

M3ENERGY BERHAD
CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

(The figures have not been audited)

		2010	2009	2010	2009
	Note	Individual Quarter Current Year Quarter 30-June RM'000	Individual Quarter Preceding Year Corresponding Quarter 30-June RM'000	Cumulative Quarter Current Year to date 30-June RM'000	Cumulative Quarter Preceding Year Corresponding Period 30-June RM'000
Continuing Operations					
Revenue	A8	113,154	126,110	379,111	276,676
Other income		2,738	325	27,616	6,175
Operating expenses		(94,374)	(116,706)	(316,065)	(233,385)
Provision for termination of contract		-	(328)	-	(18,381)
Depreciation and amortisation		(9,886)	(10,927)	(38,751)	(34,593)
Impairment loss	B7	-	(10)	(14,240)	(1,685)
Loss on disposal of investment		-	219	-	-
Interest income		458	114	935	862
Interest expense		(1,301)	628	(7,599)	(5,033)
Other finance costs		(659)	2,073	(1,757)	(1,151)
Profit/(Loss) before tax		10,130	1,498	29,250	(10,515)
Taxation	B5	(6,607)	(1,160)	(13,260)	(2,957)
Profit/(Loss) for the period from continuing operations		3,523	338	15,990	(13,472)
Discontinued Operation					
Loss on disposal of business of the subsidiary	B8	1,540	-	(1,929)	-
Profit/(Loss) for the period		5,063	338	14,061	(13,472)
Attributable to:					
Equity holders of the Company		4,116	(250)	13,241	(12,083)
Minority Interest		947	588	820	(1,389)
		5,063	338	14,061	(13,472)
Earnings per share attributable to equity holders of the Company:					
Basic, for profit/(loss) from continuing operations (sen)		2.04	(0.20)	12.03	(9.72)
Basic, for loss from discontinued operation (sen)		1.22	-	(1.53)	-
Basic, for profit for the period (sen)		3.26	(0.20)	10.50	(9.72)
Diluted, for profit from continuing operations (sen)		2.04	n/a	12.02	n/a
Diluted, for loss from discontinued operation (sen)		1.22	n/a	(1.53)	n/a
Diluted, for profit for the period (sen)		3.26	n/a	10.49	n/a

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

M3ENERGY BERHAD

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2010

(The figures have not been audited)

		2010	2009
		Unaudited	Audited
		Current	Preceding
		Financial	Financial
		Year End	Year End
	Note	30-June	30-June
		RM'000	RM'000
Assets			
Non-Current Assets			
Property, plant and equipment		531,884	453,839
Prepaid lease rental		4,558	4,569
Exploration and evaluation assets		26,237	14,690
Intangible assets		23,585	26,355
Other investments	B7	506	506
Available-for-sale investment	A12,B7	-	15,497
Deferred tax assets		10,586	16,659
		<u>597,356</u>	<u>532,115</u>
Current Assets			
Inventories		7,093	9,754
Trade and other receivables		196,907	126,131
Tax recoverable		813	1,550
Cash and bank balances		183,268	168,209
		<u>388,081</u>	<u>305,644</u>
Total Assets		<u>985,437</u>	<u>837,759</u>
Equity and Liabilities			
Equity Attributable to Equity Holders of the Company			
Share capital	A6	132,117	125,324
Reserves		266,139	284,989
		<u>398,256</u>	<u>410,313</u>
Minority interest		16,395	16,098
Total Equity		<u>414,651</u>	<u>426,411</u>
Non-Current Liabilities			
Long term borrowings	B9	396,934	260,998
Other payables		8,476	13,473
Deferred tax liabilities		3,880	182
		<u>409,290</u>	<u>274,653</u>
Current Liabilities			
Overdraft and short term borrowings	B9	72,562	40,284
Trade and other payables		87,233	96,310
Taxation		1,701	101
		<u>161,496</u>	<u>136,695</u>
Total Liabilities		<u>570,786</u>	<u>411,348</u>
Total Equity and Liabilities		<u>985,437</u>	<u>837,759</u>
Net Assets Per Share Attributable to Ordinary Equity Holders of the Company (RM)		3.16	3.43

