



MEXTER

MEXTER TECHNOLOGY BERHAD

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2015**

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 2015 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 2015**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31/12/2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2014 RM'000	CURRENT YEAR TO DATE 31/12/2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2014 RM'000
Revenue	A8	8,313	8,577	39,524	43,193
Cost of sales		(6,246)	(6,626)	(32,534)	(34,920)
Gross profit		2,067	1,951	6,990	8,273
Operating expenses		(2,673)	(2,604)	(9,696)	(10,059)
Other operating income		695	903	1,157	927
Profit/ (Loss) from operations	B5	89	250	(1,549)	(859)
Interest income		5	16	28	74
Interest expense		(28)	(33)	(119)	(130)
Profit/ (Loss) before tax		66	233	(1,640)	(915)
Taxation	B6	(321)	(321)	(488)	(349)
(Loss)/ Profit for the period		(255)	(88)	(2,128)	(1,264)
Other comprehensive income					
Foreign currency translation		449	(112)	316	(76)
Total other comprehensive income for the period, net of tax		449	(112)	316	(76)
Total comprehensive income/ (loss) for the period		194	(200)	(1,812)	(1,340)
Profit/ (Loss) attributable to:					
Owners of the Company		(341)	36	(1,952)	(1,204)
Non-controlling interest		86	(124)	(176)	(60)
		(255)	(88)	(2,128)	(1,264)
Total Comprehensive income attributable to:					
Owners of the Company		108	(76)	(1,636)	(1,280)
Non-controlling interest		86	(124)	(176)	(60)
		194	(200)	(1,812)	(1,340)
Earnings per share:					
Basic earnings per share (sen)		(0.17)	0.02	(0.99)	(0.65)
Diluted earnings per share (sen)		(0.17)	0.02	(0.99)	(0.65)

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	(UNAUDITED) AS AT 31/12/2015 RM'000	(AUDITED) AS AT 31/12/2014 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		5,571	4,336
Goodwill		817	824
Intangible assets		78	140
		<u>6,466</u>	<u>5,300</u>
Current assets			
Other investments		456	1,835
Trade and other receivables		10,006	8,412
Inventories		833	1,572
Cash and bank balances		7,834	10,030
		<u>19,129</u>	<u>21,849</u>
TOTAL ASSETS		<u>25,595</u>	<u>27,149</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		19,679	19,679
Reserves		(9,026)	(8,659)
		<u>10,653</u>	<u>11,020</u>
Non-Controlling interest		<u>349</u>	<u>529</u>
Total equity		<u>11,002</u>	<u>11,549</u>
Non-current liabilities			
Borrowings	B8	2,077	2,293
Deferred tax liabilities		351	3
		<u>2,428</u>	<u>2,296</u>
Current liabilities			
Trade and other payables		11,690	12,879
Deferred income		131	254
Provision for taxation		228	-
Borrowings		116	171
		<u>12,165</u>	<u>13,304</u>
Total liabilities		<u>14,593</u>	<u>15,600</u>
TOTAL EQUITY AND LIABILITIES		<u>25,595</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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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2015**

< ----- Attributable to owners of the Company ----- >

< -----Non-distributable----- > Distributable

	Share capital	Share premium	Warrants reserve	Assets Revaluation 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	RM'000
At 01/01/2015	19,679	8,897	5,385	-	(29)	(22,912)	11,020	529	11,549
Foreign currency translation differences for foreign operations	-	-	-	-	316	-	316	-	316
Disposal of subsidiary								(4)	(4)
Revaluation of property, plant and equipment				1,269			1,269		1,269
Total comprehensive income for the period	-	-	-	-	-	(1,952)	(1,952)	(176)	(2,128)
At 31/12/2015	19,679	8,897	5,385	1,269	287	(24,864)	10,653	349	11,002
At 01/01/2014	17,890	8,726	5,385	-	47	(21,708)	10,340	588	10,928
Foreign currency translation differences for foreign operations	-	-	-	-	(76)	-	(76)	-	(76)
Total comprehensive income for the period	-	-	-	-	-	(1,204)	(1,204)	(59)	(1,263)
Private Placement	1,789	207	-	-	-	-	1,996	-	1,996
Private Placement Expenses	-	(36)	-	-	-	-	(36)	-	(36)
At 31/12/2014	19,679	8,897	5,385	-	(29)	(22,912)	11,020	529	11,549

