Unaudited financial results of MClean and its subsidiaries (the "Group") for quarter ended 30 June 2011.

Explanatory notes to the quarterly report and for the financial period ended 30 June 2011

1. Basis of preparation and Changes in Accounting Policies

1.1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with requirements of FRS 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for year ended 31 December 2010. These explanatory notes attached to interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in financial position and performance of the Group since year ended 31 December 2010.

1.2 Changes in Accounting Policies

(a) Adoption of new and revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and IC Interpretations

Significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for year ended 31 December 2010, except for adoption of the following new and revised FRSs, Amendments to FRSs and IC Interpretations for financial period beginning 1 January 2011:-

Amendments to FRS1	- First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	- Share-Based Payment Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	- Business Combinations
Amendments to FRS 7	- Improving Disclosures about Financial Statements
Amendments to FRS 101	- Presentation of Financial Statements
Amendments to FRS 121	- The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	- Investments in Associates
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
Amendments to IC Interpretation 13	- Customer Loyalty Programmes

(b) FRSs, Amendments to FRSs and IC Interpretations Issued but Not Adopted

The following Amendments to FRSs and IC Interpretations which are effective for financial period beginning on or after 1 January 2011, are not applicable to the Group:-

Amendments to FRS131	- Interests in Joint Venture
IC Interpretation 4	- Transfer of Assets from Customers

The following are the FRSs, Amendments to FRSs and IC Interpretations which are not yet effective and have not been early adopted by the Group:-

FRS, Amendments to FRSs and Interpretations		Effective for Financial Period Beginning On or After
Amendment to IC Interpretation 14	- Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19	- Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendment to IC Interpretation 15	- Agreements for the Construction of Real Estate	1 January 2012
FRS 124	- Related Party Disclosures	1 January 2012

The Directors anticipate that the adoption of these new/revised FRS, amendments to FRS and IC Interpretations will have no material impact on the financial statements of the Group in the period of initial application except for the following:-

FRS 3 Business Combination

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

IC Interpretation 17 Distributions of Non-Cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The Group should measure the dividend payable at the fair value of the assets to be distributed when the dividend is appropriately authorised and is no longer at the discretion of the Group. On settlement of the dividend, the difference between the dividend paid and the carrying amount of the assets distributed is recognised in profit or loss. If the dividend remains unpaid at the end of the financial year end, the dividend payable carrying amount is reviewed with any changes recognised in equity.

FRS 124 Related Party Disclosures

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balance in this financial statement may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

FRS 127 Consolidated and Separate Financial Statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in recorded in goodwill or gains and losses. The standard also specifies the accounting treatments when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. Losses are required to be allocated to non-controlling interests, even if it results in deficit position for the non-controlling interest.

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

Our Group's revenue is dependent on the seasonal and cyclical nature of the HDD industry. Demand tends to increase in the second half of the year.

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

The Company has not provided any estimates in the prior financial years.

6. Changes in Debts and Equity Securities

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.

Save as disclose above, there were no other 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 30 June 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 30 June 2011.

Geographical information		
Revenue information based on the geographical location of customers are as follows:-		
	6 Months Ended	**6 Months Ended**
Location	**30.06.2011**	**30.06.2010**
	RM'000	**RM'000**
People's Republic of China	2,505	44
Malaysia	3,465	3,800
Singapore	10,647	10,548
Others	854	728
	17,471	**15,120**

9. Valuation of Property, Plant and Equipment

The Group does not own any properties or real estate. As at 30 June 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

There were no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.

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 RM341,000 as at 30 June 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.

The plant and machinery relating to the above said deposits of RM341,000, would be delivered and recognised by early September 2011 and as a result there would not be any amount due from related companies.

14. Capital Commitment

Capital commitments as at 30 June 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**	
	30.06.2011	**30.06.2010**	**Amount**	**%**
	RM'000	**RM'000**	**RM'000**	
Revenue	9,402	7,383	2,019	27
Profit after tax	203	1,162	(959)	83

Group revenue increased by approximately 27% to RM9.40 million as compared to the revenue of RM7.38 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")** of RM1.53 million. After excluding the Techsin Wuxi revenue for the current quarter, the revenue for the Group would have increased by approximately 7% as compared to the preceding year's corresponding quarter.

The increase to the Group revenue was also due to the higher revenue by approximately RM347,000 and RM138,000 from Techsin Technologies (S) Pte. Ltd. **("Techsin Singapore")** and MClean Technologies Pte Ltd respectively compared to the preceding year's corresponding quarter during the current financial quarter.

The Group also experienced an increase in Administrative expenses and Selling & Distribution expenses during the current financial quarter ended 30 June 2011. The increase was due primarily due to 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 RM453,000 and RM615,000 respectively, for the current financial quarter ended 30 June 2011.

The Group's results were also affected by 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 and result for the current financial quarter would have been higher by approximately RM733,000.

