Unaudited financial results of MClean and its subsidiaries (the "Group") for quarter ended and for the 12 months period ended 31 December 2010.

Explanatory notes to the quarterly report and for the financial period ended 31 December 2010

1. Accounting Policies and Basis of Preparation

The Quarterly Report has been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standards (**"FRS"**) 134 - Interim Financial Reporting and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad **("Bursa Securities"**) and should be read in conjunction with the audited consolidated financial statements of MClean for the financial year ended 31 December 2010 and the audited consolidated financial statements of Magnetronics Technology Pte Ltd (**"Magnetronics"**) and Techsin Technologies (S) Pte Ltd (**"Techsin Singapore"**) for the financial year ended 31 December 2009.

These explanatory notes attached to the interim financial statements 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 financial year ended 31 December 2009.

The significant accounting policies adopted by the Group are consistent with those of the audited financial statements for the financial year ended 31 December 2009, except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSs and IC Interpretations that are effective for financial statements effective from 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 132	Financial Instruments: Presentation (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment – Vesting conditions and Cancellations
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 128	Investments in Associates
Amendment to FRS 131	Interest in Joint Ventures
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible assets
Amendment to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11 FRS 2	Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes

IC Interpretation 14 FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The adoption of the abovementioned FRS, Amendments to FRS and Interpretations will have no material impact on the financial statements of the Group except for the following:

(i) FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments.

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument. The Group categorised financial instruments as follows:

Financial Assets

<u>(a) Loans and receivables</u>

Loans and receivables category comprises debts instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

<u>(b) Available-for-sale financial assets</u>

Available-for-sale category comprises investment in equity that is not held for trading. Investment in equity instruments that do not have a quoted market price in an active market and whose fair market value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items which are recognised in profit and loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit and loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit and loss.

All financial assets, except for those measured at fair value, are subject to review for impairment.

A financial asset or part of it is derecognition when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the assets. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit and loss.

Investment in equity security

Prior to the adoption of FRS 139, investments in non-current equity security, other than investments in subsidiaries and associate were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity security, other than investments in subsidiaries and associates are now categorised and measured as available-for-sale as detailed above.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

(ii) FRS 8, Operating Segments

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group presents its segment information based on its business segments, which is also the basis of presenting its monthly internal management reports. The basis of measurement of segment results, segment assets and segment liabilities are same as the basis of measurement for external reporting.

(iii) FRS 101 (revised), Presentation of Financial Statements

The Group applies revised FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard.

2. Audit Report of the Current and Preceding Audited Financial Statements

The auditors' report of the current and preceding annual financial statements was not subject to any qualification.

3. Seasonal or Cyclical Factors

There were no seasonal or cyclical factors affecting the results of the Group for the current financial quarter under review.

4. Unusual Items

There was no item which is unusual because of its nature, size, or incidence that has affected the assets, liabilities, equity, net income or cash flow of the Group for the current financial quarter under review.

5. Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have material effect on the current financial quarter results.

6. Changes in Debts and Equity Securities

Save as disclosed below, there were no issuance and repayment of debt and equity securities, share buy-backs and share cancellation, for the current financial quarter under review:-

MClean had on 11 October 2010 entered into the following agreements which resulted in issuance of new ordinary shares of RM0.25 each in the Company ("**Shares**") as follows:-

(i) a Share Sale Agreement with SinCo Technologies Pte Ltd ("**SinCo Technologies**") for the acquisition of 30% of the issued and paid-up share capital of Magnetronics held by SinCo

Technologies for a consideration of RM5,505,599 to be satisfied via the issuance of an aggregate of 18,599,997 Shares and 9,299,999 warrants in MClean (**"Warrants"**) to SinCo Technologies, which was completed on 12 October 2010; and

(ii) a Share Sale Agreement with Yeo Hock Huat, Chow Kok Meng, Bert and Yeo Seow Lai for the acquisition of 70% of the issued and paid-up share capital of Magnetronics and with Jason Yeo for the acquisition of the entire issued and paid-up share capital of Techsin Singapore for an aggregate consideration of RM24,686,399 to be satisfied via the issuance of an aggregate of 83,399,995 Shares and 41,700,001 Warrants to the vendors in their respective shareholdings in the companies, which was completed on 12 October 2010;

(the **"Internal Reorganisation"**).

7. Dividend Paid

There were no dividends paid during the quarter under review.

8. Segmental Reporting

No business segment is presented as the business of the Group is primarily generated from precision cleaning of Hard Disk Drive components, tray, media cassettes and-wafer carriers during the financial year end

Geographical information		
Revenue information based on the geographical location of customers are as follows:-		
Location	**31.12.2010**	**31.12.2009**
	RM'000	**RM'000**
People's Republic of China	1,501	16
Malaysia	7,410	3,946
Singapore	19,565	15,540
Others	1,534	711
	30,010	**20,213**

9. Valuation of Property, Plant and Equipment

The Group does not own any properties or real estate. As at 31 December 2010, all the Group's plant and equipment were stated at cost less accumulated depreciation.

