

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

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 31 DECEMBER 2013

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-13 RM '000	31-Dec-12 RM '000	31-Dec-13 RM '000	31-Dec-12 RM '000
1 Revenue	2,762	4,437	20,552	27,190
2 Loss before tax	(4,710)	(18,200)	(8,127)	(19,585)
3 Loss for the period	(4,710)	(18,052)	(8,127)	(19,437)
4 Net loss attributable to ordinary equity holders of the parent	(4,957)	(18,036)	(8,258)	(19,451)
5 Basic loss per share	(2.12)	(8.00)	(3.64)	(8.48)
6 Proposed/Declared dividend per share	-	-	-	-
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			31-Dec-13 0.10	31-Dec-12 0.14

Note: For full text of the above announcement, please access the Bursa Malaysia website at www.bursamalaysia.com

** The Basic Earnings per share is computed based on the following:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Net loss for the period - RM	(4,709,860)	(18,052,456)	(8,127,375)	(19,436,797)
Number of shares in issue	222,313,356	225,521,780	223,021,221	229,306,078
Loss per share (sen) - Basic	(2.12)	(8.00)	(3.64)	(8.48)

MQ TECHNOLOGY BERHAD
(Company No. 635804-H)
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2013
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Dec-13 RM	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-12 RM	CURRENT YEAR TO DATE 31-Dec-13 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-12 RM
Revenue	2,762,114	4,436,527	20,551,697	27,190,050
Cost of sales	(5,628,086)	(17,595,537)	(23,306,905)	(36,877,366)
Gross loss	(2,865,972)	(13,159,010)	(2,755,208)	(9,687,316)
Other income	27,054	278,925	165,877	544,470
Operating expenses	(1,815,658)	(5,226,624)	(5,256,977)	(10,075,799)
Finance cost	(55,284)	(93,747)	(281,067)	(366,152)
Loss before tax	(4,709,860)	(18,200,456)	(8,127,375)	(19,584,797)
Tax income	-	148,000	-	148,000
Net loss for the period/year	(4,709,860)	(18,052,456)	(8,127,375)	(19,436,797)
Other comprehensive (loss)/profit after tax:				
Exchange translation differences	(247,539)	16,000	(130,792)	(13,821)
Other comprehensive (loss)/profit for the period, net of tax	(247,539)	16,000	(130,792)	(13,821)
Total comprehensive income for the period	(4,957,399)	(18,036,456)	(8,258,167)	(19,450,618)
Attributable to:				
Equity holders of the Company	(4,957,399)	(18,036,456)	(8,258,167)	(19,450,618)
Earnings per share - (Sen)				
Basic	(2.12)	(8.00)	(3.64)	(8.48)
Diluted	NA	NA	NA	NA

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013
(The figures have not been audited)

	UNAUDITED AS AT 31-Dec-13 RM	AUDITED AS AT 31-Dec-12 RM
NON-CURRENT ASSETS		
Property, plant and equipment	20,091,386	25,112,103
CURRENT ASSETS		
Inventories	260,612	399,489
Trade receivables	1,467,005	3,773,588
Other receivables, deposits and prepayments	572,020	918,065
Current tax assets	72,800	69,000
Cash and bank balances	6,498,060	11,752,003
	8,870,497	16,912,145
CURRENT LIABILITIES		
Trade payables	879,887	2,019,249
Other payables and accruals	2,244,184	2,696,262
Hire purchase payables	1,833,455	3,015,671
	4,957,526	7,731,182
NET CURRENT ASSETS	3,912,971	9,180,963
	24,004,357	34,293,066
FINANCED BY		
Share capital	23,056,291	23,056,291
Treasury shares	(1,232,597)	(880,399)
Share premium	8,616,847	8,527,123
Exchange translation reserve	(73,073)	57,719
Accumulated losses	(8,163,701)	(36,326)
SHAREHOLDERS' EQUITY	22,203,767	30,724,408
NON-CURRENT LIABILITIES		
Hire purchase payables	1,800,590	3,568,658
	1,800,590	3,568,658
	24,004,357	34,293,066
 Net assets ("NA") per share (RM)	 0.10	 0.14

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2013
(The figures have not been audited)

	←	→					
	Share Capital	Treasury Shares	Non-Distributable Share Premium	Exchange Translation Reserve	Distributable Retained Profits/ (Accumulated Losses)	Total	
	RM	RM	RM	RM	RM	RM	RM
Period ended 31 December 2013							
At 1 January 2013	23,056,291	(880,399)	8,527,123	57,719	(36,326)	30,724,408	
Exchange translation differences				(130,792)	-	(130,792)	
Purchase of own shares		(1,568,724)				(1,568,724)	
Resale of treasury shares		1,216,526	89,724.00			1,306,250	
Net profit for the year					(8,127,375)	(8,127,375)	
Total comprehensive income for the year			89,724	(130,792)	(8,127,375)	(8,520,641)	
At 31 December 2013	23,056,291	(1,232,597)	8,616,847	(73,073)	(8,163,701)	22,203,767	
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	

MQ TECHNOLOGY BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2013***(The figures have not been audited)*

