

MQ TECHNOLOGY BERHAD

(Company No. 635804-H)

(Incorporated in Malaysia)

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 31 DECEMBER 2010

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-10 RM '000	31-Dec-09 RM '000	31-Dec-10 RM '000	31-Dec-09 RM '000
1 Revenue	9,386	9,799	42,172	38,827
2 (Loss)/Profit before tax	(48)	1,206	2,209	451
3 Profit after tax	506	1,037	2,695	237
4 Net profit for the period/year	506	1,037	2,695	237
5 Earnings per share (sen) - Basic **	0.22	0.45	1.17	0.10
6 Earnings 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-10	31-Dec-09
8 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.24	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-10	31-Dec-09	31-Dec-10	31-Dec-09
Net profit for the period/year - RM	506,184	1,037,367	2,694,546	237,436
Number of shares in issue	230,562,907	230,562,907	230,562,907	230,562,907
Earnings per share (sen) - Basic	0.22	0.45	1.17	0.10

MQ TECHNOLOGY BERHAD

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Dec-10 RM	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-09 RM	CURRENT YEAR TO DATE 31-Dec-10 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-09 RM
Revenue	9,385,504	9,798,586	42,171,506	38,826,882
Cost of sales	(7,963,560)	(6,186,467)	(33,181,330)	(28,976,002)
Gross profit	1,421,944	3,612,119	8,990,176	9,850,880
Other income	85,699	77,446	350,462	996,784
Operating expenses	(1,473,919)	(2,434,212)	(6,861,029)	(10,177,591)
Finance cost	(82,006)	(49,332)	(270,209)	(218,982)
(Loss)/Profit before tax	(48,282)	1,206,021	2,209,400	451,091
Tax expense	554,466	(168,654)	485,146	(213,655)
Net profit for the period/year	506,184	1,037,367	2,694,546	237,436
Other comprehensive income after tax:				
Exchange translation differences	40,386	28,118	(1,932)	133,208
Other comprehensive income for the period, net of tax	40,386	28,118	(1,932)	133,208
Total comprehensive income for the period/year	546,570	1,065,485	2,692,614	370,644
Attributable to:				
Equity holders of the Company	546,570	1,065,485	2,692,614	370,644
Earnings per share - (Sen)				
Basic	0.22	0.45	1.17	0.10
Diluted	NA	NA	NA	NA

MQ TECHNOLOGY BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010*(The figures have not been audited)*

	UNAUDITED AS AT 31-Dec-10 RM	AUDITED AS AT 31-Dec-09 RM
NON-CURRENT ASSETS		
Property, plant and equipment	35,021,121	30,644,662
Goodwill on consolidation	960,221	960,221
	<u>35,981,342</u>	<u>31,604,883</u>
CURRENT ASSETS		
Inventories	1,773,398	2,128,851
Trade receivables	8,545,274	10,317,033
Other receivables, deposits and prepayments	1,471,923	616,643
Current tax assets	68,854	510,717
Cash and bank balances	18,672,502	17,608,198
	<u>30,531,951</u>	<u>31,181,442</u>
CURRENT LIABILITIES		
Trade payables	2,522,435	4,130,102
Other payables and accruals	2,333,473	1,634,526
Hire purchase payables	2,116,433	1,264,959
Current portion of term loans	474,231	447,449
	<u>7,446,572</u>	<u>7,477,036</u>
NET CURRENT ASSETS	<u>23,085,379</u>	<u>23,704,406</u>
	<u>59,066,721</u>	<u>55,309,289</u>
FINANCED BY		
Share capital	23,056,291	23,056,291
Share premium	8,527,123	8,527,123
Exchange translation reserve	220,731	222,663
Retained profits	23,712,152	21,017,606
SHAREHOLDERS' EQUITY	<u>55,516,297</u>	<u>52,823,683</u>
NON-CURRENT LIABILITIES		
Hire purchase payables	3,289,655	1,152,855
Term loans	121,769	647,751
Deferred tax liabilities	139,000	685,000
	<u>3,550,424</u>	<u>2,485,606</u>
	<u>59,066,721</u>	<u>55,309,289</u>
Net assets ("NA") per share (RM)	<u>0.24</u>	<u>0.23</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 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>Year ended 31 DECEMBER 2010</u>					
At 1 January 2010	23,056,291	8,527,123	222,663	21,017,606	52,823,683
Exchange translation differences	-	-	(1,932)	-	(1,932)
Net profit for the year	-	-	-	2,694,546	2,694,546
Total comprehensive income for the year	-	-	(1,932)	2,694,546	2,692,614
At 31 December 2010	23,056,291	8,527,123	220,731	23,712,152	55,516,297

