



MEXTER

MEXTER TECHNOLOGY BERHAD

(Company No: 647673 - A)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED
31 MARCH 2016**

MEXTER TECHNOLOGY BERHAD

(Company No 647673-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016

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.

There are no comparative figures disclosed for the current quarter and the cumulative period-to-date of the preceding quarter following the change in the financial year end from 31 December 2016 to 31 March 2017.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		CURRENT YEAR QUARTER 31/03/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2015 RM'000	CURRENT YEAR TO DATE 31/03/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2015 RM'000
Revenue	A8	11,199	-	11,199	-
Cost of sales		(9,623)	-	(9,623)	-
Gross profit		1,576	-	1,576	-
Operating expenses		(1,776)	-	(1,776)	-
Other operating income		370	-	370	-
Profit/ (Loss) from operations	B5	170	-	170	-
Interest income		5	-	5	-
Interest expense		(27)	-	(27)	-
Profit/ (Loss) before tax		148	-	148	-
Taxation	B6	2	-	2	-
Profit/ (Loss) for the period		150	-	150	-
Other comprehensive income					
Foreign currency translation		(171)	-	(171)	-
Total other comprehensive income for the period, net of tax		(171)	-	(171)	-
Total comprehensive income/ (loss) for the period		(21)	-	(21)	-
Profit/ (Loss) attributable to:					
Owners of the Company		60	-	60	-
Non-controlling interest		90	-	90	-
Total Comprehensive income/ (loss) attributable to:					
Owners of the Company		(77)	-	(77)	-
Non-controlling interest		56	-	56	-
		(21)	-	(21)	-
Earnings per share:					
Basic earnings per share (sen)		0.03	-	0.03	-
Diluted earnings per share (sen)		0.00	-	0.00	-

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	Note	(UNAUDITED) AS AT 31/3/2016 RM'000	(AUDITED) AS AT 31/12/2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		4,626	4,705
Investment Property		862	866
Goodwill		817	817
Intangible assets		61	78
		<u>6,366</u>	<u>6,466</u>
Current assets			
Other investments		451	456
Trade and other receivables		14,877	11,270
Inventories		771	833
Cash and bank balances		6,921	7,834
		<u>23,020</u>	<u>20,393</u>
TOTAL ASSETS		<u>29,386</u>	<u>26,859</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		19,679	19,679
Reserves		(9,148)	(9,071)
		<u>10,531</u>	<u>10,608</u>
Non-Controlling interest		<u>441</u>	<u>385</u>
Total equity		<u>10,972</u>	<u>10,993</u>
Non-current liabilities			
Borrowings	B8	2,047	2,077
Deferred tax liabilities		348	351
		<u>2,395</u>	<u>2,428</u>
Current liabilities			
Trade and other payables		15,541	12,953
Deferred income		124	131
Provision for taxation		237	238
Borrowings		117	116
		<u>16,019</u>	<u>13,438</u>
Total liabilities		<u>18,414</u>	<u>15,866</u>
TOTAL EQUITY AND LIABILITIES		<u>29,386</u>	<u>26,859</u>
Net assets per share attributable to owners of the Company (RM)			
		<u>0.05</u>	<u>0.05</u>

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2016**

< ----- 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 01/01/2016	19,679	8,897	5,385	1,270	287	(24,910)	10,608	385	10,993
Foreign currency translation differences for foreign operations	-	-	-	-	(137)	-	(137)	(34)	(171)
Total comprehensive income for the period	-	-	-	-	-	60	60	90	150
At 31/03/2016	19,679	8,897	5,385	1,270	150	(24,850)	10,531	441	10,972
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				1,270			1,270		1,270
Total comprehensive income for the period	-	-	-	-	-	(1,998)	(1,998)	(140)	(2,138)
At 31/12/2015	19,679	8,897	5,385	1,270	287	(24,910)	10,608	385	10,993

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2016**

	AS AT CURRENT FINANCIAL PERIOD ENDED 31/3/2016 RM'000	AS AT PRECEDING FINANCIAL PERIOD ENDED 31/12/2015 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax	148	(1,641)
Adjustments for:		
Non-cash items	190	780
Interest income	(5)	(28)
Interest expense	27	119
Operating loss Before Working Capital Changes	360	(770)
Changes In Working Capital:		
Net change in current assets	(3,634)	(2,400)
Net change in current liabilities	2,587	(49)
Net Cash Outflow from Operations	(694)	(3,219)
Income tax paid	-	(259)
Net Operating Cash Flow	(694)	(3,478)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	5	28
Purchase of intangible assets	-	(2)
Purchase of property, plant and equipment	(3)	(232)
Proceed from disposal of property, plant & equipment	2	182
Net Investing Cash Flow	4	(24)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(27)	(119)
Net withdrawal of investment in unit trust	4	1,380
Repayment of bank borrowings	(29)	(271)
Proceed from issuance Private Placement/ Right Share	-	-
Share issuance expenses paid	-	-
Proceed from disposal of property, plant & equipment	-	-
Net Financing Cash Flow	(52)	990
NET CHANGE IN CASH AND CASH EQUIVALENTS	(742)	(2,512)
Effects of foreign exchange rate changes	(171)	316
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	7,834	10,030
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	6,921	7,834

