

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 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 profit before tax ("PBT") of RM0.85 million for the current quarter as compared to the loss before tax ("LBT" of RM0.04 million in the preceding year corresponding quarter. Revenue for the current quarter increased by approximately 3.83% to RM11.11 million as compared to RM10.70 million in the preceding year corresponding quarter mainly due to higher sales achieved by the precision engineering division of the Group. The improvement in PBT in the current quarter as compared to the preceding year corresponding quarter was mainly due to higher revenue generated by the precision engineering division of the Group which commands higher margin.

The Group registered revenue and LBT of approximately RM21.86 million and RM1.70 million respectively for the current year-to-date. Compared to the preceding year corresponding year-to-date revenue and PBT of RM23.62 million and RM0.46 million respectively, revenue has decreased by approximately 7.45% for the current year-to-date mainly due to lower revenue recorded from the coil division of the Group pursuant to the completion of the disposal of QBT in June 2009. The LBT of RM1.70 million registered in the current year-to-date was mainly due to the loss incurred on the disposal of QBT of approximately RM3.63 million.

B2 Variation of results against immediate preceding quarter

For the current quarter, the Group recorded revenue of approximately RM11.11 million as compared to RM10.75 million in the preceding quarter and a PBT of approximately RM0.85 million as compared to a LBT of RM2.51 million in the preceding quarter. The improvement in revenue and PBT was mainly due to higher sales achieved by the precision engineering division of the Group in the current quarter which commands higher margin. The LBT of RM2.51 million recorded in the preceding quarter was mainly attributable to the provision of impairment losses on the disposal of QBT amounting to approximately RM2.95 million in the said quarter.

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 estimate, forecast, projection, internal targets or profit guarantee

The Group did not provide any profit estimate, forecast, projection, internal targets or profit guarantee in any public documents for the financial year ending 31 December 2009.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Jun-09 RM	Preceding year corresponding quarter 30-Jun-08 RM	Current year to date 30-Jun-09 RM	Preceding year corresponding period 30-Jun-08 RM
Tax based on results for the quarter/period:				
Malaysian income tax	35,000	40,000	45,000	146,000

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 was no sale of unquoted investments or properties during the current quarter and financial year-to-date under review.

B7 Purchase or sale of quoted securities

There was no purchase or sale of quoted securities during the current quarter and financial year-to-date 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"), AmlInvestment 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 the Ministry of International Trade and Industry ("Special Issue") for the purposes of complying with the 30% Bumiputera equity requirement ("Bumiputera Equity Requirement") imposed by the Securities Commission ("SC") pursuant to the listing of MQ on the MESDAQ Market of Bursa Securities.

The Special Issue had been approved by the Ministry of International Trade and Industry ("MITI"), the 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 Bursa Securities. The gross proceeds arising from the first tranche of the Special Issue of RM4,113,200 has been fully utilised. To-date, the Company has been unable to complete the implementation of the remaining 67,453,000 Special Issue Shares.

The SC had via its letter dated 10 August 2009 granted MQ an exemption from complying with the 30% Bumiputera Equity Requirement.

- (b) On 19 February 2009, MQ had entered into a conditional share sale agreement with JCY HDD Technology Sdn Bhd to dispose 100% equity interest in QB Technology Sdn Bhd, 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 Disposal was completed on 19 June 2009.

Save as disclosed above, there were no other corporate proposals announced but not completed as at 18 August 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 30-Jun-09 RM	
(a) <u>Short term borrowings</u>		
Secured	2,410,769	
Unsecured	42,263	
	2,453,032	
(b) <u>Long term borrowings</u>		
Secured	959,109	
Unsecured	-	
	959,109	
Borrowings denominated in foreign currency:		
	THB	RM (Equivalent)
Thai Baht ("THB")	1,410,704	146,067

B10 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 18 August 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 18 August 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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B13 Earnings/(Loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Jun-09	Preceding year corresponding quarter 30-Jun-08	Current year to date 30-Jun-09	Preceding year corresponding period 30-Jun-08
Net profit/(loss) attributable to shareholders (RM)	815,716	(80,902)	(1,702,554)	456,202
Weighted average number of ordinary shares in issue	230,562,907	230,562,907	230,562,907	230,562,907
Earnings/(loss) per share - (Sen)				
Basic	0.35	(0.04)	(0.74)	0.20
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 financial 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 24 August 2009.