



MEXTER

MEXTER TECHNOLOGY BERHAD

(Company No: 647673 - A)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR THE PERIOD ENDED

31 DECEMBER 2011

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

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 2010 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 2011**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31/12/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2010 RM'000	CURRENT YEAR TO DATE 31/12/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2010 RM'000
Revenue	A9	9,606	11,745	51,940	49,431
Cost of sales		(7,808)	(9,836)	(42,488)	(39,875)
Gross profit		1,798	1,909	9,452	9,556
Operating expenses		(1,980)	(2,178)	(8,749)	(7,962)
Other operating income		100	39	493	101
(Loss)/ Profit from operations	B5	(82)	(230)	1,196	1,695
Interest income		35	37	153	59
Interest expense		(29)	(21)	(110)	(122)
Share of profit/(loss) of associated company		-	(3)	(22)	3
(Loss)/ Profit before tax		(76)	(217)	1,217	1,635
Taxation	B6	-	-	2	-
(Loss)/ Profit for the period		(76)	(217)	1,219	1,635
Other comprehensive income					
Foreign currency translation		(1)	-	10	(20)
Total other comprehensive income for the period, net of tax		(1)	-	10	(20)
Total comprehensive income for the period		(77)	(217)	1,229	1,615
Profit attributable to:					
Equity holders of the Company		(175)	(279)	638	1,201
Minority interest		99	62	581	434
		(76)	(217)	1,219	1,635
Total Comprehensive income attributable to:					
Equity holders of the Company		(176)	(279)	648	1,181
Minority interest		99	62	581	434
		(77)	(217)	1,229	1,615
Earnings per share:					
Basic earnings per share (sen)		(0.2)	(0.3)	0.7	1.3
Diluted earnings per share (sen)		(0.2)	(0.3)	0.7	1.3

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

		(UNAUDITED) AS AT 31/12/2011 RM'000	(AUDITED) AS AT 31/12/2010 RM'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		4,330	4,584
Investments in an associate		-	28
Intangible assets		287	219
		<u>4,617</u>	<u>4,831</u>
Current assets			
Other investments		4,596	5,167
Trade and other receivables		6,524	8,525
Inventories		120	301
Tax recoverable		24	41
Cash and bank balances		4,673	2,583
		<u>15,937</u>	<u>16,617</u>
TOTAL ASSETS		<u>20,554</u>	<u>21,448</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		8,945	8,945
Reserves		(1,154)	(1,802)
		7,791	7,143
Minority interest		1,196	665
Total equity		<u>8,987</u>	<u>7,808</u>
Non-current liabilities			
Borrowings	B8	1,781	1,957
Deferred tax liabilities		2	3
		<u>1,783</u>	<u>1,960</u>
Current liabilities			
Trade and other payables		9,294	11,160
Amount due to an associate		-	65
Deferred income		318	260
Borrowings	B8	172	195
		<u>9,784</u>	<u>11,680</u>
Total liabilities		<u>11,567</u>	<u>13,640</u>
TOTAL EQUITY AND LIABILITIES		<u>20,554</u>	<u>21,448</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<u>0.10</u>	<u>0.09</u>

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2011**

< ----- Attributable to equity holders 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 1/1/2011	8,945	9,382	0	32	(11,216)	7,143	665	7,808
Exchange differences on translation of the financial statements of foreign entities	0	0	0	10	0	10	0	10
Total comprehensive income for the period	0	0	0	0	638	638	581	1,219
Equity settled share-based transactions	0	0	0	0	0	0	0	0
Dividend paid to a minority interest of a subsidiary company	0	0	0	0	0	0	(50)	(50)
At 31/12/2011	8,945	9,382	0	42	(10,578)	7,791	1,196	8,987
At 1/1/2010:-	8,945	9,382	42	52	(12,459)	5,962	231	6,193
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	1,201	1,201	434	1,635
Equity settled share-based transactions	0	0	(42)	0	42	0	0	0
Dividend paid to a minority interest of a subsidiary company	0	0	0	0	0	0	0	0
At 31/12/2010	8,945	9,382	0	32	(11,216)	7,143	665	7,808

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2011**

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/12/2011 RM'000	AS AT PRECEDING FINANCIAL PERIOD ENDED 31/12/2010 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	53,682	46,279
Payments to suppliers, contractors and employees	(51,751)	(42,984)
Interest paid	(110)	(122)
Other receipt	153	59
Income tax refunded/(paid)	17	(3)
	<hr/>	<hr/>
Net Operating Cash Flow	1,991	3,229
	<hr/>	<hr/>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	153	59
Disposal/ (Addition) investment in money market fund	571	(5,054)
Purchase of intangible assets	(68)	(95)
Purchase of property, plant and equipment	(262)	(346)
Proceed from disposal of property, plant and equipment	3	1
Return of capital from an associated company	0	41
	<hr/>	<hr/>
Net Investing Cash Flow	397	(5,394)
	<hr/>	<hr/>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(110)	(122)
Proceeds from loans and borrowings	51	-
Net advances to an associate	-	(23)
Repayment of bank borrowings	(199)	(154)
Dividend paid	(50)	-
	<hr/>	<hr/>
Net Financing Cash Flow	(308)	(299)
	<hr/>	<hr/>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,080	(2,464)
Effects of foreign exchange rate changes	10	(20)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	2,583	5,067
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	4,673	2,583
	<hr/>	<hr/>

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

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 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 2010. 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 2010.

