

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

**SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Sep-11 RM '000	30-Sep-10 RM '000	30-Sep-11 RM '000	30-Sep-10 RM '000
1 Revenue	7,035	9,151	18,496	32,786
2 (Loss)/Profit before tax	(468)	1,324	(2,998)	2,258
3 (Loss)/Profit after tax	(468)	1,265	(2,998)	2,188
4 Net (loss)/profit for the period	(468)	1,265	(2,998)	2,188
5 (Loss)/Earnings per share (sen) - Basic **	(0.20)	0.55	(1.30)	0.95
6 (Loss)/Earnings per share (sen) - Diluted	NA	NA	NA	NA
7 Dividend per share (sen)	-	-	-	-
			<b>AS AT END OF CURRENT QUARTER</b>	<b>AS AT PRECEDING FINANCIAL YEAR END</b>
			<b>30-Sep-11</b>	<b>31-Dec-10</b>
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](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
	30-Sep-11	30-Sep-10	30-Sep-11	30-Sep-10
Net (loss)/profit for the period - RM	(467,731)	1,265,448	(2,998,152)	2,188,362
Number of shares in issue	230,562,907	230,562,907	230,562,907	230,562,907
(Loss)/Earnings per share (sen) - Basic	(0.20)	0.55	(1.30)	0.95

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**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2011***(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Sep-11 RM	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-10 RM	CURRENT YEAR TO DATE 30-Sep-11 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-10 RM
Revenue	7,034,969	9,151,383	18,495,860	32,786,002
Cost of sales	(6,429,692)	(6,143,874)	(17,359,422)	(25,217,770)
Gross (loss)/profit	605,277	3,007,509	1,136,438	7,568,232
Other income	355,438	100,909	640,550	264,763
Operating expenses	(1,340,077)	(1,715,502)	(4,492,603)	(5,387,110)
Finance cost	(88,369)	(68,822)	(282,537)	(188,203)
(Loss)/Profit before tax	(467,731)	1,324,094	(2,998,152)	2,257,682
Tax expense	-	(58,646)	-	(69,320)
Net (loss)/profit for the period	(467,731)	1,265,448	(2,998,152)	2,188,362
Other comprehensive loss after tax:				
Exchange translation differences	257,178	63,340	(5,716)	(42,318)
Other comprehensive loss for the period, net of tax	257,178	63,340	(5,716)	(42,318)
Total comprehensive (loss)/income for the period	(210,553)	1,328,788	(3,003,868)	2,146,044
Attributable to:				
Equity holders of the Company	(210,553)	1,328,788	(3,003,868)	2,146,044
(Loss)/Earnings per share - (Sen)				
Basic	(0.20)	0.55	(1.30)	0.95
Diluted	NA	NA	NA	NA

**MQ TECHNOLOGY BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011***(The figures have not been audited)*

	UNAUDITED AS AT 30-Sep-11 RM	AUDITED AS AT 31-Dec-10 RM
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	35,072,894	35,021,121
Goodwill on consolidation	960,221	960,221
	<u>36,033,115</u>	<u>35,981,342</u>
<b>CURRENT ASSETS</b>		
Inventories	1,900,771	1,773,398
Trade receivables	7,149,491	8,545,274
Other receivables, deposits and prepayments	645,942	1,471,923
Current tax assets	58,000	68,854
Cash and bank balances	17,243,654	18,672,502
	<u>26,997,858</u>	<u>30,531,951</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	2,985,403	2,522,435
Other payables and accruals	1,817,083	2,333,473
Hire purchase payables	2,764,718	2,116,433
Current portion of term loans	221,600	474,231
	<u>7,788,804</u>	<u>7,446,572</u>
<b>NET CURRENT ASSETS</b>	19,209,054	23,085,379
	<u>55,242,169</u>	<u>59,066,721</u>
<b>FINANCED BY</b>		
Share capital	23,056,291	23,056,291
Share premium	8,527,123	8,527,123
Exchange translation reserve	215,014	220,730
Retained profits	20,714,001	23,712,153
<b>SHAREHOLDERS' EQUITY</b>	<u>52,512,429</u>	<u>55,516,297</u>
<b>NON-CURRENT LIABILITIES</b>		
Hire purchase payables	2,590,740	3,289,655
Term loans	-	121,769
Deferred tax liabilities	139,000	139,000
	<u>2,729,740</u>	<u>3,550,424</u>
	<u>55,242,169</u>	<u>59,066,721</u>
 Net assets ("NA") per share (RM)	 <u>0.23</u>	 <u>0.24</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 SEPTEMBER 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
<b><u>Period ended 30 September 2011</u></b>					
At 1 January 2011	23,056,291	8,527,123	220,730	23,712,153	55,516,297
Exchange translation differences	-	-	(5,716)	-	(5,716)
Net loss for the period	-	-	-	(2,998,152)	(2,998,152)
Total comprehensive loss for the year	-	-	(5,716)	(2,998,152)	(3,003,868)
At 30 September 2011	23,056,291	8,527,123	215,014	20,714,001	52,512,429