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

M3ENERGY BERHAD**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010**

(The figures have not been audited)

	<i>(12 months)</i> 30-Jun-10 RM'000	<i>(12 months)</i> 30-Jun-09 RM'000
Profit/(Loss) before tax	27,321	(10,515)
Adjustments:-		
Non-cash items	42,848	51,823
Operating profit before changes in working capital	<u>70,169</u>	<u>41,308</u>
Changes in working capital	(82,862)	(14,452)
Cash used in operations	<u>(13,841)</u>	<u>(7,606)</u>
Net cash flow (used in)/generated from operating activities	<u>(26,534)</u>	<u>19,250</u>
Investing Activities		
Purchase of property, plant and equipment	(115,245)	(101,801)
Exploration and evaluation expenditure	(12,767)	(8,207)
Purchase of Intangible asset	(56)	-
Proceeds from disposal of subsidiary	-	1,610
Proceeds from disposal of property, plant and equipment	36	6
Proceeds from disposal of prepaid lease rental	-	99
Interest income received	1,248	1,446
Dividends received	55	59
	<u>(126,729)</u>	<u>(106,788)</u>
Financing Activities		
Drawdown of borrowings	295,616	385,180
Repayment of borrowings	(102,997)	(267,151)
Proceeds from issuance of shares	8,894	343
Purchase of treasury shares	-	(270)
Dividend paid	(31,588)	(2,485)
Dividend paid to minority shareholders	-	(16,208)
(Withdrawal)/placement of pledged deposits	2,606	(7,346)
	<u>172,531</u>	<u>92,063</u>
Net change in cash & cash equivalents	19,268	4,525
Cash and cash equivalents at beginning of the year	138,405	131,507
Effect of exchange rate changes	(1,423)	2,373
Cash and cash equivalents at end of the period	<u>156,250</u>	<u>138,405</u>
Cash and cash equivalents comprise:		
Cash on hand and at banks	100,641	36,606
Deposits with licensed banks	82,627	131,603
Bank overdrafts	(934)	(197)
Deposits pledged	<u>(26,084)</u>	<u>(29,607)</u>
	<u>156,250</u>	<u>138,405</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

M3ENERGY BERHAD

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

(The figures have not been audited)

12 months Year Ended 30 June 2010	<----- Attributable to Equity Holders of the Company ----->								
	Share	Share	Treasury	Other	Share	Retained	Sub-Total	Minority	Total
	Capital	Premium	shares	Reserves	Option	Earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2009	125,324	79,408	(724)	7,382	2,172	196,751	410,313	16,098	426,411
Currency translation differences	-	-	-	(2,221)	-	-	(2,221)	(523)	(2,744)
Fair value loss on available-for-sale investment	-	-	-	(1,256)	-	-	(1,256)	-	(1,256)
Net loss recognised directly in equity	-	-	-	(3,477)	-	-	(3,477)	(523)	(4,000)
Profit for the period	-	-	-	-	-	13,241	13,241	820	14,061
Dividend paid	-	-	-	-	-	(31,588)	(31,588)	-	(31,588)
Total recognised income and expense for the period	-	-	-	(3,477)	-	(18,347)	(21,824)	297	(21,527)
Share-based payment under ESOS	-	-	-	-	872	-	872	-	872
Share issue pursuant to ESOS	6,793	2,102	-	-	-	-	8,895	-	8,895
Transfer upon ESOS exercise	-	2,909	-	-	(2,909)	-	-	-	-
	<u>6,793</u>	<u>5,011</u>	<u>-</u>	<u>(3,477)</u>	<u>(2,037)</u>	<u>(18,347)</u>	<u>(12,057)</u>	<u>297</u>	<u>(11,760)</u>
At 30 June 2010	<u>132,117</u>	<u>84,419</u>	<u>(724)</u>	<u>3,905</u>	<u>135</u>	<u>178,404</u>	<u>398,256</u>	<u>16,395</u>	<u>414,651</u>
12 months Year Ended 30 June 2009									
At 1 July 2008	125,064	79,211	(454)	5,743	1,815	211,268	422,647	33,475	456,122
Currency translation differences	-	-	-	383	-	-	383	220	603
Fair value loss on available-for-sale investment	-	-	-	1,256	-	-	1,256	-	1,256
Net income recognised directly in equity	-	-	-	1,639	-	-	1,639	220	1,859
Loss for the period	-	-	-	-	-	(12,083)	(12,083)	(1,389)	(13,472)
Total recognised income and expense for the period	-	-	-	1,639	-	(12,083)	(10,444)	(1,169)	(11,613)
Dividend paid	-	-	-	-	-	(2,485)	(2,485)	(16,208)	(18,693)
Purchase of treasury shares	-	-	(270)	-	-	-	(270)	-	(270)
Share-based payment under ESOS	-	-	-	-	522	-	522	-	522
Cancellation of ESOS	-	-	-	-	(51)	51	-	-	-
Share issued pursuant to ESOS	260	83	-	-	-	-	343	-	343
Transfer upon ESOS exercise	-	114	-	-	(114)	-	-	-	-
	<u>260</u>	<u>197</u>	<u>(270)</u>	<u>1,639</u>	<u>357</u>	<u>(14,517)</u>	<u>(12,334)</u>	<u>(17,377)</u>	<u>(29,711)</u>
At 30 June 2009	<u>125,324</u>	<u>79,408</u>	<u>(724)</u>	<u>7,382</u>	<u>2,172</u>	<u>196,751</u>	<u>410,313</u>	<u>16,098</u>	<u>426,411</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

