

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

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 JUNE 2010

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Jun-10 RM '000	30-Jun-09 RM '000	30-Jun-10 RM '000	30-Jun-09 RM '000
1 Revenue	10,978	11,111	23,635	21,857
2 Profit/(Loss) before tax	826	851	934	(1,658)
3 Profit/(Loss) after tax	826	816	923	(1,703)
4 Net profit/(loss) for the period	826	816	923	(1,703)
5 Earnings/(Loss) per share (sen) - Basic **	0.36	0.35	0.40	(0.74)
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
8 Net assets per share attributable to ordinary equity holders of the parent (RM)			30-Jun-10 0.23	31-Dec-09 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
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
Net profit/(Loss) for the period - RM	825,625	815,716	922,914	(1,702,554)
Number of shares in issue	230,562,907	230,562,907	230,562,907	230,562,907
Earnings/(Loss) per share (sen) - Basic	0.36	0.35	0.40	(0.74)

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2010
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Jun-10 RM	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-09 RM	CURRENT YEAR TO DATE 30-Jun-10 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-09 RM
Revenue	10,978,253	11,110,527	23,634,619	21,857,273
Cost of sales	(8,376,583)	(8,179,190)	(19,073,896)	(17,762,973)
Gross profit	<u>2,601,670</u>	<u>2,931,337</u>	<u>4,560,723</u>	<u>4,094,300</u>
Other income	93,206	110,664	163,854	899,807
Operating expenses	(1,801,916)	(2,132,908)	(3,671,608)	(6,530,850)
Finance cost	(67,335)	(58,377)	(119,381)	(120,811)
Profit/(Loss) before tax	<u>825,625</u>	<u>850,716</u>	<u>933,588</u>	<u>(1,657,554)</u>
Tax expense	-	(35,000)	(10,674)	(45,000)
Net profit/(loss) for the period	<u><u>825,625</u></u>	<u><u>815,716</u></u>	<u><u>922,914</u></u>	<u><u>(1,702,554)</u></u>
Other comprehensive income after tax:				
Exchange translation differences	(33,277)	48,194	(105,658)	201,991
Other comprehensive income for the period, net of tax	<u>(33,277)</u>	<u>48,194</u>	<u>(105,658)</u>	<u>201,991</u>
Total comprehensive income/(loss) for the period	<u><u>792,348</u></u>	<u><u>863,910</u></u>	<u><u>817,256</u></u>	<u><u>(1,500,563)</u></u>
Attributable to:				
Equity holders of the Company	<u><u>792,348</u></u>	<u><u>863,910</u></u>	<u><u>817,256</u></u>	<u><u>(1,500,563)</u></u>
Earnings/(Loss) per share - (Sen)				
Basic	0.36	0.35	0.40	(0.74)
Diluted	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010
(The figures have not been audited)

	UNAUDITED AS AT 30-Jun-10 RM	AUDITED AS AT 31-Dec-09 RM
NON-CURRENT ASSETS		
Property, plant and equipment	30,762,888	30,644,662
Goodwill on consolidation	960,221	960,221
	31,723,109	31,604,883
CURRENT ASSETS		
Inventories	3,589,611	2,128,851
Trade receivables	10,964,917	10,317,033
Other receivables, deposits and prepayments	1,101,115	616,643
Current tax assets	59,905	510,717
Cash and bank balances	19,033,537	17,608,198
	34,749,085	31,181,442
CURRENT LIABILITIES		
Trade payables	6,597,153	4,130,102
Other payables and accruals	1,328,059	1,634,526
Hire purchase payables	1,277,162	1,264,959
Current portion of term loans	499,200	447,449
	9,701,574	7,477,036
NET CURRENT ASSETS	25,047,511	23,704,406
	56,770,620	55,309,289
FINANCED BY		
Share capital	23,056,291	23,056,291
Share premium	8,527,123	8,527,123
Exchange translation reserve	117,005	222,663
Retained profits	21,940,520	21,017,606
SHAREHOLDERS' EQUITY	53,640,939	52,823,683
NON-CURRENT LIABILITIES		
Hire purchase payables	2,098,281	1,152,855
Term loans	346,400	647,751
Deferred tax liabilities	685,000	685,000
	3,129,681	2,485,606
	56,770,620	55,309,289
 Net assets ("NA") per share (RM)	 0.23	 0.23

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 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
<u>Period ended 30 JUNE 2010</u>					
At 1 January 2010	23,056,291	8,527,123	222,663	21,017,606	52,823,683
Exchange translation differences	-	-	(105,658)	-	(105,658)
Net profit for the period	-	-	-	922,914	922,914
Total comprehensive income for the period	-	-	(105,658)	922,914	817,256
At 30 June 2010	23,056,291	8,527,123	117,005	21,940,520	53,640,939

Period ended 30 JUNE 2009

At 1 January 2009	23,056,291	8,527,123	89,455	20,780,170	52,453,039
Exchange translation differences	-	-	201,991	-	201,991
Net loss for the period	-	-	-	(1,702,554)	(1,702,554)
Total comprehensive income for the period	-	-	201,991	(1,702,554)	(1,500,563)
At 30 June 2009	23,056,291	8,527,123	291,446	19,077,616	50,952,476

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2010
(The figures have not been audited)

