

MQ TECHNOLOGY BERHAD
(Company No. 635804-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2008

A NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation of Interim Financial Report

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134, "Interim Financial Reporting", issued by the Malaysian Accounting Standards Board ("**MASB**") and the disclosure requirements as set out in Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the MESDAQ Market.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2007 except for the adoption of the following new/revised FRS:

		<u>Effective Date</u>
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Instruments	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007

FRS 111, FRS 120, the amendment to FRS 121 and IC Interpretations 1, 2, 5, 6 and 7 are not applicable to the Group and the Company. FRS 139, Financial Instruments: Recognition and Measurement has been deferred to a date to be announced and has not been adopted by the Group. The adoption of the abovementioned FRSs do not have any significant financial impact on the results and the financial position of the Group.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

A2 Seasonal or cyclical factors

There were no seasonal or cyclical factors affecting the results of the Group for the period under review.

A3 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the period under review.

A4 Material changes in estimates

There were no changes in the nature and amount of estimates reported in prior financial year that have a material effect in the period under review.

A5 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities in the Company during the period under review.

A6 Dividend paid

There was no dividend paid during the current financial quarter.

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A7 Segment reporting

Business Segments

The Group operates in a single business segment, namely design and manufacturing of actuator magnetic coils and coil assemblies for hard disk drives, manufacturing of moulds, tools, dies, jigs, fixtures, advanced suspension tooling, progressive tooling, semiconductor cavity/encapsulation moulds for use in manufacturing and application in hard disk drives and semiconductor industries, manufacturing of precision milling and drilling of metal plates and manufacturing of car spare parts, plastic moulds, metal moulds and blowing moulds for plastic products, tooling, jigs and fixtures for electronic and semiconductor. Accordingly, no industry segment information of the Group has been presented.

Geographical Segments

The business segment of the Group is managed principally in Malaysia and Thailand. The products are distributed mainly in Malaysia and to other Asia Pacific countries. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets and capital expenditure are based on the geographical location of assets.

	SEGMENT REVENUE			
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
Malaysia	7,884,290	7,625,127	31,702,066	28,004,791
Other Asia Pacific countries	4,371,007	6,300,692	15,699,617	26,105,746
United States of America	435,352	100,005	1,373,422	783,074
	<u>12,690,649</u>	<u>14,025,824</u>	<u>48,775,105</u>	<u>54,893,611</u>
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
Malaysia	52,081,922	54,283,159	2,709,724	8,472,476
Thailand	5,052,621	4,560,397	24,078	1,653,283
	<u>57,134,543</u>	<u>58,843,556</u>	<u>2,733,802</u>	<u>10,125,759</u>

The comparative figure for segment assets as at 31 December 2007 has been restated from RM69,778,041 to RM58,843,556 due to the exclusion of short term funds amounting to RM10,934,485 in order to conform with current period presentation.

A8 Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the period under review.

A9 Material events subsequent to the end of the quarter

Save as disclosed in Note B8(b), there were no material events between the end of the reporting quarter and the date of this announcement.

A10 Changes in the composition of the Group

Save as disclosed in Note B8(b), there were no material changes in the composition of the Group during the period under review.

A11 Contingent liabilities

The Company has issued corporate guarantee to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM12,992,000 (2007 : RM17,832,000) of which RM4,906,000 (2007 : RM10,457,000) has been utilised as at the balance sheet date.