**Period ended 30 September 2010**

At 1 January 2010	23,056,291	8,527,123	222,663	21,017,606	52,823,683
Exchange translation differences	-	-	(42,318)	-	(42,318)
Net profit for the year	-	-	-	2,188,362	2,188,362
Total comprehensive income for the year	-	-	(42,318)	2,188,362	2,146,044
At 30 September 2010	23,056,291	8,527,123	180,345	23,205,968	54,969,727

**MQ TECHNOLOGY BERHAD**

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

	<b>CURRENT YEAR TO DATE 30-Sep-11 RM</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-10 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(2,998,152)	2,257,682
Adjustments for:		
Depreciation	3,239,214	2,792,145
Interest expense	282,537	188,203
Property, plant and equipment written off	3,494	137,241
Loss/(Gain) on disposal of property, plant and equipment	-	98,587
Unrealised (gain)/loss on foreign exchange	(371,101)	373,316
Interest income	(230,428)	(240,193)
Operating profit before working capital changes	(74,436)	5,606,981
Increase in inventories	(127,373)	(1,425,064)
Decrease in receivables	2,611,236	12,571
Decrease in payables	(54,728)	(1,326,232)
Cash generated from operations	2,354,699	2,868,256
Income taxes refunded	37,854	458,139
Income taxes paid	(27,000)	(68,130)
Net cash from operating activities	2,365,553	3,258,265
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,435,870)	(1,605,077)
Interest received	230,428	240,193
Proceeds from disposal of property, plant and equipment	-	50,000
Net cash used in investing activities	(1,205,442)	(1,314,884)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(282,537)	(188,203)
Repayment of term loans	(374,400)	(374,400)
Repayment of hire purchase obligations	(1,914,630)	(1,484,023)
Net cash used in financing activities	(2,571,567)	(2,046,626)
Effect of exchange rate changes	(17,392)	(169,040)
Net increase in cash and cash equivalents	(1,428,848)	(272,285)
Cash and cash equivalents brought forward	18,672,502	17,608,198
Cash and cash equivalents carried forward	17,243,654	17,335,913
<u>Cash and cash equivalents comprise:</u>		
Short-term funds	11,980,938	9,596,242
Cash and bank balances	5,262,716	7,739,671
	17,243,654	17,335,913

# MQ TECHNOLOGY BERHAD

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 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	Preceding year	Current	Preceding year
	year quarter 30-Sep-11	corresponding quarter 30-Sep-10	year to date 30-Sep-11	corresponding period 30-Sep-10
Malaysia	429,531	1,009,768	2,439,861	1,992,885
Other Asia Pacific countries	6,384,121	8,128,495	15,327,405	30,486,669
United States of America	221,317	13,120	728,594	306,448
	7,034,969	9,151,383	18,495,860	32,786,002
	SEGMENT ASSETS			
	30-Sep-11	30-Sep-10	30-Sep-11	30-Sep-10
Malaysia	45,457,733	48,137,970	3,251,421	1,309,583
Thailand	7,548,676	7,339,005	48,449	295,494
	53,006,409	55,476,975	3,299,870	1,605,077

