



MEXTER

MEXTER TECHNOLOGY BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
30 SEPTEMBER 2015**

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 30/09/2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2014 RM'000	CURRENT YEAR TO DATE 30/09/2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2014 RM'000
Revenue	A8	12,405	15,172	31,211	34,617
Cost of sales		(10,457)	(12,451)	(26,288)	(28,295)
Gross profit		1,948	2,721	4,923	6,322
Operating expenses		(2,556)	(2,256)	(7,023)	(7,454)
Other operating income		(125)	(123)	462	24
Profit/ (Loss) from operations	B5	(733)	342	(1,638)	(1,108)
Interest income		4	7	23	58
Interest expense		(29)	(33)	(91)	(96)
Profit/ (Loss) before tax		(758)	316	(1,706)	(1,146)
Taxation	B6	(165)	(28)	(166)	(29)
Profit/ (Loss) for the period		(923)	288	(1,872)	(1,175)
Other comprehensive income					
Foreign currency translation		(122)	(1)	(133)	36
Total other comprehensive income for the period, net of tax		(122)	(1)	(133)	36
Total comprehensive income/ (loss) for the period		(1,045)	287	(2,005)	(1,139)
Profit/ (Loss) attributable to:					
Owners of the Company		(819)	295	(1,611)	(1,239)
Non-controlling interest		(104)	(7)	(261)	64
		(923)	288	(1,872)	(1,175)
Total Comprehensive income attributable to:					
Owners of the Company		(941)	294	(1,744)	(1,203)
Non-controlling interest		(104)	(7)	(261)	64
		(1,045)	287	(2,005)	(1,139)
Earnings per share:					
Basic earnings per share (sen)		(0.42)	0.16	(0.82)	(0.67)
Diluted earnings per share (sen)		(0.42)	0.16	(0.82)	(0.67)

MEXTER TECHNOLOGY BERHAD

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015**

	Note	(UNAUDITED) AS AT 30/09/2015 RM'000	(AUDITED) AS AT 31/12/2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		4,026	4,336
Goodwill		824	824
Intangible assets		94	140
		<u>4,944</u>	<u>5,300</u>
Current assets			
Other investments		456	1,835
Trade and other receivables		11,121	8,412
Inventories		1,005	1,572
Cash and bank balances		9,986	10,030
		<u>22,568</u>	<u>21,849</u>
TOTAL ASSETS		<u>27,512</u>	<u>27,149</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		19,679	19,679
Reserves		(10,403)	(8,659)
		<u>9,276</u>	<u>11,020</u>
Non-Controlling interest		<u>267</u>	<u>529</u>
Total equity		<u>9,543</u>	<u>11,549</u>
Non-current liabilities			
Borrowings	B8	2,109	2,293
Deferred tax liabilities		3	3
		<u>2,112</u>	<u>2,296</u>
Current liabilities			
Trade and other payables		15,300	12,879
Deferred income		443	254
Borrowings	B8	114	171
		<u>15,857</u>	<u>13,304</u>
Total liabilities		<u>17,969</u>	<u>15,600</u>
TOTAL EQUITY AND LIABILITIES		<u>27,512</u>	<u>27,149</u>
Net assets per share attributable to owners of the Company (RM)			
		<u>0.05</u>	<u>0.06</u>

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2015**< ----- Attributable to owners of the Company ----- >
< ----- Non-distributable ----- > **Distributable**

	Share capital	Share premium	Warrants reserve	Translation Reserve	Accumulated losses	Total	Non- Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 01/01/2015	19,679	8,897	5,385	(29)	(22,912)	11,020	529	11,549
Exchange differences on translation of the financial statements of foreign entities	-	-	-	(133)	-	(133)	-	(133)
Total comprehensive income for the period	-	-	-	-	(1,611)	(1,611)	(261)	(1,872)
At 30/09/2015	19,679	8,897	5,385	(162)	(24,523)	9,276	268	9,544
At 01/01/2014	17,890	8,726	5,385	47	(21,708)	10,340	588	10,928
Exchange differences on translation of the financial statements of foreign entities	-	-	-	36	-	36	-	36
Total comprehensive income for the period	-	-	-	-	(1,239)	(1,239)	64	(1,175)
Private Placement	1,789	208	-	-	-	1,997	-	1,997
Private Placement Expenses	-	(36)	-	-	-	(36)	-	(36)
At 30/09/2014	19,679	8,898	5,385	83	(22,947)	11,098	652	11,750