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 2010 except for the following Financial Reporting Standards (“FRSs”) and IC Interpretations that had been issued by the Malaysian Accounting Standards Board (“MASB”):-

FRSs, Amendments and IC Interpretations

FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards
FRS 3 (Revised)	Business Combinations (Revised)
FRS 127 (Revised)	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 (Revised)
	Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRSs “Improvements to FRS (2010)”	
IC Interpretation 4	Determining Whether An Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

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.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

A3 – Auditors’ Report on Preceding Audited Financial Statements

The auditors’ report on the Group’s financial statements for the financial year ended 31 December 2010 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 and E-manufacturing and Computer continue delivered 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 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.

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 2011**A9 – Segmental Information (Continued)***a) Current quarter*

Analysis by geographical location	Current quarter ended 31 December 2011					
	Revenue from external customers by location of customers		Inter-segment revenue		Total revenue	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	9,239	96.2	-	-	9,239	96.2
Overseas	367	3.8	-	-	367	3.8
	9,606	100.0	-	-	9,606	100.0
Eliminations	-	-	-	-	-	-
Consolidated	9,606	100.0	-	-	9,606	100.0

(b) Cumulative quarters

Analysis by geographical location	Cumulative quarters ended 31 December 2011					
	Revenue from external customers by location of customers		Inter-segment revenue		Total revenue	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	50,154	96.6	-	-	50,154	96.6
Overseas	1,786	3.4	-	-	1,786	3.4
	51,940	100.0	-	-	51,940	100.0
Eliminations	-	-	-	-	-	-
Consolidated	51,940	100.0	-	-	51,940	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 2010.

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 B9, 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 in the Group's composition during the quarter under review.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

A13 – Changes in Composition of the Group (continued)

However, the Company had on 6 January 2012 acquired the entire issued and paid up capital of Adios Interactive Sdn. Bhd. (“AISB”) of RM2.00 divided into 2 Ordinary Shares of RM1.00 each, for a cash consideration of RM2.00. Consequently, AISB has become a wholly-owned subsidiary of Mexter. The said Investment had been completed on 11 January 2012.

A14 –Contingent Liabilities or Contingent Assets

	Cumulative period ended 31 December 2011 RM’000	Preceding year corresponding period ended 31 December 2010 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 RM26,704 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 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 December 2011 RM’000	Preceding year corresponding period ended 31 December 2010 RM’000
Revenue	<u>51,940</u>	<u>49,431</u>
Profit before tax	<u>1,217</u>	<u>1,635</u>

For the financial period ended 31 December 2011, the Group recorded revenue of approximately RM51.94 million which represents an increase of approximately 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 its subsidiary, MexComm Sdn. Bhd. (MexComm) which posted 11% year-on-year rise in revenue to RM 42.94 million.

The Group registered profit before tax of approximately RM1.22 million for the period under review which represents a decrease of approximately RM0.42 million or 26% as compared to RM1.64 million reported in the preceding year corresponding period. The lower profit was mainly due to lower contribution from the Group’s Enterprise Services Division (ESD) during the year coupled with additional start up cost in setting up Mobile Innovation Division (MID), which is still in its infancy stage.

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B2 – Comparison with Preceding Quarter’s Results

	Current quarter ended 31 December 2011 RM’000	Previous quarter ended 30 September 2011 RM’000
Revenue	<u>9,606</u>	<u>12,326</u>
(Loss)/ Profit before tax	<u>(76)</u>	<u>104</u>

The Group’s revenue for the current quarter of approximately RM9.61 million which represents a decrease of approximately RM2.72 million or 22% as compared to the revenue of approximately RM12.33 million in the preceding quarter. This was mainly attributed by decline in the MexComm revenue after restriction of a few short message service (SMS) keywords and short codes by Telcos.

In this respect, the Group registered loss before tax of approximately RM0.08 million for the quarter under review which represents a decrease of approximately RM0.18 million or 173% as compared to the Group’s profit before tax of approximately RM0.10 million reported in the preceding quarter.

