



MEXTER

MEXTER TECHNOLOGY BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2010**

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

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 2009 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31/12/2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2009 RM'000	CURRENT YEAR TO DATE 31/12/2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2009 RM'000
Revenue	A9	11,745	11,524	49,431	36,272
Cost of sales		(9,836)	(8,752)	(39,874)	(29,723)
Gross profit		1,909	2,772	9,557	6,549
Operating expenses		(2,178)	(2,225)	(7,962)	(7,915)
Other operating income		86	47	171	128
Profit/(Loss) from operations		(183)	594	1,766	(1,238)
Finance costs		(21)	(23)	(122)	(92)
Share of profit/(loss) of associated companies		(3)	-	1	25
Profit/(Loss) before tax		(207)	571	1,645	(1,305)
Taxation	B5	-	-	(0)	(1)
Total comprehensive income/ (loss) for the period		(207)	571	1,645	(1,306)
Attributable to:					
Equity holders of the Company		(269)	492	1,210	(1,537)
Minority interest		62	79	435	231
		(207)	571	1,645	(1,306)
Earnings per share:					
Basic earnings per share (sen)		(0.3)	0.6	1.4	(1.7)
Diluted earnings per share (sen)		N/A	N/A	N/A	N/A

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

		(UNAUDITED) AS AT 31/12/2010 RM'000	(AUDITED) AS AT 31/12/2009 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		4,583	4,725
Investments in associates	B8 (b)	27	67
Other investments		-	113
Intangible assets		219	124
		<u>4,829</u>	<u>5,029</u>
Current assets			
Inventories		301	396
Trade receivables		7,925	4,427
Other receivables, deposits and prepayments		608	649
Tax recoverable		41	38
Short-term investment		5,167	-
Cash and bank balances		2,594	5,067
		<u>16,636</u>	<u>10,577</u>
TOTAL ASSETS		<u>21,465</u>	<u>15,606</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		8,945	8,945
Reserves		(1,793)	(2,983)
		<u>7,152</u>	<u>5,962</u>
Minority interest		<u>666</u>	<u>231</u>
Total equity		<u>7,818</u>	<u>6,193</u>
Non-current liabilities			
Borrowings	B9	1,949	2,073
Deferred tax liabilities		3	3
		<u>1,952</u>	<u>2,076</u>
Current liabilities			
Trade payables		1,304	485
Other payables and accruals		9,864	6,252
Amount due to an associate		65	88
Deferred revenue		259	330
Borrowings	B9	203	182
		<u>11,695</u>	<u>7,337</u>
Total liabilities		<u>13,647</u>	<u>9,413</u>
TOTAL EQUITY AND LIABILITIES		<u>21,465</u>	<u>15,606</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<u>0.09</u>	<u>0.07</u>

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2010**< ----- Attributable to shareholders of the Company ----- >
< -----Non-distributable-----> Distributable

	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1/1/2009:-	8,945	9,382	50	53	(10,930)	7,500	0	7,500
Minority interest on disposal	0	0	0	0	0	0	20	20
Exchange differences on translation of the financial statements of foreign entities	0	0	0	(1)	0	(1)	0	(1)
Total comprehensive loss for the period	0	0	0	0	(1,537)	(1,537)	211	(1,326)
Equity settled share-based transactions	0	0	(8)	0	8	0	0	0
At 31/12/2009	8,945	9,382	42	52	(12,459)	5,962	231	6,193
At 1/1/2010	8,945	9,382	42	52	(12,459)	5,962	231	6,193
Minority interest on disposal	0	0	0	0	0	0	0	0
Exchange differences on translation of the financial statements of foreign entities	0	0	0	(20)	0	(20)	0	(20)
Total comprehensive income for the period	0	0	0	0	1,210	1,210	435	1,645
Equity settled share-based transactions	0	0	(42)	0	42	0	0	0
At 31/12/2010	8,945	9,382	0	32	(11,207)	7,152	666	7,818