10. Material Events Subsequent to the End of the Current Financial Quarter

On 1 March 2011, the Securities Commission had given its approval-in-principle for the issuance of MClean's prospectus in conjunction with its proposed listing exercise and on 10 March 2011, Bursa Securities had given its conditional approval in conjunction with the Company's listing of and quotation for its entire enlarged issued and paid-up share capital on the ACE Market and Warrants on the Official List of Bursa Securities.

On 21 April 2011, the Company launched its prospectus in conjunction with its proposed listing exercise on the ACE Market which entails the following:

(i) Public issue of 15,400,000 new Shares, together with 7,700,000 free new warrants comprising the following:-

- 8,600,000 new Shares, together with 4,300,000 free new Warrants, by way of private placement to identified investors;
- 4,100,000 new Shares, together with 2,050,000 free new Warrants, made available for application by the business associates of the Group;
- 2,700,000 new Shares, together with 1,350,000 free new Warrants, made available for application by the public,

at an issue price of RM0.52 per Share, and

(ii) Offer for sale of 11,050,000 existing Shares, together with 5,525,000 free Warrants at an offer price of RM0.52 per Share by way of private placement to identified investors.

The Company's entire enlarged issued and paid-up share capital comprising 117,400,000 Shares, together with 58,700,000 Warrants are scheduled to be listed on the ACE Market and the Official List of Bursa Securities respectively, on 10 May 2011. (**"Listing"**)

11. Changes in the Composition of the Group

Save for the addition of Magnetronics, Techsin Singapore, MClean Technologies Pte Ltd (**"Mclean Singapore"**), being a wholly-owned subsidiary of Magnetronics, and Techsin Electronics (Wuxi) Co. Ltd (**"Techsin Wuxi"**), being a wholly-owned subsidiary of Techsin Singapore, pursuant to the Internal Reorganisation as described in Section 6 of this quarterly report, there were no changes in the composition of the Group during the current financial quarter under review.

12. Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

There were no contingent liabilities as at the end of current financial quarter.

(b) Contingent assets

There were no contingent assets as at the end of current financial quarter.

13. Amount due from related parties

Pursuant to Paragraph 6.4 of Guidance Note 18 of the ACE Market Listing Requirements, whereby the Sponsor must ensure that all trade debts exceeding the normal credit period and all non-trade debts, owing by the interested persons to the Applicant or its subsidiary company(ies), are fully settled before the Applicant's listing on the Official List.

Included in the Group's consolidated financial statements are certain amount owing by related parties, for deposits paid by MClean Singapore, for the purchase of plant and machinery which are non-refundable in nature. These deposits, which amount to approximately RM333,000 as at 31 December 2010, would be resolved by completing the purchase of the plant and machinery.

Kenanga Investment Bank Berhad, on the Company's behalf, had on 28 March 2011 submitted to Bursa Securities an application for an extension of time of up to 4 months from the date of Listing to comply with the aforesaid requirement, which was approved by Bursa Securities on 7 April 2011.

14. Capital Commitment

Capital commitments as at 31 December 2010 are as follows:

Capital expenditure:	RM'000
Contracted but not provided for in the financial results	1,101

15. Review of Performance for the Current Financial Quarter

	3 Months Ended		Deviation	
	31.12.2010	31.12.2009	Amount	%
	RM'000	RM'000	RM'000	
Revenue	8,534	6,107	2,427	40
Profit before tax	1,011	220	791	360

The Group's revenue for the current financial quarter had increased by 40% to RM8.534 million as compared to the revenue of RM6.107 million recorded in the preceding year's corresponding quarter. The improved performance was due mainly to :

a) the global economic recovery in 2010 and
b) contribution from Techsin Wuxi revenue for November and December 2010 of RM 1.421 million in aggregate, following the completion of the Internal Reorganisation as described in Section 6 of this quarterly report.

	12 Months Ended		Deviation	
	31.12.2010	31.12.2009	Amount	%
	RM'000	RM'000	RM'000	
Revenue	30,010	20,213	9,797	48
Profit before tax	5,242	2,131	3,111	146

The Group's revenue for the current financial year ended 31 December 2010 was RM30.010 million, an increase of 48% from the preceding year of RM20.213 million. Profit before tax has also increased by 146%, from RM2.131 million in the preceding financial year ended 31 December 2009 to RM5.242 million in the current financial year.

The improvement in revenue and profit before tax for the cumulative financial quarter was mainly due to:
a) the global economic recovery in 2010 and
b) contribution from Techsin Wuxi revenue for November and December 2010 of RM 1.421 million in aggregate, following the completion of the Internal Reorganisation as described in Section 6 of this quarterly report.

