

MEXTER TECHNOLOGY BERHAD (647673-A)
(Incorporated in Malaysia)
QUARTERLY REPORT FOR THE SECOND QUARTER FOR THE PERIOD ENDED 30 JUNE 2005

The Board of Directors of Mexter Technology Berhad ("Mexter" or "Company") is please to announce the following unaudited condensed consolidated results for the second quarter for the financial period ended 30 June 2005.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.06.2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2004 RM'000	CURRENT YEAR TO DATE 30.06.2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2004 RM'000
Revenue	A8	3,053	0	5,673	0
Operating expenses		(2,632)	0	(4,443)	0
Other operating income		63	0	64	0
Profit from operations		484	0	1,294	0
Finance costs		(2)	0	(10)	0
Share of loss of associated company		(116)	0	(126)	0
Profit before tax and after share of loss of associated company		366	0	1,158	0
Taxation	B5	0	0	0	0
Profit after taxation		366	0	1,158	0
Minority interest		0	0	0	0
Net profit attributable to shareholders		366	0	1,158	0
EPS - Basic (sen)		0.4	0.0	1.7	0.0
- Diluted (sen)		N/A	N/A	NA	NA

The comparative figures for the preceding year corresponding quarter and preceding year corresponding period are not presented as the Company was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad ("BMSB") on 12 April 2005 (i.e. being the first set of the Company's second quarter interim financial statements).

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	AS AT 30.06.2005 RM'000	(PROFORMA)# AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2004 RM'000
NON CURRENT ASSETS			
Property, plant and equipment		1,278	1,091
Associated company		649	775
Intangible asset		948	614
		<u>2,875</u>	<u>2,480</u>
CURRENT ASSETS			
Inventories		1,707	911
Trade and other receivables		5,009	3,471
Deferred expenditure		0	329
Tax recoverable		176	143
Cash and cash equivalents		13,361	2,357
		<u>20,253</u>	<u>7,211</u>
CURRENT LIABILITIES			
Trade and other payables		2,420	1,166
Dividend payable		0	1,593
Borrowings	B9	121	336
Taxation		0	0
		<u>2,541</u>	<u>3,095</u>
NET CURRENT ASSETS		17,712	4,116
		<u>20,587</u>	<u>6,596</u>
CAPITAL AND RESERVES			
Share capital		8,945	5,461
Reserves		11,524	984
Shareholders' funds		<u>20,469</u>	<u>6,445</u>
Minority shareholders' interest		0	0
LONG TERM AND DEFERRED LIABILITIES			
Borrowings		0	33
Deferred tax liabilities		118	118
		<u>20,587</u>	<u>6,596</u>
Net tangible assets per share (RM)		<u>0.22</u>	<u>0.11</u>

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The comparative figures for the preceding financial year ended 31 December 2004 has been prepared on a proforma group basis.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	PERIOD ENDED 30.06.2005 RM'000	(PROFORMA)# AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2004 RM'000
Cash flows from operating activities		
Profit before taxation	1,158	3,360
Adjustments for non-cash flows:		
Non-cash items	322	160
Interest income	(1)	(3)
Interest expense	10	42
Operating profit before working capital changes	<u>1,489</u>	<u>3,559</u>
Changes in working capital:		
Net change in current assets	(2,335)	1,027
Net change in current liabilities	1,254	(2,014)
Net cash inflow from operations	<u>408</u>	<u>2,572</u>
Income tax (paid)/refunded	(33)	14
Software development paid	(393)	(532)
Net cash (outflow)/inflow from operating activities	<u>(18)</u>	<u>2,054</u>
Cash flows from investing activities		
Interest received	1	3
Proceeds from disposal of property, plant and equipment	0	403
Purchase of property, plant and equipment	(324)	(446)
Net cash outflow from investing activities	<u>(323)</u>	<u>(40)</u>
Cash flows from financing activities		
Interest paid	(10)	(42)
Repayment from Directors	0	208
Repayment of bank borrowings	(248)	(354)
Proceeds from bank borrowings	0	165
Proceeds from public issue	13,937	0
Dividend paid to shareholders of a subsidiary prior to the restructuring exercise	(1,593)	(687)
Payment of share issue expenses	(741)	(329)
Net cash inflow/(outflow) from financing activities	<u>11,345</u>	<u>(1,039)</u>
Net change in cash and cash equivalents	11,004	975
Cash and cash equivalents at beginning of year	<u>2,357</u>	<u>1,382</u>
Cash and cash equivalents at end of the period/year	<u><u>13,361</u></u>	<u><u>2,357</u></u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable	Distributable	Total
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Retained earnings RM'000	RM'000
At 1.1.2005 #	^	*	-	(4)	(4)
Merger reserve	-	-	-	988	988
Issue of shares					
- acquisition of subsidiary	54,610	5,461	-	-	5,461
- public issue	34,842	3,484	10,453	-	13,937
- share issue cost	-	-	(1,071)	-	(1,071)
Net profit for the period	-	-	-	1,158	1,158
At 30.06.2005	89,452	8,945	9,382	2,142	20,469

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^ denotes 2 ordinary shares of RM1.00 each.

* denotes RM2.