MEXTER TECHNOLOGY BERHAD

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

	AS AT CURRENT FINANCIAL PERIOD ENDED 30/09/2015 RM'000	AS AT PRECEDING FINANCIAL PERIOD ENDED 30/09/2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(1,706)	(1,146)
Adjustments for:		
Non-cash items	396	412
Interest income	(23)	(58)
Interest expense	91	96
Operating profit/(loss) Before Working Capital Changes	(1,242)	(696)
Changes In Working Capital:		
Net change in current assets	(2,142)	(9,243)
Net change in current liabilities	2,610	8,295
Net Cash Outflow from Operations	(774)	(1,644)
Income tax paid	(166)	(29)
Net Operating Cash Flow	(940)	(1,673)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	23	58
Purchase of intangible assets	(3)	(4)
Purchase of property, plant and equipment	(220)	(1,108)
Proceed from disposal of property, plant & equipment	182	-
Net Investing Cash Flow	(18)	(1,054)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(91)	(96)
Proceed from borrowings	-	821
Repayment of bank borrowings	(241)	(131)
Proceed from issuance Private Placement/ Right Share	-	1,961
Share issuance expenses paid	-	(36)
Proceed from disposal of property, plant & equipment	-	17
Net Financing Cash Flow	(332)	2,536
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,290)	(191)
Effects of foreign exchange rate changes	(133)	36
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	11,865	11,209
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	10,442	11,504

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134: INTERIM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS

A1 – Basis of Preparation

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

The accounting policies and methods of computations adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2014, except for the adoption of MFRSs relevant to the Group as explained below:

Adoption of a new MASB accounting framework, the MFRS Framework

The Group has adopted the MFRS framework and MFRS1, First-time adoption of Malaysian Financial Reporting Standards for the first time in these condensed consolidated interim financial statements. The transition to the MFRS framework does not have any material impact on the financial position, financial performance and cash flow of the Group and the Company.

A2 – Auditors’ Report on Preceding Audited Financial Statements

The auditors’ report on the Group’s financial statements for the financial year ended 31 December 2014 was not qualified.

A3 – 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.

A4 – Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

A5 – Changes in Estimates

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

A6 – Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuance and repayment of debts (other than the hire purchase and term loan debts disclosed in Note B8) and equity securities during the current quarter under review and the Company had not engaged in any share buyback scheme or implemented any share cancellations. The Company does not have any shares held as treasury shares.

As of 30 September 2015, the total issued and fully paid-up share capital are RM19,679,444.00 comprising 196,794,440 ordinary shares of RM0.10 each.

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(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015**A7 – Dividends**

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

A8 – Segmental Information

Segmental Information in respect of the Group's business segment is as follows:-

a) Period Ended 30 September 2015

	Mobile Services	Enterprise Services	Computer Electronic Services	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	22,354	604	5,403	2,850	-	31,211
Inter-segment revenue	-	-	-	-	-	-
	<u>22,354</u>	<u>604</u>	<u>5,403</u>	<u>2,850</u>	<u>-</u>	<u>31,211</u>
Segment results	(813)	115	(772)	(168)	-	(1,638)
Interest Income	12	-	-	11	-	23
Interest Expense	-	-	(89)	(2)	-	(91)
Profit/ (loss) before tax	<u>(801)</u>	<u>115</u>	<u>(861)</u>	<u>(159)</u>	<u>-</u>	<u>(1,706)</u>