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016

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 2015 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 March 2016, 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 MARCH 2016**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 March 2016

	Mobile Services	Enterprise Services	Computer Electronic Services	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	8,774	176	1,863	386	-	11,199
Inter-segment revenue	-	-	-	-	-	-
	<u>8,774</u>	<u>176</u>	<u>1,863</u>	<u>386</u>	<u>-</u>	<u>11,199</u>
Segment results	578	55	(241)	(222)	-	170
Interest Income	1	-	-	4	-	5
Interest Expense	-	-	(27)	-	-	(27)
Profit/ (loss) before tax	<u>579</u>	<u>55</u>	<u>(268)</u>	<u>(218)</u>	<u>-</u>	<u>(148)</u>

b) Period Ended 31 March 2015

	Mobile Services	Enterprise Services	Computer Electronic Services	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-	-	-
Inter-segment revenue	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Segment results	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Profit/ (loss) before tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016

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 2015.

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. However, the Company had on 15 March 2016 announced the change of its financial year end from 31 December 2016 to 31 March 2017 and that the subsequent years to end on 31 March.

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

There are no comparative figures disclosed for the current quarter and the cumulative period-to-date of the preceding quarter following the change in the financial year end from 31 December 2016 to 31 March 2017.

	Cumulative period ended 31 March 2016 RM'000	Preceding year corresponding period ended 31 March 2015 RM'000
Revenue	11,199	-
Profit before tax	148	-

For the financial period ended 31 March 2016, the Group recorded revenue of approximately RM 11.20 million which represents an increase of approximately 23.7%- The increase was primarily due to higher sales from Mobile Services division following the stronger market demand.

With the higher revenue reported, the Group has registered profit before tax of approximately RM0.15 million.

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016

B2 – Comparison with Preceding Quarter’s Results

	Current quarter ended 31 March 2016 RM’000	Preceding quarter ended 31 December 2015 RM’000
Revenue	<u>11,199</u>	<u>8,313</u>
Profit before tax	<u>148</u>	<u>66</u>

The Group’s revenue for the current quarter of approximately RM 11.20 million which represents an increase of approximately RM2.89 million or 34.7% as compared to the revenue of approximately RM8.31 million in the preceding quarter. The increase in the Group’s revenue was mainly attributable to the higher sales contribution from Mobile Services division.

With the higher revenue reported, the Group’s result has posted higher profit before tax of RM0.15 million as compared to profit before tax of RM0.07 million reported in the preceding quarter.

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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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**B5 – Profit from operations**

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

	Current Quarter 3 months ended		Cumulative Quarters 3 months ended	
	31-Mar-16 RM'000	31-Mar-15 RM'000	31-Mar-16 RM'000	31-Mar-15 RM'000
Depreciation	(85)	-	(85)	-
Amortisation of Intangible Assets	(16)	-	(16)	-
Interest income	5	-	5	-
Interest expenses	(27)	-	(27)	-
Allowance for impairment loss on doubtful debt	-	-	-	-
Net reversal/ (allowance) for slow moving inventories	(62)	-	(62)	-
Net foreign exchange gain/ (loss)	(30)	-	(30)	-
Loss on disposal of property, plant and equipment	-	-	-	-
Fair value gain/ (loss) on other investments	-	-	-	-

B6 – Taxation

	31 March 2016	
	Current Quarter RM'000	Cumulative Quarters RM'000
Income tax:-		
- Current year	-	-
- Under provision in prior year	-	-
	<hr/>	<hr/>
	-	-
Deferred taxation:		
- Original and reversal of temporary differences	(2)	(2)
	<hr/>	<hr/>
	(2)	(2)

There was no tax expense for the quarter ended 31 March 2016 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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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016

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	(1,712)	245	Within 3 months
ii. Private Placement expenses	40	(36)	4	Upon completion
Total	1,997	(1,748)	249	

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)	106
	<hr/>
	117
	<hr/>
	Non-current RM'000
Hire purchase liabilities (Unsecured)	24
Term loan (Secured)	2,023
	<hr/>
	2,047
	<hr/> <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.

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

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INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2016**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)**

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. Further, the Defendants have made an application to the Federal Court for leave to appeal against the decision of the Court of Appeal dated 5 January 2016, and that the said application for leave is fixed for case management on 31 May 2016.

- (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 March		Cumulative quarters ended 31 March	
		2016	2015	2016	2015
Profit/ (loss) for the period attributable to owners of Mexter	(RM'000)	60	-	60	-
Weighted average number of ordinary shares in issue	('000)	196,794	-	196,794	-
Basic EPS	(sen)	0.03	-	0.03	-

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 March 2016 RM'000	As at 31 December 2015 RM'000
Total accumulated losses of the Company and Subsidiaries:		
-Realised	(33,847)	(31,280)
-Unrealised	(27)	(203)
 Total share of retained profits from an associated company:		
-Realised	-	-
-Unrealised	-	-
	<hr/>	<hr/>
	(33,874)	(31,483)
Less: Consolidation adjustments	9,024	6,573
Total accumulated losses	<hr/>	<hr/>
	(24,850)	(24,910)

Dated: 25 May 2016