

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

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012**A NOTES TO THE INTERIM FINANCIAL REPORT****A1 Basis of preparation of Interim Financial Report**

These condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting in Malaysia, International Accounting Standard ("IAS") 34, Interim Financial Reporting and all the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all the information required for full annual financial statements and should be read in conjunction with the Group's financial statements for the financial year ended 31st December 2011.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31st December 2011, except for the following:

Adoption of a new MASB accounting framework, the MFRS Framework

The Group has adopted the MFRS framework and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards in these condensed consolidated interim financial statements. The transition to the MFRS framework does not have any impact on the financial position, financial performance and cash flows of the Group.

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 except for losses arising from cash embezzlement in Thailand of RM1.70 million, details of which have been announced to Bursa Malaysia Berhad on 4 Jan 2013.

A4 Material changes in estimates

The Group conducted an operation efficiency review on its machineries. The expected useful life of the machineries, which was previously estimated to be 10 years, is now reduced to 5 years. The effect of this change on the depreciation expense in current financial year is RM11.5 million. Save as disclosed above, there were no material changes in estimates of amounts reported that have a material effect in the current financial period under review.

A5 Debt and equity securities

During the current quarter, the Company activated its share buy back program and purchased 7.13 million shares from the market for a total sum of RM0.88 million. The share buy back transaction were financed by internally generated funds. These shares are held as Treasury shares. Apart from the above, 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 reportingBusiness 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 31-Dec-12	Preceding year corresponding quarter 31-Dec-11	Current year to date 31-Dec-12	Preceding year corresponding period 31-Dec-11
Malaysia	205,795	343,541	807,055	2,783,402
Thailand	3,531,181	7,067,632	21,267,098	21,592,133
Other Asia Pacific countries	1,563	385,335	2,014,598	1,188,239
United States of America	695,391	396,288	3,098,702	1,124,882
	<u>4,433,929</u>	<u>8,192,796</u>	<u>27,187,453</u>	<u>26,688,656</u>
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
	Malaysia	28,408,876	44,551,951	6,756,080
Thailand	4,442,125	7,342,557	1,451,088	53,016
	<u>32,851,001</u>	<u>51,894,508</u>	<u>8,207,168</u>	<u>3,724,017</u>

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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 31 December 2012, 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 31 December 2012 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 except the wholly owned subsidiary, Microlead Engineering Sdn Bhd (MESB) which had commenced members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965 on 31 Dec 2012. MESB has ceased its business operations and become a dormant company since 2009 and it is no longer required for MQ Group's operations.

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 RM10,956,000 (2011: RM9,674,000) of which RM6,260,000 (2011: RM5,095,000) has been utilised as at the balance sheet date.