

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

**SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 31 MARCH 2010**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Mar-10 RM '000	31-Mar-09 RM '000	31-Mar-10 RM '000	31-Mar-09 RM '000
1 Revenue	12,656	10,747	12,656	10,747
2 Profit/(Loss) before tax	108	(2,508)	108	(2,508)
3 Profit/(Loss) after tax	97	(2,518)	97	(2,518)
4 Net profit/(loss) for the period	97	(2,518)	97	(2,518)
5 Earnings/(Loss) per share (sen) - Basic **	0.04	(1.09)	0.04	(1.09)
6 Earnings/(Loss) per share (sen) - Diluted	NA	NA	NA	NA
7 Dividend per share (sen)	-	-	-	-
			<b>AS AT END OF CURRENT QUARTER 31-Mar-10</b>	<b>AS AT PRECEDING FINANCIAL YEAR END 31-Mar-09</b>
8 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.23	0.22

Note: For full text of the above announcement, please access the Bursa Malaysia website at [www.bursamalaysia.com](http://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-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
Net profit/(Loss) for the period - RM	97,289	(2,518,271)	97,289	(2,518,271)
Number of shares in issue	230,562,907	230,562,907	230,562,907	230,562,907
Earnings/(Loss) per share (sen) - Basic	0.04	(1.09)	0.04	(1.09)

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**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2010***(The figures have not been audited)*

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>CURRENT YEAR QUARTER 31-Mar-10 RM</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-09 RM</b>	<b>CURRENT YEAR TO DATE 31-Mar-10 RM</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-09 RM</b>
Revenue	12,656,366	10,746,747	12,656,366	10,746,747
Cost of sales	(10,697,313)	(9,583,784)	(10,697,313)	(9,583,784)
Gross profit	1,959,053	1,162,963	1,959,053	1,162,963
Other income	70,648	789,143	70,648	789,143
Operating expenses	(1,869,692)	(4,397,943)	(1,869,692)	(4,397,943)
Finance cost	(52,046)	(62,434)	(52,046)	(62,434)
Profit/(Loss) before tax	107,963	(2,508,271)	107,963	(2,508,271)
Tax expense	(10,674)	(10,000)	(10,674)	(10,000)
Net profit/(loss) for the period	97,289	(2,518,271)	97,289	(2,518,271)
Other comprehensive income after tax:				
Exchange translation differences	(72,381)	153,797	(72,381)	153,797.00
Other comprehensive income for the period, net of tax	(72,381)	153,797	(72,381)	153,797
Total comprehensive income/(loss) for the period	24,908	(2,364,474)	24,908	(2,364,474)
Attributable to:				
Equity holders of the Company	24,908	(2,364,474)	24,908	(2,364,474)
(Loss)/Earnings per share - (Sen)				
Basic	0.04	(1.09)	0.04	(1.09)
Diluted	NA	NA	NA	NA

# MQ TECHNOLOGY BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

(The figures have not been audited)

	UNAUDITED AS AT 31-Mar-10 RM	AUDITED AS AT 31-Mar-09 RM
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	30,369,178	28,892,847
Goodwill on consolidation	960,221	960,221
	<u>31,329,399</u>	<u>29,853,068</u>
<b>CURRENT ASSETS</b>		
Inventories	2,288,613	869,100
Trade receivables	12,631,744	5,205,568
Other receivables, deposits and prepayments	1,538,957	756,729
Assets of disposal group classified as held for sale	-	13,084,564
Current tax assets	123,138	484,372
Cash and bank balances	17,835,821	10,374,212
	<u>34,418,273</u>	<u>30,774,545</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	7,383,341	822,634
Other payables and accruals	1,139,472	1,808,748
Bank overdrafts and other borrowings	-	3,174,802
Hire purchase payables	1,084,259	2,314,622
Current portion of term loans	499,200	747,372
	<u>10,106,272</u>	<u>8,868,178</u>
<b>NET CURRENT ASSETS</b>	<u>24,312,001</u>	<u>21,906,367</u>
	<u>55,641,400</u>	<u>51,759,435</u>
<b>FINANCED BY</b>		
Share capital	23,056,291	23,056,291
Share premium	8,527,123	8,527,123
Exchange translation reserve	150,282	243,252
Retained profits	21,114,895	18,261,899
<b>SHAREHOLDERS' EQUITY</b>	<u>52,848,591</u>	<u>50,088,565</u>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	1,636,609	218,470
Term loans	471,200	970,400
Deferred tax liabilities	685,000	482,000
	<u>2,792,809</u>	<u>1,670,870</u>
	<u>55,641,400</u>	<u>51,759,435</u>
 Net assets ("NA") per share (RM)	 <u>0.23</u>	 <u>0.22</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 31 MARCH 2010**  
*(The figures have not been audited)*

