

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

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 JUNE 2011

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Jun-11 RM '000	30-Jun-10 RM '000	30-Jun-11 RM '000	30-Jun-10 RM '000
1 Revenue	5,272	10,978	11,461	23,635
2 (Loss)/Profit before tax	(1,660)	826	(2,530)	934
3 (Loss)/Profit after tax	(1,660)	826	(2,530)	923
4 Net (loss)/profit for the period	(1,660)	826	(2,530)	923
5 (Loss)/Earnings per share (sen) - Basic **	(0.72)	0.36	(1.10)	0.40
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
			30-Jun-11	31-Dec-10
8 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.23	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
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
Net (loss)/profit for the period - RM	(1,659,605)	825,625	(2,530,421)	922,914
Number of shares in issue	230,562,907	230,562,907	230,562,907	230,562,907
(Loss)/Earnings per share (sen) - Basic	(0.72)	0.36	(1.10)	0.40

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2011
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Jun-11 RM	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-10 RM	CURRENT YEAR TO DATE 30-Jun-11 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-10 RM
Revenue	5,271,599	10,978,253	11,460,891	23,634,619
Cost of sales	(5,444,342)	(8,376,583)	(10,929,730)	(19,073,896)
Gross (loss)/profit	<u>(172,743)</u>	<u>2,601,670</u>	<u>531,161</u>	<u>4,560,723</u>
Other income	79,168	93,206	285,112	163,854
Operating expenses	(1,465,533)	(1,801,916)	(3,152,526)	(3,671,608)
Finance cost	(100,497)	(67,335)	(194,168)	(119,381)
(Loss)/Profit before tax	<u>(1,659,605)</u>	<u>825,625</u>	<u>(2,530,421)</u>	<u>933,588</u>
Tax expense	-	-	-	(10,674)
Net (loss)/profit for the period	<u><u>(1,659,605)</u></u>	<u><u>825,625</u></u>	<u><u>(2,530,421)</u></u>	<u><u>922,914</u></u>
Other comprehensive loss after tax:				
Exchange translation differences	(106,575)	(33,277)	(262,894)	(105,658)
Other comprehensive loss for the period, net of tax	<u>(106,575)</u>	<u>(33,277)</u>	<u>(262,894)</u>	<u>(105,658)</u>
Total comprehensive (loss)/income for the period	<u><u>(1,766,180)</u></u>	<u><u>792,348</u></u>	<u><u>(2,793,315)</u></u>	<u><u>817,256</u></u>
Attributable to:				
Equity holders of the Company	<u><u>(1,766,180)</u></u>	<u><u>792,348</u></u>	<u><u>(2,793,315)</u></u>	<u><u>817,256</u></u>
(Loss)/Earnings per share - (Sen)				
Basic	(0.72)	0.36	(1.10)	0.40
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 2011
(The figures have not been audited)

	UNAUDITED AS AT 30-Jun-11 RM	AUDITED AS AT 31-Dec-10 RM
NON-CURRENT ASSETS		
Property, plant and equipment	35,734,473	35,021,121
Goodwill on consolidation	960,221	960,221
	36,694,694	35,981,342
CURRENT ASSETS		
Inventories	1,789,062	1,773,398
Trade receivables	5,127,860	8,545,274
Other receivables, deposits and prepayments	612,849	1,471,923
Current tax assets	49,000	68,854
Cash and bank balances	18,151,973	18,672,502
	25,730,744	30,531,951
CURRENT LIABILITIES		
Trade payables	1,557,211	2,522,435
Other payables and accruals	1,623,094	2,333,473
Hire purchase payables	2,740,072	2,116,433
Current portion of term loans	346,400	474,231
	6,266,777	7,446,572
NET CURRENT ASSETS	19,463,967	23,085,379
	56,158,661	59,066,721
FINANCED BY		
Share capital	23,056,291	23,056,291
Share premium	8,527,123	8,527,123
Exchange translation reserve	(42,164)	220,730
Retained profits	21,181,732	23,712,153
SHAREHOLDERS' EQUITY	52,722,982	55,516,297
NON-CURRENT LIABILITIES		
Hire purchase payables	3,296,679	3,289,655
Term loans	-	121,769
Deferred tax liabilities	139,000	139,000
	3,435,679	3,550,424
	56,158,661	59,066,721
Net assets ("NA") per share (RM)	0.23	0.24

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 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 30 June 2011</u>					
At 1 January 2011	23,056,291	8,527,123	220,730	23,712,153	55,516,297
Exchange translation differences	-	-	(262,894)	-	(262,894)
Net loss for the period	-	-	-	(2,530,421)	(2,530,421)
Total comprehensive loss for the year	-	-	(262,894)	(2,530,421)	(2,793,315)
At 30 June 2011	23,056,291	8,527,123	(42,164)	21,181,732	52,722,982
<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 year	-	-	-	922,914	922,914
Total comprehensive income for the year	-	-	(105,658)	922,914	817,256
At 30 June 2010	23,056,291	8,527,123	117,005	21,940,520	53,640,939

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 June 2011
(The figures have not been audited)