If the Internal Reorganisation has taken place at the beginning of the financial year, the Group's revenue and profit before tax for the financial year would have been RM35.958 million and RM6.165 million respectively.

Further, included in the profit and loss of the Group are a one-off gain on debt waiver from a related party of approximately RM0.9 million and Listing expenses of approximately RM1.6 million.

16. Material Changes in Profit Before Tax as Compared with the Immediate Preceding Quarter

	3 Months Ended		Deviation	
	31.12.2010	30.09.2010	Amount	%
	RM'000	RM'000	RM'000	
Revenue	8,534	5,585	2,949	53
Profit before tax	1,011	784	227	29

The Group recorded an increase in revenue for the current financial quarter of 53% from RM5.585 million in the immediate preceding quarter to RM8.534 million in the current financial quarter. The increase in revenue is mainly due to :

a) the seasonal increase in demand especially in the 4th quarter of the year
b) contribution from Techsin Wuxi profit before tax for November and December 2010 of RM 0.349 million in aggregate, following the completion of the Internal Reorganisation as described in Section 6 of this quarterly report.

17. Future Prospects

According to the Independent Market Research Report on Precision Cleaning Service in the Hard Disk Drive Industry (Singapore, the People's Republic of China) issued by Frost & Sullivan Sdn Bhd on 4 April 2011, the global hard disk drive industry is expected to be positive in 2011. As such the growth prospects for supporting services such as precision cleaning services looks bright although on a short term quarter to quarter basis there will be volatility. On the whole, the Board expects the Group to remain profitable for the financial year ending 31 December 2011.

18. Variance of Profit Forecast and Shortfall in Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the current financial quarter and current financial year to-date.

19. Tax Expense

The tax expense charged for the current financial quarter and current financial year to-date under review includes the following:

	Current Quarter 31.12.2010 RM'000	Financial Year to-date 31.12.2010 RM'000
Estimated current tax expense	172	762
Over estimation of tax in prior year	-	(49)
Deferred tax liability	-	26
	172	739

The Group's average effective tax rate for the current quarter was lower than the statutory tax rate of 25% in Malaysia and 17% in Singapore mainly due to a subsidiary with sufficient carry forward tax losses available for offset against taxable profits and another subsidiary profit for the year are eligible for tax exemption.

The Group's effective tax rate for the current financial year to-date was lower than the statutory tax rate of 25% due mainly to the utilisation of reinvestment allowance and tax incentive from the Increased Export Allowance by certain subsidiary companies.

20. Profit on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments during the current financial quarter under review and current financial year to date.

21. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities by the Group during the current financial quarter and current financial year to-date under review.

22. (i) Status of Corporate Proposals

Save as disclosed in Section 10 of this quarterly report, there is no corporate proposal announced but not completed as at the date of this report.

(ii) Status of Utilisation of Proceeds

Not applicable

23. Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 31 December 2010.

24. Realised and Unrealised Retained Profits

	Current quarter ended 31/12/2010 RM'000	Preceding quarter ended 30/09/2010 RM'000
Total retained profits of the Group:		
- Realised	9,278	8,313
- Unrealised	(856)	(57)
	8,422	8,256
Consolidated adjustments	2.041	1,242
Total Group retained profits	**10,463**	**9,498**

25. Off Balance Sheet Financial Instruments

As at 31 December 2010, the Group is a party to a foreign currency forward contract of USD800,000 at a rate ranging from SGD1.2915 to SGD1.3198 per USD1.00. Had the contract been settled at the financial position date, the effect on the exchange exposure is a decrease in the profit of RM 2,295.

26. Material Litigation

There were no pending material litigation from 1 January 2010 up to the date of this quarterly announcement.

27. Dividend Payable

There were no dividend payable propose during the current quarter ended 31 December 2010.

28. Earnings Per Share ("EPS")

Basic

The calculation of the basic EPS is based on the net profit for the current financial quarter and the current financial year-to-date, divided by the weighted average number of ordinary shares of RM0.25 each in issue during the current financial quarter and the current financial year-to-date.

	4th Quarter Ended		12 Months Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Net profit for the period attributable to owners of the parent (RM'000)	839	183	4,503	1,754
Weighted average number of ordinary shares in issue ('000)	28,841	1,000	28,841	1,000
Basic EPS (sen)	3	18	16	175

Diluted

The calculation of the diluted EPS during the current financial quarter and the current financial year-to-date is based on the net profit for the current financial quarter and the current financial year-to-date, divided by the weighted average number of ordinary shares after adjustments for the effects of all dilutive potential ordinary shares of RM0.25 each arising from the exercise of 51,000,000 warrants to be issued simultaneously with the public issue warrants pursuant to the Internal Reorganisation as described in Note 6 above .

	4th Quarter Ended		12 Months Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Weighted average number of ordinary shares in issue ('000)	43,262	1,000	43,262	1,000
Diluted EPS (sen)	2	18	10	175