	←	→			
	Share Capital RM	Share Premium RM	Non-Distributable Exchange Translation Reserve RM	Distributable Retained Profits RM	Total RM
<b>Period ended 31 March 2010</b>					
At 1 January 2010	23,056,291	8,527,123	222,663	21,017,606	52,823,683
Exchange translation differences	-	-	(72,381)	-	(72,381)
Net profit for the period	-	-	-	97,289	97,289
Total comprehensive income for the period	-	-	(72,381)	97,289	24,908
At 31 March 2010	23,056,291	8,527,123	150,282	21,114,895	52,848,591

**Period ended 31 March 2009**

At 1 January 2009	23,056,291	8,527,123	89,455	20,780,170	52,453,039
Exchange translation differences	-	-	153,797	-	153,797
Net loss for the period	-	-	-	(2,518,271)	(2,518,271)
Total comprehensive income for the period	-	-	153,797	(2,518,271)	(2,364,474)
At 31 March 2009	23,056,291	8,527,123	243,252	18,261,899	50,088,565

**MQ TECHNOLOGY BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 MARCH 2010***(The figures have not been audited)*

	<b>CURRENT YEAR TO DATE 31-Mar-10 RM</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-09 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	107,963	(2,508,271)
Adjustments for:		
Depreciation	938,223	1,119,018
Interest expense	52,046	62,434
Impairment losses on asset held for sale	-	2,948,177
Unrealised loss/(gain) on foreign exchange	379,967	(192,441)
Interest income	(68,894)	(49,994)
Gain on disposal of property, plant and equipment	-	(65,000)
Operating profit before working capital changes	1,409,305	1,313,923
(Increase)/Decrease in inventories	(159,762)	843,099
Increase in receivables	(3,690,794)	(4,957,306)
Increase in payables	3,553,023	203,528
Cash generated from/(used in) operations	1,111,772	(2,596,756)
Income taxes refunded	385,906	-
Income taxes paid	(9,001)	(122,334)
Net cash from/(used in) operating activities	1,488,677	(2,719,090)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(301,865)	(26,465)
Interest received	68,894	49,994
Proceeds from disposal of property, plant and equipment	-	65,000
Net cash (used in)/from investing activities	(232,971)	88,529
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(52,046)	(62,434)
Repayment of term loans	(124,800)	-
Repayment of hire purchase obligations	(684,146)	(625,963)
Repayment of short term bank borrowings	-	(244,055)
Net cash used in financing activities	(860,992)	(932,452)
Effect of exchange rate changes	(167,091)	51,340
Net increase/(decrease) in cash and cash equivalents	227,623	(3,511,673)
Cash and cash equivalents brought forward	17,608,198	13,885,885
Cash and cash equivalents carried forward	17,835,821	10,374,212
<b>Cash and cash equivalents comprise:</b>		
Short-term funds	10,953,447	4,977,574
Cash and bank balances	6,882,374	5,396,638
	17,835,821	10,374,212

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2010****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 ("MASEB") 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 2009 except for the adoption of the new/revised Financial Reporting Standards (FRSs) and Issues Committee Interpretations ("IC Interpretations") that are effective for financial period beginning on or after 1 January 2010. The FRSs which are effective beginning on 1 January 2010 and have financial impact on the results and the financial position of the Group are:

**(a) FRS 101: Presentation of Financial Statements (revised in 2009)**

FRS 101 (revised in 2009), which supersedes FRS 101 Presentation of Financial Statements (revised in 2005), affects the presentation of owner changes in equity and comprehensive income. It requires an entity to present all owner changes in equity in a statement of changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or two statements (a separate income statement and a statement of comprehensive income). The Group has elected to show other comprehensive income in one statement. FRS 101 (revised in 2009) also changes the titles of the financial statements to reflect their function more closely, for example, the titles "balance sheet" and "cash flow statement" are renamed as "statement of financial position" and "statement of cash flows" respectively. This standard did not have any significant impact on the results and the financial position of the Group.

**(b) Amendments to FRS 117 Leases**

The amendments to FRS 117 requires the Group with existing leases of land and buildings (combined) to reassess the classification of land as a finance or operating lease. The Group has reclassified the existing prepaid lease payments to property, plant and equipment following this reassessment, with no impact on the financial position and results of the Group. However, as a result of the adoption of the Amendments to FRS 117, comparative balances have been restated as follows:

	As previously reported RM	Effects of changes in accounting policy RM	As restated RM
Property, plant and equipment	27,304,844	1,588,003	28,892,847
Prepaid lease payments	1,588,003	(1,588,003)	-

The adoption of the other revised FRSs and IC Interpretations that are effective for financial periods beginning on or after 1 January 2010 did 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 2009. 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 2009.

