lower production of crude oil. In the construction sector, growth remained firm, led mainly by the civil engineering sub-sector.

For the Malaysian economy, domestic demand is expected to remain as the key driver of growth, driven by sustained private sector expansion and supported by the public sector. While global developments will continue to present downside risks, intra-regional trade is expected to reinforce the growth performance.

(Source: Bank Negara Malaysia Quarterly Bulletin – First Quarter 2013)

7.4 Outlook of the ICT Industry

PIKOM, the National ICT Association of Malaysia, announced the new five (5) Year Strategic Direction for 2013-2017. The 5 Year Strategic Direction will be supported by six key thrusts that will drive the major initiatives of the association.

The new 5 Year Strategic Direction is timely as the nation pushes towards a develop nation status by 2020. ICT will play a critical enabler in a knowledge-based society.

The Strategic Direction is aimed at growing the industry by 10% per annum from 2013 to 2017. The total industry revenue would reach RM95 billion by 2017 from the base of RM57 billion in 2012

The six (6) key thrusts are:-

- Globalise the Malaysian ICT industry;
- Increase competitiveness of the ICT industry;
- Promote human capital development;
- Lead the digital trend;
- Enhance value to members; and
- Accelerate growth of Malaysian ICT demand.

The Strategic Direction and key thrusts are aimed at providing greater value to members, addressing the human capital issues we face as an industry, creating and growing the demand for ICT products and services domestically while increasing our competitiveness with the end game of creating world class ICT players.

From the Key Thrusts, major initiatives have been identified with targets at the end of the five (5) years which will form the tactical approach. These will cascade to the annual activities and KPIs that will form the base of the operational plan.

The Strategic Direction will be the guiding path for the next five (5) years which is in line with purpose and passion of Championing and Realising the Digital Opportunity.

(Source: PIKOM, "PIKOM announces 5 Year Strategic Direction", 8 March2013)

The ICT sector will continue to be a key focus for Malaysia and is expected to gain greater momentum driven by the convergence of industries due to digitalisation. The contribution of the ICT industry to gross domestic product is targeted to increase to 10.2% by 2015. Greater use of ICT will not only support the growth of the sector but also boost productivity and raise the nation's overall competitiveness. However, to achieve growth, Malaysia needs to shift from being an average producer of general ICT products and services to a niche producer of selected ICT products and services, and progress from a net importer to a net exporter. Issues of lack of product acceptability, weak product branding and lack of cross-discipline expertise will be addressed.

(Source: Economic Planning Unit – 10th Malaysian Plan)

7.5 Future prospects of our Group

Our Group is principally involved in providing mobile gateway solutions and services, computer and electronic products, mobile and web application development services as well as manpower services and project outsourcing.

We believe that our Group could achieve improved performances amidst the favourable outlook of the ICT industry coupled with consistent execution of existing business strategies such as the following:-

i. Marketing and selling technical, software development and outsourcing services to government-linked companies and government agencies via our Enterprise Software Solutions Division;

ii. Making efforts to develop and market multimedia contents and applications (for smartphones like Apple iPhone and Google Android phone) in line with the increased usage of smartphones amongst mobile users via our mobile division; and

iii. Expansion into Thailand via an acquisition of a company in Thailand on 31 July 2012 to enable our Group's existing mobile gateway clients to offer their mobile products and services to Thailand in view of its large population with spending power.

Our Group will continue to implement business rationalisation strategies as of the following:-

i. Focusing on effective marketing activities;

ii. Expanding into new overseas markets such as Australia and Taiwan;

iii. Developing new solutions and services; and

iv. Streamlining operations whilst maintaining prudence in expenditures to ultimately put our products and services at a competitive price to the market, while maintaining the level of services that the market and customers expect.

With the growth in the telecommunications industry fuelled by an increase in usage of cellular and broadband services, our Group has achieved encouraging growth of revenue from our mobile gateway division via short messages services ("SMS"), namely its MexPremium and MexBulk services.

As the Malaysian cellular market is among the more matured markets in the region with a penetration rate of more than 100.0%, our Board believes that the cellular segment will grow in line with the increased usage of data, voice and multimedia services. Furthermore, as the cellular segment is fuelled by intense competition and improved service quality by other service operators, our Group's mobile gateway division has expanded its services in development of our own mobile content after being granted an Application Service Provider license by the Malaysian Communications and Multimedia Commission.

In view of the fact that end users are adopting mobile phones as part of their daily essential tools, the division has put in place plans to develop useful contents and innovative applications to cater to the needs of mobile users. Furthermore, the division, which is driven by a team of experienced personnel, had expanded its mobile gateway services to multiple countries namely Bangladesh, Indonesia, Singapore, Thailand and Vietnam.

As for the mobile and web application development services, our Group acknowledges that our outlook is deemed to be on the bright side. The total global mobile applications market is expected to be worth USD25 billion by 2015. In this respect, our Group has expanded the development platform which spreads across multiple categories such as games, advertisement, entertainment, education, social-networking and lifestyle. Apart from that, our Group also provides both in-house products and development services for external customers based on their needs and requirements. In-house products are applications that are developed to be put on sale in the Apple App Store and Android Google Play to be purchased by mobile phone users. Development services are customised projects for external customers such as e-Catalogue, e-Magazine and corporate marketing applications.

Our manpower services and project outsourcing division focuses on helping clients in improving business processes, operations and the application of technology to capitalise on opportunities in the outsourcing industry. Outsourcing is recognised as a long term competitive strategy for success, especially in the ICT sector, as it is proven as a way to boost Information Technology efficiency. Based on recent research, more than 30.0% of companies in Malaysia are drawing up plans to employ more outsourcing services. The main strategic key drivers for the decision are innovation, capital conservation, access to skilled labour, creating a variable cost basis and management focus. As companies grow in size and operations, it becomes increasingly clear that their focus has to be redirected to their core activities while the non-core functions need to be outsourced to specialised vendors. In view of this, our Group has provided a wide range of services such as Human Resource Management and Project Management Outsourcing which includes providing Staffing Solution, Payroll Processes, Recruitment Process Outsourcing, Contingent Workforce Management and Consulting Services.

In view of the above, our Board is optimistic that our Group could continue to improve the business results and deliver greater value to the shareholders of our Company.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Issued and paid-up share capital

The proforma effects of the Rights Issue with Warrants on our issued and paid-up share capital as at the LPD are set out below:-

	Minimum Scenario		**Maximum Scenario**	
	No. of Shares	**RM**	**No. of Shares**	**RM**
Issued and paid-up share capital as at the LPD	89,452,020	8,945,202	89,452,020	8,945,202
Shares to be issued pursuant to the Rights Issue with Warrants	28,213,247	2,821,325	89,452,020	8,945,202
	117,665,267	11,766,527	178,904,040	17,890,404
Shares to be issued assuming full exercise of the Warrants	28,213,247	2,821,325	89,452,020	8,945,202
Enlarged issued and paid-up share capital	**145,878,514**	**14,587,852**	**268,356,060**	**26,835,606**

8.2 NA per Share and gearing

Based on the audited consolidated statements of financial position of our Group as at 31 December 2012, the proforma effects of the Rights Issue with Warrants on the NA per Share and gearing of our Group are set out below:-

Minimum Scenario

	Audited as at 31 December 2012 RM'000	I After the Rights Issue with Warrants RM'000	II After I and assuming full exercise of the Warrants RM'000
Share capital	8,945	11,766	14,587
Share premium	9,382	8,732*1	11,276*3
Other reserves	43	43	43
Warrant reserve	-	1,698*2	-
Accumulated losses	(13,588)	(15,286)*2	(15,286)
Shareholders' equity/ NA	**4,782**	**6,953**	**10,620**
No. of Shares in issue ('000)	89,452	117,665	145,878
NA per Share (RM)	0.05	0.06	0.07
Borrowings (RM'000)	2,058	2,058	2,058
Gearing ratio (times)	0.43	0.30	0.19

Notes:-

*1 *After deducting estimated expenses of RM650,000 in relation to the Corporate Exercises*

*2 *After the recognition of the theoretical fair value of the Warrants of RM0.0602 per Warrant pursuant to the issuance of 28,213,247 Warrants*

*3 *After adjusting for full exercise of the Warrants at the exercise price of RM0.13 per Warrant and the reversal of the warrants reserve*

Maximum Scenario

	Audited as at 31 December 2012 RM'000	I After the Rights Issue with Warrants RM'000	II After I and assuming full exercise of the Warrants RM'000
Share capital	8,945	17,890	26,835
Share premium	9,382	8,732*1	16,801*3
Other reserves	43	43	43
Warrant reserve	-	5,385*2	-
Accumulated losses	(13 588)	(18,973)*2	(18,973)
Shareholders' equity/ NA	**4,782**	**13,077**	**24,706**
No. of Shares in issue ('000)	89,452	178,904	268,356
NA per Share (RM)	0.05	0.07	0.09
Borrowings (RM'000)	2,058	2,058	2,058
Gearing ratio (times)	0.43	0.16	0.08

Notes:-

*1 *After deducting estimated expenses of RM650,000 in relation to the Corporate Exercises*

*2 *After the recognition of the theoretical fair value of the Warrants of RM0.0602 per Warrant pursuant to the issuance of 89,452,020 Warrants*

*3 *After adjusting for full exercise of the Warrants at the exercise price of RM0.13 per Warrant and the reversal of the warrants reserve*

8.3 Earnings and EPS

The Rights Issue with Warrants is not expected to have a material effect on the earnings of our Group for the FYE 31 December 2013. However, as the Rights Issue with Warrants is expected to be completed in the third quarter of 2013, there may be a reduction in the earnings/ loss per Share of our Group for the FYE 31 December 2013 due to the increase in the number of Mexter Shares in issue upon the completion of the Rights Issue with Warrants and as and when the Warrants are exercised into new Mexter Shares.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that, after taking into consideration our cash flow generated from our operations, current cash in hand and banking facilities available as well as proceeds from the Rights Issue with Warrants, our Group will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM1.97 million. All the borrowings are denominated in local currency, interest-bearing and comprise the following:-

	RM'000
Short term borrowings:-	
Hire-purchase	57
Term-loan	96
Long term borrowings:-	
Hire-purchase	183
Term Loan	1,636
Total	**1,972**

After having made all reasonable enquiries and to the best knowledge and belief of our Board, there has been no default on payments of either interest and/ or principal sums in respect of any borrowings for the FYE 31 December 2012 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

After having made all reasonable enquiries, as at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

9.4 Material commitments

After having made all reasonable enquiries, as at the LPD, our Board is not aware of any material commitments for capital expenditure incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

10. INSTRUCTIONS FOR ACCEPTANCE, SALE OR TRANSFER, EXCESS APPLICATION AND PAYMENT

10.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotment which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Allotment, as well as to apply for Excess Rights Shares with Warrants if you choose to do so.

10.2 NPA

The Provisional Allotment are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the Provisional Allotment will be by book entries through the CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. You and/ or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Shares is at **5.00 p.m.** on **10 September 2013**, or such later date and time as our Board may, at its absolute discretion, determine and announce not less than two (2) Market Days before the stipulated date and time.

10.4 Procedure for acceptance and payment

Acceptance and payment for the Provisional Allotment must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENT, APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTION CONTAINED THEREIN.

YOU AND/ OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions provided therein. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** at the following address:-

Securities Services (Holdings) Sdn Bhd (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel No.: 03- 2084 9000
Fax No.: 03- 2094 9940

so as to arrive **not later than 5.00 p.m.** on **10 September 2013**, being the last date and time for acceptance and payment for the Rights Shares, or such later date and time as our Board may, at its absolute discretion, determine and announce not less than two (2) Market Days before the stipulated date and time.

One (1) RSF can only be used for acceptance of Provisional Allotment standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotment standing to the credit of more than one (1) CDS Account(s). If successful, the Rights Shares subscribed for together with the Warrants will be credited into your CDS Account(s) where the Provisional Allotment is standing to the credit.

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/ or your renouncee(s) (if applicable) should take note that a trading board lot for the Rights Shares and the Warrants comprises of 100 Rights Shares and 100 Warrants respectively. Successful applicants of the Rights Shares will be given Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share, which will be accompanied by one (1) Warrant.

If acceptance and payment for the Provisional Allotment (whether in full or in part, as the case may be) is not received by our Share Registrar by **5.00 p.m.** on **10 September 2013**, being the last date and time and for acceptance and payment, or such later date and time as may be determined and announced by our Board at their absolute discretion not less than two (2) Market Days before the stipulated date and time, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such securities to the applicants who have applied for the Excess Rights Shares with Warrants in the manner as set out in Section 10.8 of this Abridged Prospectus. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept or to accept any application in part only without providing any reasons.

If you or your renouncee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from Bursa Securities' website at http://www.bursamalaysia.com, our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "MEXTER RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES AND WARRANTS, AND NOTICES OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND DESPATCHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

10.5 Procedure for part acceptance by Entitled Shareholders

You are entitled to accept part of your Provisional Allotment provided always that the minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share.

You must complete both Part I(a) and Part II of the RSF by specifying the number of the Rights Shares which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 10.4 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Allotment that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Provisional Allotment.

10.6 Procedure for sale or transfer of the Provisional Allotment

As the Provisional Allotment are prescribed securities, you may dispose or transfer all or part of your entitlement to the Provisional Allotment to one (1) or more person(s) through your stockbrokers without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Account. To dispose or transfer all or part of your entitlement to the Provisional Allotment, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have disposed or transferred only part of the Provisional Allotment, you may still accept the balance of the Provisional Allotment by completing the RSF. Please refer to Section 10.4 of this Abridged Prospectus for the procedure for acceptance and payment.

In disposing or transferring all or part of your Provisional Allotment, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient Provisional Allotment standing to the credit of your CDS Account that are available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Allotment may obtain a copy of this Abridged Prospectus and the RSF from our Share Registrar or at our Registered Office. This Abridged Prospectus and the RSF are also available on the Bursa Securities' website at http://www.bursamalaysia.com.

ENTITLED SHAREHOLDERS WHO DISPOSE OR TRANSFER THEIR PROVISIONAL ALLOTMENT WILL AUTOMATICALLY BE DISPOSING OR TRANSFERRING THEIR ENTITLEMENTS TO THE RIGHTS SHARES AND THE WARRANTS IN THE PROPORTION OF ONE (1) RIGHTS SHARE WITH ONE (1) ATTACHED WARRANT SUBSCRIBED FOR. THEY CANNOT RETAIN THE ALLOTED RIGHTS SHARES WHILE DISPOSING OR TRANSFERRING THE ATTACHED WARRANTS, NOR CAN THEY DISPOSE OR TRANSFER THEIR ENTITLEMENTS IN ANY PROPORTION OTHER THAN THAT STATED ABOVE.

10.7 Procedure for acceptance by renouncees

Renouncees who wish to accept the Provisional Allotment must obtain a copy of the RSF from our Share Registrar or at our Registered Office or from Bursa Securities' website at http://www.bursamalaysia.com, and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 10.4 of this Abridged Prospectus also applies to renouncees who wish to accept the Provisional Allotment.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.8 Procedure for application of Excess Rights Shares with Warrants

You and/ or your renouncee(s) (if applicable) may apply for the Excess Rights Shares with Warrants in excess of your entitlement by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the Excess Rights Shares with Warrants applied for) to our Share Registrar **not later than 5.00 p.m.** on **10 September 2013**, being the last date and time for acceptance and payment, or such later date and time as may be determined and announced by our Board at their absolute discretion not less than two (2) Market Days before the stipulated date and time.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "MEXTER EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

Our Board reserves the right to allot any Excess Rights Shares with Warrants applied for under Part I(b) of the RSF on a fair and equitable basis and in such manner as they shall in their absolute discretion think fit and expedient, and to be in the best interest of our Company. As such, it is the intention of our Board to allot the Excess Rights Shares with Warrants, if any, in the following priority:-

i. Firstly, to minimise the incidence of odd lots;

ii. Secondly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in the Company as at the Entitlement Date;

iii. Thirdly, for allocation to Entitled Shareholders who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares with Warrants applied for; and

iv. Finally, for allocation to renouncees who have applied for the Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of Excess Rights Shares with Warrants applied for.

Subject always to (i), (ii), (iii) and (iv) above are achieved, our Board also reserves the right not to accept or to accept any application for the Excess Rights Shares with Warrants in part only without providing any reasons.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES AND WARRANTS, AND NOTICES OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND DESPATCHED TO THE APPLICANT WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

10.9 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and the Warrants are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository shall apply to the dealings in the Rights Shares and the Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share or warrant certificates shall be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares and the Warrants will be credited directly into your CDS Account.

The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares with Warrants.

10.9.1 Subscription for the Rights Shares by Entitled Shareholders

Where the Rights Shares and Warrants are provisionally allotted to you as an Entitled Shareholder in respect of your existing Mexter Shares standing credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Allotment shall mean that you consent to receive such Rights Shares and Warrants as prescribed or deposited securities which will be credited directly into your CDS Account.

10.9.2 Subscription of Rights Shares by renouncees

Any person who has purchased the Provisional Allotment or to whom the Provisional Allotment has been transferred and intends to subscribe for the Rights Shares must state his CDS Account number in the space provided in the RSF. The Rights Shares and the Warrants will be credited directly as prescribed or deposited securities into his CDS Account upon allotment and issuance.

10.9.3 Application for the Excess Rights Shares with Warrants by an Entitled Shareholder and/ or his renouncee(s) (if applicable)

The Excess Rights Shares with Warrants, if allotted to the successful applicant who applies for the Excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 10.8 of this Abridged Prospectus.

10.10 Laws of foreign jurisdiction

This Abridged Prospectus, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) for subscription of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) may collect this Abridged Prospectus, and the accompanying NPA and RSF from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents.

The Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so.

RHBIB, other experts, our Company, our Directors and officers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. RHBIB, other experts, our Company, our Directors and officers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/ or renouncee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) will be responsible for payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments as such person may be required to pay. They will have no claims whatsoever against us and/ or RHBIB in respect of their rights and entitlements under the Rights Issue with Warrants. Such Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing the RSF, the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) RHBIB, other experts, our Company, our Directors and officers that:-

i. we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or renouncee(s) (if applicable) are or may be subject to;

ii. they have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotment;

iii. they are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Allotment, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

iv. they are aware that the Rights Shares and the Warrants can only be transferred, sold or otherwise disposed, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

v. they have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and

vi. they have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants.

Persons receiving this Abridged Prospectus, the NPA and the RSF (including without limitation to custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, the NPA and the RSF to any foreign jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares from any such application by Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares and the Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in this Abridged Prospectus, the Deed Poll, and the NPA and the RSF enclosed herewith.

12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
MEXTER TECHNOLOGY BERHAD

KUAN KHIAN LENG
Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 22 JULY 2013

CERTIFIED TRUE COPY

Secretary
How Wee Ling
(MAICSA 7033850)

MEXTER TECHNOLOGY BERHAD
(Company No. 647673-A)
(Incorporated in Malaysia)

Extract of the Minutes of the Extraordinary General Meeting of the Company held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, July 22, 2013.

It was resolved as follows:-

SPECIAL RESOLUTION 1

INCREASE IN THE AUTHORISED SHARE CAPITAL OF MEXTER FROM RM25,000,000 COMPRISING 250,000,000 ORDINARY SHARES OF RM0.10 EACH IN MEXTER ("MEXTER SHARE(S)" OR "SHARE(S)") TO RM50,000,000 COMPRISING 500,000,000 MEXTER SHARES ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")

"**THAT**, subject to the passing of Ordinary Resolutions 1 and 2, and Special Resolution 2, the authorised share capital of the Company be and is hereby increased from RM25,000,000 comprising 250,000,000 Mexter Shares to RM50,000,000 comprising 500,000,000 Mexter Shares, by the creation of an additional 250,000,000 Mexter Shares."

