

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

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 31 DECEMBER 2009

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-09 RM '000	31-Dec-08 RM '000	31-Dec-09 RM '000	31-Dec-08 RM '000
1 Revenue	9,799	12,691	38,827	48,775
2 Profit before tax	1,206	20	451	2,072
3 Profit/(Loss) after tax	1,037	(628)	237	1,248
4 Net profit/(loss) for the period	1,037	(628)	237	1,248
5 Earnings/(Loss) per share (sen) - Basic **	0.45	(0.27)	0.10	0.54
6 Earnings/(Loss) per share (sen) - Diluted	NA	NA	NA	NA
7 Dividend per share (sen)	-	-	-	-
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
			31-Dec-09	31-Dec-08
8 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.23	0.23

Note: For full text of the above announcement, please access the Bursa Malaysia website at www.bursamalaysia.com

** The Basic Earnings per share is computed based on the following:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
Net profit/(Loss) for the period - RM	1,037,367	(627,754)	237,435	1,247,626
Number of shares in issue	230,562,907	230,562,907	230,562,907	230,562,907
Earnings/(Loss) per share (sen) - Basic	0.45	(0.27)	0.10	0.54

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

(The figures have not been audited)

	UNAUDITED AS AT 31-Dec-09 RM	AUDITED AS AT 31-Dec-08 RM
NON-CURRENT ASSETS		
Property, plant and equipment	29,078,022	32,991,989
Prepaid lease payments	1,566,640	1,595,124
Goodwill on consolidation	960,221	960,221
	31,604,883	35,547,334
CURRENT ASSETS		
Inventories	2,128,851	3,281,523
Trade receivables	10,317,033	9,362,848
Other receivables, deposits and prepayments	616,643	1,208,948
Current tax assets	510,717	484,872
Cash and bank balances	17,608,198	13,885,885
	31,181,442	28,224,076
CURRENT LIABILITIES		
Trade payables	4,130,102	2,267,303
Other payables and accruals	1,634,526	2,738,978
Hire purchase payables	1,264,959	2,383,541
Current portion of term loans	499,200	759,260
Current tax liabilities	-	219,220
	7,528,787	8,368,302
NET CURRENT ASSETS	23,652,655	19,855,774
	55,257,538	55,403,108
FINANCED BY		
Share capital	23,056,291	23,056,291
Share premium	8,527,123	8,527,123
Exchange translation reserve	222,664	89,455
Retained profits	21,017,605	20,780,170
SHAREHOLDERS' EQUITY	52,823,683	52,453,039
NON-CURRENT LIABILITIES		
Hire purchase payables	1,152,855	795,502
Term loans	596,000	1,202,567
Deferred tax liabilities	685,000	952,000
	2,433,855	2,950,069
	55,257,538	55,403,108
Net assets ("NA") per share (RM)	0.23	0.23

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CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2009
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Dec-09 RM	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-08 RM	CURRENT YEAR TO DATE 31-Dec-09 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-08 RM
Revenue	9,798,586	12,690,649	38,826,882	48,775,105
Cost of sales	(6,186,467)	(10,914,113)	(28,976,002)	(40,486,692)
Gross profit	3,612,119	1,776,536	9,850,880	8,288,413
Other income	77,446	288,346	1,045,005	958,613
Operating expenses	(2,434,212)	(1,952,529)	(10,225,813)	(6,687,498)
Finance cost	(49,332)	(92,071)	(218,983)	(487,866)
Profit before tax	1,206,021	20,282	451,089	2,071,662
Tax expense	(168,654)	(648,036)	(213,654)	(824,036)
Profit/(Loss) after tax	1,037,367	(627,754)	237,435	1,247,626
(Loss)/Earnings per share - (Sen)				
Basic	0.45	(0.27)	0.10	0.54
Diluted	NA	NA	NA	NA

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2009
(The figures have not been audited)

