

MQ TECHNOLOGY BERHAD

(Company No. 635804-H)

(Incorporated in Malaysia)

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 31 MARCH 2011

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|---|-------------------------|--|---|---|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 31-Mar-11 | 31-Mar-10 | 31-Mar-11 | 31-Mar-10 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| 1 Revenue | 6,189 | 12,656 | 6,189 | 12,656 |
| 2 (Loss)/Profit before tax | (871) | 108 | (871) | 108 |
| 3 (Loss)/Profit after tax | (871) | 97 | (871) | 97 |
| 4 Net (loss)/profit for the period | (871) | 97 | (871) | 97 |
| 5 (Loss)/Earnings per share (sen) - Basic ** | (0.38) | 0.04 | (0.38) | 0.04 |
| 6 (Loss)/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-Mar-11 | 31-Dec-10 |
| 8 Net assets per share attributable to ordinary equity holders of the parent (RM) | | | 0.24 | 0.24 |

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-Mar-11 | 31-Mar-10 | 31-Mar-11 | 31-Mar-10 |
| | | | | |
| Net (loss)/profit for the period - RM | (870,816) | 97,289 | (870,816) | 97,289 |
| Number of shares in issue | 230,562,907 | 230,562,907 | 230,562,907 | 230,562,907 |
| (Loss)/Earnings per share (sen) - Basic | (0.38) | 0.04 | (0.38) | 0.04 |

MQ TECHNOLOGY BERHAD

(Company No. 635804-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2011*(The figures have not been audited)*

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|--|
| | CURRENT YEAR QUARTER 31-Mar-11 RM | PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-10 RM | CURRENT YEAR TO DATE 31-Mar-11 RM | PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-10 RM |
| Revenue | 6,189,292 | 12,656,366 | 6,189,292 | 12,656,366 |
| Cost of sales | (5,485,388) | (10,697,313) | (5,485,388) | (10,697,313) |
| Gross profit | <u>703,904</u> | <u>1,959,053</u> | <u>703,904</u> | <u>1,959,053</u> |
| Other income | 205,944 | 70,648 | 205,944 | 70,648 |
| Operating expenses | (1,686,993) | (1,869,692) | (1,686,993) | (1,869,692) |
| Finance cost | (93,671) | (52,046) | (93,671) | (52,046) |
| (Loss)/Profit before tax | <u>(870,816)</u> | <u>107,963</u> | <u>(870,816)</u> | <u>107,963</u> |
| Tax expense | - | (10,674) | - | (10,674) |
| Net (loss)/profit for the period | <u>(870,816)</u> | <u>97,289</u> | <u>(870,816)</u> | <u>97,289</u> |
| Other comprehensive loss after tax: | | | | |
| Exchange translation differences | (156,319) | (72,381) | (156,319) | (72,381) |
| Other comprehensive loss for the period, net of tax | <u>(156,319)</u> | <u>(72,381)</u> | <u>(156,319)</u> | <u>(72,381)</u> |
| Total comprehensive (loss)/income for the period | <u>(1,027,135)</u> | <u>24,908</u> | <u>(1,027,135)</u> | <u>24,908</u> |
| Attributable to: | | | | |
| Equity holders of the Company | <u>(1,027,135)</u> | <u>24,908</u> | <u>(1,027,135)</u> | <u>24,908</u> |
| (Loss)/Earnings per share - (Sen) | | | | |
| Basic | (0.38) | 0.04 | (0.38) | 0.04 |
| Diluted | NA | NA | NA | NA |

MQ TECHNOLOGY BERHAD

(Company No. 635804-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011*(The figures have not been audited)*

