Unaudited financial results of MClean and its subsidiaries (the "Group") for quarter ended 31 March 2011.

Explanatory notes to the quarterly report and for the financial period ended 31 March 2011

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.

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 2010.

The significant accounting policies adopted by the Group are consistent with those of the audited financial statements for the financial year ended 31 December 2010, 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 2011:

FRS 124	Related Party Disclosures (Revised)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-Based Payment. Group Cash-settled Share-based Payment
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Change in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 13	Customer Loyalty Programmes
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
Amendments to IC Interpretation 15	Agreements for the Construction of Real Estate

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

(a) Loans and receivables

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.

(b) Available-for-sale financial assets

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 2011. 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 Preceding Audited Financial Statements

The auditors have expressed an unqualified opinion on the Company's statutory consolidated financial statements for the financial year ended 31 December 2010 in their report dated 28 April 2011.

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

There were no issuance and repayment of debt and equity securities, share buy-backs and share cancellation, for the current financial quarter under review.

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 during the financial quarter ended 31 March 2011 was primarily generated from precision cleaning of hard disk drive **("HDD")** components, tray, media cassettes and wafer carriers. The precision injection moulding business of the Group contributed less than 10% to the overall revenue of the Group for the current financial quarter ended 31 March 2011.

Geographical information		
Revenue information based on the geographical location of customers are as follows:-		
	3 Months Ended	**3 Months Ended**
Location	**31.03.2011**	**31.03.2010**
	RM'000	**RM'000**
People's Republic of China	1,501	34
Malaysia	1,680	1,873
Singapore	4,669	5,421
Others	219	409
	8,069	**7,737**

9. Valuation of Property, Plant and Equipment

The Group does not own any properties or real estate. As at 31 March 2011, 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 21 April 2011, the Company launched its prospectus in conjunction with its initial public offering ("**IPO**") exercise on the ACE Market which entails the following:

(i) Public issue of 15,400,000 new ordinary shares of RM0.25 each share (**"Shares"**), together with 7,700,000 free new warrants in MClean (**"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; and
- 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 of identified investors.

The Company's entire enlarged issued and paid-up share capital comprising 117,400,000 Shares, together with 58,700,000 Warrants were listed on the ACE Market and the Official List of Bursa Securities respectively, on 10 May 2011.

11. Changes in the Composition of the Group

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 March 2011, 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 March 2011 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**	
	31.03.2011	**31.03.2010**	**Amount**	**%**
	RM'000	**RM'000**	**RM'000**	
Revenue	8,069	7,737	332	4
(Loss)/Profit before tax	(196)	2,222	(2,418)	(>100)

Group revenue increased by approximately 4% to RM8.07 million as compared to the revenue of RM7.74 million recorded in the preceding year's corresponding quarter. For the current financial quarter, the Group revenue includes the contribution from its newly acquired subsidiary, Techsin Electronics (Wuxi) Co. Ltd. **("Techsin Wuxi").** However, the increase to the Group revenue from the revenue contributed by Techsin Wuxi was mostly offset by the following:-

(i) lower revenue by approximately RM1.11 million from MClean Technologies Pte. Ltd. compared to the preceding year's corresponding quarter arising from lower cleanroom assembly revenues from a change in sales product mix during the current financial quarter; and

(ii) the weaker USD exchange rate against the RM. Had the USD exchange rate against the RM in the current financial quarter remain the same as that in the previous year corresponding quarter, the Group's revenue for the current financial quarter would have been approximately RM390,000 higher.

In addition to the above, the Group also experienced an increase in Administrative expenses and Selling & Distribution expenses during the current financial quarter ended 31 March 2011. The increase was due primarily due to:-

(i) the inclusion of Techsin Wuxi's overhead expenses into the Group results for the current financial quarter, as Techsin Wuxi was not part of the Group during the preceding year's corresponding quarter. Techsin Wuxi's Administrative expenses and Selling & Distribution expenses amounted to approximately RM433,000 and RM566,000 respectively, for the current financial quarter ended 31 March 2011; and

(ii) IPO expenses of approximately RM55,000.

