



REXIT BERHAD (668114-K)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
For The Second Quarter Ended 31 December 2005**

**A NOTES TO THE INTERIM FINANCIAL REPORT**

**A1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") No. 134: Interim Financial Reporting, and Chapter 7 Part VI of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market.

The interim financial statements are prepared based on the historical cost convention and in compliance with the applicable Approved Accounting Standards in Malaysia.

In compliance with the transitional provisions of FRS 2: Share-based Payment, Rexit Berhad ("Rexit" or "Company") has applied this FRS to grants of shares, share options or other equity instruments that were granted after 31 December 2004 and had not yet vested at the effective date of this FRS on 1 January 2006.

The accounting policies and methods of computation adopted by Rexit, its subsidiary companies and its associated company ("Rexit Group" or "Group") in the preparation of this interim financial report are consistent with those adopted in the audited financial statements for the financial period ended 30 June 2005.

The consolidated financial statements have been prepared based on the Rexit Group structure that has been in existence since 30 August 2005 and are to be read in conjunction with the Prospectus dated 20 October 2005.

**A2 Audit report of preceding annual financial statements**

The preceding year's annual audited financial statements were not subject to any qualification.

**A3 Seasonal or cyclical factors**

The Group's operations are not materially affected by seasonal or cyclical changes during the current quarter under review.

**A4 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

**A5 Material changes in estimates**

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current quarter under review.

**A6 Debt and equity securities**

Save as disclosed below, there were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current quarter under review.

In conjunction with the listing and quotation of the Company's shares on the MESDAQ Market on 16 November 2005, the Company had undertaken a public issue of 18,920,000 new ordinary shares of RM0.10 each in Rexit at an issue price of RM0.32 per share comprising:

- 12,820,000 new ordinary shares of RM0.10 each by way of private placement to identified public investors;
- 1,000,000 new ordinary shares of RM0.10 each available for application by the public; and
- 5,100,000 new ordinary shares of RM0.10 each available for application by eligible directors, employees and business associates of Rexit and its subsidiary companies.

**A7 Dividend paid**

No dividend has been paid in the current quarter under review.



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**A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)**

**A8 Segmental information**

Segmental information is not presented as the Group is primarily engaged in only one business segment which is to provide IT solutions and related services.

The Group's operations are conducted predominantly in Malaysia.

**A9 Valuation of property, plant and equipment**

There was no valuation of the property, plant and equipment in the current quarter under review.

**A10 Material events subsequent to the end of the quarter**

There have been no material events between the end of the quarter to the date of this announcement.

**A11 Changes in the composition of the Group**

There were no material changes in the composition of the Group for the current quarter under review other than the acquisition of subsidiary and associated companies by Rexit which were completed on 30 August 2005.

**A12 Contingent liabilities**

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at 8 February 2006 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

**A13 Capital commitments**

As at 31 December 2005, the Group has no material capital commitments in respect of property, plant and equipment.

**A14 Significant related party transactions**

The Group received Bursa Securities approval dated 10 November 2005 for obtaining shareholders' ratification for recurrent related party transactions entered into by the Group from the date of listing, 16 November 2005 until the first annual general meeting or extraordinary meeting, whichever is earlier.

During the period, the Directors are of the opinion that the Group has no related party transactions which would have a significant impact on the financial position and business of the Group, save as disclosed below:

1)	Related Party	Rexit (M) Sdn Bhd
	Party With Whom Transaction is carried out	Rexit Technology Sdn Bhd
	Nature of Transaction	Provision of software services
	Value based on 31 December 2005	RM60,000/-
	Interested Director(s)/Substantial Shareholder(s)/Persons Connected to them	Chung Hon Cheong is a director and substantial shareholder of Rexit, Rexit(M) Sdn Bhd and Rexit Technology Sdn Bhd.  Si Tho Yoke Meng is a director and substantial shareholder of Rexit, Rexit(M) Sdn Bhd and Rexit Technology Sdn Bhd.

**A15 Cash and cash equivalents**

	<b>RM'000</b>
Fixed deposits with licensed banks	19,135
Cash and bank balances	710
	<u>19,845</u>



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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**B1 Review of performance**

For the current quarter ended 31 December 2005, Rexit Group recorded a revenue of RM5.195 million mainly attributable to sale of proprietary software, subscription and transaction fees from e-Cover portal and value-added system sales. In line with the revenue recorded and 100% tax exemption granted to Rexit Software Sdn Bhd due to its pioneer status, Rexit Group recorded a profit before tax of RM1.767 million and a profit after tax of RM1.658 million.