b) Period Ended 30 September 2014

	Mobile Services	Enterprise Services	Computer Electronic Services	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	25,252	1,096	4,820	3,449	-	34,617
Inter-segment revenue	-	-	-	-	-	-
	<u>22,252</u>	<u>1,096</u>	<u>4,820</u>	<u>3,449</u>	<u>-</u>	<u>34,617</u>
Segment results	1,069	(175)	(1,287)	(715)	-	(1,108)
Interest Income	40	-	-	18	-	58
Interest Expense	-	-	(96)	-	-	(96)
Profit/ (loss) before tax	<u>1,109</u>	<u>(175)</u>	<u>(1,383)</u>	<u>(697)</u>	<u>-</u>	<u>(1,146)</u>

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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 2014.

A10 – Material Subsequent Events

Save for the disclosure in B7 and B9, there were no material events subsequent to the end of the current quarter under review.

A11 – Changes in Composition of the Group

Save as that disclosed below, there were no other changes to the composition of the Group during the current quarter under review:-

On 1 July 2015, the following subsidiary companies of MEXTER have submitted the application to Companies Commission of Malaysia (CCM) to strike off their name from the Register under Section 308 of the Companies Act, 1965 due to the fact that they have been dormant since their incorporation:-

<u>Name of subsidiary company</u>	<u>Date of Incorporation</u>	<u>Shareholdings (Ordinary shares of RM1.00 each)</u>	<u>Shareholdings (%)</u>
ELIXIR INTEGRATED SYSTEMS SDN. BHD. (Company No. 961990-M)	28.09.2011	100	100.00
MEXTER ESOLUTIONS SDN. BHD. (Company No. 972691-U)	22.12.2011	7	70

A12 –Contingent Liabilities or Contingent Assets

Save for 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.

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015**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 30 September 2015 RM'000	Preceding year corresponding period ended 30 September 2014 RM'000
Revenue	31,211	34,617
Loss before tax	(1,706)	(1,146)

For the financial period ended 30 September 2015, the Group recorded revenue of approximately RM 31.21 million which represents a decrease of approximately 9.8% as compared to the preceding year corresponding period's revenue. The decrease was primarily due to lower sales from Mobile Services division following the weaker market demand.

With the lower revenue reported, the Group has registered widened loss before tax of approximately RM1.71 million as compared to loss before tax of RM1.15 million reported in the preceding year corresponding period.

B2 – Comparison with Preceding Quarter's Results

	Current quarter ended 30 September 2015 RM'000	Preceding quarter ended 31 June 2015 RM'000
Revenue	12,405	9,756
Loss before tax	(758)	(873)

The Group's revenue for the current quarter of approximately RM 12.41 million which represents an increase of approximately RM2.65 million or 27.2% as compared to the revenue of approximately RM9.76 million in the preceding quarter. The increase in the Group's revenue was mainly attributable to the higher sales contribution from Mobile Services division which posted 19% quarter-on-quarter rise in revenue to RM 9.18 million.

With the higher revenue reported, the Group has registered lower loss before tax of approximately RM0.76 million as compared to loss before tax of RM0.87 million reported in the preceding year corresponding period.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015**B3 – Current Year Prospects**

The Malaysian economy is likely to see a moderate growth of 4.0%- 4.5% in 2015 on the expectations of slower export growth and investments in the oil and gas industry 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 2015.

The Board and management will continue to implement business rationalisation strategies, by focusing on effective marketing activities, penetrating new unsaturated overseas markets, developing new solutions and services, streamlining operations, maintaining prudence in expenditures to ultimately put products and services at a competitive price to the market, while maintaining the level of services that the market and our clients expect. Whilst the results of some of these initiatives have borne fruit, most elements of these strategies are ongoing exercises.