	Share Capital RM	← Non-Distributable Share Premium RM	Exchange Translation Reserve RM →	Distributable Retained Profits RM	Total RM
<u>Year ended 31 December 2009</u>					
At 1 January 2009	23,056,291	8,527,123	89,455	20,780,170	52,453,039
Exchange translation differences	-	-	133,209	-	133,209
Net profit for the year	-	-	-	237,435	237,435
Total recognised income and expense	-	-	133,209	237,435	370,644
At 31 December 2009	23,056,291	8,527,123	222,664	21,017,605	52,823,683
<u>Year ended 31 December 2008</u>					
At 1 January 2008	23,056,291	8,553,773	55,947	19,532,544	51,198,555
Exchange translation differences	-	-	33,508	-	33,508
Share issue expenses written-off	-	(26,650)	-	-	(26,650)
Net profit for the year	-	-	-	1,247,626	1,247,626
Total recognised income and expense	-	(26,650)	33,508	1,247,626	1,254,484
At 31 December 2008	23,056,291	8,527,123	89,455	20,780,170	52,453,039

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2009
(The figures have not been audited)

	CURRENT YEAR TO DATE 31-Dec-09 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-08 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	451,089	2,071,662
Adjustments for:		
Amortisation and depreciation	3,861,035	4,587,877
Loss on disposal of a subsidiary company	3,627,051	-
Property, plant and equipment written off	920,521	285,894
Interest expense	218,983	487,866
Unrealised loss on foreign exchange	168,094	77,310
Interest income	(297,332)	(357,348)
Gain on disposal of property, plant and equipment	(207,496)	-
Operating profit before working capital changes	8,741,945	7,153,261
(Increase)/Decrease in inventories	(168,651)	(2,158,318)
Decrease in receivables	(7,142,482)	2,625,766
Decrease in payables	3,485,736	(2,585,799)
Cash generated from operations	4,916,548	5,034,910
Income taxes refunded	-	481,363
Income taxes paid	(355,670)	(546,639)
Net cash from operating activities	4,560,878	4,969,634
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,524,975)	(2,733,802)
Interest received	297,332	357,348
Proceeds from disposal of property, plant and equipment	1,031,500	-
Net cash used in investing activities	(3,196,143)	(2,376,454)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from disposal of a subsidiary company	5,959,253	-
Interest paid	(218,983)	(487,866)
Dividend paid	-	-
Listing and share issue expenses paid	-	(26,650)
Proceeds from issuance of new shares	-	-
Repayment of term loans	(866,627)	(1,047,947)
Repayment of hire purchase obligations	(2,417,538)	(2,686,926)
Repayment of short term bank borrowings	-	(2,313,000)
Net cash from/(used in) financing activities	2,456,105	(6,562,389)
Effect of exchange rate changes	(98,527)	96,770
Net increase/(decrease) in cash and cash equivalents	3,722,313	(3,872,439)
Cash and cash equivalents brought forward	13,885,885	17,758,324
Cash and cash equivalents carried forward	17,608,198	13,885,885
Cash and cash equivalents comprise:		
Short-term funds	11,568,332	6,151,995
Cash and bank balances	6,039,866	7,733,890
	17,608,198	13,885,885

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

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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The accounting policies and methods of computation adopted in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2008. 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 2008.

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.

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.

Note:-

The Group has ceased the business activities of design and manufacturing of actuator magnetic coils and coil assemblies for hard disk drives in the second quarter pursuant to the completion of the disposal of QB Technology Sdn Bhd ("QBT"), its wholly-owned subsidiary in June 2009. Please refer to Note B8(b) for further details.

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	Preceding year	Current year	Preceding year
	quarter	corresponding quarter	to date	corresponding period
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
Malaysia	287,253	7,884,290	12,279,235	31,702,066
Other Asia Pacific countries	8,652,310	4,371,007	24,563,282	15,699,617
United States of America	859,023	435,352	1,984,365	1,373,422
	9,798,586	12,690,649	38,826,882	48,775,105
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
Malaysia	43,688,376	51,121,701	4,329,228	2,709,724
Thailand	6,058,679	5,052,621	195,747	24,078
	49,747,055	56,174,322	4,524,975	2,733,802

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

A NOTES TO THE INTERIM FINANCIAL REPORT

A8 Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the period under review. As at 31 December 2009, all plant and equipment were stated at cost less accumulated depreciation.

