

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

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 31 MARCH 2014

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Mar-14 RM '000	31-Mar-13 RM '000	31-Mar-14 RM '000	31-Mar-13 RM '000
1 Revenue	2,782	7,005	2,782	7,005
2 (Loss)/profit before tax	(3,171)	1,087	(3,171)	1,087
3 (Loss)/profit for the period	(3,171)	1,087	(3,171)	1,087
4 Net (loss)/profit attributable to ordinary equity holders of the parent	(3,139)	1,329	(3,139)	1,329
5 Basic (loss)/profit per share	(1.43)	0.49	(1.43)	0.49
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-Mar-14 0.09	31-Dec-13 0.10

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-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Net (loss)/profit for the period - RM	(3,171,418)	1,087,103	(3,171,418)	1,087,103
Number of shares in issue	221,622,807	222,611,192	221,622,807	222,611,192
(Loss)/profit per share (sen) - Basic	(1.43)	0.49	(1.43)	0.49

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2014
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Mar-14 RM	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-13 RM	CURRENT YEAR TO DATE 31-Mar-14 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-13 RM
Revenue	2,782,347	7,005,292	2,782,347	7,005,292
Cost of sales	(4,283,738)	(5,247,787)	(4,283,738)	(5,247,787)
Gross (loss)/profit	<u>(1,501,391)</u>	<u>1,757,505</u>	<u>(1,501,391)</u>	<u>1,757,505</u>
Other income	18,876	63,811	18,876	63,811
Operating expenses	(1,641,805)	(647,928)	(1,641,805)	(647,928)
Finance cost	(47,098)	(86,285)	(47,098)	(86,285)
(Loss)/profit before tax	<u>(3,171,418)</u>	<u>1,087,103</u>	<u>(3,171,418)</u>	<u>1,087,103</u>
Tax income	-	-	-	-
Net (loss)/profit for the period	<u><u>(3,171,418)</u></u>	<u><u>1,087,103</u></u>	<u><u>(3,171,418)</u></u>	<u><u>1,087,103</u></u>
Other comprehensive (loss)/profit after tax:				
Exchange translation differences	32,674	241,956	32,674	241,956
Other comprehensive (loss)/profit for the period, net of tax	<u>32,674</u>	<u>241,956</u>	<u>32,674</u>	<u>241,956</u>
Total comprehensive income for the period	<u><u>(3,138,744)</u></u>	<u><u>1,329,059</u></u>	<u><u>(3,138,744)</u></u>	<u><u>1,329,059</u></u>
Attributable to:				
Equity holders of the Company	<u><u>(3,138,744)</u></u>	<u><u>1,329,059</u></u>	<u><u>(3,138,744)</u></u>	<u><u>1,329,059</u></u>
Earnings per share - (Sen)				
Basic	(1.43)	0.49	(1.43)	0.49
Diluted	NA	NA	NA	NA

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014
(The figures have not been audited)

	UNAUDITED AS AT 31-Mar-14 RM	AUDITED AS AT 31-Dec-13 RM
NON-CURRENT ASSETS		
Property, plant and equipment	18,791,652	20,100,848
CURRENT ASSETS		
Inventories	407,011	260,612
Trade receivables	2,410,578	1,567,736
Other receivables, deposits and prepayments	490,373	425,848
Current tax assets	77,700	114,140
Cash and bank balances	2,592,035	6,498,061
	5,977,697	8,866,397
CURRENT LIABILITIES		
Trade payables	1,026,126	880,397
Other payables and accruals	1,568,064	2,222,073
Hire purchase payables	1,527,515	1,888,352
	4,121,705	4,990,822
NET CURRENT ASSETS	1,855,992	3,875,575
	20,647,644	23,976,423
FINANCED BY		
Share capital	23,056,291	23,056,291
Treasury shares	(1,232,597)	(1,232,597)
Share premium	8,616,847	8,616,847
Exchange translation reserve	17,896	(14,778)
Accumulated losses	(11,366,452)	(8,195,034)
SHAREHOLDERS' EQUITY	19,091,985	22,230,729
NON-CURRENT LIABILITIES		
Hire purchase payables	1,555,659	1,745,694
	1,555,659	1,745,694
	20,647,644	23,976,423
Net assets ("NA") per share (RM)	0.09	0.10

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014

(The figures have not been audited)