	CURRENT YEAR TO DATE 31-Dec-13 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-12 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(8,127,375)	(19,584,797)
Adjustments for:		
Depreciation	5,399,121	3,848,336
Interest expense	281,067	272,590
Property, plant and equipment written off	41,857	-
Impairment of goodwill	-	-
Inventory written down	-	-
Gain on disposal of property, plant and equipment	(226,426)	(120,000)
Unrealised gain on foreign exchange	(145,188)	(32,482)
Interest income	(152,289)	(253,500)
Operating (loss)/profit before working capital changes	(2,929,233)	(15,869,853)
(Increase)/Decrease in inventories	138,876	1,035,009
(Increase)/Decrease in receivables	2,658,095	4,179,362
(Decrease)/Increase in payables	(1,591,439)	(1,492,032)
Cash (used in)/ generated from operations	(1,723,701)	(12,147,514)
Income taxes refunded	35,200	34,288
Income taxes paid	(39,000)	(27,000)
Net cash (used in)/ from operating activities	(1,727,501)	(12,140,226)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(792,321)	(2,820,552)
Interest received	152,289	253,500
Proceeds from disposal of property, plant and equipment	245,679	120,000
Net cash used in investing activities	(394,353)	(2,447,052)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(281,067)	(272,590)
Resale of treasury shares	1,306,250	-
Purchase of own shares	(1,568,723)	-
Repayment of term loans	-	(96,800)
Repayment of hire purchase obligations	(2,597,478)	(2,730,932)
Net cash used in financing activities	(3,141,018)	(3,100,322)
Effect of exchange rate changes	8,929	(75,048)
Net decrease in cash and cash equivalents	(5,253,943)	(17,762,648)
Cash and cash equivalents brought forward	11,752,003	15,930,534
Cash and cash equivalents carried forward	6,498,060	(1,832,114)
Cash and cash equivalents comprise:		
Short-term funds	3,972,986	11,198,457
Cash and bank balances	2,525,074	(13,030,571)
	6,498,060	(1,832,114)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 31 December 2013 are as follows:

	Number of Treasury shares
Balance as at 1 Jan 2013	7,126,800
Repurchased during the year	12,253,300
Resale during the year	(10,440,000)
Balance as at 31 December 2013	8,940,100

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 31-Dec-13	Preceding year corresponding quarter 31-Dec-12	Current year to date 31-Dec-13	Preceding year corresponding period 31-Dec-12
Malaysia	464,634	215,526	2,240,367	816,786
Thailand	1,215,175	3,533,780	11,739,926	21,269,697
Other Asia Pacific countries	7,480	1,256,445	325,573	3,269,480
United States of America	1,074,825	(569,224)	6,245,831	1,834,087
	2,762,114	4,436,527	20,551,697	27,190,050
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Malaysia	20,097,259	23,305,340	37,123	6,756,080
Thailand	5,870,819	1,806,763	755,198	1,451,088
	25,968,078	25,112,103	792,321	8,207,168

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 31 December 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 31 December 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 RM8,094,000 (2012: RM10,956,000) of which RM3,448,000 (2012: RM6,260,000) has been utilised as at the balance sheet date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 RM2.76 million for the quarter under review, a RM1.67 million reduction compared to the previous year's corresponding quarter. The Group also recorded a year to date revenue of RM20.55 million, a reduction of RM6.64 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.

The Group recorded a loss before taxation of RM4.71 million for the quarter under review, compared to loss before taxation of RM18.20 million in the previous year's corresponding quarter. The huge loss recorded in previous year's corresponding quarter was mainly due to changing in estimate of useful life in machineries from 10 years to 5 years after the operating review of the Group's machineries. The loss incurred for the quarter under review was mainly due to lower revenue generated do not sufficient to absorb the fixed overhead costs, subsequent to reduction of global demand in 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 RM4.71 million for the current quarter as compare to loss before tax of RM4.52 million in the preceding quarter. The loss 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 31-Dec-13 RM	Preceding year corresponding quarter 31-Dec-12 RM	Current year to date 31-Dec-13 RM	Preceding year corresponding period 31-Dec-12 RM
Tax based on results for the quarter/period:				
Malaysian income tax and deferred tax	-	(148,000)	-	(148,000)

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 31-Dec-13 RM
<u>Secured</u>	
Short term borrowings	1,833,455
Long term borrowings	1,800,590
	3,634,045

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 31-Dec-13	As at 31-Dec-12
Total retained profits of the Company and its subsidiaries:-		
- Realised loss	(9,446,305)	(992,100)
- Unrealised profit	145,188	78,070
	(9,301,117)	(914,030)
Less: Consolidation adjustments and eliminations	1,137,416	877,704
Total Accumulated losses as per statement of financial position	(8,163,701)	(36,326)

B11 Loss for the Period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-13 RM	Preceding year corresponding quarter 31-Dec-12 RM	Current year to date 31-Dec-13 RM	Preceding year corresponding period 31-Dec-12 RM
Loss for the period is arrived at after crediting:				
Interest income	26,699	66,297	152,289	319,797
Other income	356	16,507	13,588	28,552
Gain on disposal of property, plant and equipment	153,426	-	226,426	121,904
Foreign exchange gain	2,134	110,116	490,951	330,145
Recovery on cash embezzlement	3,020	-	1,060,568	-
and after charging:				
Interest expense	55,281	93,562	281,067	366,152
Depreciation	1,517,036	13,113,573	5,399,121	16,961,909
Foreign exchange loss	71,052	142,434	191,711	599,722

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 2013 (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 31-Dec-13	Preceding year corresponding quarter 31-Dec-12	Current year to date 31-Dec-13	Preceding year corresponding period 31-Dec-12
Net loss attributable to shareholders (RM)	(4,709,860)	(18,052,456)	(8,127,375)	(19,436,797)
Weighted average number of ordinary shares in issue	222,313,356	225,521,780	223,021,221	229,306,078
Loss per share - (Sen)				
Basic	(2.12)	(8.00)	(3.64)	(8.48)
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 26 February 2014.