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015**

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/12/2015 RM'000	AS AT PRECEDING FINANCIAL PERIOD ENDED 31/12/2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(1,640)	(915)
Adjustments for:		
Non-cash items	411	(42)
Interest income	(28)	(74)
Interest expense	119	130
Operating loss Before Working Capital Changes	(1,138)	(901)
Changes In Working Capital:		
Net change in current assets	(854)	(4,589)
Net change in current liabilities	(1,312)	4,428
Net Cash Outflow from Operations	(3,304)	(1,062)
Income tax paid	(170)	(40)
Net Operating Cash Flow	(3,474)	(1,102)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	28	74
Purchase of intangible assets	(3)	(11)
Purchase of property, plant and equipment	(234)	(1,139)
Proceed from disposal of property, plant & equipment	182	-
Net Investing Cash Flow	(27)	(1,076)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(119)	(130)
Proceed from borrowings	-	821
Repayment of bank borrowings	(271)	(267)
Proceed from issuance Private Placement/ Right Share	-	1,997
Share issuance expenses paid	-	(36)
Proceed from disposal of property, plant & equipment	-	525
Net Financing Cash Flow	(390)	2,910
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,891)	732
Effects of foreign exchange rate changes	316	(76)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	11,865	11,209
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	8,290	11,865

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 31 December 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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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 31 December 2015

	Mobile Services	Enterprise Services	Computer Electronic Services	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	28,189	719	6,948	3,668	-	39,524
Inter-segment revenue	-	-	-	-	-	-
	<u>28,189</u>	<u>719</u>	<u>6,948</u>	<u>3,668</u>	<u>-</u>	<u>39,524</u>
Segment results	207	101	(1,235)	(622)	-	(1,549)
Interest Income	14	-	-	14	-	28
Interest Expense	-	-	(117)	(2)	-	(119)
Profit/ (loss) before tax	<u>221</u>	<u>101</u>	<u>(1,352)</u>	<u>(610)</u>	<u>-</u>	<u>(1,640)</u>

b) Period Ended 31 December 2014

	Mobile Services	Enterprise Services	Computer Electronic Services	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	31,490	1,332	6,372	3,999	-	43,193
Inter-segment revenue	-	-	-	-	-	-
	<u>31,490</u>	<u>1,332</u>	<u>6,372</u>	<u>3,999</u>	<u>-</u>	<u>43,193</u>
Segment results	1,479	(188)	(1,439)	(710)	-	(858)
Interest Income	53	-	-	18	-	71
Interest Expense	-	-	(128)	-	-	(128)
Profit/ (loss) before tax	<u>1,532</u>	<u>(188)</u>	<u>(1,567)</u>	<u>(692)</u>	<u>-</u>	<u>(915)</u>

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015

A9 – Valuation of Property, Plant and Equipment

The Group has incorporated an amount of RM 1.62million for the property, plant and equipment based on the valuation report. This resulted in a total net revaluation surplus amounting to RM 1.27million recognised and incorporated in the Statement of Financial Position of the Group, net of deferred tax.

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

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

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.

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 2015 RM'000	Preceding year corresponding period ended 31 December 2014 RM'000
Revenue	<u>39,524</u>	<u>43,193</u>
Loss before tax	<u>(1,640)</u>	<u>(915)</u>

For the financial period ended 31 December 2015, the Group recorded revenue of approximately RM 39.52 million which represents a decrease of approximately 8.5% 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 RM1.64 million as compared to loss before tax of RM0.92 million reported in the preceding year corresponding period.