B3 – Current Year Prospects

While the Malaysian’s gross domestic product (GDP) grew by 5.1% in 2011, the country economy is likely to see a moderate growth of 3.7%-4% in 2012 amid uncertainty global economy outlook and much depending on the domestic demand which is likely strong due to supportive government policy measures especially on the public infrastructure projects of the Economic Transformation Programme (ETP). The implementation of structural reforms, as envisioned in the government’s New Economic Model, will be vital for boosting competitiveness and sustaining growth in 2012.

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.

B4 – Profit Forecast

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

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011**B5 – (Loss)/ Profit from operations**

(Loss)/ Profit from operations has been arrived at after charging/ (crediting):-

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31-Dec-11 RM'000	31-Dec-10 RM'000	31-Dec-11 RM'000	31-Dec-10 RM'000
Depreciation	129	125	509	480
Provision for and write off of receivables	2	-	16	-
Provision for and write off of inventories	28	15	51	238
Foreign exchange gain or loss	29	20	18	(1)

B6 – Taxation

	31 December 2011	
	Current Quarter RM'000	Cumulative Quarters RM'000
Malaysian income tax:-		
- Current year	0	0
-Over provision in prior year	0	(2)
	<u>0</u>	<u>(2)</u>
Deferred taxation:		
- Original and reversal of temporary differences	0	0
	<u>0</u>	<u>(2)</u>

There was no tax expense for the quarter ended 31 December 2011 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.

B7 – Corporate Proposals Announced But Not Completed

There was no corporate proposal announced but not completed as at the date of this report.

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B8 – Borrowings

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

	Current RM'000
Hire purchase liabilities (Unsecured)	80
Term loan (Secured)	92
	<hr/> 172 <hr/>

	Non-current RM'000
Hire purchase liabilities (Unsecured)	-
Term loan (Secured)	1,781
	<hr/> 1,781 <hr/>

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 Penang High Court has given case management directions for trial and fixed a final case management date on 15 April 2011. Trial dates for this suit have been fixed from 6 June 2011 to 10 June 2011. During the case management conducted on 15 April 2011, the Court Registrar has fixed a final case management date on 19 May 2011 for the Defendants to comply with the Court's directions. The said case management has been further fixed on 1 June 2011.

During the case management held on 1 June 2011, the Defendants asked for an adjournment on the grounds that the 6th Defendant's counsel has to attend to a criminal trial on 6 and 7 June 2011 and the 1st to 5th Defendants had recently changed their solicitors. Further, upon a confirmation from the Judge on 2 June 2011, the Judge had allowed the request for the postponement and fixed the case for next mention on 10 June 2011, to fix new trial dates.

On 10 June 2011, the Court did not fix trial dates as the Defendants' new solicitors said they wanted to amend the defence. The Judge opined that the new solicitors should be given more time to consider the documents. Hence, the Court has fixed the case for mention on 12 July 2011 for the Defendants to put in their amendment application and to sort out the documents.

Subsequent to the case management conducted on 12 July 2011, the Court did not fix trial date as the defendants' solicitors requested for an additional two (2) months to file their application for amendment of their defence. The Judge then gave the defendants one (1) month to file their amendment application and the Court has fixed the case for mention on 15 August 2011 for the defendants to put in their amendment application and to sort out the documents.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

B9 – Material Litigations (Continued)

(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 (Continued)

During the case management on 15 August 2011, the Plaintiffs' solicitor has objected the Defendants' solicitor oral application to amend their defence on the grounds the manner is not as per the previous case management directions. The Judge then directed the Defendants' solicitor to file the amendment application by 16 August 2011 and to fax a copy of the same to Plaintiffs' solicitor. The Judge also pre-fixed the application to be heard on 12 September 2011. Further case management directions and trial dates will be fixed on that day. The Judge also gave a stern warning to the Defendants' solicitor not to delay the matter any further.

On 12 September 2011, the Defendants' solicitor had served the sealed copy of the Amendment Application to Plaintiffs' solicitor. In view of that, the Judge has postponed the Hearing scheduled to 17 October 2011 and for further case management directions, the Parties are to file their replies, if any before the 17 October 2011.

Subsequent thereof, all parties (except for the 6th Defendant) had prepared written submissions and submitted orally before the Judge. During the hearing conducted on 17 October 2011, the Judge accepted only the Proposed Amendment which was filed with the Summons in Chambers and disregarded the one handed into court. The Judge has fixed 25 October 2011 for decision.

Subsequent to the case hearing on 25 October 2011, the Learned Judge had dismissed the 1st and 2nd Defendants' Application to amend their Defence (Enclosure 126) and awarded costs of RM4,000 each to the Plaintiffs and Ivan Sia Teck Fatt (the 2nd Defendant in the 1st and 2nd Defendants' counterclaim) respectively. The Learned Judge's brief grounds are:

- 1) The amendment application was made too late in the day, 3 years after the Statement of Claim ("SOC") was amended and only after trial dates were fixed;
- 2) The proposed amendments changed the character of the Defence;
- 3) The proposed amendments were not limited to the amendments in the SOC, but to the rest of the SOC as well.
- 4) The format of the proposed amendments was incorrect, in that it did not reflect the original Defence.

