

MQ TECHNOLOGY BERHAD

(Company No. 635804-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013*(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Jun-13 RM	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-12 RM	CURRENT YEAR TO DATE 30-Jun-13 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-12 RM
Revenue	7,298,310	9,003,366	14,303,602	18,352,926
Cost of sales	(6,167,864)	(7,125,730)	(11,415,651)	(14,135,690)
Gross (loss)/profit	1,130,446	1,877,636	2,887,951	4,217,236
Other income	44,488	88,644	108,299	178,563
Operating expenses	(1,083,661)	(1,265,102)	(1,731,588)	(3,297,398)
Finance cost	(74,908)	(94,264)	(161,193)	(177,510)
Profit before tax	16,365	606,914	1,103,469	920,891
Tax expense	-	-	-	-
Net profit for the period	16,365	606,914	1,103,469	920,891
Other comprehensive (loss)/profit after tax:				
Exchange translation differences	1,129	53,675	11,068	16,972
Other comprehensive (loss)/profit for the period, net of tax	1,129	53,675	11,068	16,972
Total comprehensive income for the period	17,494	660,589	1,114,537	937,863
Attributable to:				
Equity holders of the Company	17,494	660,589	1,114,537	937,863
Earnings per share - (Sen)				
Basic	0.01	0.26	0.48	0.40
Diluted	NA	NA	NA	NA

MQ TECHNOLOGY BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013*(The figures have not been audited)*

	UNAUDITED AS AT 30-Jun-13 RM	AUDITED AS AT 31-Dec-12 RM
NON-CURRENT ASSETS		
Property, plant and equipment	22,845,660	25,112,103
CURRENT ASSETS		
Inventories	990,856	399,489
Trade receivables	6,734,338	3,773,588
Other receivables, deposits and prepayments	1,889,437	918,065
Current tax assets	90,000	69,000
Cash and bank balances	8,127,281	11,752,003
	17,831,912	16,912,145
CURRENT LIABILITIES		
Trade payables	2,026,931	2,019,249
Other payables and accruals	1,587,315	2,696,262
Hire purchase payables	2,305,240	3,015,671
	5,919,486	7,731,182
NET CURRENT ASSETS	11,912,426	9,180,963
	34,758,086	34,293,066
FINANCED BY		
Share capital	23,056,291	23,056,291
Treasury shares	(722,153)	(880,399)
Share premium	8,616,847	8,527,123
Exchange translation reserve	68,787	57,719
Accumulated losses	1,067,143	(36,326)
SHAREHOLDERS' EQUITY	32,086,915	30,724,408
NON-CURRENT LIABILITIES		
Hire purchase payables	2,663,171	3,568,658
	2,663,171	3,568,658
	34,750,086	34,293,066
Net assets ("NA") per share (RM)	0.14	0.14

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2013**

(The figures have not been audited)

	←	→							
	Share Capital	Treasury Shares	Non-Distributable Share Premium	Exchange Translation Reserve	Distributable Retained Profits/ Losses	Total			
	RM	RM	RM	RM	RM	RM			RM
Period ended 30 June 2013									
At 1 January 2013	23,056,291	(880,399)	8,527,123	57,719	(36,326)	30,724,408			
Exchange translation differences				11,068		11,068			
Purchase of own shares		(1,058,280)				(1,058,280)			
Resale of treasury shares		1,216,526	89,724.00			1,306,250			
Net profit for the period					1,103,469	1,103,469			
Total comprehensive income for the period			89,724	11,068	1,103,469	1,362,507			
At 30 June 2013	23,056,291	(722,153)	8,616,847	68,787	1,067,143	32,086,915			
Year ended 31 December 2012									
At 1 January 2012	23,056,291		8,527,123	71,540	19,400,471	51,055,425			
Exchange translation differences				(13,821)		(13,821)			
Purchase of own shares		(880,399)				(880,399)			
Net loss for the year					(19,436,797)	(19,436,797)			
Total comprehensive loss for the year				(13,821)	(19,436,797)	(20,331,017)			
At 31 December 2012	23,056,291	(880,399)	8,527,123	57,719	(36,326)	30,724,408			

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 June 2013***(The figures have not been audited)*