Resulting from the above factors, the Group incurred a loss before tax of RM196,000 for the current financial quarter ended 31 March 2011 as compared to a profit before tax of approximately RM2.22 million for the previous year's corresponding quarter.

16. Material Changes in the Quarterly Results as Compared with the Immediate Preceding Quarter

	3 Months Ended		Deviation	
	31.03.2011	31.12.2010	Amount	%
	RM'000	RM'000	RM'000	
Revenue	8,069	8,534	(465)	(5)
(Loss)/Profit before tax	(196)	1,011	(1,207)	(>100)

The Group's results for the current quarter ended 31 March 2011 in comparison with the Group's financial results for the immediate preceding quarter ended 31 December 2010 were affected by the continual deteriorating USD exchange rate leading to lower gross profit margins on its USD denominated sales and the general lower output and efficiency arising from the plant shutdown for the festive holidays during the first quarter up to 31 March.

17. Future Prospects

On the whole, the Board is optimistic that the Group will remain profitable for the financial year ending 31 December 2011, especially with the expected growth coming from China. Demand for HDD related services are expected to pick up in the 2nd half of 2011. In anticipation of the capacity requirement from this growth, the Group is acquiring additional machineries and equipment such as high capacity washing line and CO2 cleaning lines.

The Board also acknowledges for the financial year of 2011, foreign currency fluctuation is one of the main challenges faced by the Group in order to sustain margins. The management of the Group is in the process of exploring various methods to further hedge against and / or minimise the Group's exposure in foreign currency fluctuation.

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 .

19. Tax Expense

The tax expense charged for the current financial quarter ended 2011 and 2010 includes the following:

	Quarter Ended 31.03.2011 RM'000	Quarter Ended 31.03.2010 RM'000
Estimated current tax expense	-	203
Over estimation of tax in prior year	-	(24)
Deferred tax liability	-	-
	-	179

As the Group is not expected to have assessable income for the current financial quarter, there is no tax expense expected to be incurred during the current financial quarter.

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

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 March 2011.

24. Realised and Unrealised Retained Profits

	Current quarter ended 31/03/2011 RM'000	Preceding quarter ended 31/12/2010 RM'000
Total retained profits of the Group:		
- Realised	9,249	9,278
- Unrealised	(861)	(856)
	8,388	8,422
Consolidated adjustments	1,879	2,041
Total Group retained profits	**10,267**	**10,463**

25. Off Balance Sheet Financial Instruments

As at 31 March 2011, the Group is a party to a foreign currency forward contract of USD1,200,000 at a rate ranging from SGD1.2694 to SGD1.2915 per USD1.00. Had the contract been settled at the financial position date, the effect on the exchange exposure is a increase in the profit of RM 45,320.

26. Material Litigation

There were no pending material litigation from 31 December 2010 up to the date of this quarterly announcement.

27. Dividend Payable

There were no dividend payable or proposed during the current quarter ended 31 March 2011.

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.

	1st Quarter Ended		Cumulative Quarter Ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Net profit for the period attributable to owners of the parent (RM'000)	(196)	2,044	(196)	2,044
Weighted average number of ordinary shares in issue ('000)	102,000	1,000	102,000	1,000
Basic EPS (sen)	(0.19)	204	(0.19)	204

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 58,700,000 Warrants-in-issue .

	1st Quarter Ended		Cumulative Quarter Ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Weighted average number of ordinary shares in issue ('000)	153,000	1,000	153,000	1,000
Basic EPS (sen)	N/a(1)	204	N/a(1)	204

(1) Not applicable as, due to the losses, there is an anti-dilutive effect from the assumed exercise of the Warrants-in-issue.

29. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 31 May 2011.