M3ENERGY BERHAD**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010****A1. Accounting Policies**

The interim financial statements has been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standards (FRS) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (Bursa) Listing Requirements and should be read in conjunction with the Group's annual audited financial statements for the year ended 30 June 2009.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the audited financial statements for the year ended 30 June 2009.

The Group has not made an early adoption of FRS 139 (Financial Instruments: Recognition and Measurement) which is effective for the Group's financial year beginning on or after 1 July 2010. The transitional provision in FRS 139 exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group.

A2. Audit Qualifications

The audit report of the preceding annual financial statements was not subject to any qualification.

A3. Seasonal or Cyclical Factors

There were no seasonal or cyclical events that had materially affected the nature of the operations for the period.

A4. Unusual Items

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group since the last financial period except as disclosed in Notes A10.

A5. Changes in Estimates

There are no changes in estimates of amounts reported in prior interim periods or financial years that have a material effect in the current quarter.

A6. Debt and Equity Securities

- i) For the year ended 30 June 2010, the issued and paid-up share capital of the Company was increased from 125,324,372 to 132,116,972 arising from the allotment and issue of 6,792,600 new ordinary shares of RM1.00 each from the exercise of Employee Share Option Scheme ("ESOS").

At the financial year ended 30 June 2010, there were 300,000 unexercised options under the ESOS.

- ii) During the current quarter under review, there was no buyback of shares, resale or cancellation of treasury shares.

As at 30 June 2010, the Company has 828,000 ordinary shares held as treasury shares.

	No. of shares	
	As at 30-Jun-10 '000	As at 30-Jun-09 '000
Outstanding Shares in Issue		
- Ordinary Shares of RM1 Each		
Issued and fully paid	132,117	125,324
Less: Treasury shares	(828)	(828)
At 30 June 2010 / 30 June 2009	<u>131,289</u>	<u>124,496</u>

A7. Dividends Paid

A tax exempt interim dividend of 25% in respect of the financial year ending 30 June 2010 amounting to RM31,588,268 was paid on 10 December 2009.