SPECIAL RESOLUTION 2

AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF MEXTER ("PROPOSED AMENDMENT")

"**THAT**, subject to the passing of Special Resolution 1 and Ordinary Resolutions 1 and 2, approval be and is hereby given to the Company to alter, modify, vary and delete the Memorandum of Association of Mexter in the following manner:-

Clause 6 of the Memorandum of Association of Mexter

Existing	Proposed
The authorised capital of the Company is Ringgit Malaysia 25,000,000.00 divided into 250,000,000 ordinary shares of RM0.10 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.	The authorised capital of the Company is RM50,000,000.00 divided into 500,000,000 ordinary shares of RM0.10 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise."

ORDINARY RESOLUTION 1

RENOUNCEABLE RIGHTS ISSUE OF UP TO 89,452,020 NEW MEXTER SHARES ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING MEXTER SHARE HELD, TOGETHER WITH UP TO 89,452,020 FREE DETACHABLE WARRANTS IN MEXTER ("WARRANT(S)") ON THE BASIS OF ONE (1) FREE WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"**THAT**, subject to the passing of Ordinary Resolution 2, Special Resolutions 1 and 2, and the approvals of all relevant authorities or parties being obtained, where required, approval be and is hereby given to the Board of Directors of Mexter ("Board") for the following:-

(a) to provisionally allot and issue by way of a renounceable rights issue of up to 89,452,020 Rights Shares at an issue price to be determined later and announced by the Board, but in any case, not lower than the par value of Mexter Shares on the basis of one (1) Rights Share for every one (1) Mexter Share held, together with up to 89,452,020 free detachable Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, to the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board ("Entitlement Date");

(b) wherein each of the Warrant will carry the right to subscribe, subject to any adjustment in accordance with a deed poll constituting the Warrants to be executed by the Company as supplemented from time to time ("Deed Poll"), at any time during the exercise period, for one (1) new Mexter Share at an exercise price to be determined and fixed at a later date by the Board, but in any case, not lower than the par value of Mexter Shares;

(c) to allot and issue such number of new Mexter Shares arising from the exercise of the Warrants, from time to time during the tenure of the Warrants, in accordance with the provisions of the Deed Poll;

...2/-

CERTIFIED TRUE COPY
Secretary
How Wee Ling
(MAICSA 7033850)

MEXTER TECHNOLOGY BERHAD
(Company No. 647673-A)
(Incorporated in Malaysia)
-2-

Extract of the Minutes of the Extraordinary General Meeting of the Company held at Dewan Perdana, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, July 22, 2013 (Continued...).

ORDINARY RESOLUTION 1 (Continued...)
RIGHTS ISSUE WITH WARRANTS

(d) to allot and issue such further Warrants and new Mexter Shares arising from the subscription of further Warrants as a consequence of any adjustment in accordance with the provisions of the Deed Poll and/ or as may be required by the relevant authorities; and

(e) to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad for the listing of and quotation for the new Mexter Shares which may from time to time be allotted and issued arising from the exercise of the Warrants;

AND THAT, the Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Mexter Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the Rights Shares;

AND THAT, the new Mexter Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing Mexter Shares, save and except that the new Mexter Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the said new Mexter Shares;

AND THAT, the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Rights Issue with Warrants with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants."

ORDINARY RESOLUTION 2
EXEMPTION UNDER PARAGRAPH 16.1 OF PRACTICE NOTE 9 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 ("CODE") TO IVAN SIA TECK FATT FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR ALL THE REMAINING MEXTER SHARES NOT ALREADY OWNED BY HIM PURSUANT TO THE PROPOSED RIGHTS ISSUE WITH WARRANTS ("PROPOSED EXEMPTION")

"THAT, subject to the passing of Special Resolutions 1 and 2, Ordinary Resolution 1, and the approvals of all relevant authorities or parties being obtained, where required, including but not limited to the compliance with such conditions as may be imposed by the Securities Commission Malaysia, Ivan Sia Teck Fatt is hereby exempted under Paragraph 16.1 of Practice Note 9 of the Code from the obligation to undertake a mandatory take-over offer for all the remaining Mexter Shares not already owned by him pursuant to the Proposed Rights Issue with Warrants;

AND THAT, the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Exemption with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Exemption."

Date: July 22, 2013

Certified True Extract,

DATO' HJ MOHAMMAD MOKHTAR BIN HJ HASAN

KUAN KHIAN LENG

INFORMATION ON OUR COMPANY

1. HISTORY AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia on 2 April 2004 under the Act as a public limited company under its present name. We were listed on the MESDAQ Market of Bursa Securities (now known as the ACE Market of Bursa Securities) on 12 April 2005.

We are principally engaged in investment holding whilst our subsidiary companies are principally involved in providing mobile gateway solutions and services, computer and electronic products, mobile and web application development services as well as manpower services and project outsourcing.

Further details on the principal activities of our subsidiary companies are set out in Section 5 of this Appendix II.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are set out below:-

	No. of Shares	Par value RM	Total RM
Authorised	500,000,000	0.10	50,000,000
Issued and paid-up	89,452,020	0.10	8,945,202

There were no changes in our issued and paid-up share capital for the past three (3) years preceding the LPD.

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3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The shareholdings of our substantial shareholders as at the LPD and after the Rights Issue with Warrants are set out below:-

Minimum Scenario

					I				II			
	Shareholdings as at the LPD				After the Rights Issue with Warrants				After I and assuming full exercise of the Warrants			
	<---------Direct-------->		<--------Indirect------->		<---------Direct-------->		<--------Indirect------->		<---------Direct-------->		<--------Indirect------->	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Ivan Sia Teck Fatt	28,213,247	31.54	-	-	56,426,494	47.96	-	-	84,639,741	58.02	-	-
Dato' Dennis Chuah	13,793,300	15.42	-	-	13,793,300	11.72	-	-	13,793,300	9.46	-	-
Kuan Khian Leng	9,496,200	10.62	-	-	9,496,200	8.07	-	-	9,496,200	6.51	-	-

Maximum Scenario

					I				II			
	Shareholdings as at the LPD				After the Rights Issue with Warrants				After I and assuming full exercise of the Warrants			
	<---------Direct-------->		<--------Indirect------->		<---------Direct-------->		<--------Indirect------->		<---------Direct-------->		<--------Indirect------->	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Ivan Sia Teck Fatt	28,213,247	31.54	-	-	56,426,494	31.54	-	-	84,639,741	31.54	-	-
Dato' Dennis Chuah	13,793,300	15.42	-	-	27,586,600	15.42	-	-	41,379,900	15.42	-	-
Kuan Khian Leng	9,496,200	10.62	-	-	18,992,400	10.62	-	-	28,488,600	10.62	-	-

4. DIRECTORS

The particulars of our Directors as at the LPD are set out below:-

Name	Address	Age	Nationality	Profession	Designation
Dato' Hj Mohammad Mokhtar Bin Hj Hasan	No. 15, Jalan Sepah Puteri 5/20 Damansara Emas 47810 Petaling Jaya Selangor Darul Ehsan	62	Malaysian	Company Director	Chairman/ Independent Non-Executive Director
Ivan Sia Teck Fatt	L-05-01, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur	46	Malaysian	Company Director	Managing Director/ Chief Executive Officer
Kuan Khian Leng	Unit 15-3-B, Park Rose Condo Jalan Kapas Bukit Bandaraya 59100 Kuala Lumpur	37	Malaysian	Company Director	Executive Director
Andrew Su Meng Kit	No. 7 Jalan SS 22/42 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	42	Malaysian	Company Director	Senior Independent Non-Executive Director
Yee Teck Fah	203 Jalan Jemerlang 3 Country Heights Damansara 60000 Kuala Lumpur	56	Malaysian	Company Director	Independent Non-Executive Director

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The shareholdings of our Directors as at the LPD and after the Rights Issue with Warrants are set out below:-

Minimum Scenario

					I				II			
	Shareholdings as at the LPD				After the Rights Issue with Warrants				After I and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Ivan Sia Teck Fatt	28,213,247	31.54	-	-	56,426,494	47.96	-	-	84,639,741	58.02	-	-
Kuan Khian Leng	9,496,200	10.62	-	-	9,496,200	8.07	-	-	9,496,200	6.51	-	-

Maximum Scenario

					I				II			
	Shareholdings as at the LPD				After the Rights Issue with Warrants				After I and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Ivan Sia Teck Fatt	28,213,247	31.54	-	-	56,426,494	31.54	-	-	84,639,741	31.54	-	-
Kuan Khian Leng	9,496,200	10.62	-	-	18,992,400	10.62	-	-	28,488,600	10.62	-	-

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in shares of our Company and its related corporations during the financial year.

5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, our subsidiary companies are set out below:-

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
Mexter (M) Sdn Bhd	14.08.1992 Malaysia	RM1,180,000	100	Provision of Information Technology ("IT") solutions and IT outsourcing services
Mexter MSC Sdn Bhd	08.11.2002 Malaysia	RM250,000	100	Performing R&D and the provision of e-manufacturing solutions and IT outsourcing services
Mexter International Limited	20.01.2006 PRC	USD130,000	100	Dormant
Tonerex Technologies Sdn Bhd	20.01.2000 Malaysia	RM1,000,000	100	Dealers of test probes, jigs and fixtures solutions, functional tester solutions and power products
MexComm Sdn Bhd	20.06.2007 Malaysia	RM100,000	80	Provision of mobile messaging gateway solutions and services
Mexter (Aust) Pty Ltd	05.09.2003 Australia	Australian Dollar ("AUD") 10,000	100	Dormant
Agensi Pekerjaan GenY Hr Sdn Bhd	31.01.2005 Malaysia	RM50,002	100	Provision of manpower services and project outsourcing
Elixir Integrated Systems Sdn Bhd	28.09.2011 Malaysia	RM100	51	Provision of information and communication technology solution and engineering solutions and services
Adios Interactive Sdn Bhd	22.12.2011 Malaysia	RM2	100	Providing mobile and web application developments; advertising and publishing
Mexter eSolutions Sdn Bhd (formerly known as MB Universal Holdings Sdn Bhd)	22.12.2011 Malaysia	RM10	70	Dormant
Subsidiary company of Mexter (M) Sdn Bhd				
Mexter (S) Pte Ltd	26.05.2001 Singapore	Singapore Dollar ("SGD") 100,000	100	Provision of IT solutions and IT outsourcing services

Subsidiary companies	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
Subsidiary companies of MexComm Sdn Bhd				
Ezymobile International Sdn Bhd	03.11.2008 Malaysia	RM100,000	100	Provision of IT solutions in tele-communication industry and mobile messaging gateway solutions and services
PT MexComm	24.02.2011 Indonesia	USD100,000	90	Provision of IT solutions in tele-communication industry
MexComm (Media) Limited	13.08.2012 Hong Kong	Hong Kong Dollar ("HKD") 10	80	Movie productions and providing digital movie contents for film and television industries
MexComm Limited	12.03.2012 Hong Kong	HKD3	100	Providing mobile messaging gateway solutions and services
MexComm Corporation (Thailand) Ltd	03.09.2012 Thailand	Thai Baht ("THB") 1,000,000	100	Providing innovative mobile solutions and creative, value-adding advertising services to mobile network operators
Mobile Holding Ltd	24.12.2012 Thailand	THB100,000	49	Investment holding company
Subsidiary company of Ezymobile International Sdn Bhd				
PT MexComm	24.02.2011 Indonesia	USD100,000	10	Provision of IT solutions in tele-communication industry
Subsidiary companies of Mobile Holding Ltd				
E-G6 Solution (Thailand) Co. Ltd	26.08.2008 Thailand	THB 4,346,800	100	Engaged in web design and content development
Ezy M Holding Ltd	25.12.2012 Thailand	THB100,000	100	Investment holding company
Subsidiary company of Ezy M Holding Ltd				
Mobile Holding Ltd	24.12.2012 Thailand	THB100,000	51	Investment holding company

As at the LPD, we do not have any associate company.

6. PROFIT AND DIVIDEND RECORDS

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to the FYE 31 December 2012 and the latest unaudited quarterly report for the three (3)-month FPE 31 March 2013:-

	<-----Audited		----->	Unaudited three (3)-month FPE 31 March 2013 RM'000
	FYE 31 December 2010 RM'000	FYE 31 December 2011 RM'000	FYE 31 December 2012 RM'000	
Revenue	49,431	51,940	33,730	9,432
Cost of sales and services	(39,875)	(42,489)	(27,253)	(7,897)
Gross profit	**9,556**	**9,451**	**6,477**	**1,535**
Other income	101	493	368	195
Selling and distribution expenses	(725)	(782)	(850)	(129)
Administrative expenses	(6,726)	(7,715)	(8,911)	(2,104)
Other operating expenses	(511)	(251)	(384)	(239)
Operating profit/ (loss)	**1,695**	**1,196**	**(3,300)**	**(742)**
Finance costs, net	(63)	43	7	(20)
Share of results of an associate	3	(22)	-	-
Profit/ (loss) before taxation	**1,635**	**1,217**	**(3,293)**	**(762)**
Taxation	-	2	-	-
Profit/ (loss) net of tax	**1,635**	**1,219**	**(3,293)**	**(762)**
Other comprehensive income, net of tax				
Foreign currency translation	(20)	10	1	-
Total comprehensive income (loss)/ income for the financial year	**1,615**	**1,229**	**(3,292)**	**(762)**
Profit/ (loss) attributable to:				
Owners of the Company	1,201	638	(3,010)	(715)
Non-controlling interests	434	581	(283)	(47)
	1,635	**1,219**	**(3,293)**	**(762)**
Weighted average number of shares in issue ('000)	89,452	89,452	89,452	89,452
Earnings/ losses before interest, taxation, depreciation and amortisation (RM'000)	2,178	1,683	(2,725)	(589)
Gross profit margin (%)	19.33	18.19	19.20	16.27
Profit/ (loss) margin (%)	3.31	2.34	(9.76)	(8.08)
Earnings/ (losses) per Share (sen)				
- Basic	1.34	0.71	(3.36)	(3.20)*1
- Diluted	1.34	0.71	(3.36)	(3.20)*1

Note:-

*1 *Annualised to 12 months for comparison purposes*

Commentary on past performance:-

FYE 31 December 2010

For the FYE 31 December 2010, our Group recorded a revenue of RM49.43 million, representing an increase of RM13.16 million or approximately 36.28% as compared to the revenue for the previous financial year. The increase in revenue was mainly attributable to higher revenue of our subsidiary company, namely MexComm Sdn Bhd ("MexComm") due to higher contribution from its Premium Mobile Messaging services. In addition, sales from our higher profit margin divisions, namely E-Manufacturing Division and Enterprise Services Division had also increased following the overall sustained economic growth and higher domestic demand in 2010.

Our Group recorded a PBT of RM1.64 million for the FYE 31 December 2010 as compared to the LBT for the previous financial year. The PBT was in line with higher sales contribution from MexComm and our E-Manufacturing Division and Enterprise Services Division.

FYE 31 December 2011

For the FYE 31 December 2011, our Group recorded a revenue of RM51.94 million, representing an increase of RM2.51 million or approximately 5.08% as compared to the revenue for the previous financial year. The increase in revenue was mainly attributable to higher revenue from our Mobile Services Division due to higher contribution from its Premium Mobile Messaging services.

Our Group recorded a PBT of RM1.22 million for the FYE 31 December 2011, representing a decrease of RM0.42 million or approximately 25.57% as compared to the PBT for the previous financial year. The decrease in PBT was mainly due to lower contribution from our Enterprise Services Division during the financial year under review coupled with additional start-up cost in setting up our Mobile Innovation Division, which was in its infancy stage.

FYE 31 December 2012

For the FYE 31 December 2012, our Group recorded a revenue of RM33.73 million, representing a decrease of RM18.21 million or approximately 35.06% as compared to the revenue for the previous financial year. The decrease in revenue was mainly attributable to lower sales contribution from our Mobile Services Division after the tightening of regulation and restriction of a few SMS keywords by regulators.

Our Group recorded a LBT of RM3.29 million for the FYE 31 December 2011 as compared to the PBT for the previous financial year. The LBT was mainly due to lower sales volume reported during the financial year under review.

Three (3)-month FPE 31 March 2013

For the three (3)-month FPE 31 March 2013, our Group recorded a revenue of RM9.43 million, representing an increase of RM0.32 million or approximately 3.56% as compared to the revenue for the preceding year corresponding quarter. The increase in revenue was mainly attributable to higher sales contribution from our Mobile Services Division after expanding to overseas market.

Our Group recorded a LBT of RM0.76 million for the three (3)-month FPE 31 March 2013, representing an increase of RM0.18 million or approximately 31.61% as compared to the LBT for the preceding year corresponding quarter. The increase in LBT was mainly due to lesser contribution from our E-Manufacturing Division during the financial quarter under review.

7. HISTORICAL PRICES

The monthly high and low transacted market prices of Mexter Shares for the past 12 months from August 2012 to July 2013 are as follows:-

	High RM	Low RM
2012		
August	0.15	0.12
September	0.17	0.14
October	0.19	0.15
November	0.20	0.17
December	0.20	0.17
2013		
January	0.17	0.15
February	0.17	0.13
March	0.15	0.13
April	0.14	0.11
May	0.15	0.11
June	0.15	0.12
July	0.17	0.13

The last transacted price of Mexter Shares on 4 April 2013, being the day prior to the date of announcement on the Corporate Exercises, was RM0.14.

The last transacted price of Mexter Shares on 22 July 2013, being the LPD, was RM0.14.

The last transacted price of Mexter Shares on 21 August 2013, being the day prior to the ex-date of the Rights Issue with Warrants, was RM0.14.

(Source: Bloomberg)

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2012 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

BAKER TILLY

Baker Tilly Monteiro Heng
Chartered Accountants (AF0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

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12 AUG 2013

The Board of Directors
Mexter Technology Berhad
L-05-01, No. 2, Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur

STRICTLY CONFIDENTIAL

Dear Sirs,

MEXTER TECHNOLOGY BERHAD AND ITS SUBSIDIARIES
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

We have reviewed the Proforma Consolidated Statements of Financial Position of Mexter Technology Berhad ("Mexter" or "the Company") and its subsidiaries ("the Group") as at 31 December 2012 together with the accompanying notes which have been prepared by the Directors of Mexter for illustrative purposes only (which we have stamped for the purpose of identification), for which the Directors of Mexter are solely responsible, as set out in the accompanying statements for inclusion in the Abridged Prospectus of Mexter in relation to the renounceable rights issue of up to 89,452,020 new ordinary shares of RM0.10 each in Mexter ("Mexter Share(s)" or "Share(s)") ("Rights Share(s)") on the basis of one (1) Rights Share for every one (1) existing Mexter Share held, together with up to 89,452,020 free detachable warrants in Mexter ("Warrant(s)") on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, as at 5.00 p.m. on 26 August 2013 at an issue price of RM0.10 per Rights Share ("Rights Issue with Warrants").

We conducted our work in accordance with the approved standard for assurance engagements in Malaysia, *ISAE 3000 - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.* Our work consisted primarily of comparing the audited consolidated statement of financial position of the Group as at 31 December 2012 and the Proforma Consolidated Statements of Financial Position with the responsible officers of the Group. Our work involved no independent examination of the underlying financial information.

