

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 ACE Market, and should be read in conjunction with the Company’s financial statements for the year ended 30 June 2009.

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 18,000 of its issued ordinary shares from the open market at an average price of RM0.215 per share. The repurchased transactions were financed by internally generated funds. The total reconsideration paid for the repurchase including transaction costs was RM3,903. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

7. Dividend Paid

The Final Dividend of 10% (tax exempt) for the financial year ended 30 June 2009 as announced on 2 November 2009 was 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.

8. Segmental Information

Segmental information of the results of the Group for the nine (9) months ended 31 Mar 2010 is as follows:

(I) Geographical segmentation:

	Malaysia RM'000	HK & China RM'000	Other Countries RM'000	Eliminations RM'000	Group RM'000
Revenue					
External revenue	15,031	7,576	11,322	(5,198)	28,731
Result					
Segment results	(134)	159	3,678	(419)	3,284
Finance income, net					101
Taxation					(1,108)
Profit after taxation					2,277
Minority interests					(459)
Net profit for the period					1,818
Assets					
Segment assets	20,693	5,105	30,395	425	56,618

(II) By business segment:

	Mobile Solutions RM'000	Trading & Distribution RM'000	Group RM'000
Revenue			
External revenue	23,665	5,066	28,731
Result			
Segment results	4,357	(1,073)	3,284
Finance income, net			101
Taxation			(1,108)
Profit after taxation			2,277
Minority interests			(459)
Net profit for the period			1,818
Assets			
Segment assets	47,914	8,704	56,618

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 Apr 2010 and 18 May 2010 (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 May 2010 (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 ACE Market

13. Performance Review

The Group generated revenue of RM9.74 million for the quarter, an increase of RM1.41 million as compared to RM 8.33 million in the corresponding quarter of the preceding year. Profit before tax for the quarter amounted to RM1.28 million as compared to a profit before tax of RM1.74 million in the corresponding quarter of the preceding year. The lower profit is mainly due to the cost of brand building and promotional activities conducted for the GPS business segment.

As for the comparison against the immediate preceding quarter, the Group registered an increase of sales by RM0.96 million and an increase in profit before tax by RM0.36 million

14. Commentary on Prospects

The Value Added Services (VAS) market in Malaysia has seen an increase in new business opportunities, especially with the up and coming FIFA World Cup.

Also, the growing success of M3Tech Malaysia's new corporate/SME product M3Blast is paving the way to better, more lucrative platforms using online payment options for conventional services rendered.

On the GPS Distribution front, our key brands, WayWay and Papago! have secured a more prominent standing locally. The business has also started to improve in our neighboring countries namely Singapore and Thailand.

With this growing awareness and acceptance of our brands regionally, and with the continuous innovation in launching new models regularly to provide that competitive edge, the Group continues to remain positive for the future of this business in all related subsidiaries.

15. Profit Forecast and Profit Guarantee

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

16. Taxation

	Individual Quarter 2010 Quarter Ended 31-Mar-10 RM'000	Cumulative Quarter 2010 Year to date 31-Mar-10 RM'000
Tax expense for:		
Malaysian income tax	9	26
Foreign tax	346	1,082
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	355	1,108

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 May 2010 (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 Mar 2010.

21. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments.

22. Changes in Material Litigation

As at 18 May 2010 (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 in respect of this quarter ended 31 Mar 2010. However the Board declared an Interim Dividend of 5% (tax exempt) for the financial year ending 30 June 2010. The said dividend was paid on 30 Apr 2010 to the depositors who were registered in the Record of Depositors of the Company at the close of business on 8 Apr 2010.

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:

	2010 Current Quarter Ended 31-Mar-10	2009 Current Quarter Ended 31-Mar-09	2010 Year to date 31-Mar-10	2009 Year to date 31-Mar-09
Profit after tax and minority interest(RM'000)	820	1,101	1,818	3,670
Weighted average number of ordinary shares in issue	161,967,240	163,518,740	162,103,873	163,518,740

By order of the Board of Directors

Lim Seng Boon
Director
25 May 2010