	CURRENT YEAR TO DATE 30-Jun-10 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-09 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	933,588	(1,657,554)
Adjustments for:		
Depreciation	1,840,115	2,117,612
Loss/(Gain) on disposal of property, plant and equipment	174,184	(122,225)
Property, plant and equipment written off	133,227	-
Interest expense	119,381	120,811
Interest income	(153,870)	(110,125)
Unrealised (gain)/loss on foreign exchange	(7,117)	43,022
Loss on disposal of a subsidiary company	-	3,627,051
Operating profit before working capital changes	3,039,508	4,018,592
(Increase)/Decrease in inventories	(1,460,760)	1,136,251
Increase in receivables	(1,066,701)	(2,989,709)
Increase in payables	2,107,668	441,907
Cash generated from operations	2,619,715	2,607,041
Income taxes refunded	458,139	-
Income taxes paid	(18,001)	(337,671)
Net cash from operating activities	3,059,853	2,269,370
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(290,940)	(116,602)
Interest received	153,870	110,125
Proceeds from disposal of property, plant and equipment	50,000	946,000
Proceeds from disposal of subsidiary, net of cash in subsidiary disposed	-	5,959,253
Net cash (used in)/from investing activities	(87,070)	6,898,776
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(119,381)	(120,811)
Repayment of term loans	(249,600)	-
Repayment of hire purchase obligations	(1,126,971)	(1,228,728)
Repayment of short term bank borrowings	-	(493,346)
Net cash used in financing activities	(1,495,952)	(1,842,885)
Effect of exchange rate changes	(51,492)	(22,574)
Net increase in cash and cash equivalents	1,425,339	7,302,687
Cash and cash equivalents brought forward	17,608,198	13,885,885
Cash and cash equivalents carried forward	19,033,537	21,188,572
<u>Cash and cash equivalents comprise:</u>		
Short-term funds	12,985,222	16,322,753
Cash and bank balances	6,048,315	4,865,819
	19,033,537	21,188,572

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 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 ("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 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	Effects of changes in accounting policy	As restated
	RM	RM	RM
Property, plant and equipment	29,078,022	1,566,640	30,644,662
Prepaid lease payments	<u>1,566,640</u>	<u>(1,566,640)</u>	<u>-</u>

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 30 JUNE 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 quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
Malaysia	682,101	5,512,632	983,118	11,857,667
Other Asia Pacific countries	10,234,018	5,466,738	22,358,174	9,609,413
United States of America	62,134	131,157	293,327	390,193
	<u>10,978,253</u>	<u>11,110,527</u>	<u>23,634,619</u>	<u>21,857,273</u>
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
Malaysia	46,397,203	34,553,693	224,440	114,469
Thailand	5,475,694	6,231,300	66,500	2,133
	<u>51,872,897</u>	<u>40,784,993</u>	<u>290,940</u>	<u>116,602</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 30 June 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 30 June 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 RM8,236,000 (2009 : RM8,626,000) of which RM4,291,000 (2009 : RM3,322,000) has been utilised as at the balance sheet date.

MQ TECHNOLOGY BERHAD

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 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**

For the current quarter, the Group recorded revenue of approximately RM10.98 million as compared to RM11.11 million in the preceding year corresponding quarter. The slightly decrease in revenue by approximately 1.19% 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.

For the current year-to-date, the Group registered a revenue of RM23.63 million respectively as compared to the preceding year corresponding period of RM21.86 million. Revenue has increased by approximately 8.13% for the current year-to-date mainly due to higher revenue recorded from the precision engineering division subsequent to the completion of the disposal of QBT in June 2009. Additional to that, the Group recorded a loss before tax in the preceding year corresponding period 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

The Group achieved revenue of approximately RM10.98 million for the current quarter as compared to RM11.11 million in the preceding year corresponding quarter and a Profit Before Tax ("PBT") of approximately RM0.83 million for the current quarter as compared to PBT of RM0.82 million in the preceding quarter. The slightly decrease was mainly due to the sales 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 QBT in June 2009.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Jun-10 RM	Preceding year corresponding quarter 30-Jun-09 RM	Current year to date 30-Jun-10 RM	Preceding year corresponding period 30-Jun-09 RM
Tax based on results for the quarter/period:				
Malaysian income tax and deferred tax	-	35,000	10,674	45,000

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. Besides that, the lower tax rates also 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 10 years but the Pioneer Certificate has yet issued by the Ministry of International Trade and Industry to the subsidiary as the management team is in the process of preparing the application to the authority as of to date.

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 30 JUNE 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

		AS AT 30-Jun-10 RM
(a) Short term borrowings		
Secured		1,776,362
Unsecured		-
		1,776,362
(b) Long term borrowings		
Secured		2,444,681
Unsecured		-
		2,444,681
Borrowings denominated in foreign currency:		
	THB	RM (Equivalent)
Thai Baht ("THB")	346,875	34,826

B10 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 20 August 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 20 August 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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Jun-10	Preceding year corresponding quarter 30-Jun-09	Current year to date 30-Jun-10	Preceding year corresponding period 30-Jun-09
Net profit/(loss) attributable to shareholders (RM)	825,625	815,716	922,914	(1,702,554)
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	0.36	0.35	0.40	(0.74)
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 20 August 2010.