Year ended 31 December 2009

At 1 January 2009	23,056,291	8,527,123	89,455	20,780,170	52,453,039
Exchange translation differences	-	-	133,208	-	133,208
Net profit for the year	-	-	-	237,436	237,436
Total comprehensive income for the year	-	-	133,208	237,436	370,644
At 31 December 2009	23,056,291	8,527,123	222,663	21,017,606	52,823,683

MQ TECHNOLOGY BERHAD

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

	CURRENT YEAR TO DATE 31-Dec-10 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-09 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,209,400	451,091
Adjustments for:		
Depreciation	3,825,579	3,861,035
Unrealised loss on foreign exchange	350,690	168,094
Interest expense	270,209	218,982
Property, plant and equipment written off	137,125	917,315
Loss/(Gain) on disposal of property, plant and equipment	91,484	(204,290)
Interest income	(310,964)	(297,331)
Loss on disposal of a subsidiary company	-	3,627,051
Operating profit before working capital changes	<u>6,573,523</u>	<u>8,741,947</u>
Decrease/(Increase) in inventories	355,453	(168,651)
Decrease/(Increase) in receivables	821,438	(7,142,482)
(Decrease)/Increase in payables	(909,639)	3,489,492
Cash generated from operations	<u>6,840,775</u>	<u>4,920,306</u>
Income taxes refunded	458,139	-
Income taxes paid	(77,130)	(355,671)
Net cash from operating activities	<u>7,221,784</u>	<u>4,564,635</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,571,682)	(4,524,934)
Interest received	310,964	297,331
Proceeds from disposal of property, plant and equipment	57,103	1,027,744
Proceeds from disposal of subsidiary, net of cash in subsidiary disposed	-	5,959,253
Net cash (used in)/from investing activities	<u>(3,203,615)</u>	<u>2,759,394</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(270,209)	(218,982)
Repayment of term loans	(499,200)	(866,627)
Repayment of hire purchase obligations	(1,941,626)	(2,417,538)
Net cash used in financing activities	<u>(2,711,035)</u>	<u>(3,503,147)</u>
Effect of exchange rate changes	(242,830)	(98,569)
Net increase in cash and cash equivalents	<u>1,064,304</u>	<u>3,722,313</u>
Cash and cash equivalents brought forward	17,608,198	13,885,885
Cash and cash equivalents carried forward	<u>18,672,502</u>	<u>17,608,198</u>
Cash and cash equivalents comprise:		
Short-term funds	11,505,226	11,568,332
Cash and bank balances	7,167,276	6,039,866
	<u>18,672,502</u>	<u>17,608,198</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 DECEMBER 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 RM	Effects of changes in accounting policy RM	As restated 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 31 DECEMBER 2010

A NOTES TO THE INTERIM FINANCIAL REPORT

A7 Segment reporting
Business Segments

The Group 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	to date	corresponding
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
Malaysia	914,653	287,253	2,907,539	12,279,235
Other Asia Pacific countries	8,241,355	8,652,310	38,728,023	24,563,282
United States of America	229,496	859,023	535,944	1,984,365
	9,385,504	9,798,586	42,171,506	38,826,882
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
Malaysia	47,493,483	44,648,597	7,390,586	5,992,192
Thailand	8,710,606	6,058,679	1,110,986	195,706
	56,204,089	50,707,276	8,501,572	6,187,898

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 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 December 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 RM10,281,000 (2009 : RM7,247,000) of which RM6,086,000 (2009 : RM3,551,000) has been utilised as at the balance sheet date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 DECEMBER 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 revenue of approximately RM9.39 million for the current quarter as compared to RM9.80 million in the preceding year corresponding quarter. However, the gross margin was decreased significantly from 36.86% in preceding year corresponding quarter to 15.15% for the current quarter. The lower gross margin recorded in the current quarter was mainly resulted from the market pricing pressure.

