

**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 2009.

**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**

During this quarter, the Company repurchased 964,500 of its issued ordinary shares from the open market at an average price of RM0.196 per share. The repurchased transactions were financed by internally generated funds. The total reconsideration paid for the repurchase including transaction costs was RM190,634. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

**7. Dividend Paid**

There was no dividend paid during this quarter.

## 8. Segmental Information

Segmental information of the results of the Group for the three (3) months ended 30 Sept 2009 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	4,361	2,043	3,813	-	10,217
Segment results	(369)	100	1,419	-	1,150
Finance income, net					44
Taxation					(407)
Profit after taxation					787
Minority interests					(201)
Net profit for the period					<b>586</b>

## 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 Oct 2009 and 18 Nov 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

On 6 October 2009, the Company acquired the entire issued and paid up share capital of Way Way Innovations Company Limited for a total cash consideration of HKD 1.

## 12. Contingent Liabilities and Contingent Assets

As at 18 Nov 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 2009.

## **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 RM10.2 million for the quarter, an increase of RM2.01 million as compared to RM 8.20 million in the corresponding quarter of the preceding year. Profit before tax for the quarter amounted to RM1.19 million as compared to a profit before tax of RM1.98 million in the corresponding quarter of the preceding year. The increase in sales is contributed by the Group's new business initiative, i.e. GPS/PND lines of new businesses; however, the reduction in profit is mainly due to heavy promotional activities in association of the new business.

As for the comparison against the immediate preceding quarter, the Group registered an increase of sales by RM0.67 million; however, profit before tax had decreased by RM1.54 million. This is due to higher advertising and promotional expenditures incurred during the quarter.

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

Although the Group continues to remain positive for the future of its conventional mobile business in all subsidiaries; for financial year 2010 the growth of the Group will be derived from its new business initiative, the online store and exclusive product dealership & distribution, particularly for the GPS/PND (personal Navigational Device) product catalogue.

Online stores hosting a range of products have now been commissioned in Malaysia, Thailand, Hong Kong and China. A comprehensive dealership and distribution channel has already been set-up in all the above countries, including Indonesia and Singapore to further enhance the distribution and sales of our exclusive GPS/Navigational products.

With the above-mentioned initiatives, we remain positive that the Group will register satisfactory financial performance for the current financial year.

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

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

## 16. Taxation

	<b>Individual Quarter 2009 Quarter Ended 30-Sept-09 RM'000</b>	<b>Cumulative Quarter 2008 Year to date 30-Sept-09 RM'000</b>
Tax expense for:		
Malaysian income tax	9	9
Foreign tax	398	398
	<hr/> <hr/> 407	<hr/> <hr/> 407

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 Nov 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 30 June 2009.

## 21. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments.

## 22. Changes in Material Litigation

As at 18 Nov 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

The final tax-exempt dividend of 10% in respect of the financial year ended 30 June 2009 was approved by the shareholders on 25 November 2009. The said dividend will be paid on 8 January 2010 to the depositors who are registered in the Record of Depositors of the Company at the close of business on 16 December 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>2009 Current Quarter Ended 30-Sept-09</b>	<b>2008 Current Quarter Ended 30-Sept-08</b>	<b>2009 Year to date 30-Sept-09</b>	<b>2008 Year to date 30-Sept-08</b>
Profit after tax and minority interest(RM'000)	586	1,246	586	1,246
Weighted average number of ordinary shares in issue	162,778,823	163,518,740	162,778,823	163,518,740