| | UNAUDITED AS AT 31-Mar-11 RM | AUDITED AS AT 31-Dec-10 RM |
|---|---------------------------------------|-------------------------------------|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 36,926,616 | 35,021,121 |
| Goodwill on consolidation | 960,221 | 960,221 |
| | <u>37,886,837</u> | <u>35,981,342</u> |
| CURRENT ASSETS | | |
| Inventories | 2,191,195 | 1,773,398 |
| Trade receivables | 5,638,825 | 8,545,274 |
| Other receivables, deposits and prepayments | 603,159 | 1,471,923 |
| Current tax assets | 40,167 | 68,854 |
| Cash and bank balances | 19,269,554 | 18,672,502 |
| | <u>27,742,900</u> | <u>30,531,951</u> |
| CURRENT LIABILITIES | | |
| Trade payables | 2,482,425 | 2,522,435 |
| Other payables and accruals | 1,334,632 | 2,333,473 |
| Hire purchase payables | 2,720,336 | 2,116,433 |
| Current portion of term loans | 452,800 | 474,231 |
| | <u>6,990,193</u> | <u>7,446,572</u> |
| NET CURRENT ASSETS | <u>20,752,707</u> | <u>23,085,379</u> |
| | <u>58,639,544</u> | <u>59,066,721</u> |
| FINANCED BY | | |
| Share capital | 23,056,291 | 23,056,291 |
| Share premium | 8,527,123 | 8,527,123 |
| Exchange translation reserve | 64,411 | 220,730 |
| Retained profits | 22,841,337 | 23,712,153 |
| SHAREHOLDERS' EQUITY | <u>54,489,162</u> | <u>55,516,297</u> |
| NON-CURRENT LIABILITIES | | |
| Hire purchase payables | 3,992,982 | 3,289,655 |
| Term loans | 18,400 | 121,769 |
| Deferred tax liabilities | 139,000 | 139,000 |
| | <u>4,150,382</u> | <u>3,550,424</u> |
| | <u>58,639,544</u> | <u>59,066,721</u> |
| Net assets ("NA") per share (RM) | <u>0.24</u> | <u>0.24</u> |

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2011
(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 31 MARCH 2011</u> | | | | | |
| At 1 January 2011 | 23,056,291 | 8,527,123 | 220,730 | 23,712,153 | 55,516,297 |
| Exchange translation differences | - | - | (156,319) | - | (156,319) |
| Net loss for the period | - | - | - | (870,816) | (870,816) |
| Total comprehensive loss for the year | - | - | (156,319) | (870,816) | (1,027,135) |
| At 31 March 2011 | 23,056,291 | 8,527,123 | 64,411 | 22,841,337 | 54,489,162 |
| <u>Period ended 31 MARCH 2010</u> | | | | | |
| 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 year | - | - | - | 97,289 | 97,289 |
| Total comprehensive income for the year | - | - | (72,381) | 97,289 | 24,908 |
| At 31 March 2010 | 23,056,291 | 8,527,123 | 150,282 | 21,114,895 | 52,848,591 |

MQ TECHNOLOGY BERHAD

(Company No. 635804-H)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2011***(The figures have not been audited)*

| | CURRENT YEAR TO DATE 31-Mar-11 RM | PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-10 RM |
|---|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before tax | (870,816) | 107,963 |
| Adjustments for: | | |
| Depreciation | 1,135,084 | 938,223 |
| Unrealised loss on foreign exchange | 314,770 | 379,967 |
| Interest expense | 93,671 | 52,046 |
| Interest income | (71,362) | (68,894) |
| Operating profit before working capital changes | 601,347 | 1,409,305 |
| Decrease in inventories | (417,797) | (159,762) |
| Decrease/(Increase) in receivables | 3,716,444 | (3,690,794) |
| (Decrease)/Increase in payables | (1,039,302) | 3,553,023 |
| Cash generated from operations | 2,860,692 | 1,111,772 |
| Income taxes refunded | 37,687 | 385,906 |
| Income taxes paid | (9,000) | (9,001) |
| Net cash from operating activities | 2,889,379 | 1,488,677 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (1,253,636) | (301,865) |
| Interest received | 71,362 | 68,894 |
| Net cash used in investing activities | (1,182,274) | (232,971) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (93,671) | (52,046) |
| Repayment of term loans | (124,800) | (124,800) |
| Repayment of hire purchase obligations | (556,770) | (684,146) |
| Net cash used in financing activities | (775,241) | (860,992) |
| Effect of exchange rate changes | (334,812) | (167,091) |
| Net increase in cash and cash equivalents | 597,052 | 227,623 |
| Cash and cash equivalents brought forward | 18,672,502 | 17,608,198 |
| Cash and cash equivalents carried forward | 19,269,554 | 17,835,821 |
| <u>Cash and cash equivalents comprise:</u> | | |
| Short-term funds | 12,763,428 | 10,953,447 |
| Cash and bank balances | 6,506,126 | 6,882,374 |
| | 19,269,554 | 17,835,821 |

MQ TECHNOLOGY BERHAD

(Company No. 635804-H)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2011

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 2010 except for the adoption of the amended/revised/new Financial Reporting Standards and Issues Committee Interpretations that are effective for financial period beginning on or after 1 January 2011 which expected to have no significant financial impacts on 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 2010. 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 2010.