A8. Segmental Reporting By Activity

	Segment Revenue		Segment Results	
	Year to date	Year to date	Year to date	Year to date
	30-Jun-10 RM'000	30-Jun-09 RM'000	30-Jun-10 RM'000	30-Jun-09 RM'000
Oil and gas services	178,898	114,402	95,235	63,797
Trading and manufacturing	40,246	34,671	4,448	37
Engineering, procurement and construction	159,617	126,921	14,431	7,815
Investment holding	723	2,109	31,879	8,980
Oil and gas exploration and production	-	-	795	(575)
Others	139	127	(1,259)	(1,797)
	379,623	278,230	145,529	78,257
Consolidation adjustments/Eliminations	(512)	(1,554)	(67,706)	(40,958)
	379,111	276,676	77,823	37,299
Discontinued operation	-	-	(1,929)	-
	379,111	276,676	75,894	37,299

Segment results are derived from earnings before interest income, interest expense, other finance costs, expenses for non-recurring events, depreciation and amortisation.

A9. Valuations of Property, Plant and Equipment

The valuations of property, plant and equipment had been brought forward without any amendment from the previous annual financial statements.

A10. Subsequent Event

On 6 January 2009, Oil and Natural Gas Corporation ("ONGC") terminated its contract for the development of offshore marginal fields of Cluster 7, off Mumbai, India ("Cluster 7 Project") with Prize Petroleum Company Limited ("PPCL"), Hindustan Petroleum Corporation Ltd ("HPCL"), and M3nergy Berhad (hereinafter shall be collectively known as the "Consortium") as it was viewed that the Consortium would not be able to meet its contractual obligations due to a perceived disharmony in the relationship amongst the Consortium members. In view of this, M3nergy's portion of its bank guarantee amounting to RM13.2 million was claimed upon. Expenses relating to exploration and evaluation assets amounting to RM5.2 million were also written off in the financial statements for the year ended 30 June 2009.

The Company received a Notice of Arbitration ("Notice") on 15 May 2009 from an Indian law firm acting on behalf of HPCL claiming damages for loss of profit, reputation and further disputes with regards to the termination amounting to INR515 crores (equivalent to approximately RM360.5 million). In respond to this, the Company appointed its legal counsel and arbitrator, and issued a reply on 12 June 2009 to HPCL's legal counsel refuting their claims and allegations as well as a counterclaim against HPCL for losses and all costs incurred on the Cluster 7 project.

Based on legal advice obtained by the Company, the Directors are of the opinion that the Company would have a good prospect of proving that it was not liable for the termination of the contract, and therefore no provision is required in the financial statements.

On 15 October 2009, the solicitors of HPCL & PPCL served the Statement of Claim on the Company's solicitors. Due to the short duration of time given to reply, the Company obtained an extension of time until 21 January 2010 to file its Defence Statement and Counterclaim.

HPCL & PPCL had since submitted their Amended Statement of Claim in response to which the Company had on 11 May 2010 submitted its Amended Defence Statement and Counterclaim.

The Arbitral Tribunal had thereafter instructed that HPCL and PPCL file their response to the Company's Counterclaim by 8 September 2010 and the Company to file its Rejoinder by 8 October 2010. The hearing dates for the arbitration have also been fixed on 21 - 24 February 2011.

A11. Changes in Composition of the Group

There are no material changes in the composition of the Group for the current year including business combinations, acquisitions or disposal of subsidiaries and long term investments, restructuring or discontinuing operations during the quarter under review.

A12. Investment Available-for-Sale

This pertains to the Company's investment in securities of Malaysian Merchant Marine Berhad ("MMM").

Pursuant to the Supplemental Share Sale Agreement between the Company and Core Attributes (M) Sdn Bhd ("CASB") on 12 December 2007, CASB had an irrevocable option over 20,933,884 MMM ordinary shares ("Option OS") for RM20,515,206 in addition to the call option over MMM Islamic Preference Shares and Warrants held by the Company, which may be exercised by 31 December 2008. M3nergy Berhad also had a put option on CASB, Dato' Ramesh Rajaratnam ("DRR") and Datin SL. Sharlini Manickam ("DSM") to require them to purchase all the Option OS for RM20,515,206 by 31 December 2008 ("Put Option Agreement").