We plan and perform our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Proforma Consolidated Statements of Financial Position of the Group have been properly prepared on the basis set out in the accompanying notes to the Proforma Consolidated Statements of Financial Position based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2012, which have been prepared in accordance with the Malaysian Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by Mexter in the preparation of its audited consolidated financial statements for the financial year ended 31 December 2012 and the new accounting policy as detailed in Note 1.2 of the Proforma Consolidated Statements of Financial Position.

The audited financial statements of Mexter for the financial year ended 31 December 2012 were reported by us without any modifications, to the members of Mexter on 12 April 2013.

As the Proforma Consolidated Statements of Financial Position are prepared for illustrative purposes only, and such information, because of its nature, may not give a true picture of the effects on the financial position of the Group had the transactions and events occurred at the reporting date. Further, such information does not purport to predict the Group's future financial position.

In our opinion:-

(i) the Proforma Consolidated Statements of Financial Position of the Group have been properly compiled on the basis as set out in the accompanying notes to the Proforma Consolidated Statements of Financial Position based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2012, (which have been prepared by the Directors of Mexter in accordance with the Malaysian Financial Reporting Standards in Malaysia) and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 31 December 2012 and the new accounting policy as detailed in Note 1.2 of the Proforma Consolidated Statements of Financial Position; and

(ii) the adjustments made to the information used in the preparation of the Proforma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2012.

BAKER TILLY

MEXTER TECHNOLOGY BERHAD AND ITS SUBSIDIARIES
Proforma Consolidated Statements of Financial Position as at 31 December 2012

This letter has been prepared for inclusion in the Abridged Prospectus of Mexter in connection with the Rights Issue with Warrants and is not to be used, circulated, quoted or otherwise referenced to in any document or used for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Ji Keng
No. 578/05/14 (J/PH)
Chartered Accountant

Kuala Lumpur

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

The Proforma Consolidated Statements of Financial Position of Mexter Technology Berhad ("Mexter" or "the Company") and its subsidiaries ("the Group") as at 31 December 2012 as set out below for which the Directors of Mexter are solely responsible, have been prepared for illustrative purposes only to show the effects on the audited consolidated statement of financial position of the Group as at 31 December 2012 had the Rights Issue with Warrants as described in Note 2 been effected on that date, and should be read in conjunction with the notes accompanying to the Proforma Consolidated Statements of Financial Position.

Minimum Scenario

		Proforma I	Proforma II
	Audited Consolidated Statement of Financial Position as at 31 December 2012 RM'000	After the Rights Issue with Warrants RM'000	After Proforma I and assuming Full Exercise of Warrants RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4,302	4,302	4,302
Intangible assets	621	621	621
Goodwill in consolidation	817	817	817
Total non-current assets	5,740	5,740	5,740
Current assets			
Other investments	2,640	2,640	2,640
Inventories	82	82	82
Trade and other receivables	5,114	5,114	5,114
Tax recoverable	5	5	5
Cash and bank balances	2,897	5,068	8,735
Total current assets	10,738	12,909	16,576
TOTAL ASSETS	16,478	18,649	22,316
EQUITY AND LIABILITIES			
Equity attributable to owners of Mexter			
Share capital	8,945	11,766	14,587
Share premium	9,382	8,732	11,276
Others reserves	43	43	43
Warrant reserve	-	1,698	-
Accumulated losses	(13,588)	(15,286)	(15,286)
Shareholders' fund	4,782	6,953	10,620
Non-controlling interests	813	813	813
Total equity	5,595	7,766	11,433

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

Minimum Scenario (Continued)

	Audited Consolidated Statement of Financial Position as at 31 December 2012 RM'000	Proforma I After the Rights Issue with Warrants RM'000	Proforma II After Proforma I and assuming Full Exercise of Warrants RM'000
Non-current liabilities			
Borrowings	1,910	1,910	1,910
Deferred taxation	3	3	3
	1,913	1,913	1,913
Current liabilities			
Trade and other payables	8,554	8,554	8,554
Deferred income	268	268	268
Borrowings	148	148	148
Total current liabilities	8,970	8,970	8,970
Total liabilities	10,883	10,883	10,883
TOTAL EQUITY AND LIABILITIES	16,478	18,649	22,316
Number of ordinary shares of RM0.10 each ('000)	89,452	117,665	145,878

Net assets ("NA") (RM'000) *	4,782	6,953	10,620
NA per ordinary share (RM) *	0.05	0.06	0.07

Net Tangible Assets ("NTA") (RM'000) *	3,344	5,515	9,182
NTA per ordinary share (RM) *	0.04	0.05	0.06

* *Attributable to the owners of Mexter.*

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

Maximum Scenario

		Proforma I	Proforma II
	Audited Consolidated Statement of Financial Position as at 31 December 2012 RM'000	After the Rights Issue with Warrants RM'000	After Proforma I and assuming Full Exercise of Warrants RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	4,302	4,302	4,302
Intangible assets	621	621	621
Goodwill in consolidation	817	817	817
Total non-current assets	5,740	5,740	5,740
Current assets			
Other investments	2,640	2,640	2,640
Inventories	82	82	82
Trade and other receivables	5,114	5,114	5,114
Tax recoverable	5	5	5
Cash and bank balances	2,897	11,192	22,821
Total current assets	10,738	19,033	30,662
TOTAL ASSETS	16,478	24,773	36,402
EQUITY AND LIABILITIES			
Equity attributable to owners of Mexter			
Share capital	8,945	17,890	26,835
Share premium	9,382	8,732	16,801
Other reserves	43	43	43
Warrant reserve	-	5,385	-
Accumulated losses	(13,588)	(18,973)	(18,973)
Shareholders' fund	4,782	13,077	24,706
Non-controlling interests	813	813	813
Total equity	5,595	13,890	25,519

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

Maximum Scenario (Continued)

		Proforma I	Proforma II
	Audited Consolidated Statement of Financial Position as at 31 December 2012 RM'000	After the Rights Issue with Warrants RM'000	After Proforma I and assuming Full Exercise of Warrants RM'000
Non-current liabilities			
Borrowings	1,910	1,910	1,910
Deferred taxation	3	3	3
	1,913	1,913	1,913
Current liabilities			
Trade and other payables	8,554	8,554	8,554
Deferred income	268	268	268
Borrowings	148	148	148
Total current liabilities	8,970	8,970	8,970
Total liabilities	10,883	10,883	10,883
TOTAL EQUITY AND LIABILITIES	16,478	24,773	36,402
Number of ordinary shares of RM0.10 each ('000)	89,452	178,904	268,356
NA (RM'000) *	4,782	13,077	24,706
NA per ordinary share (RM) *	0.05	0.07	0.09
NTA (RM'000) *	3,344	11,639	23,268
NTA per ordinary share (RM) *	0.04	0.07	0.09

* *Attributable to the owners of Mexter.*

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

1. **Basis of Preparation**

1.1 The Proforma Consolidated Statements of Financial Position of the Group, for which the Directors of Mexter are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 31 December 2012 had the Rights Issue with Warrants as described in Note 2 been effected on that date, and should be read in conjunction with the notes accompanying the Proforma Consolidated Statements of Financial Position.

1.2 The Proforma Consolidated Statements of Financial Position of the Group have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 31 December 2012, which have been prepared in accordance with the Malaysian Financial Reporting Standards in Malaysia, and the adoption of the following new accounting policy:-

Warrant Reserve

The allocated fair values of free warrants are credited to a warrant reserve, which is non-distributable. The warrant reserve will be transferred to the share premium account upon the exercise of warrants.

For the preparation of the Proforma Consolidated Statements of Financial Position, the Directors of Mexter have allocated a value of RM0.0602 per Warrant to the free Warrants based on the fair value of the Warrant extracted from Bloomberg as at 22 July 2013, being the latest practicable date prior to the registration of Abridged Prospectus with the Securities Commission Malaysia. The value of the Warrants is based on the relative fair values of the ordinary shares by reference to the following information extracted from Bloomberg:-

Valuation model	:	Black Scholes
Share price *	:	RM0.12
Exercise price	:	RM0.13 per Warrant
Expiry date	:	21 July 2018 (5 years)
Volatility	:	57.677%
Dividend	:	No dividend
Interest rate	:	3.496% per annum

* *Being the theoretical ex-rights price after the Rights Issue with Warrants, based on the five (5)-day weighted average market price of Mexter Shares up to and including 22 July 2013*

As the above variables are subject to change upon the implementation of the Rights Issue with Warrants as described in Section 2, the actual quantum of the components of the warrant reserve will only be determined upon issuance of the Warrants. As such, the actual quantum may differ from the amount computed above.

1.3 The audited financial statements of Mexter for the financial year ended 31 December 2012 were reported by us without any modifications, to the members of Mexter on 12 April 2013.

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

2. Corporate Exercise

The Board of Directors of Mexter will undertake the renounceable rights issue of up to 89,452,020 new ordinary shares of RM0.10 each in Mexter ("Mexter Share(s)" or "Share(s)") ("Rights Share(s)") on the basis of one (1) Rights Share for every one (1) existing Mexter Share held, together with up to 89,452,020 free detachable warrants in Mexter ("Warrant(s)") on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, as at 5.00 p.m. on 26 August 2013 at an issue price of RM0.10 per Rights Share ("Rights Issue with Warrants").

Utilisation of Proceeds from the Rights Issue with Warrants

The proceeds from the Rights Issue with Warrants will be utilised in the following manner:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
Working capital	2,171	8,295
Estimated expenses in relation to the Rights Issue with Warrants	650	650
	2,821	8,945

3. Proforma Consolidated Statements of Financial Position

3.1 Minimum Scenario

The minimum scenario assumes that:-

(i) The Rights Issue with Warrants will raise a gross proceed of RM2.82 million via the issuance of 28,213,247 Rights Shares at the issue price of RM0.10 per Rights Share, together with 28,213,247 Warrants;

(ii) Ivan Sia Teck Fatt has provided his irrecoverable undertaking to subscribe in full for his entitlement under the Rights Issue with Warrants; and

(iii) The 28,213,247 Warrants issued pursuant to the Rights Issue with Warrants are fully exercised at the exercise price of RM0.13 each after the completion of the Rights Issue with Warrants.

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

3. **Proforma Consolidated Statements of Financial Position (Continued)**

3.1 **Minimum Scenario (Continued)**

3.1.1 **Proforma I**

Proforma I incorporates the effects of the Rights Issue with Warrants as described in Note 3.1(i) and the defrayment of the estimated expenses in relation to the Rights Issue with Warrants.

With the issuance of 28,213,247 Warrants pursuant to the Rights Issue with Warrants, Mexter has recognised the fair values of the Warrants of approximately RM1.70 million based on the basis as described in Section 1.2 and debited to the Accumulated Losses Account.

The estimated expenses in relation to the Rights Issue with Warrants of RM0.65 million will be written off against the Share Premium Account pursuant to the Section 60(3) of the Companies Act, 1965.

The proceeds arising from the Rights Issue with Warrants earmarked for working capital of RM2.17 million will be included in the Cash and Bank Balances Account.

The Rights Issue with Warrants has the following impact on the Proforma Consolidated Statements of Financial Position of the Group:-

	Increase / (Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Cash and bank balances	2,171	-
Share capital	-	2,821
Share premium	-	(650)
Warrant reserve	-	1,698
Accumulated losses	-	(1,698)
	2,171	2,171

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

3. Proforma Consolidated Statements of Financial Position (Continued)

3.1 Minimum Scenario (Continued)

3.1.2 Proforma II

Proforma II incorporates the cumulative effects of Proforma I and assuming full exercise of 28,213,247 Warrants at the exercise price of RM0.13 as described in Note 3(iii).

The full exercise of Warrants will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group:-

	Increase / (Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Cash and bank balances	3,667	-
Share capital	-	2,821
Share premium	-	2,544
Warrant reserve	-	(1,698)
	3,667	3,667

3.2 Maximum Scenario

The maximum scenario assumes that:-

(i) The Rights Issue with Warrants will raise a gross proceed of RM8.95 million via the issuance of 89,452,020 Rights Shares at the issue price of RM0.10 per Rights Share, together with 89,452,020 Warrants; and

(ii) The 89,452,020 Warrants issued pursuant to the Rights Issue with Warrants are fully exercised at the exercise price of RM0.13 each after the completion of the Rights Issue with Warrants.

3.2.1 Proforma I

Proforma I incorporates the cumulative effects of the Rights Issue with Warrants as described in Note 3.2(i) and the defrayment of the estimated expenses in relation to the Rights Issue with Warrants.

With the issuance of 89,452,020 Warrants pursuant to the Rights Issue with Warrants, Mexter has recognised the fair values of the Warrants of approximately RM5.39 million based on the basis as described in Section 1.2 and debited to the Accumulated Losses Account.

The estimated expenses in relation to the Rights Issue with Warrants of RM0.65 million will be written off against the Share Premium Account pursuant to the Section 60(3) of the Companies Act, 1965.

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

3. Proforma Consolidated Statements of Financial Position (Continued)

3.2 Maximum Scenario (Continued)

3.2.1 Proforma I (Continued)

The net proceeds arising from the Rights Issue with Warrants earmarked for working capital of RM8.30 million will be included in the Cash and Bank Balances Account.

The Rights Issue with Warrants has the following impact on the Proforma Consolidated Statements of Financial Position of the Group:-

	Increase / (Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and bank balances	8,295	-
Share capital	-	8,945
Share premium	-	(650)
Warrant reserve	-	5,385
Accumulated losses	-	(5,385)
	8,295	8,295

3.2.2 Proforma II

Proforma II incorporates the cumulative effects of Proforma I and assuming full exercise of 89,452,020 Warrants at the exercise price of RM0.13 as described in Note 3.2(ii).

The full exercise of Warrants will have the following impact on the Proforma Consolidated Statements of Financial Position of the Group:-

	Increase / (Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and bank balances	11,629	-
Share capital	-	8,945
Share premium	-	8,069
Warrant reserve	-	(5,385)
	11,629	11,629

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (Continued)

4. Movements in Share Capital, Share Premium, Warrant Reserve and Accumulated Losses

4.1 Minimum Scenario

	Share capital Number of Shares '000	Amount RM'000	Share Premium RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000
Audited consolidated statement of financial position as at 31 December 2012	89,452	8,945	9,382	-	(13,588)
Arising from the Rights Issue with Warrants					
- issuance of new Mexter Shares	28,213	2,821	-	-	-
- issuance of Warrants	-	-		1,698	(1,698)
- defrayment of estimated expenses	-	-	(650)	-	-
Per Proforma I	117,665	11,766	8,732	1,698	(15,286)
Arising from the assuming full exercise of Warrants					
- issuance of new Mexter Shares	28,213	2,821	2,544	(1,698)	-
Per Proforma II	145,878	14,587	11,276	-	(15,286)

4.2 Maximum Scenario

	Share capital Number of Shares '000	Amount RM'000	Share Premium RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000
Audited consolidated statement of financial position as at 31 December 2012	89,452	8,945	9,382	-	(13,588)
Arising from the Rights Issue with Warrants					
- issuance of new Mexter Shares	89,452	8,945	-	-	-
- issuance of Warrants	-	-	-	5,385	(5,385)
- defrayment of estimated expenses	-	-	(650)	-	-
Per Proforma I	178,904	17,890	8,732	5,385	(18,973)
Arising from the assuming full exercise of Warrants					
- issuance of new Mexter Shares	89,452	8,945	8,069	(5,385)	-
Per Proforma II	268,356	26,835	16,801	-	(18,973)

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NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 20112 (Continued)

5. Movements in Cash and Bank Balances

5.1 Minimum Scenario

	RM'000
Audited consolidated statements of financial position as at 31 December 2012	2,897
Arising from the Rights Issue with Warrants	
- proceeds arising from the Rights Issue with Warrants	2,821
- defrayment of estimated expenses	(650)
Per Proforma I *	5,068
Arising from the assuming full exercise of Warrants	
- proceeds arising from the full exercise of Warrants	3,667
Per Proforma II *	8,735

* *Included in the cash and bank balances is an amount of approximately RM2.17 million resulting from the Rights Issue with Warrants earmarked for working capital purposes.*

6.2 Maximum Scenario

	RM'000
Audited consolidated statements of financial position as at 31 December 2012	2,897
Arising from the Rights Issue with Warrants	
- proceeds arising from the Rights Issue with Warrants	8,945
- defrayment of estimated expenses	(650)
Per Proforma I *	11,192
Arising from the assuming full exercise of Warrants	
- proceeds arising from the full exercise of Warrants	11,629
Per Proforma II *	22,821

* *Included in the cash and bank balances is an amount of approximately RM8.30 million resulting from the Rights Issue with Warrants earmarked for working capital purposes.*

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Mexter Technology Berhad in accordance with a resolution dated 12 AUG 2013

....
IVAN SIA TECK FATT
Director

....
KUAN KHIAN LENG
Director

BAKER TILLY MONTEIRO HENG • For Identification Purposes Only •

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON

CERTIFIED TRUE COPY

BAKER TILLY
MONTEIRO HENG

LOCK PENG KUAN
Partner

No. 2819/10/14 (J)

MEXTER TECHNOLOGY BERHAD

(647673 - A)

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31ST DECEMBER 2012

Company No. 647673-A

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2012

CONTENTS

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as disclosed in Note 6 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net loss for the financial year	(3,293)	(1,658)
Other comprehensive income, net of tax	1	-
Total comprehensive loss	(3,292)	(1,658)
Attributable to:-		
Owners of the parent	(3,009)	(1,658)
Non-controlling interests	(283)	-
	(3,292)	(1,658)

DIVIDEND

No dividend was paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31st December 2012.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for impairment losses on receivables.

At the date of this report, the Directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for impairment losses on receivables, in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the Directors, no contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due, other than as disclosed in Note 35 to the financial statements.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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 the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

DIRECTORS

The Directors in office since the date of the last report are:-

Dato' Hj Mohammad Mokhtar Bin Hj Hasan
Ivan Sia Teck Fatt
Andrew Su Meng Kit
Kuan Khian Leng
Yee Teck Fah

DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of those Directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31st December 2012 are as follows:-

	Number of shares of RM0.10 each			
	At 1.1.2012	**Bought**	**Sold**	**At 31.12.2012**
The Company				
Mexter Technology Berhad				
Ivan Sia Teck Fatt	28,213,247	-	-	28,213,247
Kuan Khian Leng	8,596,200	-	(100,000)	8,496,200

DIRECTORS' INTERESTS (Continued)

	Number of shares of SGD1/- each			
	At 1.1.2012	**Bought**	**Sold**	**At 31.12.2012**
The subsidiary				
Mexter (S) Pte. Ltd.				
Ivan Sia Teck Fatt				
- indirect	100,000	-	-	100,000

By virtue of their interests in the shares of the Company, Ivan Sia Teck Fatt and Kuan Khian Leng are also deemed interested in the shares of all the subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors shown 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 the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSEQUENT EVENTS

Significant events that occurred subsequent to the financial year are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

....

IVAN SIA TECK FATT
Managing Director

....

