

**MQ TECHNOLOGY BERHAD**

(Company No. 635804-H)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012****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 revenue of RM4.43 million for the quarter ended 31 December 2012 which is RM3.76 million lower as compared to the corresponding quarter ended 31 December 2011. The Group recorded a net loss of RM18.07 million as compared to the net loss of RM1.31 million in the corresponding quarter last year. For the financial year ended 31 December 2012, the Group's revenue at RM27.18 million, this represents a marginal decrease of 1% as compare to corresponding year ended 31 December 2011. The Group recorded a net loss of RM19.45 million as compare to the net loss of RM4.31 million recorded last year, as a result of the following:

- a) Cash embezzlement of RM1.70 reported in Q4 2012, which details announcement made in Bursa Malaysia on 4 Jan 2013.
- b) Depreciation charge of RM11.50 million arising from the revision of the estimated useful life of machinery from 10 year to 5 years.
- c) Impairment of assets amounting to RM0.96 million

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

The Group recorded loss before taxation of RM18.22 million for the current quarter as compared to the loss before tax of RM2.31 million in the preceding quarter ended 30 September 2012. The loss arose mainly from the impairment losses on assets, cash embezzlement in Thailand subsidiary, depreciation charge from the revision of the machineries estimated useful life & reduced in sales volume.

**B3 Prospects for the forthcoming financial year**

Global economic conditions in 2013 are expected to remain increasingly challenging. In view of such sentiment, the Group remains conservative on its performance for the first quarter of 2013. However, the Group will continue to assess all business opportunities with prudence and leverage on its core strengths and competencies built over the years.

The Group will expand the customer base together with business sector diversification and simultaneously continue to adopt the outsourcing model for purpose of effective cost management to strive for operational excellence.

**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 2012.

**B5 Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-12 RM	Preceding year corresponding quarter 31-Dec-11 RM	Current year to date 31-Dec-12 RM	Preceding year corresponding period 31-Dec-11 RM
Tax based on results for the quarter/period:				
Malaysian income tax and deferred tax	(148,000)	8,713	(148,000)	8,713

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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**B9 Group's borrowings and debt securities**

	AS AT 31-Dec-12 RM
<u>Secured</u>	
Short term borrowings	3,145,711
Long term borrowings	3,437,215
	6,582,926

**B10 Realised and Unrealised Profit or Losses**

	As at 31-Dec-12	As at 31-Dec-11
Total retained profits of the Company and its subsidiaries:-		
- Realised	(2,015,575)	21,723,798
- Unrealised	77,634	21,648
	(1,937,941)	21,745,446
Less: Consolidation adjustments and eliminations	1,883,800	(2,344,975)
Total retained profits as per statement of financial position	(54,141)	19,400,471

**B11 Loss for the Period**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-12 RM	Preceding year corresponding quarter 31-Dec-11 RM	Current year to date 31-Dec-12 RM	Preceding year corresponding period 31-Dec-11 RM
Loss for the period is arrived at after crediting:				
Interest income	64,712	85,573	318,212	316,001
Other income	16,507	3,746	28,552	42,767
Foreign exchange gain	110,116	263,612	330,145	1,058,095
and after charging:				
Interest expense	93,572	75,848	366,162	358,385
Depreciation	13,073,696	1,565,018	16,922,032	4,804,232
Impairment of goodwill	960,221	-	960,221	-
Cash embezzlement	1,698,470	-	1,698,470	-
Foreign exchange loss	142,435	201,453	599,722	759,020

There were no gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives or exceptional items for current quarter and financial period end 31 December 2012 (31 December 2011: Nil)

**B12 Off balance sheet financial instruments**

The Group does not have any derivative financial instruments as at the date of this report.

**B13 Material litigation**

There were no material litigations pending since the last annual balance sheet date until the date of this announcement.

**B14 Dividends**

No dividend has been declared or paid by the Company in this financial quarter.

**B15 Earnings per share**

	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
Net profit/(loss) attributable to shareholders (RM)	(18,070,271)	(1,313,530)	(19,454,612)	(4,311,682)
Weighted average number of ordinary shares in issue	225,521,780	230,562,907	229,306,078	230,562,907
Earnings/(Loss) per share - (Sen)				
Basic	(8.01)	(0.57)	(8.48)	(1.87)
Diluted	NA	NA	NA	NA

**B16 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 2011 in their report dated 3 April 2012.

**B17 Authorise for issue**

The interim financial statements were authorised for issue by the Board of Directors on 26 February 2013.