For the current year-to-date, the Group registered a revenue of RM42.17 million as compared to the preceding year corresponding period of RM38.83 million. Revenue has increased by approximately 8.61% 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 QB Technology Sdn Bhd ("QBT") in June 2009. Besides that, the Group recorded a lower profit in the preceding year corresponding period as compared to the current year to date. The lower profit recorded in last financial year was mainly due to 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

The Group achieved a lower gross margin of 15.15% for the current quarter as compared to preceding year corresponding quarter of 36.86% and a Loss Before Tax of approximately RM48K for the current quarter as compared to Profit Before Tax of RM1.04 million in the preceding quarter. The lower gross margin recorded in the current quarter under review was mainly due to the market pricing pressure. However, there was a significant decreased in operating expenses in the current quarter as compared to preceding year corresponding quarter of approximately RM960K. The decreased was mainly resulted from the written-off of the fixed assets of RM912K in preceding year corresponding quarter.

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 31-Dec-10 RM	Preceding year corresponding quarter 31-Dec-09 RM	Current year to date 31-Dec-10 RM	Preceding year corresponding period 31-Dec-09 RM
Tax based on results for the quarter/period:				
Malaysian income tax and deferred tax	(554,466)	168,654	(485,146)	213,655

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 decrease in the deferred tax liabilities of RM546K in respect of the taxable temporary differences between the carrying amount and tax base of property, plant and equipment subsequent 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. The management had submitted for the application of the Pioneer Certificate to the Ministry of International Trade and Industry ("MITI") on 24 September 2010. Currently, the management is waiting for the Certificate to be issued by the MITI to the subsidiary.

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 DECEMBER 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	31-Dec-10
		RM	
(a) <u>Short term borrowings</u>			
Secured		2,590,664	
Unsecured		-	
		2,590,664	
(b) <u>Long term borrowings</u>			
Secured		3,411,424	
Unsecured		-	
		3,411,424	
Borrowings denominated in foreign currency:			
	THB	RM	
		(Equivalent)	
Thai Baht ("THB")	208,125	21,285	

B10 Realised and Unrealised Profit or Losses of the Group

	CUMULATIVE QUARTER	
	As at	As at
	31-Dec-10	30-Sep-10
Realised profits	26,483,742	26,537,125
Unrealised profits/losses	(489,690)	(1,058,316)
	25,994,052	25,478,809
Less: Consolidation adjustments	(2,281,900)	(2,272,841)
Total retained profits	23,712,152	23,205,968

Note: According to Bursa Malaysia Securities Berhad's directive dated 20 December 2010, prior comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses Disclosure.

B11 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 25 February 2011 (being the latest practicable date which shall not be earlier than 7 days from the date of this announcement).

B12 Material litigation

There were no material litigations pending since the end of the previous financial year ended 31 December 2009 to 25 February 2011 (being the date not earlier than 7 days from the date of this announcement).

B13 Dividends

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

B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Current year	Preceding year
	quarter	corresponding	to date	corresponding
	31-Dec-10	quarter	31-Dec-10	period
		31-Dec-09		31-Dec-09
Net profit attributable to shareholders (RM)	506,184	1,037,367	2,694,546	237,436
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	0.22	0.45	1.17	0.10
Diluted	NA	NA	NA	NA

B15 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.

B16 Authorise for issue

The interim financial statements were authorised for issue by the Board of Directors on 25 February 2011.