A9 Material events subsequent to the end of the quarter

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 31 December 2009 to the date of this announcement which would substantially affect the financial results of the Group for the twelve months ended 31 December 2009 that have not been reflected in the condensed financial statements.

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 RM7,247,000 (2008 : RM12,992,000) of which RM3,551,000 (2008 : RM4,906,000) has been utilised as at the balance sheet date.

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

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

B1 Review of performance

The Group recorded a profit before tax ("PBT") of approximately RM1.21 million for the current quarter as compared to the PBT of RM0.02 million in the preceding year corresponding quarter. Revenue for the current quarter is RM9.80 million as compared to RM12.69 million in the preceding year corresponding quarter. The decrease in revenue by approximately 22.79% in the current quarter as compared to the preceding year corresponding quarter as revenue for the current quarter was solely contributed by the precision engineering division subsequent to the cessation of the coil division of the Group pursuant to the completion of the disposal of QB Technology Sdn Bhd ("QBT"), a wholly-owned subsidiary of MQ in June 2009. In line with higher sales achieved by the precision engineering division which commands higher margin, the PBT margin of the Group has increased from 0.16% for the preceding year corresponding quarter to 12.31% for the current quarter.

For the current year-to-date, the Group registered a revenue and PBT of RM38.83 million and RM0.45 million respectively as compared to the preceding year corresponding period of RM48.78 million and RM2.07 million respectively. Revenue has decreased by approximately 20.40% 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 lower PBT recorded in the current year-to-date was in line with the higher operating expenses incurred by the Group which was mainly contributed by 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 achieved a revenue of RM9.80 million as compared to RM7.17 million in the preceding quarter and a PBT of approximately RM1.21 million for the current quarter as compared to PBT of RM0.90 million in the preceding quarter. The increase was mainly due to higher sales achieved by the precision engineering division of the Group in current quarter which commands higher margin.

B3 Prospects for the forthcoming financial year

In view of the current bleak economic situation, the Board expects its business prospects for the financial year ending 31 December 2010 to be challenging.

B4 Profit forecast and 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 ended 31 December 2009.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-09 RM	Preceding year corresponding quarter 31-Dec-08 RM	Current year to date 31-Dec-09 RM	Preceding year corresponding period 31-Dec-08 RM
Tax based on results for the quarter/period:				
Malaysian income tax and deferred tax	168,654	648,036	213,654	824,036

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.

The Group's effective tax rate for the current year-to-date is higher than the statutory tax rates mainly due to the recognition of deferred tax liabilities and current year tax losses of the company and a subsidiary company of which the related deferred tax assets have not been recognised.

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

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

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 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 (now known as ACE 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 (now known as ACE 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 and MITI had via their letters dated 10 August 2009 and 27 August 2009 respectively 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 25 February 2010 (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-Dec-09
	RM	
(a) <u>Short term borrowings</u>		
Secured		1,764,159
Unsecured		-
		1,764,159
(b) <u>Long term borrowings</u>		
Secured		1,748,855
Unsecured		-
		1,748,855
Borrowings denominated in foreign currency:		
	THB	RM
		(Equivalent)
Thai Baht ("THB")	485,625	49,880

B10 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 25 February 2010 (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 25 February 2010 (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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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2009**B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET****B13 Earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-09	Preceding year corresponding quarter 31-Dec-08	Current year to date 31-Dec-09	Preceding year corresponding period 31-Dec-08
Net profit/(loss) attributable to shareholders (RM)	1,037,367	(627,754)	237,435	1,247,626
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	0.45	(0.27)	0.10	0.54
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 25 February 2010.