



MEXTER

MEXTER TECHNOLOGY BERHAD

(Company No: 647673 - A)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2007**

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The Board of Directors of Mexter Technology Berhad (“Mexter” or “Company”) wishes to announce the following unaudited condensed consolidated results for the year ended 31 December 2007 which should be read in conjunction with the audited financial statements of Mexter for the financial year ended 31 December 2006.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31/12/2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2006 RM'000	CURRENT YEAR TO DATE 31/12/2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2006 RM'000
Revenue	A8	2,369	4,990	13,490	20,523
Operating expenses		(3,864)	(6,110)	(17,803)	(20,134)
Other operating income		37	146	280	421
Profit/(Loss) from operations		(1,458)	(974)	(4,033)	810
Finance costs		(5)	(12)	(15)	(16)
Exceptional items	A5	-	-	(6,697)	-
Share of profit/(loss) of associated company		10	53	(75)	273
Profit/(Loss) before tax		(1,453)	(933)	(10,820)	1,067
Income tax expense	B5	(9)	(14)	16	(121)
Profit/(Loss) for the period/year		(1,462)	(947)	(10,804)	946
Attributable to:					
Shareholders of the Company		(1,462)	(1,047)	(10,804)	585
Minority interests		-	100	-	361
Profit/(Loss) for the period/year		(1,462)	(947)	(10,804)	946
Earnings/(Losses) per share:					
Basic earnings/(losses) per share (sen)		(1.6)	(1.2)	(12.1)	0.7
Diluted earnings/(losses) per share (sen)		N/A	N/A	N/A	N/A

N/A – Not Applicable

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2007**

		(UNAUDITED) AS AT 31/12/2007 RM'000	(AUDITED) AS AT 31/12/2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,455	2,371
Associated company		312	388
Intangible assets		443	3,890
		<u>3,210</u>	<u>6,649</u>
Current assets			
Inventories		743	5,266
Trade and other receivables		3,236	4,953
Tax recoverable		112	163
Cash and cash equivalents		5,230	7,577
		<u>9,321</u>	<u>17,959</u>
TOTAL ASSETS		<u>12,531</u>	<u>24,608</u>
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		8,945	8,945
Reserves		1,734	12,805
		<u>10,679</u>	<u>21,750</u>
Non-current liabilities			
Borrowings	B9	457	206
Deferred tax liabilities		3	3
		<u>460</u>	<u>209</u>
Current liabilities			
Trade and other payables		1,083	2,562
Deferred revenue		182	-
Borrowings	B9	112	38
Taxation		15	49
		<u>1,392</u>	<u>2,649</u>
Total liabilities		<u>1,852</u>	<u>2,858</u>
TOTAL EQUITY AND LIABILITIES		<u>12,531</u>	<u>24,608</u>
Net assets per share attributable to ordinary shareholders of the Company (RM)		<u>0.12</u>	<u>0.24</u>

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007**

	<----- Attributable to shareholders of the Company ----->					Total	Minority Interests	Total Equity
	<-----Non-distributable----->							
	Share capital	Share premium	Capital reserve	Translation reserve	(Accumulated losses) / Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1/1/2006:-								
- as previously reported	8,945	9,382	0	1	2,878	21,206	725	21,931
- prior period adjustment in respect of equity share-based transactions	0	0	149	0	(149)	0	0	0
- as restated, after opening balance adjustment	8,945	9,382	149	1	2,729	21,206	725	21,931
Exchange differences on translation of the financial statements of foreign entities	0	0	0	(18)	0	(18)	0	(18)
Profit for the year	0	0	0	0	585	585	(725)	(140)
Equity settled share-based transactions	0	0	(23)	0	0	(23)	0	(23)
At 31/12/2006	8,945	9,382	126	(17)	3,314	21,750	0	21,750
At 1/1/2007	8,945	9,382	126	(17)	3,314	21,750	0	21,750
Exchange differences on translation of the financial statements of foreign entities	0	0	0	1	0	1	0	1
Loss for the year	0	0	0	0	(10,804)	(10,804)	0	(10,804)
Dividend – 2006 final	0	0	0	0	(268)	(268)	0	(268)
At 31/12/2007	8,945	9,382	126	(16)	(7,758)	10,679	0	10,679