KUAN KHIAN LENG
Director

Kuala Lumpur

Date: 12th April 2013

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2012

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group				
ASSETS				
Non-current assets				
Property, plant and equipment	4	4,302	4,330	4,584
Intangible assets	5	621	287	219
Investment in an associate	7	-	-	28
Goodwill on consolidation	8	817	-	-
Total non-current assets		5,740	4,617	4,831
Current assets				
Other investments	9	2,640	4,596	5,167
Inventories	10	82	120	301
Trade and other receivables	11	5,114	6,525	8,525
Tax recoverable		5	24	41
Cash and bank balances	13	2,897	4,673	2,583
Total current assets		10,738	15,938	16,617
TOTAL ASSETS		16,478	20,555	21,448
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	14	8,945	8,945	8,945
Share premium		9,382	9,382	9,382
Other reserves	15	43	42	32
Accumulated losses	16	(13,588)	(10,578)	(11,216)
Shareholders' funds		4,782	7,791	7,143
Non-controlling interests		813	1,196	665
Total equity		5,595	8,987	7,808

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2012 (Continued)

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group				
Non-current liabilities				
Borrowings	17	1,910	1,781	1,957
Deferred taxation	18	3	3	3
Total non-current liabilities		1,913	1,784	1,960
Current liabilities				
Trade and other payables	19	8,554	9,293	11,160
Amount due to an associate	21	-	-	65
Deferred income	22	268	319	260
Borrowings	17	148	172	195
Total current liabilities		8,970	9,784	11,680
Total liabilities		10,883	11,568	13,640
TOTAL EQUITY AND LIABILTIES		16,478	20,555	21,448

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2012

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Company				
ASSETS				
Non-current asset				
Investment in subsidiaries	6	4,120	5,855	5,855
Current assets				
Other investments	9	84	81	-
Other receivables	11	25	26	150
Amount due from subsidiaries	12	2,916	2,653	2,435
Cash and bank balances	13	15	195	572
Total current assets		3,040	2,955	3,157
TOTAL ASSETS		7,160	8,810	9,012
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	14	8,945	8,945	8,945
Share premium		9,382	9,382	9,382
Accumulated losses	16	(11,242)	(9,584)	(9,374)
Total equity		7,085	8,743	8,953
Current liabilities				
Other payables	19	47	52	45
Amount due to a subsidiary	20	28	15	14
Total current liabilities		75	67	59
TOTAL EQUITY AND LIABILTIES		7,160	8,810	9,012

The accompanying notes form an integral part of these financial statements.

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	23	33,730	51,940	400	200
Cost of sales and services	24	(27,253)	(42,489)	-	-
GROSS PROFIT		6,477	9,451	400	200
Other income		368	493	-	3
Selling and distribution expenses		(850)	(782)	-	-
Administrative expenses		(8,911)	(7,715)	(2,060)	(425)
Other operating expenses		(384)	(251)	-	-
OPERATING (LOSS)/PROFIT	25	(3,300)	1,196	(1,660)	(222)
Finance costs, net	26	7	43	2	12
Share of results of an associate		-	(22)	-	-
(LOSS)/PROFIT BEFORE TAXATION		(3,293)	1,217	(1,658)	(210)
Taxation	27	-	2	-	-
(LOSS)/PROFIT NET OF TAX		(3,293)	1,219	(1,658)	(210)
Other comprehensive income, net of tax					
Foreign currency translation		1	10	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		(3,292)	1,229	(1,658)	(210)

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2012 (Continued)

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
(Loss)/profit attributable to:					
Owners of the parent		(3,010)	638	(1,658)	(210)
Non-controlling interests		(283)	581	-	-
		(3,293)	1,219	(1,658)	(210)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(3,009)	648	(1,658)	(210)
Non-controlling interests		(283)	581	-	-
		(3,292)	1,229	(1,658)	(210)
Earnings per share (sen)	28				
- basic		(3.36)	0.71		
- diluted		(3.36)	0.71		

The accompanying notes form an integral part of these financial statements.

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2012

	← Attributable to owners of the parent →						
Group	**Share capital** RM'000	**Share premium** RM'000	**Other reserves** RM'000	**Accumulated losses** RM'000	**Equity attributable to owners of the parent** RM'000	**Non-controlling interests** RM'000	**Total equity** RM'000
At 1st January 2011	8,945	9,382	32	(11,216)	7,143	665	7,808
Total comprehensive income for the financial year	-	-	10	638	648	581	1,229
Transaction with owners:							
Dividend of a subsidiary	-	-	-	-	-	(50)	(50)
Total transactions with owners	-	-	-	-	-	(50)	(50)
At 31st December 2011	8,945	9,382	42	(10,578)	7,791	1,196	8,987

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2012 (Continued)

	← Attributable to owners of the parent →						
Group	**Share capital** RM'000	**Share premium** RM'000	**Other reserves** RM'000	**Accumulated losses** RM'000	**Equity attributable to owners of the parent** RM'000	**Non-controlling interests** RM'000	**Total equity** RM'000
At 1st January 2012	8,945	9,382	42	(10,578)	7,791	1,196	8,987
Total comprehensive loss for the financial year	-	-	1	(3,010)	(3,009)	(283)	(3,292)
Transaction with owners:							
Dividend of a subsidiary	-	-	-	-	-	(100)	(100)
Total transactions with owners	-	-	-	-	-	(100)	(100)
At 31st December 2012	8,945	9,382	43	(13,588)	4,782	813	5,595

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2012

	← Attributable to owners of the Company →			
	Share capital	**Share premium**	**Accumulated losses**	**Total equity**
Company	RM'000	RM'000	RM'000	RM'000
At 1st January 2011	8,945	9,382	(9,374)	8,953
Total comprehensive loss for the financial year	-	-	(210)	(210)
At 31st December 2011	8,945	9,382	(9,584)	8,743
Total comprehensive loss for the financial year	-	-	(1,658)	(1,658)
At 31st December 2012	8,945	9,382	(11,242)	7,085

The accompanying notes form an integral part of these financial statements.

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
(Loss)/profit before taxation		(3,293)	1,217	(1,658)	(210)
Adjustments for:					
Allowance for impairment					
- other receivables		-	15	-	-
- trade receivables		-	1	-	-
Allowance for slow moving inventories		25	51	-	-
Bad debts recovered		(16)	-	-	-
Bad debts written off		-	50	-	50
Depreciation		496	509	-	-
Fair value gain on other investments		(13)	(25)	-	-
Amortisation on intangible assets		79	-	-	-
Impairment loss on investment in subsidiaries		-	-	1,735	-
Interest expense		106	110	-	-
Interest income		(113)	(153)	(2)	(12)
Loss on disposal of investment in an associate		-	6	-	-
Loss on disposal of property, plant and equipment		-	4	-	-
Property, plant and equipment written off		76	3	-	-
Reversal of allowance for slow moving inventories		(35)	(35)	-	-
Reversal of provision for litigation claim		-	(270)	-	-
Share of results of an associate		-	22	-	-
Unrealised loss/(gain) on foreign exchange, net		43	8	5	(2)
		(2,645)	1,513	80	(174)

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2012 (Continued)

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd):					
Changes in working capital:					
Inventories		48	165	-	-
Payables		1,553	(1,597)	(5)	7
Receivables		(819)	1,926	1	74
Deferred income		(51)	59	-	-
		(1,914)	2,066	76	(93)
Tax refund		19	19	-	-
Net Operating Cash Flows		(1,895)	2,085	76	(93)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received		113	153	2	12
Net cash outflows for acquisition of subsidiaries	29	(915)	-	- *	- *
Proceeds from disposal of property, plant and equipment		-	1	-	-
Purchase of intangible assets		(413)	(68)	-	-
Purchase of property, plant and equipment	30	(235)	(263)	-	-
Reduction/(increase) in other investments		1,969	596	(3)	(81)
Net Investing Cash Flows		519	419	(1)	(69)

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2012 (Continued)

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:					
Dividend paid to non-controlling interests of a subsidiary		(100)	(50)	-	-
Interest paid		(106)	(110)	-	-
(Repayment to)/advances from subsidiaries		-	-	(255)	(215)
Repayment of term loan		(88)	(86)	-	-
Repayment of hire purchase liabilities		(107)	(113)	-	-
Repayments to an associate		-	(65)	-	-
Net Financing Cash Flows		(401)	(424)	(255)	(215)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,777)	2,080	(180)	(377)
EFFECT OF EXCHANGE DIFFERENCES ON TRANSLATION		1	10	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		4,673	2,583	195	572
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		2,897	4,673	15	195
ANALYSIS OF CASH AND CASH EQUIVALENTS:					
Cash and bank balances		2,897	4,673	15	195

* *Represents consideration paid for investment in subsidiaries of RM2/- and RM52/- for the financial year ended 31st December 2012 and 31st December 2011 respectively as disclosed in Note 6 (b), (c) and (d) to the financial statements.*

The accompanying notes form an integral part of these financial statements.

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on ACE market of the Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located at L-05-01, No. 2 Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12th April 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 2.3.

The financial statements of the Group and of the Company for the financial year ended 31st December 2012 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 'First-time adoption of MFRSs'. In the previous financial year, the financial statements of the Group and the Company were prepared in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Int

(a) Explanation of Transition to MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1st January 2012, the Malaysian Accounting Standards Board ("MASB") had on 19st November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1st January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1st January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1st January 2014. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1st January 2012.

Accordingly, the Group and the Company which are not the Transitioning Entities have adopted the MFRSs framework including MFRS 1 First-time adoption of MFRSs for the current financial year ended 31st December 2012.

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1st January 2012 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company have consistently applied the same accounting policies in its opening MFRSs statement of financial position as at 1st January 2011 (date of transition) and throughout all years presented, as if these policies had always been in effect.

As at 31st December 2011, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs.

The adoption of the MFRSs for the current financial year did not result in any changes in accounting policies and material adjustments to the Group's and the Company's statements of financial position, statements of comprehensive income and statements of cash flows which are reported in accordance with the previous FRSs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Int (Continued)

(b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
Revised MFRSs		
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
MFRS 7	Financial Instruments: Disclosures	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
MFRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
MFRS 116	Property, Plant and Equipment	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
MFRS 134	Interim Financial Reporting	1 January 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Int (Continued)

(b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (Continued)

		Effective for financial periods beginning on or after
New IC Int		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

A brief discussion on the above significant new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

2.2 **New, Revised and Amendments/Improvements to Accounting Standards and IC Int (Continued)**

(b) **New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (Continued)**

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and requires the entity to account for such investments either at cost, or in accordance with MFRS 9.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

MFRS 11 Joint Arrangements

MFRS 11 supersedes the former MFRS 131 Interests in Joint Ventures. Under MFRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for it using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Int (Continued)

(b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (Continued)

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

MFRS 128 Investments in Associates and Joint Ventures (Revised)

This revised MFRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised MFRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 9.

Amendments to MFRS 10, MFRS 12 and MFRS 127 Investment Entities

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

2.3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in the other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, and equity instruments issued, plus any cost directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.3.5.

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquire are reassessed on acquisition date unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Transaction costs for acquisition between 1st January 2006 and 1st January 2011, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Transaction costs for acquisition on or after 1st January 2011 will no longer be capitalised as part of the cost of acquisition but will be expensed immediately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.1 Basis of Consolidation (Continued)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial year, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

2.3.2 Transactions with Non-controlling Interests

Non-controlling interests represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

The losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have deficit balance. The change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous financial year, where losses applicable to the non-controlling interests exceed the Company's interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interest, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.3 Foreign Currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.3 Foreign Currency (Continued)

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

2.3.4 Property, Plant and Equipment and Depreciation

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.4 Property, Plant and Equipment and Depreciation (Continued)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:-

Buildings	2%
Plant and equipment	10 – 12.5%
Furniture and fittings	7 – 10%
Office equipment and renovation	10 – 12.5%
Computer equipment	12.5 – 20%
Motor vehicles	14 – 20%

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the end of the reporting period.

(iv) Assets under hire purchase

Property, plant and equipment acquired under hire purchase arrangements are capitalised at their purchase cost and are depreciated on the same basis as owned property, plant and equipment. The total amount payable under hire purchase arrangement is as shown under hire purchase liabilities.

2.3.5 Intangible Assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For acquisition prior to 1st January 2006, goodwill represents the excess of the cost of acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.5 Intangible Assets (Continued)

(i) Goodwill (Continued)

For acquisition between 1st January 2006 and 1st January 2011, goodwill represents the excess of the cost of the acquisition over the Group's net interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

For acquisition on or after 1st January 2011, the Group considers the following in measuring goodwill at the acquisition date:-

- the fair value of the consideration transferred;
- the recognised amount of any non-controlling interests in the acquiree;
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; and
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit, including allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1st January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.3.3.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1st January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.5 Intangible Assets (Continued)

(ii) Research and development expenditure

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:-

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- Management intends to complete the intangible asset and use or sell it;
- it can be demonstrated that the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible assets are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditure that does not meet these criteria is recognised as an expense when incurred. Development expenditure previously recognised as an expense cannot be recognised as an asset in subsequent period. Capitalised development expenditure are recorded as intangible assets and amortised from that point at which the asset is ready for use or sale, on a straight-line basis over the estimated useful life.

The estimated useful lives of capitalised development expenditure are three (3) years.

Capitalised development expenditure are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3.6.

Capitalised development expenditure are derecognised upon disposal and no future economic benefits are expected from its use of disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.5 Intangible Assets (Continued)

(iii) Shortcode expenditures, database and mobile application

Shortcode expenditures, database and mobile application are initially measured at cost and subsequently at cost less amortisation and allowance for impairment, if any. The policy for the recognition and measurement of allowance for impairment losses is in accordance with Note 2.3.6. The amortisation period and method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of economic benefits embodied in the asset is accounted for by changing the amortisation period or method and are treated as changes in accounting estimates.

In prior year, the shortcode expenditures and database with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such expenditures are not amortised. During the financial year ended 31st December 2012, the Group has revised the estimate of the useful life of the shortcode expenditures and database from indefinite useful life to 5 years to better reflect the expected pattern of the consumption of economic benefits embodied in these assets. The effect of this change have been accounted for prospectively and therefore the amortisation of shortcode expenditures and database has commenced on 1st January 2012 and are subject to impairment assessment as stated in Note 2.3.6.

2.3.6 Impairment of Non-financial Assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future value cash flows expected to be generated by the asset 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. Where the carrying amount of the assets exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.6 Impairment of Non-financial Assets (Continued)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in subsequent period.

2.3.7 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.3.8 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.8 Associates (Continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.3.9 Financial Assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not a fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for sale financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.9 Financial Assets (Continued)

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income on the financial assets at fair value through profit or loss are recognised separately in the profit or loss as part of other losses or other income.

Financial asset at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.9 Financial Assets (Continued)

(iii) Held-to-maturity investment

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortization process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

(iv) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instruments are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.9 Financial Assets (Continued)

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

2.3.10 Impairment of Financial Assets

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(i) **Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local or economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.10 Impairment of Financial Assets (Continued)

(i) Trade and other receivables and other financial assets carried at amortised cost (Continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity instruments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss of an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin and based on the effort required to complete and sell the inventory.

2.3.12 Cash and Cash Equivalents

For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand, bank balances and short term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

2.3.13 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company has not designated any financial liabilities as at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.13 Financial Liabilities (Continued)

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.3.14 Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group as issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.15 Deferred Income

Deferred income represents support and maintenance services invoiced to customer(s) but not yet rendered and prepaid bulk services income as at year end.

2.3.16 Hire Purchase

Assets financed by hire purchase arrangements, which transfer substantially all the risks, and rewards of ownership to the Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment. Finance charges are charged to profit or loss over the periods of the respective agreements.

2.3.17 Provisions for Liabilities

Provisions for liabilities are recognised when the Group of the Company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group or the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.3.18 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.19 Employee Benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the statutory pension fund are charged to the profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Post-employment benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

2.3.20 Revenue Recognition

(i) Goods sold and services rendered

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, and trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from information technologies services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed. Where the outcome of the transactions cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from mobile messaging gateway solutions and services is recognised upon delivery of services, and verification and matching against settlement report received from telecommunication service providers, as the indication of customers' acceptance.

Revenue from information technology services rendered is recognised in profit or loss upon performance of services, net of sales taxes, returns and discounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.20 Revenue Recognition (Continued)

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Interest income

Interest income is recognised on an accrual basis unless collectability is in doubt in which recognition will be on a receipt basis.

2.3.21 Income Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly to equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.21 Income Taxes (Continued)

(ii) Deferred tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant Accounting Policies (Continued)

2.3.22 Segment Reporting

For management purposes, the Group is organised into operating segments based on business segments which are reviewed regularly by the chief operating decision maker, which is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.3.23 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.3.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical Judgements in Applying Accounting Policies

In the process of applying Group's accounting policies, the Directors are 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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Impairment of property, plant and equipment

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

As at the end of the reporting period, the Directors are of the opinion that there is no adjustment required resulting from the impairment review.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Key sources of estimation uncertainty (Continued)

(iii) Impairment of investments in subsidiaries and associates

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the cash generating unit. Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in subsidiaries.

The carrying amounts of the investment in subsidiaries of the Company as at 31st December 2012 was RM4,120,141/- (31.12.2011: RM5,855,422/-; 1.1.2011: RM5,855,422/-). During the financial period, the impairment on investment in subsidiaries charged to the profit or loss for the Company was RM1,735,284/- (2011: RM nil).

(iv) Useful life of shortcode expenditures, database and mobile application

During the financial year ended 31st December 2012, the Group has revised the estimate of the useful life of certain intangible assets from indefinite useful life to 5 years to better reflect the expected pattern of the consumption of economic benefits embodied in these assets. Details as follows:

	2012	2011
Shortcode expenditures	5 years	Indefinite
Database	5 years	Indefinite
Mobile application	5 years	-

Future changes in the market demand or technological advancements could impact these assets' life cycle, and therefore, the future useful life of these assets and their future pattern of consumption of economic benefits. The effect of this change have been accounted for prospectively and therefore the amortisation of shortcode expenditures, database and mobile application has commenced since 1st January 2012 and are subject to impairment assessment as stated in Note 2.3.6.

The carrying amounts of shortcode expenditures, database and mobile application of the Group at the end of the reporting period is disclosed in Note 5.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Key sources of estimation uncertainty (Continued)

(v) Impairment of shortcode expenditures, database and mobile application

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

The recoverable amount of the shortcode expenditures, database and mobile application has been determined based on value in use calculations using cash flow projection from financial budgets approved by Management covering a five-year periods. The pre-tax discount rate applied to the cash flow projection is 6.30%.

At the end of the reporting period, the Directors are of the opinion that there is no adjustment required resulting from the impairment review.

(vi) Impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires Management to make an estimate of the expected future cash flow from the CGU and also choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are given in Note 8.

As at the end of the reporting period, the Directors of the Group are of the opinion that there is no adjustment required resulting from the impairment review.

(vii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

3. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

(b) **Key sources of estimation uncertainty (Continued)**

(viii) **Impairment of loans and receivables**

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and the Company's loan and receivables at the end of the reporting period is disclosed in Note 11.

(ix) **Net realisable values of inventories**

Reviews are made periodically by Management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

As at the end of the reporting period, the Directors of the Group are of the opinion that there is no adjustment required except for the allowance for slow moving inventories amounting to approximately RM403,000/- as disclosed in Note 10 to the financial statements.

(x) **Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on Management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

(xi) **Determination of fair value**

The Directors are of the opinion that the long term liabilities approximates its fair value because they are floating rate instruments which are deemed to be re-priced based on the current prevailing market rates.