**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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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2010

### A NOTES TO THE INTERIM FINANCIAL REPORT

#### A7 Segment reporting

##### Business Segments

Following to the completion of the disposal of QB Technology Sdn Bhd, its wholly-owned subsidiary in June 2009, the Group has ceased the business activities of design and manufacturing of actuator magnetic coils and coil assemblies for hard disk drives. The Group currently operates in a single business segment, namely design and 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	Preceding year	Current year	Preceding year
	quarter	corresponding quarter	to date	corresponding period
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
Malaysia	301,016	6,345,035	301,016	6,345,035
Other Asia Pacific countries	12,124,157	4,142,676	12,124,157	4,142,676
United States of America	231,193	259,036	231,193	259,036
	<u>12,656,366</u>	<u>10,746,747</u>	<u>12,656,366</u>	<u>10,746,747</u>
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
Malaysia	48,581,746	49,316,634	270,424	26,465
Thailand	6,089,341	5,849,033	31,441	-
	<u>54,671,087</u>	<u>55,165,667</u>	<u>301,865</u>	<u>26,465</u>

#### 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 March 2010, 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 March 2010 to the date of this announcement which would substantially affect the financial results of the Group.

#### A10 Changes in the composition of the Group

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 RM7,575,000 (2009 : RM9,206,000) of which RM3,754,000 (2009 : RM4,111,000) has been utilised as at the balance sheet date.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2010**

**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 RM0.11 million for the current quarter as compared to the loss before tax ("LBT") of RM2.51 million in the preceding year corresponding quarter. Revenue for the current quarter is RM12.66 million as compared to RM10.75 million in the preceding year corresponding quarter. The increase in revenue by approximately 17.77% 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. The higher sales in the precision engineering was mainly contributed by the sales of equipments of approximately RM5.34 million during the current quarter under review. In line with higher sales achieved by the precision engineering division which commands higher margin, the gross margin of the Group has increased from 10.82% for the preceding year corresponding quarter to 15.48% for the current quarter.

**B2 Variation of results against immediate preceding quarter**

For the current quarter, the Group achieved a revenue of RM12.66 million as compared to RM10.75 million in the preceding quarter and a PBT of approximately RM0.11 million for the current quarter as compared to LBT of RM2.51 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. The LBT of RM2.51 million in the preceding quarter was due to the provision of impairment losses on asset held for sale, i.e. the Disposal of QBT in June 2009 amounted to RM2.95 million.

**B3 Prospects for the forthcoming financial year**

Based on the industry outlooks of hard disk drive, 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 ending 31 December 2010.

**B5 Taxation**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current year quarter</b>	<b>Preceding year corresponding quarter</b>	<b>Current year to date</b>	<b>Preceding year corresponding period</b>
	<b>31-Mar-10</b>	<b>31-Mar-09</b>	<b>31-Mar-10</b>	<b>31-Mar-09</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax based on results for the quarter/period:				
Malaysian income tax and deferred tax	10,674	10,000	10,674	10,000

The effective tax rate of the Group for the current period under review was lower than the statutory tax rates mainly due to a 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 period under review.

**B7 Purchase or Sale of quoted securities**

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

**B8 Status of Corporate Proposals**

There was no corporate proposal announced but not completed as at the date of this report.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2010**

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

**B9 Group's borrowings and debt securities**

	<b>AS AT 31-Mar-10 RM</b>
(a) <u>Short term borrowings</u>	
Secured	1,583,459
Unsecured	-
	<u>1,583,459</u>
(b) <u>Long term borrowings</u>	
Secured	2,107,809
Unsecured	-
	<u>2,107,809</u>
Borrowings denominated in foreign currency:	
	<b>THB RM (Equivalent)</b>
Thai Baht ("THB")	<u>416,250 42,088</u>

**B10 Off balance sheet financial instruments**

The Group does not have any financial instruments with off balance sheet risk as at 17 May 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 2009 to 17 May 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.

**B13 Earnings per share**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current year quarter 31-Mar-10</b>	<b>Preceding year corresponding quarter 31-Mar-09</b>	<b>Current year to date 31-Mar-10</b>	<b>Preceding year corresponding period 31-Mar-09</b>
Net profit/(loss) attributable to shareholders (RM)	97,289	(2,518,271)	97,289	(2,518,271)
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	0.04	(1.09)	0.04	(1.09)
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 2009 in their report dated 18 March 2010.

**B15 Authorise for issue**

The interim financial statements were authorised for issue by the Board of Directors on 17 May 2010.