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

	AS AT CURRENT FINANCIAL YEAR ENDED 31/12/2007 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2006 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(10,820)	1,067
Adjustments for non-cash flows:		
Non-cash items	4,453	614
Interest income	(155)	(204)
Interest expense	15	16
Operating (Loss)/Profit Before Working Capital Changes	(6,507)	1,493
Changes In Working Capital:		
Net change in current assets	6,240	(4,311)
Net change in current liabilities	(1,297)	1,577
Net Cash Outflow from Operations	(1,564)	(1,241)
Income tax refunded/(paid)	34	(17)
Software development cost paid	0	(364)
Net Cash Outflow from Operating Activities	(1,530)	(1,622)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	155	204
Investment in an associate	0	(490)
Acquisition of minority interest	0	(2,000)
Dividend received	0	259
Proceeds from disposal of an associate	0	772
Proceeds from disposal of other investment	0	279
Purchase of property, plant and equipment	(1,016)	(326)
Proceed from disposal of property, plant and equipment	1	0
Net Cash Outflow from Investing Activities	(860)	(1,302)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(268)	0
Interest paid	(15)	(16)
Proceed from bank borrowings	365	0
Repayment of bank borrowings	(40)	(348)
Net Cash Inflow/(Outflow) from Financing Activities	42	(364)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,348)	(3,288)
Effects of foreign exchange rate changes	1	(18)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	7,577	10,883
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	5,230	7,577

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134: INTERIM FINANCIAL REPORTING

A1 – Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”) for the MESDAQ Market.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Company, its subsidiary companies and associated company (the “Group”) since the financial year ended 31 December 2006.

A2 – Changes in Accounting Policies

The significant accounting policies adopted during the current quarter under review are consistent with those of the audited financial statements for the financial year ended 31 December 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRSs”) which are effective and applicable for the financial period beginning 1 January 2007:-

FRS 117	Leases
FRS 124	Related Party Disclosures
Amendments to FRS 119 ₂₀₀₄	Employee Benefits : Actuarial Gain and Losses, Group plans and Disclosure

The adoption of all the above mentioned FRSs did not have any significant financial impact on the Group.

A3 – Auditors’ Report on Preceding Audited Financial Statements

The auditors’ report on the Group’s financial statements for the financial year ended 31 December 2006 was not qualified.

A4 – Seasonal or Cyclicity of Operations

In general, the Group’s business is exposed to business cycles of the electronic, semiconductor and automotive industries which continues to remain soft during the current quarter under review.

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

A5 – Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

Save as that disclosed in the preceding quarter results announced on 27 November 2007, there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

A6 – Changes in Estimates

There were no material changes in estimates of amounts reported in the prior financial period which may have had a material effect on the current quarter under review.

A7 – 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 B9) 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.

A8 – Segmental Information

The Group operates predominantly in the Information and Communications Technology sector and accordingly, only the geographical segmental information (based on the known business address of the customers) is presented.

(a) *Current quarter*

Analysis by geographical location	Current quarter ended 31 December 2007					
	Revenue from external customers		Inter-segment revenue		Total revenue	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	1,402	59.2	-	-	1,402	59.2
China	805	33.9	-	-	805	33.9
India	1	0.1	-	-	1	0.1
Indonesia	14	0.6	-	-	14	0.6
Singapore	145	6.1	-	-	145	6.1
Thailand	2	0.1	-	-	2	0.1
United State of America	-	-	-	-	-	-
	2,369	100.0	-	-	2,369	100.0
Eliminations	-	-	-	-	-	-
Consolidated	2,369	100.0	-	-	2,369	100.0

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007*(b) Cumulative quarters*

Analysis by geographical location	Cumulative quarters ended 31 December 2007					
	Revenue from external customers by location of customers		Inter-segment revenue		Total revenue	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	11,380	84.3	-	-	11,380	84.3
China	1,469	10.9	-	-	1,469	10.9
India	2	0.1	-	-	2	0.1
Indonesia	55	0.4	-	-	55	0.4
Singapore	340	2.5	-	-	340	2.5
Thailand	41	0.3	-	-	41	0.3
United State of America	203	1.5	-	-	203	1.5
	13,490	100.0	-	-	13,490	100.0
Eliminations	-	-	-	-	-	-
Consolidated	13,490	100.0	-	-	13,490	100.0

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 2006.