B4 – Profit Forecast

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

B5 – Loss from operations

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

	Current Quarter 3 months ended		Cumulative Quarters 9 months ended	
	30-Sep-15 RM'000	30-Sep-14 RM'000	30-Sep-15 RM'000	30-Sep-14 RM'000
Depreciation	(85)	(111)	(276)	(336)
Amortisation of Intangible Assets	(16)	(16)	(49)	(48)
Interest income	4	7	23	58
Interest expenses	(29)	(33)	(91)	(96)
Allowance for impairment loss on doubtful debt	-	(10)	-	(35)
Net reversal/ (allowance) for slow moving inventories	7	(5)	(46)	6
Net foreign exchange gain/ (loss)	(330)	(36)	(181)	(83)
Loss on disposal of property, plant and equipment	-	-	47	-
Fair value gain/ (loss) on other investments	-	-	1	3

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015**B6 – Taxation**

	30 September 2015	
	Current Quarter RM'000	Cumulative Quarters RM'000
Income tax:-		
- Current year	-	1
-Under provision in prior year	165	165
	<u>165</u>	<u>166</u>
Deferred taxation:		
- Original and reversal of temporary differences	-	-
	<u>165</u>	<u>166</u>

The tax expense for current quarter was arising from the under-provision in prior year for a subsidiary company. There are was no tax expense for other subsidiary companies due to the utilisation of unabsorbed tax losses and capital allowances brought forward. This is, however, subject to confirmation by the Inland Revenue Board. Besides, MexComm Sdn Bhd was also granted an extension of Multimedia Super Corridor (“MSC”) status which exempts their income from taxation for a period of five (5) years commencing from August 2013.

B7 – Corporate Proposals

Save for the following, there was no corporate proposal announced but not completed as at the date of this report:-

- a) Gross proceeds of approximately RM1,996,568.64 were raised from the Private Placement. The proceeds are used by the Group in the following manner:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Time frame for use
i. Working capital	1,957	(1,599)	358	Within 3 months
ii. Private Placement expenses	40	(36)	4	Upon completion
Total	<u>1,997</u>	<u>(1,635)</u>	<u>362</u>	

B8 – Borrowings

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

	Current RM'000
Hire purchase liabilities (Unsecured)	11
Term loan (Secured)	103
	<u>114</u>
	Non-current RM'000
Hire purchase liabilities (Unsecured)	30
Term loan (Secured)	2,079
	<u>2,109</u>

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

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

On 28 October 2014, the High Court has dismissed the Defendants' application to stay the order of the High Court dated 10 March 2014 with cost of RM4,000.00 payable jointly and severally by the 1st to 5th Defendants to the Plaintiffs.

The Court of Appeal has at the case management held on 9 October 2015 fixed the Appellants' Appeal and the Respondents' Cross-Appeal for hearing on 8 December 2015.

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

During the hearing conducted on 11 January 2013, the Court of Appeal has unanimously dismissed Mobile Bluezone's appeal with cost of RM5000 to be paid to Mexcomm.

B10 – Dividends

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

B11 – Earnings per Share

(a) Basic earnings per share (“EPS”)

Basic EPS of the Group is calculated by dividing the 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 30 September		Cumulative quarters ended 30 September	
		2015	2014	2015	2014
Profit/ (loss) for the period attributable to owners of Mexter	(RM'000)	(819)	295	(1,611)	(1,239)
Weighted average number of ordinary shares in issue	('000)	196,794	185,374	196,794	185,374
Basic EPS	(sen)	(0.42)	0.16	(0.82)	(0.67)

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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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

B12- Realised and Unrealised Retained Profits

	As at 30 September 2015 RM'000	As at 31 December 2014 RM'000
Total accumulated losses of the Company and Subsidiaries:		
-Realised	(25,138)	(22,075)
-Unrealised	(96)	194
Total share of retained profits from an associated company:		
-Realised	-	-
-Unrealised	-	-
	<hr/>	<hr/>
	(25,234)	(21,881)
Less: Consolidation adjustments	711	(1,031)
Total accumulated losses	<hr/>	<hr/>
	(24,523)	(22,912)

Dated: 27 November 2015