4. **PROPERTY, PLANT AND EQUIPMENT**

Group 2012	**Freehold land** RM'000	**Buildings** RM'000	**Plant and equipment** RM'000	**Furniture and fittings** RM'000	**Office equipment and renovation** RM'000	**Computer equipment** RM'000	**Motor vehicles** RM'000	**Total** RM'000
Cost								
At 1st January 2012	19	3,134	223	531	665	1,596	433	6,601
Acquisitions through business combinations	-	-	-	9	31	-	-	40
	19	3,134	223	540	696	1,596	433	6,641
Additions	-	-	-	6	30	99	400	535
Written off	-	-	-	(1)	-	-	(345)	(346)
Disposals	-	-	-	-	(2)	-	-	(2)
At 31st December 2012	19	3,134	223	545	724	1,695	488	6,828
Accumulated depreciation								
At 1st January 2012	-	267	168	176	319	1,025	316	2,271
Acquisitions through business combinations	-	-	-	7	24	-	-	31
	-	267	168	183	343	1,025	316	2,302
Depreciation for the financial year	-	64	25	44	89	205	69	496
Written off	-	-	-	(1)	-	-	(269)	(270)
Disposals	-	-	-	-	(2)	-	-	(2)
At 31st December 2012	-	331	193	226	430	1,230	116	2,526
Net book value at 31st December 2012	19	2,803	30	319	294	465	372	4,302

4. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

Group 2011	Freehold land RM'000	Buildings RM'000	Plant and equipment RM'000	Furniture and fittings RM'000	Office equipment and renovation RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost								
At 1st January 2011	19	3,134	223	531	662	1,389	433	6,391
Additions	-	-	-	-	13	250	-	263
Written off	-	-	-	-	(8)	(17)	-	(25)
Disposals	-	-	-	-	(2)	(26)	-	(28)
At 31st December 2011	19	3,134	223	531	665	1,596	433	6,601
Accumulated depreciation								
At 1st January 2011	-	203	143	131	244	834	252	1,807
Depreciation for the financial year	-	64	25	45	84	227	64	509
Written off	-	-	-	-	(8)	(14)	-	(22)
Disposals	-	-	-	-	(1)	(22)	-	(23)
At 31st December 2011	-	267	168	176	319	1,025	316	2,271
Net book value at 31st December 2011	19	2,867	55	355	346	571	117	4,330
Net book value at 1st January 2011	19	2,931	80	400	418	555	181	4,584

4. **PROPERTY, PLANT AND EQUIPMENT (Continued)**

(a) **Assets pledged as security**

Buildings with net book value of RM2,527,860/- (31.12.2011: RM2,583,756/-; 1.1.2011: RM2,639,653/-) have been pledged to licensed banks to secure the banking facilities granted to subsidiaries as disclosed in Note 17 to the financial statements.

(b) **Assets held under hire purchase arrangements**

The net book value of property, plant and equipment held under hire purchase arrangements are as follows:-

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Computer equipment	-	56	70
Motor vehicles	363	116	180
	363	172	250

5. INTANGIBLE ASSETS

Group **2012**	**Goodwill** RM'000	**Software development costs** RM'000	**Shortcode expenditure and database** RM'000	**Computer software** RM'000	**Mobile application** RM'000	**Total** RM'000
Cost						
At 1st January 2012	2,913	1,942	287	-	-	5,142
Additions	-	-	5	8	400	413
At 31st December 2012	2,913	1,942	292	8	400	5,555
Amortisation and impairment loss						
At 1st January 2012	2,913	1,942	-	-	-	4,855
Amortisation for the financial year	-	-	59	-	20	79
At 31st December 2012	2,913	1,942	59	-	20	4,934
Carrying amount at 31st December 2012	-	-	233	8	380	621

5. INTANGIBLE ASSETS (Continued)

Group **2011**	**Goodwill** RM'000	**Software development costs** RM'000	**Shortcode expenditure and database** RM'000	**Computer software** RM'000	**Mobile application** RM'000	**Total** RM'000
Cost						
At 1st January 2011	2,913	1,942	219	-	-	5,074
Additions	-	-	68	-	-	68
At 31st December 2011	2,913	1,942	287	-	-	5,142
Amortisation and impairment loss						
At 1st January 2011/ at 31st December 2011	2,913	1,942	-	-	-	4,855
Carrying amount at 31st December 2011	-	-	287	-	-	287
Carrying amount at 1st January 2011	-	-	219	-	-	219

During the financial year ended 31st December 2012, the Group has revised the estimate of the useful life of the shortcode expenditures and database from indefinite useful life to 5 years. The effect of this change have been accounted for prospectively as disclosed in Note 3(b)(iv).

The recoverable amount has been determined based on value in use calculations using cash flows projection from financial budgets approved by Management covering a five-year periods. The pre-tax discount rate applied to the cash flows projection is 6.30%.

6. INVESTMENT IN SUBSIDIARIES

	Company 2012 RM'000	2011 RM'000
Unquoted shares - at cost		
At 1st January	13,674	13,674
Additions	*	*
At 31st December	13,674	13,674
Allowance for impairment loss		
At 1st January	7,819	7,819
Impairment loss for the financial year	1,735	-
At 31st December	9,554	7,819
Carrying value as at 31st December	4,120	5,855

* *Represents investment in subsidiaries of RM2/- and RM52/- for the financial year ended 31st December 2012 and 31st December 2011 respectively.*

Key assumptions used in impairment calculations

Management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at end of reporting period. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

As a result of the above, the Company recognised an impairment loss of RM1,735,284/- (2011: RM nil) during the financial year.

6. INVESTMENT IN SUBSIDIARIES (Continued)

Details of the subsidiaries are as follows:-

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest Held			Principal Activities
		31.12.2012	31.12.2011	1.1.2011	
		%	%	%	
Held by the Company					
Mexter (M) Sdn. Bhd. ("MMSB") #	Malaysia	100	100	100	Provision of information technology ("IT") solution and outsourcing services and business management consultant services.
Mexter MSC Sdn. Bhd. ("MMSC")	Malaysia	100	100	100	Performing research and development and the provision of e-manufacturing solutions and IT outsourcing services.
Elixir Intergrated Systems Sdn. Bhd. ("ELIXIR") #	Malaysia	51	51	-	Provison of information and communication technology solution and engineering solutions and services.
Tonerex Technologies Sdn. Bhd. ("TTSB")	Malaysia	100	100	100	Dealers of test probes, jigs and fixtures solutions, functional tester solutions and power products.
Mexter International Limited ("MIL") * ^ @	People's Republic of China	100	100	100	Provision of IT solutions and IT outsourcing services.

6. **INVESTMENT IN SUBSIDIARIES (Continued)**

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest Held 31.12.2012 %	31.12.2011 %	1.1.2011 %	Principal Activities
Held by the Company (Continued)					
MexComm Sdn. Bhd. ("MXSB")	Malaysia	80	80	80	Provision of mobile messaging gateway solutions and services.
Mexter (Aust) Pty. Ltd. ("MAPL") ^	Australia	100	100	100	Dormant.
Agensi Pekerjaan GenY HR Sdn. Bhd. ("GenY") #	Malaysia	100	100	-	Provision of manpower services and project outsourcing.
Adios Interactive Sdn. Bhd. ("AISB") #	Malaysia	100	-	-	Provision of mobile and web application developments, advertising and publishing.
Held through MMSB					
Mexter (S) Pte. Ltd. ("MSPL") *	Singapore	100	100	100	Provision of IT solutions and IT outsourcing services
Held through MXSB					
Ezymobile International Sdn. Bhd. ("EISB") #	Malaysia	100	100	100	Provision of IT solutions in tele-communication industry and mobile messaging gateway solutions and services.
P.T. MexComm (PTMX) *	Indonesia	90	90	-	Provision of IT solutions in tele-communication industry.

6. **INVESTMENT IN SUBSIDIARIES (Continued)**

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest Held 31.12.2012 %	31.12.2011 %	1.1.2011 %	Principal Activities
Held through MXSB (Continued)					
MexComm (Media) Ltd. ("MML") *	Hong Kong	80	-	-	Movie production and provision of digital movie contents for Film and TV industries.
MexComm Ltd. ("MCL") *	Hong Kong	100	-	-	Provision of mobile messaging gateway solutions and services.
MexComm Corporation (Thailand) Ltd. ("MCTL") *	Thailand	100	-	-	Provision of innovative mobile solutions and creative, value-adding advertising services to mobile network operators.
Mobile Holding Ltd. ("MHL") *	Thailand	49	-	-	Investment holding company
Held through EISB					
PTMX *	Indonesia	10	10	-	Provision of IT solutions in tele-communication industry.
Held through MHL					
E-G6 Solution Thailand Co. Ltd. ("E-G6") *	Thailand	100	-	-	Engaged in web design and content development.
Ezy M Holding Ltd. ("EzyM") *	Thailand	100	-	-	Investment holding company.

6. **INVESTMENT IN SUBSIDIARIES (Continued)**

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest Held 31.12.2012 %	31.12.2011 %	1.1.2011 %	Principal Activities
Held through EzyM					
MHL *	Thailand	51	-	-	Investment holding company.

* *Audited by firms of chartered accountants other than Baker Tilly Monteiro Heng.*

^ *Subsidiaries without audited financial statements and auditors' reports but the financial statements of these subsidiaries are considered by BTMH for the purposes of the financial statements of the Group.*

The Auditors' Reports of these subsidiaries contain an emphasis of matter paragraph in relation to the going concern consideration.

@ *During the financial year, the subsidiary is in the process of voluntarily winding-up.*

(a) On 24th February 2011, MXSB and EISB incorporated PTMX. As at the end of the reporting period, PTMX has not commenced operations. MXSB and EISB had invested 90,000 and 10,000 ordinary shares of USD1/- each, representing 90% and 10% equity interest in PTMX for a total consideration of USD90,000/- and USD10,000/- respectively.

(b) On 28th September 2011, the Company incorporated ELIXIR. As at the end of the reporting period, the company has not commenced operations. The Company had invested 51 ordinary shares of RM1/- each, representing 51% equity interest in ELIXIR for a total consideration of RM51/-.

(c) On 8th June 2011, the Company acquired the entire equity interest of GenY from TTSB for a total consideration of RM1/-.

(d) On 6th January 2012, the Company had acquired AISB. The Company had acquired the entire issued and paid up capital of 2 ordinary shares of RM1/- each for a total consideration of RM2/-.

(e) On 27th June 2012, MXSB had acquired MCL, a company incorporated in Hong Kong. MXSB had acquired the entire issued and paid up capital of 3 ordinary shares of HKD1/- each for a total consideration of HKD3/-.

(f) On 31st July 2012, MXSB has entered into a Sales and Purchase Agreement to acquire 21,299 ordinary shares of THB100/- each, representing 49% equity interest in E-G6 for a total consideration of RM965,000/-.

Subsequently on 26th December 2012, MXSB restructured its equity interest in E-G6 from 49% to 100% via 2 newly incorporated companies in Thailand namely, MHL and EzyM. As a result of the re-organisation, E-G6 becomes a wholly-owned subsidiary of MXSB.

6. **INVESTMENT IN SUBSIDIARIES (Continued)**

(g) On 13th August 2012, MXSB incorporated MML in Hong Kong with 8 ordinary shares of HKD1/- each, representing 80% equity interest in MML.

(h) On 3rd September 2012, MXSB incorporated MCTL in Thailand with 10,000 ordinary shares of THB100/- each, representing 100% equity interest in MCTL.

(i) On 24th December 2012, MXSB incorporated MHL with 490 ordinary shares of THB100/- each, representing 49% equity interest in MHL.

(j) On 25th December 2012, MXSB incorporated EzyM with 100 ordinary shares of THB100/- each, representing 100% equity interest in EzyM.

7. **INVESTMENT IN AN ASSOCIATE**

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Unquoted shares - at cost				
At 1st January	-	28	-	-
Add: Share of post-acquisition reserve	-	(22)	-	-
Less: Realisation of post-acquisition reserve	-	(6)	-	-
At 31st December	-	-	-	-
Represented by:				
Group's share of net assets	-	-	-	-

Details of the associate are as follows:-

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest Held 31.12.2012 %	31.12.2011 %	1.1.2011 %	Principal Activities
Held through MMSB					
Shiftech Solutions & Resources Sdn. Bhd. ("SSR") (formerly known as Mexter Ventures Sdn. Bhd.) *	Malaysia	-	-	30	Provision of contracting and consulting services and manpower supply services.

* *Audited by firms of chartered accountants other than Baker Tilly Monteiro Heng.*

7. INVESTMENT IN AN ASSOCIATE (Continued)

The summary financial information of the associate is as follows:-

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Assets and Liabilities			
Total assets	-	-	160
Total liabilities	-	-	66
Results			
Revenue	-	-	1,202
Net profit for the financial year	-	-	9

On 30th June 2011, MMSB disposed of 108,000 ordinary shares of RM1/- each in Shiftech Solutions & Resources Sdn. Bhd. ("SSR") representing 30% of the issued and paid up capital of SSR for a cash consideration of RM1/-.

8. GOODWILL ON CONSOLIDATION

	Group	
	2012	2011
	RM'000	RM'000
At 1st January	-	-
Acquisition of a subsidiary	817	-
	817	-
Less: Accumulated impairment losses	-	-
At 31st December	817	-

The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years.

The key assumptions used in the determination of the recoverable amounts are as follows:-

(a) The discount rate of 6.30% per annum used reflected the Management's best estimate of return on capital employed required;
(b) Growth rate has been used based on industry outlook for that segment; and
(c) The profit margins of 5% per annum used in the projections are based on the budgeted profit margins.

The Management believes that no reasonable possible change in any of the above key assumptions would cause the recoverable amount to decline below its carrying value of the CGU.

9. OTHER INVESTMENTS

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
At fair value			
Unit trusts	2,640	4,596	5,167
Company			
At fair value			
Unit trusts	84	81	-

The investment in unit trusts which are invested in money market funds offers the Group the opportunity for returns through dividend income. The fair values of these securities are based on closing market prices on the last market day of the financial year.

10. INVENTORIES

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost			
Computer and electronics parts	327	371	534
Testing equipment and peripherals	158	162	164
	485	533	698
Less: Allowance for slow moving inventories	(403)	(413)	(397)
	82	120	301

Movement in the allowance for slow moving inventories account is as follows:-

	Group	
	2012 RM'000	2011 RM'000
At 1st January	413	397
Addition during the financial year	25	51
Reversal during the financial year	(35)	(35)
At 31st December	403	413

11. TRADE AND OTHER RECEIVABLES

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Trade receivables			
Trade receivables	4,319	6,186	7,928
Less: Allowance for impairment	-	(1)	-
Trade receivables, net	4,319	6,185	7,928
Other receivables			
Other receivables	261	37	226
Deposits	128	107	91
Prepayments	406	211	280
	795	355	597
Less: Allowance for impairment	-	(15)	-
Other receivables, net	795	340	597
Total trade and other receivables	5,114	6,525	8,525
Company			
Other receivables			
Other receivables	4	-	124
Deposits	1	1	1
Prepayments	20	25	25
	25	26	150
Less: Allowance for impairment	-	-	-
Other receivables, net	25	26	150

(a) Trade receivables

The Group's normal trade credit terms range from 14 to 90 (31.12.2011: 14 to 90; 1.1.2011: 14 to 60) days.

Trade receivables are non-interest bearing and the Group's normal trade credit terms range from 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

As at the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balances owing by 6 (31.12.2011: 5; 1.1.2011: 3) customers represents 62% (31.12.2011: 69%; 1.1.2011: 75%) of the total receivables respectively.

11. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

The foreign currency profile of trade receivables is as follows:-

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Australian Dollar	-	-	23
Euro	-	-	88
Indonesian Rupiah	65	1	5
Ringgit Malaysia	4,049	5,791	7,520
Singapore Dollar	77	64	69
Thai Baht	69	-	46
US Dollar	59	328	177
Vietnamese Dong	-	1	-
	4,319	6,185	7,928

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:-

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Neither past due nor impaired	1,838	3,333	4,022
1 to 30 days past due not impaired	628	1,430	1,815
31 to 60 days past due not impaired	502	499	1,578
61 to 90 days past due not impaired	325	121	139
91 to 120 days past due not impaired	1,026	802	351
More than 121 days past due not impaired	-	-	23
	2,481	2,852	3,906
Impaired	-	1	-
	4,319	6,186	7,928

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 37% (31.12.2011: 17%; 1.1.2011: 9%) of the Group's trade receivables arise from customers with more than four years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

11. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,481,191/- (31.12.2011: RM2,851,934/-; 1.1.2011: RM3,906,253/-) that are past due at the end of the reporting period but not impaired.

Based on Management experience, minimal receivables past due were written off due to non-recoverability. The Management has a credit control procedure in place to monitor and minimise the exposure of default. All in all, the Directors believe that no impairment loss is necessary in respect of these trade receivables past due.

Receivables that are impaired

The Group's trade receivables that are impaired at the financial year end is as follows:-

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Individually impaired			
Trade receivables	4,319	6,186	7,928
Less: Allowance for impairment	-	(1)	-
	4,319	6,185	7,928

Movement in the allowance for impairment account is as follows:-

	Group	
	2012	2011
	RM'000	RM'000
As at 1st January	1	-
Charge for the year	-	1
Written off	(1)	-
As at 31st December	-	1

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

11. TRADE AND OTHER RECEIVABLES (Continued)

(b) Other receivables

Movement in the allowance for impairment account is as follows:-

	Group	
	2012	2011
	RM'000	RM'000
As at 1st January	15	-
Charge for the year	-	15
Written off	(15)	-
As at 31st December	-	15

(c) Prepayments

Included in prepayment is RM100,000/- represents preliminary payment to a supplier.

12. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand. All non-trade balances are in respect of advances to subsidiaries.

13. CASH AND BANK BALANCES

	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Group			
Cash on hand	10	6	7
Cash at bank	2,837	4,617	2,576
Deposit placed with a licensed bank	50	50	-
	2,897	4,673	2,583
Company			
Cash at bank	15	195	572

14. SHARE CAPITAL

	Group and Company			
	2012		2011	
	Number of shares Unit'000	RM'000	Number of shares Unit'000	RM'000
Ordinary shares of RM0.10 each				
Authorised:				
At the beginning/end of the financial year	250,000	25,000	250,000	25,000
Issued and fully paid:				
At the beginning/end of the financial year	89,452	8,945	89,452	8,945

15. OTHER RESERVES

	Translation reserve RM'000
Group	
At 1st January 2011	32
Other comprehensive income:	
Foreign currency translation	10
At 31st December 2011	42
Other comprehensive income:	
Foreign currency translation	1
At 31st December 2012	43

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

16. ACCUMULATED LOSSES

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28th December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31st December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the balance under Section 108 of the Income Tax Act ("Section 108") and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the balance under Section 108 to be locked-in as at 31st December 2007 in accordance with Section 39 of the Finance Act 2007. As at 31st December 2012, the balance under Section 108 of the Company is RM83,911/- (31.12.2011: RM83,911/-; 1.1.2011: RM83,911/-).

17. BORROWINGS

		Group		
		31.12.2012	31.12.2011	1.1.2011
	Note	RM'000	RM'000	RM'000
Secured:				
Current liabilities				
Term loan	(a)	92	92	90
Hire purchase liabilities	(b)	56	80	105
		148	172	195
Non-current liabilities				
Term loan	(a)	1,693	1,781	1,869
Hire purchase liabilities	(b)	217	-	88
		1,910	1,781	1,957
Total borrowings		2,058	1,953	2,152

(a) **Term loan**

The term loan is secured by:-

(i) first legal charge over the building of a subsidiary as disclosed in Note 4 to the financial statements; and

(ii) joint and several guarantee by former directors of a subsidiary.