Case management for this matter has been fixed on 9 January 2012 for parties to file and exchange witness statements and Trial dates have been fixed on 9 - 10 February 2012 and 27-29 February 2012.

On 9 January 2012, the Learned Judge has directed all parties to file and exchange witness statements on the next case management date on 20 January 2012.

Subsequent to the case management held on 20 January 2012, all parties had exchanged witness statements except for the 6th Defendant who had written to Court to inform that no witness statement will be filed until the end of the Plaintiff's case. The Defendants have also withdrawn the counterclaim with liberty to file afresh, the issue of cost will be decided on 9 February 2012 (1st day of trial). Parties are requested to submit during trial on the admission/objections of any documents.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

B9 – Material Litigations (Continued)

(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 (Continued)

During the 1st day of trial on 9 February 2012, at the request of the Defendants' solicitors and with the objection of the Plaintiffs' solicitors, the trial date of 9-10 February 2012 have been vacated and the trial will proceed as scheduled on 27-29 February 2012. Besides, the 1st and 2nd Defendants have withdrawn the counterclaim and it was confirmed by the Judge on 9 February 2012 that the withdrawal of the counterclaim was granted without any order providing the 1st and 2nd Defendants liberty to file afresh, and for costs to be taxed.

(ii) Kuala Lumpur High Court (Appeal No. R3-12B-212-2011) against Mobile Bluezone Sdn Bhd

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 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 14 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 13 August 2010 replied and defended the counter claim. After a few case management and Common bundle of documents filed by the Plaintiff, 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/- 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/- with cost. The Company has provided the litigation claim with cost in Q4 2010.

The Kuala Lumpur High Court had via its letter dated 5 April 2011, received by Messrs. Skrine, the current solicitors of Plaintiff, notifying the said solicitors that the Court had received MexComm's Notice of Appeal and accordingly registered the appeal as "Kuala Lumpur High Court Civil Appeal No. R3-12B-212-2011".

The Plaintiff's solicitors have on 13 April 2011, written a request to the Court to seek an adjournment of the hearing date which originally fixed on 5 May 2011, to enable MexComm to file its Record of Appeal due for filing on 11 May 2011.

Subsequently, the Kuala Lumpur High Court had via its letter dated 21 April 2011 adjourned the hearing of the appeal scheduled for 5 May 2011 to be heard on 2 June 2011.

During the hearing of appeal conducted on 2 June 2011, the Judge of the Kuala Lumpur High Court allowed MexComm's appeal against the whole decision of the Kuala Lumpur Sessions Court's Judge, amongst others, as follows:-

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B9 – Material Litigations (Continued)

(ii) **Kuala Lumpur High Court (Appeal No. R3-12B-212-2011) against Mobile Bluezone Sdn Bhd (Continued)**

1. MexComm's application for enlargement of time to serve the endorsed Notice of Appeal on the Respondent was allowed with costs of RM500.00 to be paid to the Respondent;
2. MexComm's appeal proper was allowed with cost of the High Court appeal fixed at RM2,000.00, and a further order that the cost of the Sessions Court proceedings be determined in accordance with the Subordinate Court's scale costs;
3. Judgment was entered against the Respondent in the sum of RM175,657.20 plus 8% per annum interest on the judgment sum calculated from the date of the Summons (i.e. 18 May 2010) until full settlement;
4. The decision of the Sessions Court awarding the Respondent general damages of RM250,000.00 on the Respondent's counterclaim was set aside.

On 3 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 2 June 2011. The Petition is fixed for hearing on 15 March 2012.

B10 – Dividends

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

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 December		Cumulative quarters ended 31 December	
		2011	2010	2011	2010
Profit/ (loss) for the period attributable to ordinary equity holders of Mexter	(RM'000)	(175)	(279)	638	1,201
Weighted average number of ordinary shares in issue	('000)	89,452	89,452	89,452	89,452
Basic EPS	(sen)	(0.2)	(0.3)	0.7	1.3

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.

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B12- Realised and Unrealised Retained Profits

	As at 31 December 2011 RM'000	As at 31 December 2010 RM'000
Total retained profits of the Company and Subsidiaries:		
-Realised	(6,847)	(7,936)
-Unrealised	(10)	1
Total share of retained profits from an associated company:		
-Realised	(22)	3
-Unrealised	-	-
	<hr/>	<hr/>
	(6,879)	(7,932)
Less: Consolidation adjustments	(3,699)	(3,284)
Total Group retained profit	<hr/>	<hr/>
	(10,578)	(11,216)

Dated: 23 February 2012