	CURRENT YEAR TO DATE 30-Jun-13 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-12 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,103,469	920,891
Adjustments for:		
Depreciation	2,762,838	2,661,869
Interest expense	161,031	177,511
Gain on disposal of property, plant and equipment	(105,000)	(120,000)
Unrealised gain on foreign exchange	(298,878)	(112,926)
Interest income	(98,497)	(165,853)
Operating profit before working capital changes	3,524,963	3,361,492
(Increase)/Decrease in inventories	(591,367)	777,151
Increase in receivables	(3,777,413)	(1,142,168)
Increase in payables	(1,101,264)	(626,308)
Cash (used in)/ generated from operations	(1,945,081)	2,370,167
Income taxes refunded	-	34,288
Income taxes paid	(21,000)	(18,000)
Net cash (used in)/ from operating activities	(1,966,081)	2,386,455
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(496,396)	(1,997,506)
Interest received	98,497	165,853
Proceeds from disposal of property, plant and equipment	105,000	120,000
Net cash used in investing activities	(292,899)	(1,711,653)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(161,031)	(177,511)
Resale of treasury shares	1,306,250	-
Purchase of own shares	(1,058,279)	-
Repayment of term loans	-	(96,800)
Repayment of hire purchase obligations	(1,615,920)	(1,778,406)
Net cash used in financing activities	(1,528,980)	(2,052,717)
Effect of exchange rate changes	163,238	129,898
Net decrease in cash and cash equivalents	(3,624,722)	(1,248,017)
Cash and cash equivalents brought forward	11,752,003	15,930,534
Cash and cash equivalents carried forward	8,127,281	14,682,517
Cash and cash equivalents comprise:		
Short-term funds	4,056,328	11,201,336
Cash and bank balances	4,070,953	3,481,181
	8,127,281	14,682,517

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2013

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 2012.

The Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The adoptions of these standards, amendments and interpretations have no material impact to these interim financial statements.

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.

A4 Material changes in estimates

There were no changes in the nature and amount of estimates reported in prior financial year that have a material effect in the period under review.

A5 Debt and equity securities

There have been no other issuance, cancellation, repurchases, resale and repayments of debts and equity securities during the quarter under review except for the following:-

The details of shares held as treasury shares for the period ended 30 June 2013 are as follows:

	Number of Treasury shares
Balance as at 1 Jan 2013	7,126,800
Repurchased during the period	9,013,300
Resale during the period	(10,440,000)
Balance as at 30 June 2013	5,700,100

A6 Dividend paid

There was no dividend paid during the current financial quarter.

A7 Segment reporting

Business 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 30-Jun-13	Preceding year corresponding quarter 30-Jun-12	Current year to date 30-Jun-13	Preceding year corresponding period 30-Jun-12
Malaysia	1,340,972	212,339	1,534,261	468,485
Thailand	3,645,391	7,194,167	9,058,764	14,369,218
Other Asia Pacific countries	146,970	654,997	309,656	1,965,010
United States of America	2,164,976	941,863	3,400,920	1,550,213
	7,298,309	9,003,366	14,303,601	18,352,926
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
Malaysia	31,656,082	46,394,703	257,024	5,286,722
Thailand	4,875,162	7,017,522	239,372	452,481
	36,531,244	53,412,225	496,396	5,739,203

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2013

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 30 June 2013, 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 30 June 2013 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.

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 RM9,378,000 (2012: RM11,146,000) of which RM4,682,000 (2012: RM9,764,000) has been utilised as at the balance sheet date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2013**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 a revenue of RM7.30 million for the quarter under review, a RM1.70 million reduction compared to the previous year's corresponding quarter. The Group also recorded a year to date revenue of RM14.30 million, a reduction of RM4.05 million compare to the previous year's corresponding period. This was due mainly to the reduction in sales volume caused by continue reduction in global demand for the HDD.

The Group recorded a marginal profit of RM16k for the quarter under review, compared to net gain of RM0.61 million in the previous year's corresponding quarter. This is mainly due to lower revenue generated subsequent to reduction in global demand for HDD drive. The Group taking sensible effort to access all potential business opportunities to improve its financial position. Besides, the Group is taking necessary measure to improve operation efficiency.

B2 Variation of results against immediate preceding quarter

The Group recorded a profit of RM16k for the current quarter as compare to net profit of RM1.09 million in the preceeding quarter ended 31 March 2013. The lower profit was mainly attributed by lower revenue recorded for the quarter under review.

B3 Prospects for the forthcoming financial year

The Group anticipates demand from the HDD industry to remain unpredictable and challenging. However, the Group will assess all potential business opportunities to broader its customer base by diversify its business focus to different industry. Besides, the Group will continue to step up efforts in improving the efficiency and cost reduction measures in its Group's operations to achieve the necessary competitive edge in the market.

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 2013.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Jun-13 RM	Preceding year corresponding quarter 30-Jun-12 RM	Current year to date 30-Jun-13 RM	Preceding year corresponding period 30-Jun-12 RM
Tax based on results for the quarter/period: Malaysian income tax and deferred tax	-	-	-	-

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.