17. **BORROWINGS (Continued)**

(a) **Term loan (Continued)**

The repayment terms of the term loan are as follows:-

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Within the next twelve months	92	92	90
After the next twelve months			
- not later than two years	98	93	92
- later than two years but not later than five years	330	312	308
- later than five years	1,265	1,376	1,469
	1,693	1,781	1,869
	1,785	1,873	1,959

(b) **Hire purchase liabilities**

Future minimum hire purchase payments under hire purchase together with the present value of the net minimum hire purchase payments are as follows:-

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Minimum hire purchase payments			
- not later than one year	67	82	116
- later than one year but not later than five years	235	-	88
	302	82	204
Less: Future interest charges	(29)	(2)	(11)
Present value of hire purchase payables	273	80	193
Represented by:			
Current			
- not later than one year	56	80	105
Non-current			
- later than one year but not later than five years	217	-	88
	273	80	193

18. DEFERRED TAXATION

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deferred tax liabilities	3	3	3

Deferred tax liabilities are attributable to the following:-

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Property, plant and equipment	3	3	3

19. TRADE AND OTHER PAYABLES

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Trade payables	562	1,780	1,296
Other payables			
Other payables	155	119	50
Accruals	7,837	7,394	9,544
Provision	-	-	270
	7,992	7,513	9,864
Total trade and other payables	8,554	9,293	11,160
Company			
Other payables			
Other payables	1	10	1
Accruals	46	42	44
Provision	-	-	-
Total other payables	47	52	45

19. TRADE AND OTHER PAYABLES (Continued)

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company range from 30 to 90 days (31.12.2011: 30 to 90 days; 1.1.2011: 30 to 90 days).

The foreign currency profile of trade payables is as follows:-

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Euro	43	39	37
Ringgit Malaysia	461	1,705	1,115
Singapore Dollar	1	2	8
Thai Baht	38	-	38
US Dollar	19	34	98
	562	1,780	1,296

(b) Accruals

Included in accruals is an amount of RM6,774,994/- (31.12.2011: RM6,188,293/-; 1.1.2011: RM8,257,800/-) representing invoices which the Group has not receive from mobile messaging gateway solutions service providers for services rendered to the Group.

(c) Provision

	Group	
	2012	2011
	RM'000	RM'000
As at 1st January	-	270
Provision during the financial year	-	-
Reversal during the financial year	-	(270)
As at 31st December	-	-

The Group provided a provision for litigation claims made against a subsidiary of the Group in the previous financial year. As disclosed in Note 35(c) to the financial statements, the Kuala Lumpur High Court has set aside the claims made against the said subsidiary. The Directors are of the opinion that based on the latest progress of the litigation case, the provision for litigation claims is no longer required.

20. AMOUNT DUE TO A SUBSIDIARY

Amount due to a subsidiary is non-trade in nature, unsecured, interest free and repayable on demand.

21. AMOUNT DUE TO AN ASSOCIATE

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Trade	-	-	47
Non-trade	-	-	18
	-	-	65

Amount due to an associate in the previous financial year was unsecured, interest free and repayable on demand.

22. DEFERRED INCOME

Deferred income represents services invoiced to customers but not yet rendered and prepaid bulk services income as at reporting period.

23. REVENUE

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Dividend	-	-	400	200
Sales of goods	2,365	2,388	-	-
Rendering of services	31,365	49,552	-	-
	33,730	51,940	400	200

24. COST OF SALES AND SERVICES

	Group	
	2012	2011
	RM'000	RM'000
Cost of goods	1,474	1,645
Cost of services	25,779	40,844
	27,253	42,489

25. OPERATING (LOSS)/PROFIT

Operating (loss)/profit has been arrived at:-

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
After charging :-				
Allowance for impairment				
- other receivables	-	15	-	-
- trade receivables	-	1	-	-
Allowance for slow moving inventories	25	51	-	-
Audit fees				
- current year	106	92	30	29
- prior year	8	7	1	5
Bad debts written off	-	50	-	50
Depreciation	496	509	-	-
Directors' remuneration				
- fees	144	138	144	138
- emoluments	814	854	11	10
Subsidiaries' directors' remuneration				
- fees	5	5	-	-
- emoluments	469	439	-	-
Amortisation on intangible assets	79	-	-	-
Impairment loss on investment in subsidiaries	-	-	1,735	-
Lease rental	16	10	-	-
Loss on disposal of investment in an associate	-	6	-	-
Loss on disposal of property, plant and equipment	-	4	-	-
Loss on foreign exchange				
- realised	41	50	-	-
- unrealised	43	14	5	1
Personnel expenses				
- Employees' Provident Fund	552	468	-	-
- wages, salaries and others	4,224	3,377	-	-
Property, plant and equipment written off	76	3	-	-
Rental expenses	241	228	-	60
Research expenses	450	517	-	-

25. OPERATING (LOSS)/PROFIT (Continued)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
And crediting:-				
Bad debts recovered	16	3	-	-
Fair value gain on other investments	13	25	-	-
Gain on foreign exchange				
- realised	22	41	-	-
- unrealised	-	6	-	3
Reversal of allowance for slow moving inventories	35	35	-	-
Reversal of provision for litigation claim	-	270	-	-

26. FINANCE COSTS, NET

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest income	113	153	2	12
Interest expenses				
- hire purchase interest	(8)	(9)	-	-
- term loan interest	(98)	(101)	-	-
	(106)	(110)	-	-
	7	43	2	12

27. TAXATION

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income tax				
- prior years	-	2	-	-

The income tax rate is calculated at the Malaysian statutory tax rate of 25% of the estimated taxable profit for the fiscal year.

27. **TAXATION (Continued)**

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:-

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation	(3,293)	1,217	(1,658)	(210)
Taxation at applicable tax rate of 25%	823	(304)	415	53
Tax effects arising from				
- tax rates in foreign jurisdictions	(3)	(1)	-	-
- non-deductible expenses	(222)	(188)	(415)	(12)
- non-taxable income	4	68	-	1
- tax incentive - pioneer status	-	683	-	-
- (origination)/reversal of deferred tax assets not recognised in the financial statements	(602)	(258)	-	(42)
- over accrual in prior years	-	2	-	-
Tax expense for the financial year	-	2	-	-

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2012	2011
	RM'000	RM'000
Property, plant and equipment	(423)	(485)
Provisions	312	319
Unutilised capital allowances	949	806
Unutilised tax losses	12,226	10,017
	13,064	10,657
Potential deferred tax assets not recognised	3,266	2,664

The availability of the deductible temporary differences, unutilised capital allowances and unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act,1967 and guidelines issued by the tax authorities. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset against taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

28. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net (loss)/profit for the financial year by the weighted average number of ordinary shares on issue during the financial year.

	Group	
	2012	2011
	RM'000	RM'000
Net (loss)/profit for the financial year	(3,010)	638
Weighted average number of ordinary shares on issue	89,452	89,452
Basic earnings per share for the financial year (sen)	(3.36)	0.71

(b) Diluted

There is no diluted earnings per share as the Company does not have any potential ordinary shares outstanding as at the end of the reporting period.

29. ACQUISITION OF SUBSIDIARIES

During the financial year, MexComm Sdn. Bhd. ("MXSB") acquired 100% equity interest in E-G6 Solutions (Thailand) Co. Ltd. ("E-G6") via 2 newly incorporated companies, namely Mobile Holding Ltd. ("MHL") and Ezy M Holding Ltd. ("EzyM"). Upon the acquisition, E-G6 became a subsidiary of the Group. E-G6, a private limited liability company is incorporated in Thailand and the principal activity of E-G6 is as disclosed in Note 6 to the financial statements.

The fair values of the identifiable assets and liabilities of E-G6 as at the date of acquisition were as follows:-

	At date of acquisition	
	Carrying amount	Fair value recognised
	RM'000	RM'000
Property, plant and equipment	9	9
Other receivables	169	169
Cash and cash equivalents	50	50
Other payables	(80)	(80)
Total identifiable net assets	148	148
Add: Goodwill on acquisition		817
Total purchase consideration		965
Less: Cash and cash equivalents of subsidiary acquired		(50)
Net cash outflows for acquisition of subsidiary		915

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2012	2011
	RM'000	RM'000
Purchase of property, plant and equipment	535	263
Financed by hire purchase arrangement	(300)	-
Cash payments on purchase of property, plant and equipment	235	263

31. OPERATING SEGMENTS

The Group adopted MFRS 8 Operating Segments which requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

(a) General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on business segments.

(b) Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on the basis that is similar to those external customers.

Segment profit or loss is profit earned or loss incurred by each segment without allocation of central administrative costs, non-operating investment revenue, finance costs and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment statements of comprehensive income.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

31. **OPERATING SEGMENTS (Continued)**

(c) **Change of Reportable Segments**

In previous financial year, the Group presented the reportable segments on the basis of geographical segments. Segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

During the current financial year, the Management change its reportable segments as the Group operates predominantly in the information technology industry involving various types of activities as mentioned in Note 6 to the financial statements. Information furnished to the Group's chief organisation decision maker during the financial year are accordingly been change to reportable segments based on business segments. In presenting information on the basis of business segments, segment revenue is based on the respective business units.

31. OPERATING SEGMENTS (Continued)

Business Segments

	Mobile Services Division		Enterprise Service Division		Computing Electronic Services		Others		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	28,384	46,154	977	731	4,369	4,867	-	188	-	-	33,730	51,940
Inter-segment revenue	-	-	-	-	-	-	400	200	(400)	(200)	-	-
Total segment revenue	28,384	46,154	977	731	4,369	4,867	400	388	(400)	(200)	33,730	51,940
Segment results											(3,300)	1,196
Results from operating activities											(3,300)	1,196
Interest income											113	153
Interest expenses											(106)	(110)
Share of (loss)/profit of an associate											-	(22)
Taxation											-	2
Net (loss)/profit for the financial year											(3,293)	1,219
Segments assests	15,288	18,273	1,118	1,082	8,011	7,458	9,129	9,645	(17,073)	(15,927)	16,473	20,531
Investment in an associate	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets	-	-	-	-	5	24	-	-	-	-	5	24
Total assets											16,478	20,555

31. OPERATING SEGMENTS (Continued)

Business Segments (Continued)

	Mobile Services Division		Enterprise Service Division		Computing Electronic Services		Others		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment liabilities	11,592	12,768	2,235	1,514	5,074	4,193	1,441	485	(11,785)	(9,663)	8,557	9,297
Unallocated liabilities	268	253	273	377	1,785	1,511	-	130	-	-	2,326	2,271
Total liabilities											10,883	11,568
Capital expenditure	483	243	6	7	459	81	-	-	-	-	948	331
Depreciation	166	160	37	51	292	278	1	20	-	-	496	509
Amortisation of intangible assets	79	-	-	-	-	-	-	-	-	-	79	-

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:-

(i) Direct subsidiaries;
(ii) Fellow subsidiaries; and
(iii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Significant Related Party Transactions and Balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:-

	Group	
	2012	2011
	RM'000	RM'000
Sales	6,432	3,149
Purchase	(6,432)	(3,149)
Management fees charged	(2,386)	(1,754)

Individually significant outstanding balances arising during the financial year from transactions other than normal trade transactions with related parties are as follows:-

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Amount due from subsidiaries	2,916	2,653	2,435
Amount due to a subsidiary	(28)	(15)	(14)

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel

The remuneration of the key management personnel during the financial year is as follows:-

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Directors				
Salaries, bonuses and allowances	1,103	1,110	11	10
Fees	149	143	144	138
Employees' Provident Fund	180	186	-	-
	1,432	1,439	155	148
Other key management personnel				
Salaries, bonuses and allowances	635	611	-	-
Employees' Provident Fund	76	73	-	-
	711	684	-	-

33. OPERATING LEASE ARRANGEMENTS

The Group has entered into non-cancellable operating lease arrangements for the use of photocopiers and office building. The lease is for a period of between 3 to 5 years.

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Not later than one year	194	99	122
Later than one year but not later than five years	75	35	64
	269	134	186

34. SUBSEQUENT EVENTS

a. On 5th April 2013, the Company announced to undertake the following:-

   i. A renounceable rights issue of up to 89,452,020 Rights Shares on the basis of one (1) Rights Share for every one (1) existing Mexter Technology Berhad's Shares ("Mexter Shares") held, together with up to 89,452,020 free detachable Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, on an entitlement date to be determined later.

   ii. An exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take Overs and Mergers, 2010 to Ivan Sia Teck Fatt and the Person(s) Acting in Concert with him, if any, from the obligation to undertake a mandatory take-over offer for all the remaining Mexter Shares not already owned by them pursuant to the Proposed Rights Issue with Warrants.

   iii. An increase in the authorised share capital of Mexter Shares from RM25,000,000/- comprising 250,000,000 Mexter Shares to RM50,000,000/- comprising 500,000,000 Mexter Shares.

   iv. Proposed amendment to the Memorandum of Association of Mexter Technology Berhad.

b. On 8th April 2013, the Company invested 7 ordinary shares of RM1/- each, representing 70% equity interest in MB Universal Holdings Sdn. Bhd. for a total consideration of RM7/-.

35. MATERIAL LITIGATIONS

The Group is currently engaged in the following material litigations:-

(a) **Civil Suit in the Penang High Court (Civil Suit No. MT1-22-527-2007) against Tan Kim Boon, Tan Kim Kheng, Lo Mooi Lee, Ang Chai Khee, Ottus Sdn. Bhd. and Oung Lay Choon**

The Company and its wholly-owned subsidiaries, TTSB, GenY and MMSB (hereinafter referred to as the "Plaintiffs") had on 28th August 2007 via their solicitors filed a civil suit in the Penang High Court against Tan Kim Boon, Tan Kim Kheng, Lo Mooi Lee, Ang Chai Khee and Ottus Sdn. Bhd. (hereinafter referred to as the "Defendants") to, *inter alia* restrain the Defendants from unlawfully interfering with or conspiring to injure the business of TTSB and GenY, and for:-

(i) accounts of profits received;
(ii) delivery up and disgorgement of the profits received;
(iii) delivery up of assets and documents of TTSB, GenY and MMSB;
(iv) damages, including exemplary damages;
(v) interest; and
(vi) costs.

The litigation case is still on-going and trial dates is scheduled from 20th to 21st March 2013 and 24th to 25th April 2013.

The Directors of the Company and the Company's solicitors are of the view that based on the numerous evidences available so far, there is a good case against the Defendants.

(b) **Counter claim by Tan Kim Boon and Tan Kim Kheng ("the Defendants") against the Company and Ivan Sia Teck Fatt in the Penang High Court (Civil Suit No. MT1-22-527-2007)**

On 23rd November 2007, the Defendants had filed a counter claim against the Company and Ivan Sia Teck Fatt, the Chief Executive Officer and Managing Director of the Company in the Penang High Court Civil Suit No. MT1-22-527-2007, claiming *inter alia* the following relief:-

(i) the sum of RM800,000/- and a further order that the Company and Ivan Sia Teck Fatt purchase one of the Defendant's 1,500,300 shares in the Company at the price of RM0.40 per share for breach of promises allegedly made by Ivan Sia Teck Fatt as representative and/or agent of the Company when entering into the Share Sale Agreement dated 20th December 2006 for the purchase by the Company, of the remaining 40% equity interest in TTSB held by the Defendants collectively; and

(ii) USD498,000/- being reimbursements for tester components allegedly purchased by the Defendants on behalf of the Company.

On 25th October 2011, the Learned Judge had dismissed the Defendants' Application to amend their Defence and awarded costs of RM4,000/- each to the Company and Ivan Sia Teck Fatt.

35. **MATERIAL LITIGATIONS (Continued)**

(b) **Counter claim by Tan Kim Boon and Tan Kim Kheng ("the Defendants") against the Company and Ivan Sia Teck Fatt in the Penang High Court (Civil Suit No. MT1-22-527-2007) (Continued)**

On 9th February 2012, the Defendants have withdrawn the counterclaim and it was confirmed by the Judge that the withdrawal of the counterclaim was granted without any order providing the Defendants liberty to file afresh.

(c) **Civil summons in the Kuala Lumpur Session Court against Mobile Bluezone Sdn. Bhd.**

The Company's 80% owned subsidiary, MexComm Sdn. Bhd. (hereinafter referred to as the "Plaintiff") had on 18th May 2010 via its solicitors filed a civil summons in the Kuala Lumpur Session Court against Mobile Bluezone Sdn. Bhd. (hereinafter referred to as the "Defendant") to recover the outstanding sum of RM175,657/- owing by the Defendant to the Plaintiff for services rendered.

However, on 14th July 2010, the Defendant filed a counter claims against the Plaintiff in respect of an unsuccessful High Court winding up suit for the sum of RM1,000,000/- as damages.

The Plaintiff had on 13th August 2010 reply and defense the counter claim. After a few case management and Common bundle of documents filed by the Plaintiff, on 7th February 2011, the Learned Session Court Judge dismissed the Plaintiff claims and allowed the Defendant's counter claims for the sum of RM250,000/- with cost.

On 14th February 2011, the Plaintiff filed a Notice of Appeal with the Kuala Lumpur High Court to appeal the decision made by the Learned Session Court Judge on 7th February 2011 which dismissed the Plaintiff claims with cost and allowed the Defendant's counter claims for the sum of RM250,000/- with cost.

On 2nd June 2011, the Kuala Lumpur High Court has set aside the counter claims of RM250,000/- made by the Defendant.

The Plaintiff had on 3rd January 2012 filed a Winding Up Petition at the Kuala Lumpur High Court against the Defendant arising from the Defendant's failure to settle its judgment debt pursuant to the High Court Order dated 2nd June 2011. The Petition was fixed for hearing on 15th March 2012 and an order to wind up the Defendant was granted by the Court.

The Defendant had filed an appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 2nd June 2011 which reversed the findings of the Sessions Court on 7th February 2011. The appeal which was fixed for hearing on 19th April 2012 has been postponed to a later date.

35. **MATERIAL LITIGATIONS (Continued)**

(c) **Civil summons in the Kuala Lumpur Session Court against Mobile Bluezone Sdn. Bhd. (Continued)**

On 3rd January 2012, MexComm filed a Winding Up Petition at the Kuala Lumpur High Court against the Respondent arising from the Respondent's failure to settle its judgment debt pursuant to the High Court Order dated 2nd June 2011. The Petition is fixed for hearing on 15th March 2012.

During the hearing conducted on 15th March 2012, the Kuala Lumpur High Court has granted order in terms of MexComm's Petition to wind-up the Respondent.

Meanwhile, the Defendant had filed an appeal to the Court of Appeal against the decision of the Kuala Lumpur High Court on 2nd June 2011 which reversed the findings of the Sessions Court on 7th February 2011. The hearing of Mobile Bluezone's appeal against the decision of the High Court Judge which was fixed on 5th July 2012 has been adjourned to 30th August 2012 for hearing.

On the other hand, the Official Receiver has by their letter dated 18th April 2012 sanctioned Messrs. Christie Soosay Nathan & Associates to act for Mobile Bluezone to pursue the appeal on the condition that the Official Receiver and Liquidator shall not be held liable for any loss or cost, including legal costs associated with the said appeal.

In this respect, the Court of Appeal has on 7th May 2012 fixed Mobile Bluezone's appeal down for hearing on 5th July 2012. Consequent thereto, MexComm has on 29th May 2012 filed an application to the Court of Appeal for security for costs against Mobile Bluezone of which, the Court of Appeal has fixed the application for hearing on 26th June 2012.