Subsequent to the Company's put option notice, CASB requested to extend the deadline of the Put Option Agreement from 31 December 2008 to 31 December 2009. The Company then agreed to extend the deadline to 31 March 2009 subject to certain terms and conditions. CASB did not accept the Company's counter proposal and on 18 February 2009, CASB requested for the call and put option over the Option OS to be extended to 31 December 2009 at the same purchase price of RM20,515,206 or at a mutually agreeable price if exercised before that date. The Company has rejected CASB's request.

On 26 March 2009, the Board of Directors decided not to proceed further with negotiations with CASB, DRR and DSM. The Company informed CASB and DRR/DSM that it will be seeking other potential buyers for the Option OS and reserving and/or enforcing all its legitimate rights under the Share Sale Agreement as well as all its rights to claim damages from CASB.

On 6 November 2009, the Company filed a suit against CASB vide Kuala Lumpur High Court Suit No. D-22NCC-443-2009 for losses suffered by the Company due to the failure of CASB to fulfill its contractual obligations when the Company exercised its put option requiring CASB to purchase 20,933,884 units of shares in MMM at the purchase consideration of RM20,515,206. CASB filed its Statement of Defence dated 24 December 2009 and the Company subsequently filed its Reply to the Statement of Defence on 15 January 2010.

On 7 April 2010, Pre-Trial Case Management fixed the trial dates to be 3 & 4 May 2010. On the hearing date of 3 May 2010, the Company requested for an adjournment of the trial pending the negotiation for settlement proposed by CASB through its solicitor's letter dated 29 April 2010. Under the circumstances, the Company proceeded to seek withdrawal of the case with liberty to file afresh. The Judge allowed the withdrawal of the action with liberty to file afresh, and with no order as to cost.

Since then, the Company has written to CASB's legal counsel on 18 June 2010 and 17 August 2010 requesting for the settlement proposal.

On 24 August 2010, the Company sent a final letter to CASB's solicitor requesting for the said proposal, failing which the Company will re-institute legal action against CASB.

A13. Changes in Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities or contingent assets since the last financial statements as at 30 June 2009 except for the claim by HPCL amounting to INR515 Crores (equivalent to approximately RM360.5 million) as disclosed in Note A10.

A14. Capital Commitments

	At 30-Jun-10 RM'000	At 30-Jun-09 RM'000
Capital expenditure approved and contracted for:		
- Property, plant and equipment	-	100,042

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD

B1. Performance Review

The Group revenue for the current financial year was RM379.1 million as compared to RM276.7 million for the previous financial year ended 30 June 2009. The significant increase came from two divisions, that is, the Oil and Gas services (O&G) division, and Engineering, Procurement and Construction (EPC) division. The divisions contributed approximately 47% and 42% respectively.

The Group generated a profit before tax of RM29.3 million for the current financial year ended 30 June 2010 as compared to a loss before tax of RM10.5 million for the corresponding year ended 30 June 2009. The favourable result is mainly due to a substantial foreign exchange gain from the weakening of USD currency. However, the gains were offset by an impairment of investment in MMM amounting to RM14.2 million. The results of the previous corresponding year included expenses of RM6.4 million incurred on Proposed Acquisition of Maveric Ltd and a provision of RM18.1 million, which arose from the termination of Cluster 7 Project as disclosed in Note A10.

The loss incurred on the discontinued operation is due to a provision made by Maveric Ltd as explained in Note B8.

B2. Material Change in Quarterly Profit Before Taxation

The Group recorded a profit before tax of RM10.1 million for the current quarter as compared to RM6.8 million in the preceding quarter. The higher profit is due to profit contribution by the EPC division for the additional work awarded under the Bakun project.

B3. Prospects

The prospect of the Company remains positive. To-date, the Group owns, operates and maintains 2 floating facilities, ie the FPSO Perintis and FSO Ratu Songkhla. The Group also operates and maintains a FSO for a client operating in the Joint-Development Area. With these contracts in-hand, the Group aims to continue its efforts in expanding its core business in providing such floating facilities.

The EPC division is currently actively negotiating and bidding for new projects.

The Group also expects to generate revenue from its exploration and production segment in the next two to four years as more studies are being done.

