

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 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 2011.

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 2011.

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 Third Interim Dividend of 5% (tax exempt) for the financial year ended 30 June 2011 as announced on 18 August 2011 was paid on 10 October 2011 to the depositors who are registered in the Record of Depositors of the Company at the close of business on 12 September 2011.

The Board has declared a First Interim Dividend of 5% (tax exempt) for the financial year ending 30 June 2012. The said dividend will be paid on 6 January 2012 to the depositors who are registered in the Record of Depositors of the Company at the close of business on 9 December 2011.

8. Segmental Information

Segmental information of the results of the Group for the three (3) months ended 30 September 2011 is as follows:

(I) Geographical segmentation:

	Malaysia RM'000	HK & China RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue					
External revenue	7,628	706	5,564	(402)	13,496
Result					
Segment results	416	118	1,768	(290)	2,012
Finance income, net					44
Share of results of jointly controlled entity					(2)
Taxation					(674)
Profit after taxation					1,380
Minority interests					(232)
Net profit for the period					1,148
Assets					
Segment assets	23,757	5,671	19,679	13,682	62,789

8. Segmental Information - (Continued)

(II) By business segment:

	Mobile Solutions RM'000	Trading & Distribution RM'000	Group RM'000
Revenue			
External revenue	7,585	5,911	13,496
Result			
Segment results	1,512	500	2,012
Finance income, net			44
Share of results of jointly controlled entity			(2)
Taxation			(674)
Profit after taxation			1,180
Minority interests			(232)
Net profit for the period			948
Assets			
Segment assets	52,164	10,625	62,789

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 October 2011 and 17 November 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 17 November 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 2011.

13. Related party transactions

	Individual Quarter 2012 30 September 2011 RM'000	Cumulative Quarter 2012 30 September 2011 RM'000
Rental expense	21	21
	<hr/>	<hr/>
	21	21

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

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities for the ACE Market

14. Performance Review

The Group generated revenue of RM13.50 million for the quarter, an increase of RM1.95 million as compared to RM11.55 million in the corresponding quarter of the preceding year. Profit before tax for the quarter amounted to RM2.05 million as compared to a profit before tax of RM1.18 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 RM0.87 million.

15. Commentary on Prospects

M3Tech's Value Added Services (VAS) business continues to strive through all operations, with more assertive focus on the development of Smartphone Applications, i.e. for iOS, Blackberry and Android devices for corporations. The teams have already developed applications for various industries including Property, Real Estate and even Hotels/Resorts.

The distribution business is still seeing a positive growth with the inclusion of more products, namely iPhone/iPad accessories under the HyperJuice brand name. Moving forward, the focus is to expand our reach via recruiting new dealers, setting up more concept stores nationwide and to boost our product offerings by securing more exclusive dealership for niche products. In regards to our Personal Navigation Devices (PND) - efforts on branding and product marketing has seen good returns with Papago! making good headway in the marketplace as a prominent brand name in GPS devices. Even our Papago! software sales with vehicle on board units (OBU) have seen a steady growth, and we believe will continue to improve as more and more automotive companies are identifying the software as a reliable and effective source for their models.

16. Profit Forecast and Profit Guarantee

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

17. Taxation

	Individual Quarter 2012 Quarter Ended 30 September 11 RM'000	Cumulative Quarter 2012 Year to date 30 September 11 RM'000
Tax expense for:		
Malaysian tax	228	228
Foreign tax	446	446
	674	674

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 18 August 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 30 September 2011.

22. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings as at 30 September 2011 and 30 June 2011 is analysed as follows:

	30/09/2011 RM'000	30/06/2011 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	28,582	27,881
- Unrealised	(224)	(57)
Consolidation adjustments	1,493	1,688
Total group retained earnings as per unaudited consolidated financial statement	29,851	29,512

23. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments.

24. Changes in Material Litigation

As at 17 November 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:

	2012 Current Quarter Ended 30 September 11	2011 Current Quarter Ended 30 September 10	2012 Year to date 30 September 11	2011 Year to date 30 September 10
Profit after tax and minority interest(RM'000)	1,148	768	1,148	768
Weighted average number of ordinary shares in issue	161,904,240	161,944,240	161,904,240	161,944,240

By order of the Board of Directors

Lim Seng Boon
Director
22 November 2011