A10 – Acquisition/Disposal of Property, Plant and Equipment

Save as that disclosed below, there were no material acquisitions or disposals of property, plant and equipment during the current quarter under review:-

On 28 December 2007, a wholly-owned subsidiary of the Company, Mexter (M) Sdn. Bhd. (“MMSB”) entered into a Sale and Purchase Agreement with Life Circle Enterprise Sdn Bhd to purchase an office suite situated at Solaris Mont’ Kiara for a total purchase consideration of RM2,415,840. Further details of the proposed acquisition are set out in the Company’s announcement dated 28 December 2007.

A11 – Material Subsequent Events

There were no material events subsequent to the end of the current quarter under review.

A12 – Changes in Composition of the Group

There were no changes to the composition of the Group during the current quarter under review.

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

A13 – Changes in Contingent Liabilities or Contingent Assets

As at the date of this announcement, save for any potential damages or cost to be awarded pursuant to the civil suit [Penang High Court (Civil Suit No. MT1-22-527-2007)] (please refer to Note B11 for further information), the Directors of the Company are not aware of any material contingent liabilities or contingent assets of the Group.

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET**B1 – Review of Performance**

	Cumulative period ended 31 December 2007 RM'000	Preceding year corresponding period ended 31 December 2006 RM'000
Revenue	<u>13,490</u>	<u>20,523</u>
Profit/(Loss) before tax	<u>(10,820)</u>	<u>1,067</u>

For the financial year ended 31 December 2007, the Group recorded revenue of approximately RM13.49 million which represents a 34.3% reduction in sales against the preceding year's corresponding revenue. This was mainly attributed to the fall in sales contribution from the Tonerex group of companies. Further, the overall challenging business environment hampered efforts by the E-manufacturing Division to secure significant new projects.

For the same financial year, the Group recorded a loss before tax of approximately RM10.82 million compared with the preceding year's corresponding profit before tax of approximately RM1.07 million. This was mainly attributed to the following:-

- (a) The one off exceptional items i.e. the recognition of impairment loss on Mexter Group's goodwill on consolidation of RM2.91 million relating to its investment in Tonerex Technologies Sdn. Bhd. ("TTSB") and the writing off of the carrying value of the 3 testers amounting to RM3.78 million belonging to MMSB and Tonerex MSC Sdn. Bhd. ("TMSC");
- (b) The operational losses as a result of lower revenue and lower GP margins hence unable to sufficiently cover overheads; and
- (c) The losses of RM0.4 million posted by a wholly owned subsidiary, MexComm Sdn. Bhd. which is still going through its gestation period since its incorporation on 20 June 2007.

B2 – Comparison with Preceding Quarter's Results

	Current quarter ended 31 December 2007 RM'000	Previous quarter ended 30 September 2007 RM'000
Revenue	<u>2,369</u>	<u>3,534</u>
Loss before tax	<u>(1,453)</u>	<u>(8,398)</u>

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The Group's revenue for the current quarter of approximately RM2.37 million represents a decrease of approximately RM1.16 million or 32.9% as compared to the revenue of approximately RM3.53 million for the preceding quarter. This is mainly due to decrease sales contribution from the CES ("Computer and Electronic Services") Division as the 4th quarter has traditionally been a lacklustre quarter.

The Group recorded a loss before tax of approximately RM1.45 million for the current quarter which represents a decrease of losses of approximately RM6.95 million or 82.7% when compared to the Group's loss before tax of approximately RM8.40 million reported in the previous preceding quarter. The higher losses registered in the previous preceding quarter was mainly attributed to the one off exceptional items i.e. recognition of impairment loss on Mexter Group's goodwill on consolidation of RM2.91 million and the full provision of the carrying value of the testers amounting to RM3.78 million.

B3 – Current Year Prospects

The previous financial year was challenging and tested the Group's resilience. Factors such as intensified competition had eroded the profit margins and resulted in sluggish demand for the Groups' products and services, in particular its E-manufacturing solutions. Further, the Group experienced escalating operational costs and had one-off exceptional items relating to the Tonerex group of companies. As a result, the Group incurred a loss before taxation of approximately RM10.8 million for the financial year ended 31 December 2007, the first loss ever recorded in the corporate history of the Group.