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B2 – Comparison with Preceding Quarter's Results

	Current quarter ended 31 December 2015 RM'000	Preceding quarter ended 30 September 2015 RM'000
Revenue	<u>8,313</u>	<u>12,405</u>
Loss before tax	<u>66</u>	<u>(758)</u>

The Group's revenue for the current quarter of approximately RM 8.31 million which represents an decrease of approximately RM4.09 million or 33.0% as compared to the revenue of approximately RM12.41 million in the preceding quarter. The decrease in the Group's revenue was mainly attributable to the lower sales contribution from Mobile Services division after termination of services with telco AIS.

However, the Group's result has turned black with profit before tax to RM 0.07 million as compared to loss before tax of RM0.76 million reported in the preceding quarter following the reversal of over-provision of the Universal Service Provider (USP) fund at the end of the year.

B3 – Current Year Prospects

The Malaysian economy is likely to see a moderate growth of 4.0%- 4.5% in 2016 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 2016.

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.

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

	Current Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31-Dec-15 RM'000	31-Dec-14 RM'000	31-Dec-15 RM'000	31-Dec-14 RM'000
Depreciation	(85)	(109)	(361)	(445)
Amortisation of Intangible Assets	(16)	(16)	(65)	(64)
Interest income	5	16	28	74
Interest expenses	(28)	(33)	(119)	(130)
Allowance for impairment loss on doubtful debt	(8)	(1)	(8)	(36)
Net reversal/ (allowance) for slow moving inventories	(28)	145	(74)	152
Net foreign exchange gain/ (loss)	169	232	(12)	149
Loss on disposal of property, plant and equipment	-	-	(47)	-
Fair value gain/ (loss) on other investments	-	-	1	3

B6 – Taxation

	31 December 2015	
	Current Quarter RM'000	Cumulative Quarters RM'000
Income tax:-		
- Current year	321	323
- Under provision in prior year	-	165
	<u>321</u>	<u>488</u>
Deferred taxation:		
- Original and reversal of temporary differences	-	-
	<u>321</u>	<u>488</u>

The tax expense for current quarter was arising from few subsidiary companies. 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.

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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	(1,703)	254	Within 3 months
ii. Private Placement expenses	40	(36)	4	Upon completion
Total	1,997	(1,739)	258	

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)	105
	<hr/>
	116
	<hr/>
	Non-current RM'000
Hire purchase liabilities (Unsecured)	27
Term loan (Secured)	2,050
	<hr/>
	2,077
	<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**

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. On 8 December 2015, the Court of Appeal has adjourned the hearing of the appeal fixed for 8 December 2015 to 5 January 2016.

Further, the Court of Appeal has on 5 January 2016 dismissed the Appellants' Appeal and also allowed the Respondent's request to withdraw the Cross-Appeal with costs of RM40,000.00 to be paid by the Appellants to the Respondents. Separately, the Court of Appeal also dismissed the Appellants' application to produce further evidence in the Appeal with cost of RM5,000.00 to be paid by the Appellants to the Respondents.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015**B9 – Material Litigations (continued)****(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 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	
		2015	2014	2015	2014
Profit/ (loss) for the period attributable to owners of Mexter	(RM'000)	(341)	36	(1,952)	(1,204)
Weighted average number of ordinary shares in issue	('000)	196,794	185,374	196,794	185,374
Basic EPS	(sen)	(0.17)	0.02	(0.99)	(0.65)

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 2015 RM'000	As at 31 December 2014 RM'000
Total accumulated losses of the Company and Subsidiaries:		
-Realised	(24,957)	(22,075)
-Unrealised	(555)	194
 Total share of retained profits from an associated company:		
-Realised	-	-
-Unrealised	-	-
	<hr/> (25,512)	<hr/> (21,881)
Less: Consolidation adjustments	648	(1,031)
Total accumulated losses	<hr/> (24,864) <hr/>	<hr/> (22,912) <hr/>

Dated: 29 February 2016