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2010**

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/12/2010 RM'000	AS AT PRECEDING FINANCIAL PERIOD ENDED 31/12/2009 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) before tax	1,645	(1,305)
Adjustments for non-cash flows:		
Non-cash items	649	896
Interest income	(59)	(33)
Interest expense	122	92
Operating Profit/ (Loss) Before Working Capital Changes	2,357	(350)
Changes In Working Capital:		
Net change in current assets	(3,524)	(2,201)
Net change in current liabilities	4,408	4,006
Net Cash Inflow from Operations	3,241	1455
Income tax refunded/(paid)	(3)	59
Net Operating Cash Flow	3,238	1,514
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	59	33
Minority interest on disposal of 20% equity interest in a subsidiary	0	18
Investment in money market fund	(5,053)	(113)
Purchase of intangible assets	(95)	(61)
Purchase of property, plant and equipment	(346)	(266)
Proceed from disposal of property, plant and equipment	1	18
Return of capital from an associated company	41	0
Net Investing Cash Flow	(5,393)	(371)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(122)	(92)
Net advances from/ (to) an associate	(22)	88
Repayment of bank borrowings	(154)	(188)
Net Financing Cash Flow	(298)	(192)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,453)	951
Effects of foreign exchange rate changes	(20)	(1)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	5,067	4,117
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	2,594	5,067

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

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

A1 – Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standard (“FRS”) No. 134: Interim Financial Reporting and paragraph 9.22 of Bursa Malaysia Berhad’s (Bursa Securities”) ACE Market Listing Requirements (“ACE LR”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009. 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 companies (the “Group”) since the financial year ended 31 December 2009.

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 2009 except for the following Financial Reporting Standards (“FRSs”) and IC Interpretations that had been issued by the Malaysian Accounting Standards Board (“MASB”):-

(a) Effective for financial periods beginning on or after 1 July 2009

FRS 8 Operating Segments

(b) Effective for financial periods beginning on or after 1 January 2010

FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing costs (revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statements of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 117	Leases
Amendment to FRS 119	Employee Benefits
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 9	Reassessment of Embedded Derivative
IC Interpretation 10	Interim Financial Reporting and Impairment

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A2 – Changes in Accounting Policies (Continued)

IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the above new FRSs and IC Interpretations do not have material impact on the results and the financial position of 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 2009 was not qualified.

A4 – Seasonal or Cyclicity 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. For the current quarter under review, Mobile Messaging Gateway division continue delivered higher financial performance, while E-manufacturing, Enterprise Services divisions and Computer and Electronic Services divisions posted a positive result.

A5 – 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.

A6 – 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.

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 – Dividends

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

A9 – Segmental Information

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

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010**A9 – Segmental Information (Continued)***(a) Current quarter*

Analysis by geographical location	Current quarter ended 31 December 2010					
	Revenue from external customers by location of customers		Inter-segment revenue		Total revenue	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	11,315	96.3	-	-	11,315	96.3
Overseas	430	3.7	-	-	430	3.7
	11,745	100.0	-	-	11,745	100.0
Eliminations	-	-	-	-	-	-
Consolidated	11,745	100.0	-	-	11,745	100.0

(b) Cumulative quarters

Analysis by geographical location	Cumulative quarters ended 31 December 2010					
	Revenue from external customers by location of customers		Inter-segment revenue		Total revenue	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	47,558	96.2	-	-	47,558	96.2
Overseas	1,873	3.8	-	-	1,873	3.8
	49,431	100.0	-	-	49,431	100.0
Eliminations	-	-	-	-	-	-
Consolidated	49,431	100.0	-	-	49,431	100.0

A10 – 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 2009.

A11 – Acquisition/Disposal of Property, Plant and Equipment

There were no material acquisitions or disposals of property, plant and equipment during the current quarter under review.

A12 – Material Subsequent Events

Save for the disclosure in B11, there were no material events subsequent to the end of the current quarter under review.

A13 – Changes in Composition of the Group

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

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A14 –Contingent Liabilities or Contingent Assets

	Cumulative period ended 31 December 2010 RM'000	Preceding year corresponding period ended 31 December 2009 RM'000
Corporate guarantee	<u>51</u>	<u>-</u>

The corporate guarantee is executed by the Company for hire purchase facility granted to subsidiary. Out of the total hire purchase facility secured by corporate guarantee, a total of RM51,000 was outstanding at the period end.