As a reactive measure, the Group has taken steps to identify and execute a series of strategic initiatives (including expediting those already in motion) aimed at realigning and rebuilding the business of the Group. The Board and Management believe that by focusing on these four key focus areas, namely Human Capital, Operations, Customers and Financials upon its successful implementation, will put the Group back on a sound financial and operational footing.

Notwithstanding the above, the Board and Management expect that the operating environment in 2008 will be more challenging given the looming prospects of a recession in US, which may dampen the Group's efforts to reinvent and transform itself. To this, the Board and Management endeavour to do all things necessary to ensure that significant progress of the various initiatives taken are achieved and remain optimistic of an improved financial performance, if not a return to profitability, by the end of 2008.

B4 – Profit Forecast

The Group did not publish any profit forecast in its Prospectus or in any public documents.

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

B5 – Income Tax Expense

	31 December 2007	
	Current Quarter RM'000	Cumulative Quarters RM'000
Malaysian income tax:-		
Current tax:		
- Current year	(16)	(16)
- Overprovision in prior years	7	32
	<u>(9)</u>	<u>16</u>
Deferred taxation:		
- Original and reversal of temporary differences	-	-
	<u>(9)</u>	<u>16</u>

The effective tax rate for the current period is significantly lower than the statutory tax rate due to the lower corporate tax rate of the country where the subsidiary reported profit. Mexter MSC Sdn Bhd (“MMSC”) and TMSC were granted Multimedia Super Corridor (“MSC”) status which exempts their income from taxation for a period of five (5) years commencing from November 2002 and July 2005 respectively. The Company is in the process of applying for an extension of the MSC status of MMSC for a further period of five (5) years from the expiry date in December 2007.

B6 – Profit/(Loss) on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties during the current quarter under review.

B7 – Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter under review.

B8 – Status of Corporate Proposals Announced But Not Completed

Save for the proposed acquisition of the office suite as disclosed in Note A10 above, there were no corporate proposals announced but not completed as of the date of this announcement.

B9 – Group Borrowings and Debt Securities

Group borrowings as at the end of the reporting quarter were as follows:-

	Current RM'000
Hire purchase liabilities (Unsecured)	96
Term loan (Secured)	16
	<u>112</u>
	Non-current RM'000
Hire purchase liabilities (Unsecured)	292
Term loan (Secured)	165
	<u>457</u>

The Group does not have any foreign borrowings as at the date of this announcement.

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

B10 – Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this announcement.

B11 – Material Litigations

Save as that disclosed below, there have not been any changes in material litigation since 31 December 2006, being the last balance sheet date up to the date of this announcement.

(i) Penang High Court (Civil Suit No. MT1-22-527-2007)

The Company and its wholly owned subsidiaries, TTSB, TMSC and MMSB (hereinafter referred to as the “Plaintiffs”) had on 28 August 2007 via its solicitors Messrs. Skrine filed 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 and Ottus Sdn Bhd (hereinafter referred to as the “Defendants”) to, inter alia restrain the Defendants from further unlawfully interfering with or conspiring to injure the business of TTSB and TMSC, and for:-

- (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) interest; and
- (vi) costs.

In addition, TTSB, TMSC and MMSB have, also on 28 August 2007 filed an ex parte application for interim orders for, inter alia, the following: -

- (a) restraining the Defendants from further unlawfully interfering with or conspiring to injure the business of TTSB and TMSC;
- (b) an Anton Piller Order to enter the Defendants' 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
- (c) 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 were heard and granted before the learned Judge in the Penang High Court on 3 September 2007.

The hearing of the inter parte application on 20 September 2007 was adjourned to 29 November 2007 pending the exchange of affidavits. An ad interim injunction was granted by the learned Judge until the next hearing. The Mareva Injunction Order against the Defendants was varied to provide for the Defendants' monthly expenses and legal fees. In addition, the Defendants have filed into the Court applications seeking orders to set aside the ex parte interim orders of 3 September 2007 and to claim for damages. The Defendants' applications were also fixed for hearing on 29 November 2007.