During the hearing conducted on 26th June 2012, the Court of Appeal has dismissed with cost of RM2,000/- for MexComm's application seeking security for costs against the Appellant.

At the hearing of Mobile Bluezone's appeal against the decision of the High Court Judge which was fixed on 5th July 2012 has been adjourned to 30th August 2012 for hearing. Further, the hearing conducted on 30th August 2012, was part heard and the appeal has been adjourned to 7th November 2012 for further hearing. However, it was further adjourned to 11th January 2013.

During the hearing conducted on 11th January 2013, the Court of Appeal has unanimously dismissed Mobile Bluezone's appeal with cost of RM5,000/- to be paid to Mexcomm.

36. FINANCIAL INSTRUMENTS

(i) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2.3 describe how classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	At fair value through profit or loss RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
31.12.2012				
Financial Assets				
Other investments	2,640	-	-	2,640
Trade and other receivables*	-	4,708	-	4,708
Cash and bank balances	-	2,897	-	2,897
	2,640	7,605	-	10,245
Financial Liabilities				
Trade and other payables	-	-	8,554	8,554
Borrowings	-	-	2,058	2,058
	-	-	10,612	10,612

** Exclude prepayments.*

36. **FINANCIAL INSTRUMENTS (Continued)**

(i) **Classification of Financial Instruments (Continued)**

Group	At fair value through profit or loss RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
31.12.2011				
Financial Assets				
Other investments	4,596	-	-	4,596
Trade and other receivables*	-	6,314	-	6,314
Cash and bank balances	-	4,673	-	4,673
	4,596	10,987	-	15,583
Financial Liabilities				
Trade and other payables	-	-	9,293	9,293
Borrowings	-	-	1,953	1,953
	-	-	11,246	11,246
1.1.2011				
Financial Assets				
Other investments	5,167	-	-	5,167
Trade and other receivables*	-	8,245	-	8,245
Cash and bank balances	-	2,583	-	2,583
	5,167	10,828	-	15,995
Financial Liabilities				
Trade and other payables	-	-	11,160	11,160
Amount due to an associate	-	-	65	65
Borrowings	-	-	2,152	2,152
	-	-	13,377	13,377

* *Exclude prepayments.*

36. FINANCIAL INSTRUMENTS (Continued)

(i) Classification of Financial Instruments (Continued)

Company	At fair value through profit or loss RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
31.12.2012				
Financial Assets				
Other investment	84	-	-	84
Other receivables*	-	5	-	5
Amount due from subsidiaries	-	2,916	-	2,916
Cash and bank balances	-	15	-	15
	84	2,936	-	3,020
Financial Liabilities				
Other payables	-	-	47	47
Amount due to a subsidiary	-	-	28	28
	-	-	75	75
31.12.2011				
Financial Assets				
Other investment	81	-	-	81
Other receivables*	-	1	-	1
Amount due from subsidiaries	-	2,653	-	2,653
Cash and bank balances	-	195	-	195
	81	2,849	-	2,930
Financial Liabilities				
Other payables	-	-	52	52
Amount due to a subsidiary	-	-	15	15
	-	-	67	67

* *Exclude prepayments.*

36. FINANCIAL INSTRUMENTS (Continued)

(i) Classification of Financial Instruments (Continued)

Company	At fair value through profit or loss RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
1.1.2011				
Financial Assets				
Other receivables*	-	125	-	125
Amount due from subsidiaries	-	2,435	-	2,435
Cash and bank balances	-	572	-	572
	-	3,132	-	3,132
Financial Liabilities				
Other payables	-	-	45	45
Amount due to a subsidiary	-	-	14	14
	-	-	59	59

* *Exclude prepayments.*

(ii) Financial Risk Management and Objectives

The Group seeks to manage effectively the various risks namely credit, interest rate, liquidity and foreign currency risks, to which the Group is exposed to in its daily operations.

(a) Credit risk

The Management has a credit control procedure in place to monitor and minimise the exposure of default. Trade receivables and amount due from subsidiaries are monitored on a regular and an ongoing basis.

As at the end of the reporting period, the Group's significant concentration of credit risk is disclosed in Note 11 to the financial statements.

36. **FINANCIAL INSTRUMENTS (Continued)**

(ii) **Financial Risk Management and Objectives (Continued)**

(b) **Interest rate risk**

The Group's primary interest rate risk relates to interest-bearing debts as at 31st December 2012.

Group	Effective interest rate %	Within 1 year RM'000	1 -5 years RM'000	> 5 years RM'000	Total RM'000
31.12.2012					
Financial Liabilities					
Term loan	4.90 - 7.55%	92	428	1,265	1,785
Hire purchase payables	3.49 - 4.77%	56	217	-	273
31.12.2011					
Financial Liabilities					
Term loan	4.90 - 7.55%	92	405	1,376	1,873
Hire purchase payables	3.49 - 4.77%	80	-	-	80
1.1.2011					
Financial Liabilities					
Term loan	4.90 - 7.55%	90	400	1,469	1,959
Hire purchase payables	3.49 - 4.77%	105	88	-	193

Interest rate risk sensitivity

An increase in market interest rates by 1% on financial assets and financial liabilities of the Group which have variable interest rates at the end of the reporting period would decrease the profit before tax by RM17,850/- (31.12.2011: RM18,730/-; 1.1.2011: RM19,590/-). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial assets and liabilities of the Group which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

36. **FINANCIAL INSTRUMENTS (Continued)**

(ii) **Financial Risk Management and Objectives (Continued)**

(c) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches if the maturities of financial assets and liabilities. The Group's and the Company's objectives is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual repayment obligations.

	On demand or within one year RM'000	**One to five years** RM'000	**More than five years** RM'000	**Total** RM'000
Group				
31.12.2012				
Trade and other payables	8,554	-	-	8,554
Borrowings	148	645	1,265	2,058
	8,702	645	1,265	10,612
31.12.2011				
Trade and other payables	9,293	-	-	9,293
Borrowings	172	405	1,376	1,953
	9,465	405	1,376	11,246
1.1.2011				
Trade and other payables	11,160	-	-	11,160
Amount due to an associate	65	-	-	65
Borrowings	195	488	1,469	2,152
	11,420	488	1,469	13,377

36. **FINANCIAL INSTRUMENTS (Continued)**

(ii) **Financial Risk Management and Objectives (Continued)**

(c) **Liquidity risk (Continued)**

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Company				
31.12.2012				
Other payables	47	-	-	47
Amount due to a subsidiary	28	-	-	28
	75	-	-	75
31.12.2011				
Other payables	52	-	-	52
Amount due to a subsidiary	15	-	-	15
	67	-	-	67
1.1.2011				
Other payables	45	-	-	45
Amount due to a subsidiary	14	-	-	14
	59	-	-	59

(d) **Foreign currency risk**

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Australia Dollar, Euro, Singapore Dollar, Thai Baht and US Dollar. In the management of foreign currency risk, the Group does not hedge these exposures by purchasing forward currency contracts.

The Group is also exposed to foreign currency risk in respect of its investment in foreign subsidiaries. The Company does not hedge this exposure by having foreign currency borrowings in view of the insignificant amount of investment in the foreign subsidiaries.

36. **FINANCIAL INSTRUMENTS (Continued)**

(ii) **Financial Risk Management and Objectives (Continued)**

(d) **Foreign currency risk (Continued)**

Foreign currency risk sensitivity

A 10% strengthening of Ringgit Malaysia against the following foreign currencies at the end of the reporting period would increase the profit before tax and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Group		
	Total increase		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Australian Dollar	-	-	2
Euro	(4)	4	5
Singapore Dollar	8	6	6
Thai Baht	3	-	1
US Dollar	4	29	8
Indonesia Rupiah	6	-	-

A 10% weakening of Ringgit Malaysia against the foreign currency at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(iii) **Fair Values**

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The fair value hierarchy has the following levels:-

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

36. FINANCIAL INSTRUMENTS (Continued)

(iii) Fair Values (Continued)

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Financial Asset			
Unit trusts			
Level 2	2,640	4,596	5,167
Company			
Financial Asset			
Unit trusts			
Level 2	84	81	-

Other financial assets and liabilities

The carrying amounts of other financial assets and financial liabilities approximate fair values due to the relatively short term nature of these financial instruments. Other long term financial liabilities are reasonable approximation of fair values because they are floating rate instruments which are re-priced to market interest rates.

37. CAPITAL MANAGEMENT

The primary objective of the Group and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31st December 2012 and 31st December 2011.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company's policy is to keep the gearing ratio between 40% to 60%. The Group and the Company includes within net debt, amount due to holding and ultimate holding company, term loan, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

37. CAPITAL MANAGEMENT (Continued)

		Group		
		31.12.2012	31.12.2011	1.1.2011
	Note	RM'000	RM'000	RM'000
Trade and other payables	19	8,554	9,293	11,160
Amount due to an associate	21	-	-	65
Borrowings	17	2,058	1,953	2,152
		10,612	11,246	13,377
Less: Cash and bank balances	13	(2,897)	(4,673)	(2,583)
Net debt		7,715	6,573	10,794
Equity attributable to owners of the parent		4,782	7,791	7,143
Capital and net debt		12,497	14,364	17,937
Gearing ratio		61.7%	45.8%	60.2%

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

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

On 20th December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 31st December 2012 are as follows:-

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries				
- realised	(11,752)	(6,847)	(11,237)	(9,586)
- unrealised	(34)	16	(5)	2
	(11,786)	(6,831)	(11,242)	(9,584)
Total share of accumulated losses from an associate				
- realised	-	-	-	-
- unrealised	-	-	-	-
	-	-	-	-
	(11,786)	(6,831)	(11,242)	(9,584)
Less: Consolidation adjustments	(1,802)	(3,747)	-	-
Total accumulated losses	(13,588)	(10,578)	(11,242)	(9,584)

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **IVAN SIA TECK FATT** and **KUAN KHIAN LENG**, being two of the directors of Mexter Technology Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 6 to 94 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2012 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out on page 95 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants.

On behalf of the Board,

....
IVAN SIA TECK FATT
Managing Director

....
KUAN KHIAN LENG
Director

Kuala Lumpur

Date: 12th April 2013

Company No. 647673-A

MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, **LIM SIOW FAI,** being the officer primarily responsible for the financial management of Mexter Technology Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 6 to 94, and the supplementary information set out on page 95 are 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.

....
LIM SIOW FAI

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 12th April 2013.

Before me,

PESURUHJAYA SUMPAH
No: W 562
Nama: MOHAMMAD ROSLAN BIN MUSTAFA
MALAYSIA

....
Commissioner for Oaths

H-1-10,
Plaza Damas,
Jalan Sri Hartamas 1,
50480 Kuala Lumpur

BAKER TILLY

Baker Tilly Monteiro Heng
Chartered Accountants (AF0117)
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MEXTER TECHNOLOGY BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Mexter Technology Berhad, which comprise the statements of financial position as at 31st December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 94.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BAKER TILLY

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) Other than those subsidiaries without the auditors' reports as disclosed in Note 6 to the financial statements, we have considered the financial statements of the subsidiaries and the auditors' reports of the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out in page 95 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

BAKER TILLY

Other Matters

1. As stated in Note 2 to the financial statements, the Group and the Company adopted the Malaysian Financial Reporting Standards on 1st January 2012 with a transition date of 1st January 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31st December 2011and 1st January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31st December 2011 and its related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31st December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1st January 2012 do not contain misstatements that materially affect the financial position as at 31st December 2012 and the financial performance and cash flows for the financial year then ended.

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

Baker Tilly Monteiro Heng	Lock Peng Kuan
No. AF 0117	No. 2819/10/14 (J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 12th April 2013

Company No. 647673-A

APPENDIX V

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE THREE (3)-MONTH FPE 31 MARCH 2013

CERTIFIED TRUE COPY
KUAN KHIAN LENG
Executive Director

mexter

MEXTER TECHNOLOGY BERHAD

(Company No: 647673 - A)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

MEXTER TECHNOLOGY BERHAD
(Company No 647673-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

The Board of Directors of Mexter Technology Berhad ("Mexter" or "Company") wishes to announce the following unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements of Mexter for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2013

		INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Note	CURRENT YEAR QUARTER 31/03/2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2012 RM'000	CURRENT YEAR TO DATE 31/03/2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2012 RM'000
Revenue	A8	9,432	9,108	9,432	9,108
Cost of sales		(7,897)	(7,275)	(7,897)	(7,275)
Gross profit		1,535	1,833	1,535	1,833
Operating expenses		(2,472)	(2,471)	(2,472)	(2,471)
Other operating income		195	60	195	60
Loss from operations	B5	(742)	(578)	(742)	(578)
Interest income		7	25	7	25
Interest expense		(27)	(26)	(27)	(26)
Share of profit/(loss) of associated company		-	-	-	-
(Loss)/ Profit before tax		(762)	(579)	(762)	(579)
Taxation	B6	-	-	-	-
Loss for the period		(762)	(579)	(762)	(579)
Other comprehensive income					
Foreign currency translation		-	(3)	-	(3)
Total other comprehensive income for the period, net of tax		-	(3)	-	(3)
Total comprehensive income/ (loss) for the period		(762)	(582)	(762)	(582)
Loss attributable to:					
Owners of the Company		(715)	(552)	(715)	(552)
Non-controlling interest		(47)	(27)	(47)	(27)
		(762)	(579)	(762)	(579)
Total Comprehensive income attributable to:					
Owners of the Company		(715)	(555)	(715)	(555)
Non-controlling interest		(47)	(27)	(47)	(27)
		(762)	(582)	(762)	(582)
Earnings per share:					
Basic earnings per share (sen)		(0.8)	(0.6)	(0.8)	(0.6)
Diluted earnings per share (sen)		(0.8)	(0.6)	(0.8)	(0.6)

MEXTER TECHNOLOGY BERHAD
(Company No 647673-A)
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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Note	(UNAUDITED) AS AT 31/03/2013 RM'000	(AUDITED) AS AT 31/12/2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		4,232	4,302
Goodwill		817	817
Intangible assets		838	621
		5,887	5,740
Current assets			
Other investments		1,749	2,640
Trade and other receivables		4,968	5,114
Inventories		98	82
Tax recoverable		3	5
Cash and bank balances		3,795	2,897
		10,613	10,738
TOTAL ASSETS		16,500	16,478
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		8,945	8,945
Reserves		(4,878)	(4,163)
		4,067	4,782
Non-Controlling interest		766	813
Total equity		4,833	5,595
Non-current liabilities			
Borrowings	B8	1,871	1,910
Deferred tax liabilities		3	3
		1,874	1,913
Current liabilities			
Trade and other payables		9,365	8,554
Deferred income		277	268
Borrowings	B8	151	148
		9,793	8,970
Total liabilities		11,667	10,883
TOTAL EQUITY AND LIABILITIES		16,500	16,478
Net assets per share attributable to owners of the Company (RM)		0.05	0.06

MEXTER TECHNOLOGY BERHAD
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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2013

	< ---------- Attributable to owners of the Company ---------- >							
	<------Non-distributable------>				Distributable			
	Share capital	Share premium	Capital reserve	Translation reserve	Accumulated losses	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 01/01/2013	8,945	9,382	-	43	(13,588)	4,782	813	5,595
Exchange differences on translation of the financial statements of foreign entities	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(715)	(715)	(47)	(762)
Dividend paid to a non-controlling interest of a subsidiary company	-	-	-	-	-	-	-	-
At 31/03/2013	8,945	9,382	-	43	(14,303)	4,067	766	4,833
At 01/01/2012	8,945	9,382	-	42	(10,578)	7,791	1,196	8,987
Exchange differences on translation of the financial statements of foreign entities	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive income for the period	-	-	-	-	(552)	(552)	(27)	(579)
Dividend paid to a non-controlling interest of a subsidiary company	-	-	-	-	-	-	(100)	(100)
At 31/03/2012	8,945	9,382	-	39	(11,130)	7,236	1,069	8,305

MEXTER TECHNOLOGY BERHAD
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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2013

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/03/2013 RM'000	AS AT PRECEDING FINANCIAL PERIOD ENDED 3103/2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(762)	(579)
Adjustments for:		
Non-cash items	206	129
Interest income	(7)	(25)
Interest expense	27	26
Operating Loss Before Working Capital Changes	(536)	(449)
Changes In Working Capital:		
Net change in current assets	74	(169)
Net change in current liabilities	818	(1,217)
Net Cash Inflow/ (Outflow) from Operations	356	(1,835)
Income tax refunded	2	1
Net Operating Cash Flow	358	(1,834)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	7	25
Disposal/ (Addition) investment in money market fund	894	(479)
Purchase of intangible assets	(251)	-
Purchase of property, plant and equipment	(47)	(59)
Net Investing Cash Flow	603	(513)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(27)	(26)
Repayment of bank borrowings	(36)	(49)
Dividend paid to a non-controlling interest of a subsidiary	-	(100)
Net Financing Cash Flow	(63)	(175)
NET CHANGE IN CASH AND CASH EQUIVALENTS	898	(2,522)
Effects of foreign exchange rate changes	-	(3)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	2,897	4,673
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	3,795	2,148

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134: INTERIM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS

A1 – Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard ("MFRS") No. 134: Interim Financial Reporting and paragraph 9.22 of Bursa Malaysia Berhad's (Bursa Securities") ACE Market Listing Requirements ("ACE LR").

The accounting policies and methods of computations adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2012, except for the adoption of MFRSs relevant to the Group as explained below:

Adoption of a new MASB accounting framework, the MFRS Framework
The Group has adopted the MFRS framework and MFRS1, First-time adoption of Malaysian Financial Reporting Standards for the first time in these condensed consolidated interim financial statements. The transition to the MFRS framework does not have any material impact on the financial position, financial performance and cash flow of the Group and the Company.

A2 – Auditors' Report on Preceding Audited Financial Statements

The auditors' report on the Group's financial statements for the financial year ended 31 December 2012 was not qualified.

A3 – Seasonal or Cyclicality of Operations

In general, apart from the Group's business in Telecommunication industry, the Group's other businesses are primarily exposed to business cycles of the Electronic Manufacturing, Semiconductor and Automotive industries.

A4 – Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

A5 – Changes in Estimates

There were no materials changes in estimates of amounts reported in the prior financial period which may have had a material effect on the current quarter under review.

A6 – Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuance and repayment of debts (other than the hire purchase and term loan debts disclosed in Note B8) and equity securities during the current quarter under review and the Company had not engaged in any share buyback scheme or implemented any share cancellations. The Company does not have any shares held as treasury shares.

A7 – Dividends

No dividend has been declared or paid during the current quarter under review.

A8 – Segmental Information

Segmental Information in respect of the Group's business segment is as follows:-

a) Period Ended 31 March 2013

	Mobile Services	Enterprise Services	Computer Electronic Services	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	8,139	257	1,036	-	-	9,432
Inter-segment revenue	-	-	-	-	-	-
	8,139	257	1,036	-	-	9,432
Segment results	50	(68)	(558)	(166)	-	(742)
Interest Income	6	-	-	1	-	7
Interest Expense	-	-	(27)	-	-	(27)
Share of result of an associate	-	-	-	-	-	-
Profit/ (loss) before tax	56	(68)	(585)	(165)	-	(762)

b) Period Ended 31March 2012

	Mobile Services	Enterprise Services	Computer Electronic Services	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	7,735	253	1,121	-	-	9,108
Inter-segment revenue	-	-	-	400	(400)	-
	7,735	253	1,121	400	(400)	9,108
Segment results	139	(35)	(626)	(55)	-	(577)
Interest Income	24	-	-	-	-	24
Interest Expense	(1)	-	(25)	-	-	(26)
Share of result of an associate	-	-	-	-	-	-
Profit/ (loss) before tax	162	(35)	(651)	(55)	-	(579)

A9 – Valuation of Property, Plant and Equipment

There has been no valuation on any property, plant and equipment of the Group during the current quarter under review. Hence, the valuation of property, plant and equipment has been brought forward without amendment from the audited financial statements of the Group for the financial year ended 31 December 2012.

