

MQ TECHNOLOGY BERHAD

(Company No. 635804-H)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2009

B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET

B1 Review of performance

The Group recorded a loss before tax ("LBT") of RM2.51 million for the current year quarter as compared to the profit before tax ("PBT") of RM0.64 million in the preceding year corresponding quarter. Revenue for the current year quarter is RM10.75 million as compared to RM12.92 million in the preceding year corresponding quarter. There was a decrease of 16.80% in revenue for the current year quarter as compared to the preceding year corresponding quarter due to the Group's sales being affected by the softer period for the general precision engineering sector which has led to lower sales in precision engineering division. The Group's LBT of RM2.51 million for current quarter was due to the provision of impairment losses on asset held for sale, i.e. the Disposal (as defined and detailed in Note B8(b) below), amounted to RM2.95 million.

B2 Variation of results against immediate preceding quarter

For the current quarter, the Group achieved lower revenue of RM10.75 million as compared to RM12.69 million in the preceding quarter mainly due to lower sales achieved by the precision engineering division. The LBT of RM2.51 million for the current quarter as compared to PBT of RM0.02 million in the preceding quarter was due to the provision of impairment losses on asset held for sale, i.e. the Disposal (as defined and detailed in Note B8(b) below), amounted to RM2.95 million.

B3 Prospects for the forthcoming financial year

Barring any unforeseen circumstances, the Board expects its business prospects for the financial year ending 31 December 2009 to be challenging.

B4 Profit forecast and profit guarantee

The Group did not provide any profit forecast/profit guarantee in any public documents for the financial year ending 31 December 2009.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-09 RM	Preceding year corresponding quarter 31-Mar-08 RM	Current year to date 31-Mar-09 RM	Preceding year corresponding period 31-Mar-08 RM
Tax based on results for the quarter/period: Malaysian income tax	10,000	106,000	10,000	106,000

The effective tax rate of the Group for the current period under review was lower than the statutory tax rates mainly due to a subsidiary, Microlead Precision Technology Sdn. Bhd. had been granted Pioneer Status by the Malaysian Industrial Development Authority in which 100% of the subsidiary's statutory income is exempted from income tax for a period of 5 years and a foreign subsidiary in Thailand, MPT Solution Co. Ltd., is entitled to corporate income tax exemption for certain income and privileges as prescribed by the Board of Investment for a period of 8 years.

B6 Sale of unquoted investments and/or properties

There were no sale of unquoted investments or properties during the period under review.

B7 Purchase or Sale of quoted securities

There were no purchase or sale of quoted securities during the period under review.

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B8 Status of Corporate Proposals

- (a) On 21 August 2006, on behalf of the Board of Directors of MQ Technology Berhad ("MQ"), AmInvestment Bank Berhad had announced that MQ is proposing to undertake, amongst others, the proposed special issue of up to 82,143,000 new ordinary shares of RM0.10 each in the Company ("Shares") to Bumiputera investors to be approved by Ministry of International Trade and Industry ("MITI") at an issue price to be determined later after obtaining all relevant approvals ("Special Issue").

The Special Issue has been approved by MITI, the Securities Commission ("SC") and shareholders of MQ on 28 September 2006, 13 October 2006 and 5 December 2006 respectively. On 23 April 2007, the first tranche of the Special Issue comprising 14,690,000 new Shares issued to identified Bumiputera investors approved by MITI at the issue price of RM0.28 per Share were listed on the MESDAQ Market of the Bursa Securities. The gross proceeds arising from the first tranche of the Special Issue of RM4,113,200 has been fully utilised.

The remaining 67,453,000 Special Issue Shares and the issue price shall be announced when they are to be placed out later. The SC had via its letter dated 9 October 2008 approved the extension of time of up to 12 October 2009 for MQ to complete the implementation of the Special Issue. The MITI had also via its letter dated 18 November 2008 taken note of MQ's application for an extension of time up to 12 October 2009 to increase its Bumiputera equity to at least 30%.

- (b) On 19 February 2009, MQ had entered into a conditional share sale agreement with JCY HDD Technology Sdn Bhd ("JCY") to dispose 100% equity interest in QB Technology Sdn Bhd ("QBT"), an existing wholly owned subsidiary of MQ for a cash consideration of RM10,000,000 ("Disposal").

MQ had on 9 April 2009 obtained the shareholders' approval for the Disposal. The Group is expected to incur an estimated loss on disposal of approximately RM2.95 million as a result of the Disposal.

Save as disclosed above, there were no other corporate proposals announced but not completed as at 13 May 2009 (being the latest practicable date which shall not be earlier than 7 days from the date of this announcement).

B9 Group's borrowings and debt securities

	AS AT 31-Mar-09 RM	
(a) <u>Short term borrowings</u>		
Secured		2,935,732
Unsecured		126,262
		<u>3,061,994</u>
(b) <u>Long term borrowings</u>		
Secured		1,188,870
Unsecured		-
		<u>1,188,870</u>
Borrowings denominated in foreign currency:		
	THB	RM (Equivalent)
Thai Baht ("THB")	<u>1,881,254</u>	<u>193,129</u>

B10 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 13 May 2009 (being the latest practicable date which shall not be earlier than 7 days from the date of this announcement).

B11 Material litigation

There were no material litigations pending since the end of the previous financial year ended 31 December 2008 to 13 May 2009 (being the date not earlier than 7 days from the date of this announcement).

B12 Dividends

No dividend has been declared or paid by the Company in this financial quarter.

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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-09	Preceding year corresponding quarter 31-Mar-08	Current year to date 31-Mar-09	Preceding year corresponding period 31-Mar-08
Net (loss)/profit attributable to shareholders (RM)	(2,518,271)	537,104	(2,518,271)	537,104
Weighted average number of ordinary shares in issue	230,562,907	230,562,907	230,562,907	230,562,907
(Loss)/Earnings per share - (Sen)				
Basic	(1.09)	0.23	(1.09)	0.23
Diluted	NA	NA	NA	NA

B14 Auditor's report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Company's statutory financial statements for the year ended 31 December 2008 in their report dated 31 March 2009.

B15 Authorise for issue

The interim financial statements were authorised for issue by the Board of Directors on 13 May 2009.