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 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 |
| | 31-Mar-11 | 31-Mar-10 | 31-Mar-11 | 31-Mar-10 |
| Malaysia | 1,286,647 | 301,016 | 1,286,647 | 301,016 |
| Other Asia Pacific countries | 4,631,597 | 12,124,157 | 4,631,597 | 12,124,157 |
| United States of America | 271,048 | 231,193 | 271,048 | 231,193 |
| | <u>6,189,292</u> | <u>12,656,366</u> | <u>6,189,292</u> | <u>12,656,366</u> |
| | SEGMENT ASSETS | | CAPITAL EXPENDITURE | |
| | 31-Mar-11 | 31-Mar-10 | 31-Mar-11 | 31-Mar-10 |
| Malaysia | 46,516,294 | 48,581,746 | 3,085,713 | 270,424 |
| Thailand | 7,770,827 | 6,089,341 | 31,923 | 31,441 |
| | <u>54,287,121</u> | <u>54,671,087</u> | <u>3,117,636</u> | <u>301,865</u> |

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2011

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 March 2011, 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 2011 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 RM11,581,000 (2010 : RM7,575,000) of which RM7,286,000 (2010 : RM3,754,000) has been utilised as at the balance sheet date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2011

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 loss before tax ("LBT") of RM871K for the current year quarter as compared to the profit before tax ("PBT") of RM108K in the preceding year corresponding quarter. Revenue for the current year quarter is RM6.19 million as compared to RM12.66 million in the preceding year corresponding quarter. There was a significant decrease of 51% in revenue for the current year quarter as compared to the preceding year corresponding quarter which was due to the one-off event on the sales of equipment to a customer of RM5.34mil in the preceding year corresponding quarter.

However, there was an increase in other income of RM135K and a decrease in other operating expense of RM183K in the current year quarter as compared to preceding year corresponding quarter which was mainly contributed by the significant decrease in realised loss on the foreign exchange. The Group recorded a realised loss on the foreign exchange of RM236K in preceding year corresponding quarter as compared to a realised gain on the foreign exchange of RM108K for the current year quarter.

B2 Variation of results against immediate preceding quarter

For the current quarter, the Group achieved a lower gross margin of 11.37% for the current quarter as compared to preceding year corresponding quarter of 15.48% and a LBT of approximately RM871K for the current quarter as compared to PBT of RM108K in the preceding year corresponding quarter. The lower gross margin recorded in the current quarter under review was mainly due to significant increase in the depreciation charged which was consistent with the purchased on the property, plant and equipment.

B3 Prospects for the forthcoming financial year

Based on the industry outlooks of hard disk drive subsequent to the impact from Japan's Tsunami on the shortage of the material supply in the market, the Board expects its business prospects for the financial year ending 31 December 2011 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 2011.

B5 Taxation

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|--|
| | Current year quarter 31-Mar-11 RM | Preceding year corresponding quarter 31-Mar-10 RM | Current year to date 31-Mar-11 RM | Preceding year corresponding period 31-Mar-10 RM |
| Tax based on results for the quarter/period: | | | | |
| Malaysian income tax and deferred tax | - | 10,674 | - | 10,674 |

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 from Pioneer Products is exempted from income tax for a period of 5 years (extendable for further 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 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 2011

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-Mar-11 RM | |
|---|--------------------------|--------------------|
| (a) <u>Short term borrowings</u> | | |
| Secured | 3,173,136 | |
| Unsecured | - | |
| | 3,173,136 | |
| (b) <u>Long term borrowings</u> | | |
| Secured | 4,011,382 | |
| Unsecured | - | |
| | 4,011,382 | |
| Borrowings denominated in foreign currency: | | |
| | THB | RM (Equivalent) |
| Thai Baht ("THB") | 282,960 | 28,281 |

B10 Realised and Unrealised Profit or Losses

| | As at 31-Mar-11 | As at 31-Dec-10 |
|---|--------------------|--------------------|
| Total retained profits of the Company and its subsidiaries:- | | |
| - Realised | 25,599,875 | 26,483,744 |
| - Unrealised | (453,770) | (489,690) |
| | 25,146,105 | 25,994,054 |
| Less: Consolidation adjustments and eliminations | (2,304,768) | (2,281,901) |
| Total retained profits as per statement of financial position | 22,841,337 | 23,712,153 |

B11 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 25 May 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 2010 to 25 May 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 quarter 31-Mar-11 | Preceding year corresponding quarter 31-Mar-10 | Current year to date 31-Mar-11 | Preceding year corresponding period 31-Mar-10 |
| Net (loss)/profit attributable to shareholders (RM) | (870,816) | 97,289 | (870,816) | 97,289 |
| Weighted average number of ordinary shares in issue | 230,562,907 | 230,562,907 | 230,562,907 | 230,562,907 |
| (Loss)/Earnings per share - (Sen) | | | | |
| Basic | (0.38) | 0.04 | (0.38) | 0.04 |
| 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 2010 in their report dated 11 April 2011.

B16 Authorise for issue

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