Save for the above and any potential damages or cost to be awarded pursuant to the on-going civil suits as disclosed in Note B11 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 December 2010 RM'000	Preceding year corresponding period ended 31 December 2009 RM'000
Revenue	<u>49,431</u>	<u>36,272</u>
Profit/ (Loss) before tax	<u>1,645</u>	<u>(1,305)</u>

For the financial period ended 31 December 2010, the Group recorded revenue of approximately RM49.43 million which represents an increase of approximately 36% as compared to the preceding year's revenue. The increase in the Group's revenue was mainly attributable to the higher sales contribution from its subsidiary, MexComm Sdn. Bhd. ("MexComm") which posted 36% year-on-year rise in revenue to RM38.94 million. Besides, the Group's Enterprise Services Division ("ESD") has also posted stronger performance with its manpower outsourcing contract with a multinational customer. In this respect, ESD has contributed approximately RM4.74 million or approximately 10% of the total Group revenue in the current year.

The Group registered profit before tax of approximately RM1.65 million for the cumulative quarter under review which represents an improvement of approximately RM2.95 million or 226% as compared to the Group's loss before tax of approximately RM1.31 million reported in the preceding year. The improvement was mainly due to positive contribution by MexComm and ESD in the current year.

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B2 – Comparison with Preceding Quarter’s Results

	Current quarter ended 31 December 2010 RM’000	Previous quarter ended 30 September 2010 RM’000
Revenue	11,745	13,164
Profit/ (Loss) before tax	(207)	276

The Group’s revenue for the current quarter posted at approximately RM11.75 million which represents a decrease of approximately RM1.42 million or 11% as compared to the revenue of approximately RM13.16 million for the preceding quarter. The decrease in revenue was mainly due to lower contribution from ESD division.

The Group registered loss before tax of approximately RM0.21 million for the quarter under review which represents a decrease of approximately RM0.48 million or 175% as compared to the Group’s profit before tax of approximately RM0.28 million reported in the preceding quarter. The lower profit was mainly due to provision of litigation claim with cost coupled with lower contribution from ESD during the current quarter.

B3 – Current Year Prospects

The Malaysian economy is set for a strong rebound this year from recession with growth of 7.2% following the expansion of domestic economy and revival in export. Sustained growth in private consumption and increased public sector spending contributed to higher domestic demand. The implementation of the fiscal stimulus measures had gained further momentum during the year, providing an additional impetus to growth.

In 2011, the Board anticipates a better financial performance contributed by the Mobile Messaging Gateway Services divisions. The Board and management will continue to implement business rationalisation strategies, by focusing on innovative marketing activities, investing in R&D, streamlining its operations, and implementing cost control measures. Whilst the results of some of these initiatives have borne fruit, most elements of these strategies are ongoing exercises.

Barring any unforeseen circumstances, the Board expects the Group to register positive growth and improve on its earnings and financial position.

B4 – Profit Forecast

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

B5 – Taxation

	31 December 2010	
	Current Quarter RM’000	Cumulative Quarters RM’000
Malaysian income tax:-		
Current tax:		
- Current year	0	0
	0	0
Deferred taxation:		
- Original and reversal of temporary differences	0	0
	0	0

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B5 – Taxation (Continued)

The tax expense is low for the quarter ended 31 December 2010 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, Mexter MSC Sdn. Bhd. (“MMSC”), MexComm and Ezymobile International Sdn Bhd (“EISB”) were granted Multimedia Super Corridor (“MSC”) status which exempts their income from taxation for a period of five (5) years commencing from November 2007, August 2008 and May 2009 respectively.

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 following, there was no other corporate proposal announced but not completed as at the date of this announcement:-

- (a) The Proposed Private Placement and Proposed Special Issue as announced on 8 August 2008 is subject to the approvals from:-
 - (i) the shareholders of Mexter, for the Proposed Special Issue, which was obtained on 29 June 2009 at the Company’s extraordinary general meeting whilst the Proposed Private Placement was approved under a general mandate granted by Mexter’s shareholders at its annual general meeting on 29 June 2009 pursuant to Section 132D of the Companies Act, 1965 (“General Mandate”);
 - (ii) Bursa Malaysia Securities Berhad (“Securities Exchange”) for the listing of and quotation for the new ordinary shares of RM0.10 each in Mexter to be issued pursuant to the Proposed Private Placement and Proposed Special Issue; and
 - (iii) the Securities Commission (“SC”) which was obtained on 4 September 2008.

The Proposed Private Placement and Proposed Special Issue have an implementation period of 6 months and 12 months from the date of receipt of SC’s approval, respectively.

