

MQ TECHNOLOGY BERHAD
(Company No. 635804-H)
(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 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 RM3.49 million for the quarter under review, a RM915k reduction compared to the previous year's corresponding quarter. The Group also recorded a year to date revenue of RM17.79 million, a reduction of RM4.96 million compare to the previous year's corresponding period. This was mainly due to the reduction in sales volume as the global demand in HDD industry was continue weakened and not fully recover and return to pre-flood level.

The Group recorded a loss before taxation of RM4.5 million for the quarter under review, compared to loss before taxation of RM3.4 million in the previous year's corresponding quarter. This is mainly due to lower revenue generated do not sufficient to absorb to cover the fixed costs 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 loss before tax of RM4.5 million for the current quarter as compare to net profit of RM16k in the preceding quarter. 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. In view of this, the Group is assessing all potential business opportunities 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	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30-Sep-13	30-Sep-12	30-Sep-13	30-Sep-12
	RM	RM	RM	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-Sep-13
	RM
<u>Secured</u>	
Short term borrowings	2,305,238
Long term borrowings	1,960,125
	<u>4,265,363</u>

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B10 Realised and Unrealised Profit or Losses

	As at 30-Sep-13	As at 31-Dec-12
Total retained profits of the Company and its subsidiaries:-		
- Realised loss	(4,777,766)	(992,100)
- Unrealised profit	195,177	78,070
	(4,582,589)	(914,030)
Less: Consolidation adjustments and eliminations	1,128,748	877,704
Total Accumulated losses as per statement of financial position	(3,453,841)	(36,326)

B11 Loss for the Period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Sep-13 RM	Preceding year corresponding quarter 30-Sep-12 RM	Current year to date 30-Sep-13 RM	Preceding year corresponding period 30-Sep-12 RM
Loss for the period is arrived at after crediting:				
Interest income	27,093	86,874	125,590	253,500
Other income	3,491	108	13,232	12,045
Gain on disposal of property, plant and equipment	(32,000)	-	73,000	-
Foreign exchange gain	216,212	125,430	488,817	220,029
Recovery on cash embezzlement	1,550	-	1,057,548	-
and after charging:				
Interest expense	64,755	95,079	225,786	272,590
Depreciation	1,119,247	1,186,467	3,882,085	3,848,336
Foreign exchange loss	103,700	145,409	120,659	457,288

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 September 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

There were no material litigation pending since the last 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 Loss per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Sep-13	Preceding year corresponding quarter 30-Sep-12	Current year to date 30-Sep-13	Preceding year corresponding period 30-Sep-12
Net loss attributable to shareholders (RM)	(4,520,982)	(2,305,231)	(3,417,515)	(1,384,341)
Weighted average number of ordinary shares in issue	224,857,212	230,562,907	223,251,640	230,562,907
Loss per share - (Sen)				
Basic	(2.01)	(1.00)	(1.53)	(0.60)
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 28 November 2013.