**B2 Variation of results against preceding quarter**

	<b>Current Quarter 31 Dec 2005 RM'000</b>	<b>Preceding Quarter 30 Sept 2005 RM'000</b>
Revenue	5,195	3,062
Profit after tax	1,658	1,515

The results for the preceding quarter are based on the assumption that the Group has been in existence since 30 August 2005. The Group was subsequently admitted to the MESDAQ Market of Bursa Malaysia Securities Berhad on 16 November 2005.

**B3 Prospects**

Barring any unforeseen circumstances, the Directors believe that the Group's prospects for the financial year ending 30 June 2006 will remain favourable.

**B4 Variation of actual profit from forecast profit**

Not applicable as no profit forecast was published.

**B5 Taxation**

The effective tax rate of the Group remained low due to the 100% tax exemption granted to a subsidiary company of Rexit, Rexit Software Sdn Bhd, due to its pioneer status for a period of 5 years by virtue of it being a company with Multimedia Super Corridor (MSC) status.

**B6 Unquoted investments and properties**

There were no changes in the unquoted investments and properties of the Group during the current quarter under review.

**B7 Quoted securities**

There were no acquisitions or disposals of quoted securities during the current quarter under review.

**B8 Group's borrowings and debt securities**

The borrowings of the Group as at 31 December 2005 represents term loan obligation of RM1,304,009 of which RM82,496 is short term and RM1,221,513 is long term.

The Group does not have any foreign currency borrowings.

**B9 Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at the date of this announcement applicable to the Group.



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**(Cont'd)**

**B10 Material litigation**

Neither the Company nor its subsidiary companies is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary companies and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary companies.

**B11 Dividends**

The Board of Directors has declared an interim dividend of 10% per ordinary share of RM0.10 each tax exempt in respect of the financial year ending 30 June 2006, amounting to RM1,420,000.00 (Ringgit Malaysia One Million Four Hundred and Twenty Thousand only). The proposed dividend will be paid on 16 March 2006 to shareholders registered at the close of business on 28 February 2006. The register of members will be closed on 28 February 2006 for the purpose of determining shareholders' entitlement to the dividend.

**B12 Earnings per share**

	<b>Current Year Quarter</b>	<b>Current Year To date</b>
	<b>31 Dec 2005</b>	<b>31 Dec 2005</b>
Profit after taxation (RM'000)	1,658	3,173
Weighted average number of shares in issue ('000)	132,540	86,783
Basic earnings per share (sen)	1.25	3.66

Diluted earnings per shares is not disclosed herein as the options under the ESOS have not been granted as at the date of this announcement.

**B13 Status of corporate proposals**

There were no corporate proposals announced but not yet completed as at the date of this announcement. The Company had undertaken an Initial Public Offering of 18,920,000 new ordinary shares of RM0.10 each at an issue price of RM0.32 per share, which was approved by the Securities Commission on 15 August 2005 (as contained in the Company's Prospectus dated 20 October 2005). The Company subsequently received Bursa Securities approval dated 14 November 2005 for the admission, listing and quotation of the entire enlarged issued and paid up share capital of Rexit Berhad of RM14,200,000 comprising 142,000,000 ordinary shares of RM0.10 each on the MESDAQ Market on a "Ready" basis pursuant to the rules of the Bursa Securities. The Company was listed on the MESDAQ Market on 16 November 2005.



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**(Cont'd)**

**B14 Utilisation of IPO proceeds**

The status of utilisation of the proceeds raised from the public issue pursuant to the listing of the Company on MESDAQ Market of Bursa Securities amounting to RM6.054 million is as follows:

	<b>Proposed Utilisation <sup>(1)</sup> RM'000</b>	<b>Utilised as at the date of this report RM'000</b>	<b>Balance RM'000</b>
Research and development expenses	2,000	-	2,000
Working capital	2,454	-	2,454
Estimated listing expenses	1,600 *	1,473	127
	<u>6,054</u>	<u>1,473</u>	<u>4,581</u>

Note: -

(1) extracted from Rexit's Prospectus dated 20 October 2005

\* the Company had only utilised RM1,473,206 of its estimated listing expenses. As such, the additional balance of RM126,794 will be transferred for the Company's working capital requirements.

**B15 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 8th February 2006.

**Rexit Berhad**  
8th February 2006