Furthermore, Ottus Sdn Bhd (“5th Defendant”) has filed an application seeking an order to vary the interim ad injunction order dated 20 September 2007 by increasing the amount that it is allowed to spend for its monthly business expenses from RM47,367.15 to RM129,620.23 from October 2007 onwards. The 5th Defendant's application was heard on 29 November 2007 and by consent the 5th Defendant was allowed to spend as a one off business expense for

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

the month of October 2007 the sum of RM81,967.56 over and above its approved monthly business expense of RM47,367.15,

Subsequently on 23 November 2007, Tan Kim Boon and Tan Kim Kheng, the 1st and 2nd Defendant had filed a counter claim against the Company and Ivan Sia Teck Fatt, the Chief Executive Officer and Group Managing Director of Mexter details of which are set out in the Company's announcement dated 3 December 2007.

The hearing of the inter parte application on 29 November 2007 was subsequently adjourned and heard on 28 January 2008, 4 and 5 of February 2008 before being adjourned to 12 March 2008. An ad interim injunction was further granted by the learned Judge until the next hearing.

The Board and the Company's solicitors are of the view that based on the numerous evidence available so far, there is a good case against the Defendants. In respect to the counter claim, the Board has sought legal advice from its solicitors in respect to the above counter claim whereby the latter had advised the Board that in the absence of any evidence to substantiate the counter claim by the 1st and 2nd Defendants, Mexter and Ivan Sia Teck Fatt shall apply to the court to strike out the counter claim with cost. In this respect, the Board is advised by solicitors that they are in the midst of preparing the striking out application.

B12 – Dividends

No dividend has been declared or paid during the current quarter under review.

B13 – Status of Utilisation of Proceeds

The proceeds arising from the Company's initial public offering amounted to RM13.937 million and as at 31 December 2007, the details of the utilisation of proceeds are as follows:-

Purpose	Original proposed utilisation RM'000	Revised proposed utilisation RM'000	Actual utilisation RM'000	Revised Timeframe For Utilisation	Balance unutilised RM'000	%	Explanations
Business expansion	1,000	3,100 #	3,100	31 December 2007	-	-	Note 1
Purchase of a corporate headquarters-cum-warehouse	2,500	400 #	400	31 July 2007	-	-	Note 1
R&D expenses	5,000	5,000	3,569	11 April 2009	1,431	29	Note 2
Working capital	3,637	4,367 *	4,367	31 December 2007	-	-	Note 1
Estimated listing expenses	1,800	1,070 *	1,070	11 April 2005	-	-	
Total	<u>13,937</u>	<u>13,937</u>	<u>12,506</u>		<u>1,431</u>	10	

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

- # Revision as approved by the Securities Commission vide its letter dated 17 October 2005.
- * The excess of RM0.73 million from the estimated listing expenses which has not been utilised has been reallocated to working capital.

Explanations:

Note 1:-

As of 31 December 2007, the Company has fully utilised all of the proceeds earmarked for business expansion, purchase of a corporate headquarters-cum-warehouse and working capital.

Note 2:-

As of 31 December 2007, the Group has achieved satisfactory progress in its R&D for product line extension and considers the time frame of four (4) years from the Company's listing date of 12 April 2005 to be sufficient for the Group to fully utilise the proceeds for its intended purposes.

B14 –Earnings/(Losses) per Share

(a) *Basic earnings/(losses) per share (“E/(L)PS”)*

Basic E/(L)PS of the Group are calculated by dividing the profit/(loss) for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

		Current quarter ended 31 December		Cumulative quarters ended 31 December	
		2007	2006	2007	2006
Profit/(Loss) for the period/year attributable to ordinary shareholders of the Company	(RM'000)	(1,462)	(1,047)	(10,804)	585
Weighted average number of ordinary shares in issue	('000)	89,452	89,452	89,452	89,452
Basic E/(L)PS	(sen)	(1.6)	(1.2)	(12.1)	0.7

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 E/(L)PS*

There is no dilution of share capital for the Group.

BY ORDER OF THE BOARD

Ooi Ean Hoon (MAICSA 7057078)
Angelina Cheah Gaik Suan (MAICSA 7035272)
Tee Choon Wee (MIA 27070)
Company Secretaries
Kuala Lumpur
Dated: 28 February 2008