B9 Group's borrowings and debt securities

	AS AT 30-Jun-13 RM
Secured	
Short term borrowings	2,305,240
Long term borrowings	2,663,171
	<u>4,968,411</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2013**B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET****B10 Realised and Unrealised Profit or Losses**

	As at 30-Jun-13	As at 31-Dec-12
Total retained profits of the Company and its subsidiaries:-		
- Realised loss	(69,166)	(992,100)
- Unrealised profit	298,878	78,070
	229,712	(914,030)
Less: Consolidation adjustments and eliminations	837,431	877,704
Total retained profits/(accumulated losses) as per statement of financial position	1,067,143	(36,326)

B11 Profit for the Period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Jun-13 RM	Preceding year corresponding quarter 30-Jun-12 RM	Current year to date 30-Jun-13 RM	Preceding year corresponding period 30-Jun-12 RM
Profit for the period is arrived at after crediting:				
Interest income	1,317	76,132	98,497	165,853
Other income	3,684	12,512	9,741	12,711
Gain on disposal of property, plant and equipment	105,000	-	105,000	-
Foreign exchange gain	235,404	94,599	272,605	94,599
Recovery on cash embezzlement	1,536	-	1,055,998	-
and after charging:				
Interest expense	74,747	94,265	161,031	177,511
Depreciation	1,467,259	1,399,434	2,762,838	2,661,869
Foreign exchange loss	-	-	16,959	311,879

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 30 June 2012 (31 December 2012: 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

On 21 June 2013, the Company been served by the solicitors of Mr Chatar Singh A/L. Santa Singh sealed Originating Summons dated 20 June 2013 and sealed Notice of Application dated 20 June 2013 together with copies of Affidavit in Support for, inter-alia, the following order:-

1. That the Defendant whether by itself, its directors, agents, servants, nominees or otherwise howsoever be restrained and an injunction do issue to restrain the Defendant whether by itself, its directors, agents, servants, nominees or otherwise howsoever from holding and / or proceeding with the Annual General Meeting ("AGM") of the Defendant scheduled to be held on 27.6.2013 pursuant to the Defendant's Notice of AGM dated 4.6.2013.
2. In the alternative, that the Chairman of the AGM to be held on 27.6.2013 or any postponed or adjourned AGM thereof (whosoever he/ she shall be) be empowered to and shall be compelled to, notwithstanding anything contained in the Articles of Association of the Defendant, and notwithstanding that the meeting shall not have consented to or directed such adjournment, as soon as is reasonably practicable after such commencement of the AGM to be held on 27.6.2013 and in any event before any of the proposed resolutions as contained in the Notice of the AGM dated 4.6.2013 shall be put to the members at the AGM, declare that the AGM be adjourned with immediate effect to such time, date and place as shall be specified by the Chairman of the AGM provided always that such time and date to be after the determination and disposal of the Originating Summons filed herein.
3. In the alternative, an Order that the Defendant be at liberty to proceed with and/or conduct and/or hold the AGM of the Defendant on 27.06.2013 or any adjourned AGM thereof only in respect of the business listed as Item 1 of Ordinary Business, Ordinary Resolutions 1, 5, 6, 7 and 8 as contained in the Notice of AGM dated 4.6.2013 and provided always that the Chairman of the AGM to be held on 27.6.2013 or any adjourned AGM thereof (whosoever he/she shall be) be empowered to and shall be compelled to, notwithstanding anything contained in the Articles of Association of the Defendant, and notwithstanding that the meeting shall not have consented to or directed such adjournment, as soon as is reasonably practicable declare that the AGM or any adjourned AGM thereof in respect of the business of election and re-election of directors more particularly set out under Resolutions 2, 3 and 4 in the Notice of AGM dated 4.6.2013 and the Notice of Intention to Appoint Directors and Nomination of Candidates for Election as Directors dated 12.6.2013 ("Notice of Intention and Nomination") be adjourned with immediate effect to such time, date and place as shall be specified by the Chairman of the AGM provided always that such time and date to be after the determination and disposal of the Originating Summons filed herein.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2013

B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

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 30-Jun-13	Preceding year corresponding quarter 30-Jun-12	Current year to date 30-Jun-13	Preceding year corresponding period 30-Jun-12
Net profit attributable to shareholders (RM)	16,365	606,914	1,103,469	920,891
Weighted average number of ordinary shares in issue	221,624,780	230,562,907	229,306,078	230,562,907
Earnings per share - (Sen)				
Basic	0.01	0.26	0.48	0.40
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 2012 in their report dated 15 April 2013.

B17 Authorise for issue

The interim financial statements were authorised for issue by the Board of Directors on 29 August 2013.