Further, Mexter had on 16 February 2009 submitted an application to the SC to seek a six (6) month extension to implement the Proposed Private Placement. SC had, vide its letter dated 23 February 2009, approved an extension of time of six (6) months (i.e. to 3 September 2009) for Mexter to complete the Proposed Private Placement. In addition, shareholders of Mexter had at an extraordinary general meeting held on 29 June 2009 approved the special issue of up to 30% of the enlarged issued and paid up share capital of Mexter (after the Proposed Private Placement and Proposed Special Issue). On 3 September 2009, Mexter announced that it will not seek a further extension from SC for the implementation of the Proposed Private Placement after it expires on 3 September 2009. Notwithstanding the above, Mexter will observe the General Mandate granted by Mexter’s shareholders and obtain the approvals from the Securities Exchange and other relevant governmental/regulatory authorities where necessary, to issue and allot shares in Mexter from time to time.

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B8 – Status of Corporate Proposals Announced But Not Completed (Continued)

As for the Proposed Special Issue, Mexter had on 19 August 2009 submitted an application to the SC for an extension of time of six (6) months (i.e. to 3 March 2010) to complete the Proposed Special Issue. SC had, vide its letter dated 16 September 2009, approved an extension of time of six (6) months (i.e. to 3 March 2010) for Mexter to complete the said proposal. Subsequently, SC had, vide its letter dated 30 September 2009, provided an extension of time until 3 September 2010 to allocate up to 12.5% of its enlarged issued and paid-up share capital (“Bumiputera Equity Condition”) to Bumiputera investors approved by the Ministry of International Trade and Industry (“MITI”). Should the shares fail to be subscribed by the Bumiputera investors or MITI is unable to allocate the special issue shares in the period of one (1) year from the date of the application to MITI, Mexter is deemed complied with the said Bumiputera Equity Condition.

Mexter had, vide its letter dated 8 October 2009, applied to MITI to seek MITI’s assistance to allocate the special issue shares to Bumiputera investors and had subsequently vide its letter dated 4 January 2010 updated the SC on the allocation progress by the MITI.

Subsequent thereto, MITI had via its letter dated 12 January 2010 nominated a potential Bumiputera company to subscribe for the Special Issue Shares. However, Mexter was unable to accept the nomination as the issuance does not constitute an excluded invitation under Schedule 7 of the Capital Markets & Services Act 2007 (“CMSA”) and hence would require the issuance of a prospectus. Further, the cost of issuance of a prospectus vis-à-vis the subscription amount to be received by Mexter cannot be justified.

Mexter had on 12 February 2010 submitted an application to the SC for an extension of time up to 8 October 2010 to complete the Proposed Special Issue. SC had, vide its letter dated 18 March 2010, approved an extension of time up to 8 October 2010 for Mexter to complete the Proposed Special Issue. However, there have no developments to the Proposal and that it has lapsed in view of the expiry of the extension of time to implement the Proposal. Notwithstanding the above, pursuant to the letter from the ECU dated 20 September 2009, the Bumiputera equity condition is deemed complied.

On 21 May 2010, Mexter announced that it will undertake a proposed private placement and allocation of 22,363,005 new ordinary shares of RM0.10 each in Mexter, representing 25% of the existing issued and paid-up share capital of Mexter, to Teknologika Serumpun Sdn Bhd, a company in which Datuk Ahmad Shalimin Bin Ahmad Shaffie, the Chairman/Independent Non-Executive Director of Mexter has a 50% equity interest, at an issue price to be determined later (“Proposal”). The Proposal was subsequently approved by shareholders of Mexter at an Extraordinary General Meeting on 23 June 2010. Besides, the Bursa Securities had vide its letter dated 13 July 2010 approved the listing and quotation of the 22,363,005 new ordinary shares of RM0.10 each in Mexter to Teknologika Serumpun Sdn Bhd. The Proposal has an implementation period of six (6) months from the date of receipt of Bursa Securities’ approval i.e. by 12 January 2011.

However, the proposal has not been implemented during the period and that after the expiry of the implementation period on 12 January 2011, Mexter will not pursue the Proposal any further. Notwithstanding the above, Mexter will observe the General Mandate granted by Mexter’s shareholders and obtain the approval(s) from Bursa Securities and other relevant governmental/regulatory authorities where necessary, to issue and allot shares in Mexter from time to time.

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B8 – Status of Corporate Proposals Announced But Not Completed (Continued)

(b) On 26 September 2008, Mexter had announced the voluntary winding-up of its associate company, Advantech Control (M) Sdn. Bhd. (“AKL”). As part of the voluntarily winding-up exercise, Mexter has received the return of capital from AKL amounting to RM311,045.