	CURRENT YEAR TO DATE 30-Jun-11 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-10 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(2,530,421)	933,588
Adjustments for:		
Depreciation	2,325,870	1,840,115
Unrealised loss/(gain) on foreign exchange	110,078	(7,117)
Interest expense	194,168	119,381
Property, plant and equipment written off	3,494	133,227
Loss/(Gain) on disposal of property, plant and equipment	-	174,184
Interest income	(150,534)	(153,870)
Operating profit before working capital changes	(47,345)	3,039,508
Decrease/(Increase) in inventories	(15,664)	(1,460,760)
Decrease/(Increase) in receivables	4,302,207	(1,066,701)
(Decrease)/Increase in payables	(1,677,039)	2,107,668
Cash generated from operations	2,562,159	2,619,715
Income taxes refunded	37,854	458,139
Income taxes paid	(18,000)	(18,001)
Net cash from operating activities	2,582,013	3,059,853
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,307,633)	(290,940)
Interest received	150,534	153,870
Proceeds from disposal of property, plant and equipment	-	50,000
Net cash used in investing activities	(1,157,099)	(87,070)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(194,168)	(119,381)
Repayment of term loans	(249,600)	(249,600)
Repayment of hire purchase obligations	(1,233,337)	(1,126,971)
Net cash used in financing activities	(1,677,105)	(1,495,952)
Effect of exchange rate changes	(268,338)	(51,492)
Net increase in cash and cash equivalents	(520,529)	1,425,339
Cash and cash equivalents brought forward	18,672,502	17,608,198
Cash and cash equivalents carried forward	18,151,973	19,033,537
<u>Cash and cash equivalents comprise:</u>		
Short-term funds	11,764,203	12,985,222
Cash and bank balances	6,387,770	6,048,315
	18,151,973	19,033,537

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 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 and design, development and manufacture of advanced automation modules/assemblies for digital data storage, medical instrument systems/devices and optoelectronics applications and related components. 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-11	30-Jun-10	30-Jun-11	30-Jun-10
Malaysia	723,683	682,101	2,010,330	983,118
Other Asia Pacific countries	4,311,687	10,234,018	8,943,284	22,358,174
United States of America	236,229	62,134	507,277	293,327
	<u>5,271,599</u>	<u>10,978,253</u>	<u>11,460,891</u>	<u>23,634,619</u>
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
Malaysia	44,925,408	46,397,203	3,124,485	224,440
Thailand	7,173,702	6,475,694	47,148	66,500
	<u>52,099,110</u>	<u>52,872,897</u>	<u>3,171,633</u>	<u>290,940</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 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 30 June 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 30 June 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 RM10,913,000 (2010 : RM8,236,000) of which RM6,493,000 (2010 : RM4,291,000) has been utilised as at the balance sheet date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 JUNE 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 RM1.7 million for the current year quarter and RM2.53 million for the current year-to-date as compared to the profit before tax ("PBT") of RM826K in the preceding year corresponding quarter and RM923K in the preceding year corresponding period. Also, there was a significant decrease of 52% in revenue for the current year quarter and current year-to-date as compared to the preceding year corresponding quarter and period which was due to the ad hoc events occurred on the revenue generated from special projects on upgrading the equipments to a customer of RM5.3 million and RM4.1 million in the 1st quarter and 2nd quarter respectively. Excluding the two ad hoc revenue generated from special projects, the revenue of the Group actually decreased by 23% and 20% for the current year quarter and current year-to-date respectively as compared to preceding year corresponding quarter and period. The lower sales made to customers during the financial period under review was due to the shortage of certain components supply in the market affected by the Japan Tsunami which force the Group's operations to slow down during April and May.

The Group recorded a gross loss of 3.28% for the current year quarter and profit margin of 4.6% for the current year-to-date as compared to gross profit of 24% in the preceding year corresponding quarter and 19.3% in the preceding year corresponding period. The significant decrease in gross margin during the financial period under review was mainly from the market pricing pressure and also increased in the labour costs due to the demand in this region. In addition, the decreased in the gross margin was also due to the increase in fixed expenses incurred such as depreciation charged which was consistent with the new purchase of equipments for machining capability upgrade. However, there was a decrease in other operating expense during the financial period as compared to preceding year corresponding quarter and period which was mainly contributed by the significant decrease in realised loss on the foreign exchange.

B2 Variation of results against immediate preceding quarter

For the current quarter, the Group achieved a gross loss of 3.28% and a LBT of approximately RM1.7million. The lower gross margin recorded in the current quarter under review was mainly due to market pricing pressure and increased in the labour costs due to the demand in this region and also the increased in the depreciation charged which was consistent with the new purchase of equipments for machining capability upgrade during the financial period under review.

B3 Prospects for the forthcoming financial year

Forward looking, the Board expects the industry to slowly recover from the Japan Earthquake aftermath, and the Group continues to seek for new business opportunities in order to improve the Balance Sheet Scorecard of the Group by end of 31 December 2011.

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 30-Jun-11 RM	Preceding year corresponding quarter 30-Jun-10 RM	Current year to date 30-Jun-11 RM	Preceding year corresponding period 30-Jun-10 RM
Tax based on results for the quarter/period:				
Malaysian income tax and deferred tax	-	-	-	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 30 JUNE 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 30-Jun-11 RM
(a) Short term borrowings		
Secured		3,086,472
Unsecured		-
		3,086,472
(b) Long term borrowings		
Secured		3,296,679
Unsecured		-
		3,296,679
Borrowings denominated in foreign currency:		
	THB	RM (Equivalent)
Thai Baht ("THB")	200,475	19,708

B10 Realised and Unrealised Profit or Losses

	As at 30-Jun-11	As at 31-Dec-10
Total retained profits of the Company and its subsidiaries:-		
- Realised	23,752,666	26,483,744
- Unrealised	(249,078)	(489,690)
	23,503,588	25,994,054
Less: Consolidation adjustments and eliminations	(2,321,856)	(2,281,901)
Total retained profits as per statement of financial position	21,181,732	23,712,153

B11 Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 24 August 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 24 August 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 30-Jun-11	Preceding year corresponding quarter 30-Jun-10	Current year to date 30-Jun-11	Preceding year corresponding period 30-Jun-10
Net (loss)/profit attributable to shareholders (RM)	(1,659,605)	825,625	(2,530,421)	922,914
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	(0.72)	0.36	(1.10)	0.40
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 24 August 2011.