

# **M3 TECHNOLOGIES (ASIA) BERHAD**

**(Company No. 482772-D)  
(Incorporated in Malaysia)**

## **Part A – Explanatory Notes Pursuant to FRS 134**

### **1. Basis of Preparation**

The interim financial report is unaudited and is prepared in accordance with **FRS 134** “Interim Financial Reporting” and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market, and should be read in conjunction with the Company’s financial statements for the year ended 30 June 2008.

The accounting policies and methods of computation adopted by the Company and its subsidiaries (“Group”) in the interim financial statements are consistent with those adopted for the financial year ended 30 June 2008.

### **2. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report of the preceding annual financial statements is not subject to any qualification.

### **3. Comments on Seasonal or Cyclical Factors**

The business of the Group is not affected by any significant seasonal or cyclical factors.

### **4. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items during this quarter.

### **5. Changes in Estimate**

There were no changes in the estimates of amounts reported during this quarter.

### **6. Debt and Equity Securities**

There were no issuance or repayment of debt and equity securities, share buy-back, shares cancellations, shares held as treasury shares and resale of treasury shares during this quarter.

### **7. Dividend Paid**

There was no dividend paid during this quarter.

## 8. Segmental Information

Segmental information of the results of the Group for the six (6) months ended 31 Dec 2008 is as follows:

<b>Analysis by Geographical Location</b>	<b>Malaysia RM'000</b>	<b>HK &amp; China RM'000</b>	<b>Other Countries RM'000</b>	<b>Eliminations RM'000</b>	<b>Group RM'000</b>
External revenue	6,618	2,723	7,763		17,104
Segment results	152	306	3,770	(285)	3,943
Finance income, net					202
Taxation					(1,091)
Profit after taxation					3,054
Minority interests					(395)
Net profit for the period					2,659

## 9. Carrying Amount of Revalued Assets

The Company did not revalue any of its property, plant and equipment during this quarter.

## 10. Subsequent Events

There was no material event that took place between 1 Jan 2009 and 18 Feb 2009 (being the latest practicable date not earlier than seven (7) days from the date of issue of this report).

## 11. Changes in the Composition of the Group

There are no changes in the composition of the Group during this quarter.

## 12. Contingent Liabilities and Contingent Assets

As at 18 Feb 2009 (being the latest practicable date not earlier than seven (7) days from the date of issue of this report), there were no changes in contingent liabilities and contingent assets since 30 Jun 2008.

## **Part B – Explanatory Notes Pursuant to Appendix 7A of the Listing Requirements of Bursa Securities for the MESDAQ Market**

### **13. Performance Review**

The Group generated revenue of RM8.90 million for the quarter, an increase of RM0.98 million as compared to RM 7.92 million in the corresponding quarter of the preceding year. Profit before tax for the quarter amounted to RM2.16 million as compared to a profit before tax of RM1.51 million in the corresponding quarter of the preceding year.

The higher revenue and profit recorded in the current quarter is mainly contributed by the foreign subsidiaries of the Group.

When compared to the previous quarter, revenue and profit before tax have increased by RM0.70 million and RM0.17 million respectively.

### **14. Commentary on Prospects**

The Group remains optimistic with its projections based on its current, conventional channels and that from our new area of business, focusing on the recently launched online store, [www.m3gps.com](http://www.m3gps.com). With the introduction of new products (both hardware and software solutions) and more comprehensive advertising and promotional efforts to commence soon, we remain confident that the online store will contribute positively to the Group's Performance.

The ground work to deploy the online store initiative to our other regions has already begun, with China and Thailand looking to launch in Q4 FY09. Important to note that this new venture will not compromise the conventional business channels deployed by The Group to date - this includes introducing new technologies and partnerships to further boost M3Tech's position as a leader in providing quality mobile applications and solutions in its respective regions.

With continuous efforts to ensure sustainable growth and also positive contribution from our oversea operations, it is our belief that the Group will continue the trend and remain profitable in the coming financial year 2009.

### **15. Profit Forecast and Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee.

## 16. Taxation

	<b>Individual Quarter 2008 Quarter Ended 31-Dec-08 RM'000</b>	<b>Cumulative Quarter 2008 Year to date 31-Dec-08 RM'000</b>
Tax expense for:		
Malaysian income tax	(2)	(5)
Foreign tax	(540)	(1,086)
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	(542)	(1,091)

The Malaysia taxation charge is in respect of interest income of the Company. There is no taxation charge on the business income as the Company was accorded the Multimedia Super Corridor (MSC) Status which exempts 100% of the Company Statutory business income from taxation, which expires on 23 October 2010. As for the foreign tax charges, it is in respect of income tax charge on the business income at their respective income tax rate.

## 17. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties during the quarter.

## 18. Quoted Securities

The Group did not have any investment in quoted securities as at the date of this report.

## 19. Status of Corporate Proposals as at 18 Feb 2009 (being the latest practicable date not earlier than seven (7) days from the date of issue of this report)

There is no outstanding corporate proposal.

## 20. Group Borrowings and Debt Securities

The Group did not have any borrowings and debt securities as at 31 Dec 2008.

## 21. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments.

## 22. Changes in Material Litigation

As at 18 Feb 2009 (being the latest practicable date not earlier than seven (7) days from the date of issue of this report), the Company was not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group.

### 23. Dividend Payable

There is no dividend payable as at 31 December 2008. However the Board has declared an Interim Dividend of 10% (tax exempt) for the financial year ending 30 June 2009 as announced on 25 Feb 2009. The said dividend will be paid on 8 Apr 2009 to the depositors who are registered in the Record of Depositors of the Company at the close of business on 18 Mar 2009.

### 24. Earning Per Share

The earnings per share was calculated by dividing the Company's profit after taxation and minority interest by the weighted average number of ordinary shares in the respective period as follows:

	<b>2008 Current Quarter Ended 31-Dec-08</b>	<b>2007 Current Quarter Ended 31-Dec-07</b>	<b>2008 Year to date 31-Dec-08</b>	<b>2007 Year to date 30-Dec-07</b>
Profit after tax and minority interest(RM'000)	1,413	787	2,659	1,582
Weighted average number of ordinary shares for:-				
Basic Earnings	163,518,740	163,518,740	163,518,740	163,518,740
Diluted Earnings				
Total before adjustment	163,518,740	163,518,740	163,518,740	163,518,740
Adjustment for assumed Conversion of ESOS	-	-	-	-
Adjusted total	163,518,740	163,518,740	163,518,740	163,518,740