With that, the Final Meeting for the members’ voluntary winding up of AKL was duly held on 8 October 2010. A Return by Liquidator Relating to Final Meeting (“the Return”) was lodged on 12 October 2010 with CCM and the Official Receiver. Pursuant to Section 272 (%) of Company Act, 1965, AKL would be dissolved on the expiration of three (3) months after lodging of the Return.

As at the date of this announcement, the voluntary winding-up has been completed.

B9 – Borrowings

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

	Current RM’000
Hire purchase liabilities (Unsecured)	126
Term loan (Secured)	77
	<hr/> 203 <hr/>
	 Non-current RM’000
Hire purchase liabilities (Unsecured)	218
Term loan (Secured)	1,731
	<hr/> 1,949 <hr/>

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

B10 – Off Balance Sheet Financial Instruments

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

B11 – Material Litigation

Save for the following, there have not been any changes in material litigation since the last update up to the date of this announcement:-

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

The Penang High Court has fixed a final case management date on 17 December 2010. The Court has also directed that counsel for all parties be present with their respective free dates for trial and have available the number of witnesses they intend to adduce at the trial. On 17 December 2010, the Court has fixed trial dates for the Civil Suit from 6 June 2011 to 10 June 2011. A case management date has also been fixed on 14 March 2011.

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B11 – Material Litigation (Continued)

(ii) Kuala Lumpur Session Court (Civil Summons No. 52-16693-2010)

The Company's 80%-owned subsidiary, MexComm Sdn Bhd (hereinafter referred to as the "Plaintiff") had on 18 May 2010 via its solicitors Messrs. S M Kam & Associates filed a civil summons in the Kuala Lumpur Session Court (Civil Summons No. 52-16693-2010) against Mobile Bluezone Sdn Bhd (hereinafter referred to as the "Defendant") to recover the outstanding sum of RM175,657.20 owing by the Defendant to the Plaintiff for services rendered. Append below the chronology of events in respect of the case for information:-

No.	Date	Events
1.	18.5.2010	Summons and Statement of claims filed by the Plaintiff
2.	14.7.2010	The Defendant counter claims against the Plaintiff in respect of an unsuccessful High Court winding up suit D1-28-269-2009 for the sum of RM1,000,000.00 as damages.
3.	13.8.2010	Reply and defence to counter claim by Plaintiff
4.	30.11.2010	1 st case management
5.	27.12.2010	2 nd case management
6.	11.1.2011	Common bundle of documents was filed by the Plaintiff
7.	13.1.2011 & 14.1.2011	Hearing / Trial
8.	7.2.2011	Decision

On 7 February 2011, the Learned Session Court Judge dismissed the Plaintiff claims and allowed the Defendant's counter claims for the sum of RM250,000.00 with cost.

On 14 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 7 February 2011 which dismissed the Plaintiff claims with cost and allowed the Defendant's counter claims for the sum of RM250,000.00 with cost.

The Company has provided the litigation claim with cost in Q4 2010.

B12 – Dividends

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

B13 – Earnings per Share

(a) Basic earnings per share ("EPS")

Basic EPS of the Group is calculated by dividing the profit or 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.

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010**B13 –Earnings per Share (Continued)**

		Current quarter ended 31 December		Cumulative quarters ended 31 December	
		2010	2009	2010	2009
Profit/ (loss) for the period attributable to ordinary equity holders of Mexter	(RM'000)	(269)	492	1,210	(1,537)
Weighted average number of ordinary shares in issue	('000)	89,452	89,452	89,452	89,452
Basic EPS	(sen)	(0.3)	0.6	1.4	(1.7)

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 EPS

There is no dilution of share capital for the Group.

B14- Realised and Unrealised Retained Profits

	As at 31 December 2010 RM'000	As at 30 September 2010 RM'000
Total retained profits of the Company and Subsidiaries	(7,920)	(7,763)
- Realised		
-Unrealised	(4)	2
Total share of retained profits from associate		
- Realised	1	5
-Unrealised	-	-
	(7,923)	(7,756)
Less: Consolidation adjustments	(3,284)	(3,223)
Total Group retained profit	(11,207)	(10,979)

BY ORDER OF THE BOARD

How Wee Ling (MAICSA 7033850)

Ooi Ean Hoon (MAICSA 7057078)

Company Secretaries

Kuala Lumpur

Dated: 23 February 2011