B4. Profit Forecast and Profit Guarantee

No profit forecast and/or profit guarantee have been issued by the Group.

B5. Taxation

	Group	
	Quarter ended	Year to date
	30-Jun-10	30-Jun-10
	RM'000	RM'000
Major components of tax expense:		
Current year provision	830	3,793
Deferred tax	5,844	9,772
	<u>6,674</u>	<u>13,565</u>
Overprovision - prior years	(67)	(305)
	<u>6,607</u>	<u>13,260</u>
Profit before taxation	11,670	27,321
Taxation at the statutory income tax rate	2,918	6,830
Tax effect on timing differences, provisions and expenses not deductible for tax purposes	3,756	6,735
Overprovision in prior year	(67)	(305)
Tax expense	<u>6,607</u>	<u>13,260</u>

B6. Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments or properties during the quarter.

B7. Purchase and Disposal of Quoted Securities

There was no purchase and disposal of quoted securities during the period.

Details of quoted securities held are as follows:

	Group	
	30-Jun-10	30-Jun-09
	RM'000	RM'000
Purchase consideration		
Sale proceeds	-	-
Gain on disposal	-	-
Quoted securities held		
- at cost	73,034	73,034
- at carrying value	6	15,503
- at market value	1,024	16,478

The investment in MMM was fully impaired during the current financial year. This is due to MMM's announcement of its change in status on 5 March 2010 to PN17 company.

B8. Status of Corporate Proposals

There were no outstanding corporate proposals except as disclosed below:

- (a) Since the disposal of Maveric Ltd's ("Maveric") (*formerly known as Total Automation Ltd*) core businesses in 2006, the company had not been successful in establishing any new business activities to-date. In view of this, the Singapore Exchange Securities Trading Limited ("SGX-ST"), required Maveric to make a cash exit offer to its shareholders in accordance with Rule 1309 of the Listing manual.

Therefore, in order to meet SGX-ST's requirement, Maveric has to resolve the outstanding warranty claim of SGD700,000 (equivalent to RM1.70 million) by Wartsila Corporation ("Wartsila") which had been provided for since 2007. This alleged warranty claim was for monetary compensation to rectify various alleged irregularities at several parts of the premises that was previously disposed to Wartsila. Subsequently, on 27 July 2009 and 17 September 2009, Wartsila highlighted other alleged irregularities of the same premise.

On 15 January 2010, Maveric received a cost report from Wartsila's quantity surveyor indicating a further claim of SGD1.24 million (equivalent to approximately RM3.01 million), thus bringing the total to SGD1.94 million (equivalent to approximately RM4.71 million)("the said claim"). Subsequent to the discussion between Maveric and Wartsila on March 2010, Maveric engaged a consultant to verify the said claim.

Upon verification and a meeting by both parties, the parties agreed to a final settlement claim of SGD1.1 million (equivalent to RM2.56 million) and have proceeded to prepare the settlement agreement on that basis.

- (b) On 17 May 2010, the Board of Directors of M3nergy ("Board") announced that the Company received a Notice of Conditional Take-Over offer ("Notice") from Adamus Avenue Sdn Bhd ("AASB" or "the Offeror") through Kenanga Investment Bank Berhad in respect of AASB's intention to undertake a conditional take-over offer ("Offer") under the Malaysian Code on Take-Overs and Mergers 1998 to acquire:

- a) All the entire issued and paid-up ordinary share capital of M3nergy (excluding 828,200 treasury shares held by M3nergy) as at 7 May 2010, being the latest practicable date prior to the date of the Notice; and
- b) Any new shares that may be issued and allotted to eligible employees and directors by M3nergy pursuant to the exercise of up to 6,116,600 outstanding options under M3nergy's employees' share option scheme in accordance with the provisions of its by-laws prior to the close of the Offer,

for a cash consideration of RM1.85 per Offer Share.

B8. Status of Corporate Proposals (cont'd)

- (b) The Offeror had announced on 3 August 2010 that the Offeror had received valid acceptances for 118,370,584 Offer Shares from the Holders of M3nergy Berhad which had resulted the Offeror holding in aggregate not less than 90% of the voting shares of the Company (excluding such shares that are already held by the Offeror).