Resulting from the above factors the Group achieved an operation profit of RM750,000 for the current quarter ended 30 June 2011. However, this has been offset by one-off listing expenses of RM573,000 resulting in a profit after tax of RM203,000 as compared to a profit after tax of approximately RM1.16 million for the previous year's corresponding quarter.

The gain from foreign currency translation difference of RM416,000 in the current quarter is mainly due to the strengthening of S$ exchange rate against the RM, being the reporting currency of this interim financial statements by approximately 2.4%, resulting in a total comprehensive income for the quarter of RM 619,000.

	6 Months Ended		Deviation	
	30.06.2011	30.06.2010	Amount	%
	RM'000	RM'000	RM'000	
Revenue	17,471	15,120	2,351	16
Profit after tax	7	3,206	(3,199)	100

Group revenue increased by approximately 16% to RM17.47 million as compared to the revenue of RM15.12 million recorded in the preceding year's corresponding period ended 30 June. For the current period ended 30 June, the Group revenue includes the contribution from its newly acquired subsidiary, Techsin Wuxi of RM 2.82 million.

The Group's operational results were affected by the weaker USD exchange rate against the S$ and RM. For the current quarter under review, the USD exchange rate against the S$ and RM declined by approximately 12% and 7% respectively as compared with the previous year corresponding quarter. To reduce the exposure to the USD rate of exchange, we have successfully negotiated with certain key customers to invoice in S$ instead of in USD with effect from August 2011.

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

	3 Months Ended		Deviation	
	30.06.2011	31.03.2011	Amount	%
	RM'000	RM'000	RM'000	
Revenue	9,402	8,069	1,333	17
Profit/(Loss) after tax	203	(196)	399	Not applicable

The Group's revenue increased by 17% to RM9.40 million in current financial quarter as compared to the preceding year's corresponding quarter. The relatively higher revenue in the current quarter is due to the 1st Quarter being traditionally a seasonally low cycle for the HDD industry.

17. Future Prospects

Our expansion plan for China is on track. The new machineries are expected to be in production in the end of 3rd quarter of 2011. However, the Group's performance may be affected with the recent global economic uncertainties due to the situation of European Union and United States, including volatile currency markets and inflationary costs pressures.

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 (overprovision)/expense for the current financial quarter ended 2011 and 2010 includes the following:

	Quarter Ended 30.06.2011 RM'000	Quarter Ended 30.06.2010 RM'000
Estimated current tax expense	-	536
Over estimation of tax in prior year	(26)	(48)
Deferred tax liability	-	-
	(26)	488

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

The Group does not hold any quoted securities and as such 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

The status of utilization of proceeds raised from the Company's IPO as at 30 June 2011 is set out as follows:-

Description	Proposed Utilisation RM'000	Utilised RM'000	Balance Unutilised RM'000	Intended Timeframe for utilisation	Deviation	Explanation
Capital expenditure	2,400	-	2,400	Within 2 years from the date of listing	-	N/a
Working capital	3,265	-	3,265	Within 2 years from the date of listing	-	N/a
Estimated listing expenses	2,343	1,172	1,171	Within 2 months from the date of listing	-	N/a
Total	8,008	1,172	6,836		-	N/a

The unutilised proceeds raised from the IPO are placed in short-term deposits with licensed financial institution.

23. Group Borrowings and Debt Securities

The Group does not have any borrowings and debt securities as at 30 June 2011.

24. Realised and Unrealised Retained Profits

	Cumulative year to date ended 30/06/2011 RM'000	Cumulative year to date ended 31/12/2010 RM'000
Total retained profits of the Group:		
- Realised	8,097	9,278
- Unrealised	77	(856)
	8,174	8,422
Consolidated adjustments	2,296	2,041
Total Group retained profits	**10,470**	**10,463**

25. Off Balance Sheet Financial Instruments

As at 30 June 2011, the Group is a party to a foreign currency forward contract of USD1,200,000 at a rate ranging from SGD1.2253 to SGD1.2748 per USD1.00. Had the contract been settled at the financial position date, the effect on the exchange exposure is an increase in the profit of approximately RM 45,000.

26. Material Litigation

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

27. Dividend Payable

There was no dividend payable or proposed during the current quarter ended 30 June 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.

	2nd Quarter Ended		Cumulative Quarter Ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Net profit for the period attributable to owners of the parent (RM'000)	203	1,162	7	3,206
Weighted average number of ordinary shares in issue ('000)	106,424	1,000	106,424	1,000
Basic EPS (sen)	0.19	116	0.01	321

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 .

	2nd Quarter Ended		**Cumulative Quarter Ended**	
	30.06.2011	**30.06.2010**	**30.06.2011**	**30.06.2010**
Weighted average number of ordinary shares in issue (’000)	159,636	1,000	159,636	1,000
Diluted Basic EPS (sen)	0.13	116	0.004	321