

M3 TECHNOLOGIES (ASIA) BERHAD
(Company No. 482772-D)
(Incorporated in Malaysia)

Part A – Explanatory Notes Pursuant to FRS 134

1. A) Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 “Interim Financial Reporting” and paragraph 9.22 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 2010.

B) Changes in Accounting Policy

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 2010 except for the following:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Investment Property
Amendment to FRS7	Improving Disclosures about Financial Instruments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 110	Events After The Balance Sheet Date
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions

The adoption of the new and revised FRSs, Amendments to FRSs and IC Interpretations has no material effect to the Group’s financial statements of the current financial year or the comparative financial statements of the preceding financial year.

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

The Interim Dividend of 5% (tax exempt) for the financial year ended 30 June 2011 as announced on 29 November 2010 was paid on 26 January 2011 to the depositors who are registered in the Record of Depositors of the Company at the close of business on 29 December 2010.

The Board has declared a second Interim Dividend of 5% (tax exempt) for the financial year ending 30 June 2011. The said dividend will be paid on 28 July 2011 to the depositors who registered in the Record of Depositors of the Company at the close of business on 30 June 2011.

8. Segmental Information

Segmental information of the results of the Group for the nine (9) months ended 31 March 2011 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	21,907	2,457	13,825	(1,400)	36,789
Result					
Segment results	1,198	146	3,352	-	4,696
Finance income, net					134
Taxation					(1,009)
Profit after taxation					3,821
Minority interests					(570)
Net profit for the period					3,251
Assets					
Segment assets	23,320	3,495	29,938	278	57,031

(II) By business segment:

	Mobile Solutions RM'000	Trading & Distribution RM'000	Group RM'000
Revenue			
External revenue	21,968	14,821	36,789
Result			
Segment results	4,401	295	4,696
Finance income, net			134
Taxation			(1,009)
Profit after taxation			3,821
Minority interests			(570)
Net profit for the period			3,251
Assets			
Segment assets	44,717	12,314	57,031

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 April 2011 and 19 May 2011 (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 were no changes in the composition of the Group during this quarter.

12. Contingent Liabilities and Contingent Assets

As at 19 May 2011 (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 June 2010.

13. Related party transactions

	Individual Quarter 2011 31-Mar-2011 RM'000	Cumulative Quarter 2011 31-Mar 2011 RM'000
Administration expense	12	36
Rental expense	20	60
	<hr/> <u>32</u>	<hr/> <u>96</u>

The transactions were carried out in the ordinary course of business and are on normal commercial terms.

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

14. Performance Review

The Group generated revenue of RM12.37 million for the quarter, an increase of RM2.63 million as compared to RM9.74million in the corresponding quarter of the preceding year. Profit before tax for the quarter amounted to RM2.04 million as compared to a profit before tax of RM1.28 million in the corresponding quarter of the preceding year.

As for the comparison against the immediate preceding quarter, the Group registered an increase in profit before tax by RM0.43 million.

15. Commentary on Prospects

M3Tech's Value Added Services (VAS) business continues to strive through all operations – and we have seen a steady growth in the development of Smartphone Applications, i.e. for iOS, Blackberry and Android devices – for end users as well as corporations.

As for the Distribution business, the growth in GPS sales (and related accessories) in 4 regions are still positive, with the continuous introduction of new models and products into these respective markets.

16. Profit Forecast and Profit Guarantee

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

17. Taxation

	Individual Quarter 2011 Quarter Ended 31-Mar-11 RM'000	Cumulative Quarter 2011 Year to date 31-Mar-11 RM'000
Tax expense for:		
Malaysian tax	92	162
Foreign tax	301	847
	<hr/>	<hr/>
	393	1,009

The taxation is in respect of income tax charge on the business income of the Company.

18. Sale of Unquoted Investments and Properties

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

19. Quoted Securities

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

20. Status of Corporate Proposals as at 24 May 2011 (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.

21. Group Borrowings and Debt Securities

The Group did not have any borrowings and debt securities as at 31 March 2011.

22. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings as at 31 March 2011 and 31 December 2010 is analysed as follows:

	31/03/2011 RM'000	31/12/2010 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	28,359	27,994
- Unrealised	(88)	(88)
Total group retained earnings as per unaudited consolidated financial statement	<hr/> 28,447	<hr/> 27,906

23. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments.

24. Changes in Material Litigation

As at 24 May 2011 (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.

25. Earnings 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:

	2011 Current Quarter Ended 31-Mar-11	2010 Current Quarter Ended 31-Mar-10	2011 Year to date 31-Mar-11	2010 Year to date 31-Mar-10
Profit after tax and minority interest(RM'000)	1,351	820	3,251	1,818
Weighted average number of ordinary shares in issue	161,915,669	161,967,240	161,920,907	162,103,873

By order of the Board of Directors

Lim Seng Boon
Director
24 May 2011