Subsequently, the Company received a letter dated 10 August 2010 from the Offeror in respect of their request for the Company to file an application to Bursa Securities to withdraw the Company's listing from the Official List of Bursa Securities in accordance with Paragraph 16.08 of the Main Market Listing Requirement of Bursa Securities.

On 11 August 2010, the Company applied to Bursa Securities to seek the approval from Bursa Securities to withdraw the Company's listing from the Official List of Bursa Securities in accordance with Paragraph 16.08 of the Main Market Listing Requirement of Bursa Securities.

B9. Group Borrowings

The details of Group borrowings are as follows:

Nature	Secured/ Unsecured	Group 30-Jun-10		Group 30-Jun-09	
		Repayable Within 12 Months RM'000	Repayable After 12 Months RM'000	Repayable Within 12 Months RM'000	Repayable After 12 Months RM'000
Revolving Credit ("RC") /Trade Loan/Overdraft	Secured	46,561	-	33,208	-
Term Loans	Secured	25,553	396,055	6,920	260,095
Hire-Purchase	Secured	448	879	156	903
		<u>72,562</u>	<u>396,934</u>	<u>40,284</u>	<u>260,998</u>

Included in term loans is a foreign currency loan amounting to USD128.1 million (equivalent to RM417.3 million).

B10. Off Balance Sheet Financial Instruments

There are no Off Balance Sheet Financial Instruments held by the Company as at 30 June 2010.

B11. Material Litigation and Dispute

There is no other material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings, pending or threatened, against the Company or its subsidiary companies or of facts likely to give rise to any proceedings which might materially affect the position or business of the Company or its subsidiary companies, financially or otherwise, except as disclosed in Note A10.

B12. Dividends

No dividend was declared during the quarter.

B13. Earnings Per Share**(a) Basic**

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in issue has been adjusted to include the effects of shares buy back, as disclosed in notes A6.

	Group			
	Quarter ended 30-Jun-10 RM'000	Quarter ended 30-Jun-09 RM'000	Year to date 30-Jun-10 RM'000	Year to date 30-Jun-09 RM'000
Profit/(Loss) from continuing operations attributable to equity holders of the Company	2,576	(250)	15,170	(12,083)
Loss from discontinued operation attributable to equity holders of the Company	1,540	-	(1,929)	-
Net profit/(loss) attributable to equity holders of the Company	4,116	(250)	13,241	(12,083)
Weighted average number of ordinary shares in issue ('000)	126,104	124,348	126,104	124,348
Basic earnings per share (sen) for:				
Profit/(Loss) from continuing operations	2.04	(0.20)	12.03	(9.72)
Loss from discontinued operation	1.22	-	(1.53)	-
	<u>3.26</u>	<u>(0.20)</u>	<u>10.50</u>	<u>(9.72)</u>

(b) Diluted

Diluted earnings per share for the current period is calculated by dividing the adjusted net profit attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue and issuable during the financial period. The weighted average number of shares in issue has been adjusted to include the effects of dilution of share options.

The dilutive potential ordinary shares of the Group are the employees share options.

	Group	
	Quarter ended 30-Jun-10 RM'000	Year to date 30-Jun-10 RM'000
Profit from continuing operations attributable to equity holders of the Company	2,576	15,170
Loss from discontinued operation attributable to equity holders of the Company	1,540	(1,929)
Net profit attributable to equity holders of the Company	<u>4,116</u>	<u>13,241</u>
Weighted average number of ordinary shares in issue ('000)	126,104	126,104
Effects of dilution - share options ('000)	72	72
Adjusted weighted average number of ordinary shares in issue ('000)	<u>126,176</u>	<u>126,176</u>
Diluted earnings per share (sen) for :		
Profit from continuing operations	2.04	12.02
Loss from discontinued operation	1.22	(1.53)
	<u>3.26</u>	<u>10.49</u>

Diluted earnings per share for the corresponding previous period was not calculated as this was anti-dilutive.

B14. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 August 2010.