A10 – Material Subsequent Events

Save for the disclosure in B7 and B9, there were no material events subsequent to the end of the current quarter under review.

A11 – Changes in Composition of the Group

There were no other changes to the composition of the Group during the current quarter under review. However, there was change to the composition of the Group after the current quarter as disclosed below:-

The Company has on 8 April 2013 invested in the issued and paid up capital of MB Universal Holdings Sdn. Bhd. (now known as Mexter eSolutions Sdn Bhd) ("MBU") for RM7.00 divided into 7 Ordinary Shares of RM1.00 each, for a cash consideration of RM7.00 ("Investment") in the following manner:-

	Event	No. of Ordinary Share of RM1.00 each in MBU	Consideration (RM)
1.	By way of acquiring One (1) Ordinary Share of RM1.00 each fully paid from Toy (Tay) Wee Lee	1	1.00
2.	By way of subscribing additional Six (6) Ordinary Shares of RM1.00 each in the capital of MBU	6	6.00
	Total	7	7.00

Consequently, MBU has become a 70% owned subsidiary of Mexter.

A12 –Contingent Liabilities or Contingent Assets

	Cumulative period ended 31 March 2013 RM'000	Preceding year corresponding period ended 31 March 2012 RM'000
Corporate guarantee	-	51

The corporate guarantee is executed by the Company for hire purchase facility granted to subsidiary. The hire purchase was fully settled and there are no outstanding at the period end.

A12 –Contingent Liabilities or Contingent Assets (continued)

Save for the above and any potential damages or cost to be awarded pursuant to the on-going civil suits as disclosed in Note B9 herein, the Directors of the Company are not aware of any other material contingent liabilities or contingent assets that may impact the financial performance of the Group.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS

B1 – Review of Performance

	Cumulative period ended 31 March 2013 RM'000	Preceding year corresponding period ended 31 March 2012 RM'000
Revenue	9,432	9,108
Loss before tax	(762)	(579)

For the financial period ended 31 March 2013, the Group recorded revenue of approximately RM9.43 million which represents an increase of approximately 3.5% as compared to the preceding year corresponding period's revenue. The increase in the Group's revenue was mainly attributable to the higher sales contribution from Mobile Services division which posted 5.1% year-on-year rise in revenue to RM 8.13 million after expanding to overseas market.

However, the Group registered higher loss before tax of approximately RM 0.76 million for the period under review as compared to loss before tax of RM0.58 million reported in the preceding year corresponding period following lesser contribution from E-Manufacturing Division business during the quarter.

B2 – Comparison with Preceding Quarter's Results

	Current quarter ended 31 March 2013 RM'000	Previous quarter ended 31 December 2012 RM'000
Revenue	9,432	7,188
Loss before tax	(762)	(977)

The Group's revenue for the current quarter of approximately RM9.43 million which represents an increase of approximately RM2.24 million or 31.2% as compared to the revenue of approximately RM7.19 million in the preceding quarter. The increase was primarily from Mobile Services division after uplifting of few short codes by regulators coupled with some advertisement and promotion activities launched during the quarter.

In this respect, the Group has narrowed the loss before tax to approximately RM0.76 million for the quarter under review as compared to the Group's loss before tax of approximately RM0.98 million reported in the preceding quarter.

B3 – Current Year Prospects

The Malaysian's economy growth for 2013 will be moderate to between 5% and 6% after expanding by 5.6% in 2012. The global environment remains challenging with the on-going European debt crisis and the slowdown of China's economy growth. However, our domestic demand will continue supporting the country's growth factoring in resilient private sector spending and accelerations in public sector spending in line with the implementation of the country's Economic Transformation Programme (ETP).

The Board and management will continue to implement business rationalisation strategies, by focusing on effective marketing activities, penetrating new unsaturated overseas markets, developing new solutions and services, streamlining operations, maintaining prudence in expenditures to ultimately put products and services at a competitive price to the market, while maintaining the level of services that the market and our clients expect. Whilst the results of some of these initiatives have borne fruit, most elements of these strategies are ongoing exercises.

B4 – Profit Forecast

The Group did not publish any profit forecast in its Prospectus or in any public documents.

B5 – Loss from operations

Loss from operations has been arrived at after crediting/(charging):-

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-Mar-13 RM'000	31-Mar-12 RM'000	31-Mar-13 RM'000	31-Mar-12 RM'000
Depreciation	(118)	(128)	(118)	(128)
Amortisation of Intangible assets	(35)	-	(35)	-
Interest income	7	25	7	25
Interest expenses	(27)	(26)	(27)	(26)
Allowance for impairment loss on doubtful debt	(73)	-	(73)	-
Provision for and write off of inventories	-	(8)	-	(8)
Net reversal/ (allowance) for slow moving inventories	-	5	-	5
Net foreign exchange gain/ (loss)	17	(30)	17	(30)
Fair value gain/ (loss) on other investments	3	5	3	5

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

B6 – Taxation

	31 March 2013 Current Quarter RM'000	31 March 2013 Cumulative Quarters RM'000
Malaysian income tax:-		
- Current year	-	-
-Over provision in prior year	-	-
	-	-
Deferred taxation:		
- Original and reversal of temporary differences	-	-
	-	-

There was no tax expense for the quarter ended 31 March 2013 due to the utilisation of unabsorbed tax losses and capital allowances brought forward. This is, however, subject to confirmation by the Inland Revenue Board. Besides, MexComm Sdn Bhd and Ezymobile International Sdn Bhd were granted Multimedia Super Corridor ("MSC") status which exempts their income from taxation for a period of five (5) years commencing from August 2008 and May 2009 respectively.

B7 – Corporate Proposals Announced But Not Completed

Save for the following, there was no other corporate proposal announced but not completed as at the date of this announcement:-

On 5 April 2013, the Company announced that it will undertake the following:-

i. Proposed renounceable rights issue of up to 89,452,020 new ordinary shares of RM0.10 each in Mexter ("Mexter Share(s)" or "Shares(s)") ("Right Share(s)") on the basis of one (1) Rights Share for every one (1) existing Mexter Share held, together with up to 89,452,020 free detachable Warrants in Mexter ("warrant(s)") on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, on an entitlement date to be determined later ("Proposed Right Issue with Warrants");
ii. Proposed exemption under Paragraph 16.1 of Practice Note 9 of The Malaysian Code On Take-Over And Mergers, 2010 ("Codes") to Ivan Sia Teck Fatt from the obligation to undertake a mandatory take-over offer for all the remaining Mexter Shares not already owned by him pursuant to the Proposed Rights Issue with Warrants ("Proposed Exemption");
iii. Proposed increase in the authorised share capital of Mexter from RM25,000,000 comprising 250,000,000 Mexter Shares to RM50,000,000 comprising 500,000,000 Mexter Shares ("Proposed increase in authorised share capital"); and
iv. Proposed amendment to the Memorandum of Association of Mexter ("Proposed Amendment").

(Collectively referred to as the "Proposals")

The applications pursuant to the Proposals have been submitted to Bursa Malaysia Securities Berhad and the Controller of Foreign Exchange (via Bank Negara Malaysia) on 19 April 2013.

The Controller of Foreign Exchange (via Bank Negara Malaysia) had, vide its letter dated 25 April 2013 (which was received on 30 April 2013), approved the issuance of the Warrants to the non-resident shareholders of Mexter pursuant to the Proposed Rights Issue with Warrants.

B8 – Borrowings

Group borrowings as at the end of the reporting quarter were as follows:-

	Current RM'000
Hire purchase liabilities (Unsecured)	57
Term loan (Secured)	94
	151

	Non-current RM'000
Hire purchase liabilities (Unsecured)	203
Term loan (Secured)	1,668
	1,871

The Group does not have any foreign borrowings as at the date of this announcement.

B9 – Material Litigations

Save for the following, there have not been any changes in material litigation since the update on date of the last annual Statement of Financial Position up to the date of this announcement:-

(i) **Civil Suit in the Penang High Court (Civil Suit No. MT1-22-527-2007) against Tan Kim Boon, Tan Kim Kheng, Lo Mooi Lee, Ang Chai Khee, Ottus Sdn. Bhd. and Oung Lay Choon**

The 18-22 February 2013 trial dates had been vacated. Subsequently, during the trial conducted on 21 March 2013 and 25 April 2013 respectively, the Judge in Open Court has further fixed the case for next/continued trial on:-

i) 20 to 21 March 2013;
ii) 22 to 25 April 2013; and
iii) 5 to 7 June and 24, 25, 27, 28 June 2013.

(ii) **Kuala Lumpur High Court (Appeal No. R3-12B-212-2011) against Mobile Bluezone Sdn Bhd**

During the hearing conducted on 11 January 2013, the Court of Appeal has unanimously dismissed Mobile Bluezone's appeal with cost of RM5000 to be paid to Mexcomm.

B10 – Dividends

No dividend has been declared or paid during the current quarter under review.

MEXTER TECHNOLOGY BERHAD
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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

B11 –Earnings per Share

(a) Basic earnings per share ("EPS")

Basic EPS of the Group is calculated by dividing the profit/ (loss) for the period attributable to ordinary equity holders of Mexter by the weighted average number of ordinary shares in issue during the financial period.

		Current quarter ended 31 March		Cumulative quarters ended 31 March	
		2013	2012	2013	2012
Loss for the period attributable to owners of Mexter	(RM'000)	(715)	(552)	(715)	(552)
Weighted average number of ordinary shares in issue	('000)	89,452	89,452	89,452	89,452
Basic EPS	(sen)	(0.8)	(0.6)	(0.8)	(0.6)

The weighted average number of ordinary shares in issue is determined using the number of days that the specific shares are outstanding in proportion to the total number of days in the corresponding period.

(b) Diluted EPS

There is no dilution of share capital for the Group.

B12- Realised and Unrealised Retained Profits

	As at 31 March 2013 RM'000	As at 31 December 2012 RM'000
Total accumulated losses of the Company and Subsidiaries:		
-Realised	(13,008)	(11,752)
-Unrealised	25	(34)
Total share of retained profits from an associated company:		
-Realised	-	-
-Unrealised	-	-
	(12,983)	(11,786)
Less: Consolidation adjustments	(1,320)	(1,802)
Total accumulated losses	(14,303)	(13,588)

Dated: 28 May 2013

Company No. 647673-A

APPENDIX VI

DIRECTORS' REPORT

mexter

Registered Office:-

L-05-01, No. 2 Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur

Date: 12 AUG 2013

To: The Shareholders of Mexter Technology Berhad ("Mexter" or the "Company")

On behalf of the Board of Directors of Mexter ("Board"), I wish to report that after making due enquiries in relation to Mexter and its subsidiary companies ("Group") during the period between 31 December 2012, being the date to which the latest audited consolidated financial statements of our Group have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:-

i. In the opinion of the Board, the business of our Group has been satisfactorily maintained;

ii. In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

iii. The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

iv. There are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

v. There has been no default or any known event that could give rise to a default situation in respect of payment of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and

vi. Save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements of our Group.

Yours faithfully,
For and on behalf of the Board of
MEXTER TECHNOLOGY BERHAD

KUAN KHIAN LENG
Executive Director

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a member of
MEXTER Group of Companies

ADDITIONAL INFORMATION

1. SHARE CAPITAL

i. Save for the Rights Shares, the Warrants and the new Mexter Shares to be issued pursuant to the exercise of the Warrants, no other securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.

ii. As at the LPD, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely the ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.

iii. As at the LPD, save for the Provisional Allotment pursuant to the Rights Issue with Warrants, no person has been or is entitled to be given an option to subscribe for any shares or stocks of our Company or our subsidiaries.

iv. All the Rights Shares and the new Mexter Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing Mexter Shares, save and except that such Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such Shares.

2. DIRECTORS' REMUNERATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are set out below:-

Article 106

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:-

(a) fees payable to non-executive Directors shall be by way of a fixed sum, and not by way of a commission on or percentage of profits or turnover;

(b) any fees paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter;

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Article 107

(1) *The salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.*

(2) *Any reimbursement to the Directors for disbursements are subject to the approval of the Board.*

Article 108

(1) *The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meeting or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.*

(2) *If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions ingoing or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged PROVIDED ALWAYS that extra remuneration payable to:*

i. *a non executive Director shall not be by a commission on or percentage of profits or turnover;*

ii. *an executive Director shall not include a commission on or percentage of turnover.*

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Abridged Prospectus:-

i. A share sale agreement dated 31 July 2012 entered into between E-G6 Solution (M) Sdn Bhd, Lim See Ngai and Chan Weng Hin (collectively referred to as the "Vendors") and a subsidiary company of Mexter, namely MexComm Sdn Bhd ("MexComm"), in relation to the acquisition by MexComm from the Vendors of 9,800 ordinary shares of Thailand Baht 100 each in E-G6 Solution (Thailand) Co. Ltd. ("E-G6 Solution"), representing 49.0% equity interest in E-G6 Solution for a cash consideration of RM965,000 upon the terms and subject to the conditions in the said sale and purchase agreement. The transaction has been completed on 26 December 2012; and

ii. The Deed Poll for the Warrants.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, as at the LPD, our Group has not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and has no knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of our Group:-

i. **<u>Penang High Court Suit No MT1-22-527-2007</u>**

Between
1. **Mexter Technology Berhad**
2. **Tonerex Technologies Sdn Bhd ("TSSB")**
3. **Agensi Pekerjaan Gen Y HR Sdn Bhd (formerly known as Tonerex MSC Sdn Bhd) ("TMSC")**
4. **Mexter (M) Sdn Bhd ("MMSB")** **...Plaintiffs**

vs
1. **Tan Kim Boon**
2. **Tan Kim Kheng**
3. **Lo Mooi Lee**
4. **Ang Chai Khee**
5. **Ottus Sdn Bhd**
6. **Oung Lay Choon** **...Defendants**

On 28 August 2007, the Plantiffs had filed the above civil suit against the Defendants to seek the following relief:-

i. account of profits received;

ii. delivery up and disgorgement of the profits received;

iii. delivery up of assets and documents of TTSB, TMSC and MMSB;

iv. damages, including exemplary damages;

v. interests; and

vi. costs.

In addition, TTSB, TMSC and MMSB also had, on 28 August 2007, filed an ex parte application for interim orders for, *inter alia*, the following:-

i. restraining the Defendants from further unlawfully interfering with or conspiring to injure the business of TTSB and TMSC;

ii. an Anton Pillar Order to enter the Defendant's residence and premises to inspect, photograph, search, make copies and/ or remove to the Plaintiff's solicitors custody, evidence pertaining to the case to be preserved pending the trial; and

iii. A Mareva Injunction Order to freeze the accounts and assets of the Defendants pending the trial.

The application for the above ex parte interim orders was heard and granted before the learned Judge in the Penang High Court on 3 September 2007. Various ad interim injunctions were also granted to preserve the interim orders pending the inter partes hearing(s).

On 23 November 2007, a counterclaim was filed by Tan Kim Boon and Tan Kim Kheng against Mexter and Ivan Sia Teck Fatt seeking inter alia:-

i. Sum of RM800,000 and a further order that Mexter and Ivan Sia Teck Fatt purchase Tan Kim Boon's 1,500,300 Shares in Mexter at RM0.40 per Share for breach of promise allegedly made by Ivan Sia Teck Fatt as representative of the Company when entering the share sale agreement dated 20 December 2006 for the purchase by Mexter of the remaining 40% equity interest in TTSB held by Tan Kim Boon, Tan Kim Cheng and Lo Mooi Lee; and

ii. USD498,000 being reimbursement for tester components allegedly purchased by Mexter and Ivan Sia Teck Fatt on behalf of the Company.

The Defendants filed applications to set-aside the ex-parte interim orders and to claim damages. However, the Penang High Court had on 6 August 2008 dismissed the Defendant's setting aside applications and allowed the Plaintiff's application (s) for injunctive relief. On 20 January 2012, the Defendants withdrew their entire counterclaim against Mexter and Ivan Sia Teck Fatt with costs to be determined later.

The trial of the Plaintiff's action is still ongoing and has been fixed for continued hearing on 2 to 4 September 2013. The solicitors of the case are of the view that the Plaintiffs have an arguably good case.

In addition, purely for informative purpose only, the material litigation as set out in Note 35(c) of the audited consolidated financial statements of Mexter Group for the FYE 31 December 2012, namely the civil summons in the Kuala Lumpur Session Court filed by a subsidiary company of Mexter, MexComm Sdn Bhd against Mobile Bluezone Sdn Bhd, was finally resolved by the dismissal on 11 January 2013 of the appeal lodged by Mobile Bluezone Sdn Bhd to the Court of Appeal which reaffirmed the decision of the Kuala Lumpur High Court given on the 2 June 2011 in favour of MexComm Sdn Bhd. For further details, please refer to Note 35(c) of the audited consolidated financial statements of Mexter Group for the FYE 31 December 2012 as set out in Appendix IV of this Abridged Prospectus.

5. GENERAL

i. As at the LPD, there is no other existing or proposed service contract (contact for services) entered into or to be entered into between our Group and our Directors, other than those which are expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

ii. Save as disclosed in Sections 6, 7 and 9 of this Abridged Prospectus, and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:-

  a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;

  b) material commitments for capital expenditure of our Group, the purpose of such commitments and the source of fundings;

  c) unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from operations and the extent to which income was so affected;

  d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on our Group's revenue or operating income;

e) fluctuation in revenues; and

f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

Our Adviser, Company Secretaries, Share Registrar, Principal Bankers and Solicitors for the Rights Issue with Warrants, Bloomberg LP and PIKOM have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consent to the inclusion in this Abridged Prospectus of its name, the proforma consolidated statements of financial position of our Group as at 31 December 2012 together with the reporting accountants' letter thereon, the audited consolidated financial statements of our Group for the FYE 31 December 2012 together with the auditors' report thereon and all references thereto in the form and context in which they appear in this Abridged Prospectus.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at L-05-01, No. 2 Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur during normal business hours (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

i. Memorandum and Articles of Association of our Company;

ii. Audited consolidated financial statements of our Group for the past two (2) financial years up to the FYE 31 December 2012 and the latest unaudited quarterly report of our Group for the three (3)-month FPE 31 March 2013;

iii. The proforma consolidated statements of financial position of our Group as at 31 December 2012 together with reporting accountants' letter thereon set out in Appendix III of this Abridged Prospectus;

iv. The irrevocable undertaking letter referred to in Section 5 of this Abridged Prospectus;

v. The Directors' Report, as set out in Appendix VI of this Abridged Prospectus;

vi. The material contracts referred to in Section 3 of this Appendix VII;

vii. The relevant cause papers in respect of the material litigation referred to in Section 4 of this Appendix VII; and

viii. The letters of consent referred to in Section 6 of this Appendix VII.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the NPA and the RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement herein false or misleading.

RHBIB, being the Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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