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 September 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 September 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 RM10,239,000 (2010 : RM9,176,000) of which RM5,695,000 (2010 : RM5,106,000) has been utilised as at the balance sheet date.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 RM468K for the current year quarter as compared to the profit before tax ("PBT") of RM1.32 million in the preceding year corresponding quarter. There was a decrease of 23.13% in revenue for the current year quarter as compared to the preceding year corresponding quarter which was due to the the shortage of certain components supply and slow recovery in the market affected by the Japan Tsunami. The Company seen revenue increase month over month in Q3 and peak at September indicating that the business is slowly pick up towards end of the year.

For the current year-to-date, the Group registered a revenue of RM18.50 million as compared to the preceding year corresponding period of RM32.79 million. The decreased in revenue of approximately of 43.59% 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 20.91% for the current year-to-date as compared to preceding year corresponding period. The lower sales made to customers during the financial period under review was due to the shortage of certain components supply and slow recovery in the market affected by the Japan Tsunami.

However, there is an increase in other income approximately of RM376K which was mainly resulted from the significant increase in unrealised gain on the foreign exchange for the current year-to-date. Additional to that, the Group also recorded a lower in other operating expenses in the current year-to-date of RM4.49 million as compared to preceding year corresponding period of RM5.39 million. The effort of Company's management continue tune down the operating costs is essential and is part of operating philosophy moving forward.

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

For the current quarter, the Group achieved a lower gross profit of 8.60% and a LBT of approximately RM468K. 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 during the financial period under review.

However, there was an increase in other income of RM255K which was contributed by the significant increase in unrealised gain on the foreign exchange. The Group also recorded a decrease in other operating expenses of RM375K in the current year quarter as compared to preceding year corresponding quarter. This was mainly resulted from the effort of the Company's management continue to tune down the operating costs in various aspects.

**B3 Prospects for the forthcoming financial year**

Due to the unexpected severe flooding throughout a foreign subsidiary in Thailand and uncertainty of supply chain of disk drive industry, the Board expects its business prospects for the financial year ending 31 Decemeber 2011 to be very challenging. The Group continues to seek for new business opportunities in order to improve the Balance Sheet Scorecard of the Group moving forward.

**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-Sep-11 RM	Preceding year corresponding quarter 30-Sep-10 RM	Current year to date 30-Sep-11 RM	Preceding year corresponding period 30-Sep-10 RM
Tax based on results for the quarter/period:				
Malaysian income tax and deferred tax	-	58,646	-	69,320

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 SEPTEMBER 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-Sep-11 RM	
(a) <u>Short term borrowings</u>		
Secured	2,986,318	
Unsecured	-	
	2,986,318	
(b) <u>Long term borrowings</u>		
Secured	2,590,740	
Unsecured	-	
	2,590,740	
Borrowings denominated in foreign currency:		
	THB	RM (Equivalent)
Thai Baht ("THB")	117,990	12,078

**B10 Realised and Unrealised Profit or Losses**

	As at 30-Sep-11	As at 31-Dec-10
Total retained profits of the Company and its subsidiaries:-		
- Realised	22,823,027	26,483,744
- Unrealised	232,101	(489,690)
	23,055,128	25,994,054
Less: Consolidation adjustments and eliminations	(2,341,127)	(2,281,901)
Total retained profits as per statement of financial position	20,714,001	23,712,153

**B11 Off balance sheet financial instruments**

The Group does not have any financial instruments with off balance sheet risk as at 23 November 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 23 November 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-Sep-11	Preceding year corresponding quarter 30-Sep-10	Current year to date 30-Sep-11	Preceding year corresponding period 30-Sep-10
Net (loss)/profit attributable to shareholders (RM)	(467,731)	1,265,448	(2,998,152)	2,188,362
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	(0.20)	0.55	(1.30)	0.95
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 23 November 2011.