Share Capital	Treasury Shares	Non-Distributable Share Premium	Exchange Translation Reserve	Distributable (Accumulated Losses)	Total	
RM	RM	RM	RM	RM	RM	RM
Period ended 31 March 2014						
At 1 January 2014	23,056,291	(1,232,597)	8,616,847	(14,778)	(8,195,034)	22,230,729
Exchange translation differences	-	-	32,674	-	32,674	32,674
Net loss for the year	-	-	-	(3,171,418)	(3,171,418)	(3,171,418)
Total comprehensive income for the year	-	-	32,674	(3,171,418)	(3,138,744)	(3,138,744)
At 31 March 2014	<u>23,056,291</u>	<u>(1,232,597)</u>	<u>8,616,847</u>	<u>17,896</u>	<u>(11,366,452)</u>	<u>19,091,985</u>
Year 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	-	-	(72,497)	-	(72,497)	(72,497)
Purchase of own shares	(1,568,724)	-	-	-	(1,568,724)	(1,568,724)
Reissue of treasury shares	1,216,526	89,724.00	-	-	1,306,250	1,306,250
Net loss for the year	-	-	-	(8,158,708)	(8,158,708)	(8,158,708)
Total comprehensive loss for the year	-	(352,198)	89,724	(72,497)	(8,158,708)	(8,493,679)
At 31 December 2013	<u>23,056,291</u>	<u>(1,232,597)</u>	<u>8,616,847</u>	<u>(14,778)</u>	<u>(8,195,034)</u>	<u>22,230,729</u>

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014

(The figures have not been audited)

	CURRENT YEAR TO DATE 31-Mar-14 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-13 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(3,171,418)	1,087,103
Adjustments for:		
Depreciation	1,311,934	1,295,579
Interest expense	47,098	86,287
Gain on disposal of property, plant and equipment	(16,123)	-
Unrealised gain on foreign exchange	1,489	(115,205)
Interest income	(16,801)	(58,611)
Operating (loss)/profit before working capital changes	(1,843,821)	2,295,153
(Increase)/Decrease in inventories	(146,399)	(728,147)
(Increase)/Decrease in receivables	(863,047)	(2,743,064)
(Decrease)/Increase in payables	(508,280)	49,976
Cash used in operations	(3,361,547)	(1,126,082)
Income taxes refunded	-	-
Income taxes paid	(9,000)	(12,000)
Net cash used in operating activities	(3,370,547)	(1,138,082)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(356,723)	(99,404)
Interest received	17,303	58,611
Proceeds from disposal of property, plant and equipment	16,801	-
Net cash used in investing activities	(322,619)	(40,793)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(47,098)	(86,287)
Purchase of own shares	-	(93,897)
Repayment of hire purchase obligations	(198,065)	(993,854)
Net cash used in financing activities	(245,163)	(1,174,038)
Effect of exchange rate changes	32,303	166,497
Net decrease in cash and cash equivalents	(3,906,026)	(2,186,416)
Cash and cash equivalents brought forward	6,498,061	11,752,003
Cash and cash equivalents carried forward	2,592,035	9,565,587
<u>Cash and cash equivalents comprise:</u>		
Short-term funds	1,233,305	6,738,797
Cash and bank balances	1,358,730	2,826,790
	2,592,035	9,565,587

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2014

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 2013.

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 flow:

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 March 2014 are as follows:

	Number of Treasury shares
Balance as at 1 Jan 2014	8,940,100
Repurchased during the year	-
Resale during the year	-
Balance as at 31 March 2014	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-Mar-14	Preceding year corresponding quarter 31-Mar-13	Current year to date 31-Mar-14	Preceding year corresponding period 31-Mar-13
Malaysia	363,412	193,289	363,412	193,289
Thailand	1,404,812	5,413,373	1,404,812	5,413,373
Other Asia Pacific countries	19,099	162,686	19,099	162,686
United States of America	994,774	1,235,944	994,774	1,235,944
	2,782,097	7,005,292	2,782,097	7,005,292
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2014

A NOTES TO THE INTERIM FINANCIAL REPORT

Malaysia	17,454,878	29,519,323	2,220	7,329
Thailand	6,013,586	5,976,412	1,698	92,075
	<u>23,468,464</u>	<u>35,495,735</u>	<u>3,918</u>	<u>99,404</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2014

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 Decemberr 2014, 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 2014 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 RM6,376,000 (2013: RM8,094,000) of which RM1,730,000 (2013: RM3,448,000) has been utilised as at the balance sheet date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2014

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 RM2.78 million for the quarter under review, a RM4.22 million reduction compared to the previous year's corresponding quarter. The lower revenue was mainly due to the reduction in sales volume from the continued soft demand in HDD industry and greater competition.

The Group recorded a loss before tax of RM3.17 million compared to the profit before tax of RM1.09 million in the previous corresponding quarter. The loss incurred for the quarter under review was mainly due to lower revenue generated which was not sufficient to absorb the fixed overhead costs, subsequent to reduction of global demand in HDD drive. The profit in the previous corresponding quarter was also helped by the recovery of cash embezzlement of RM 1.05 million as reflected by the lower operating expenses in that quarter. The Group will continue taking sensible steps to improve operation efficiency & achieve leaner cost structure.

B2 Variation of results against immediate preceding quarter

The Group recorded a loss before tax of RM3.17 million for the current quarter as compared to loss before tax of RM4.71 million in the preceding quarter. The lower loss was mainly attributed to continued effort to improve operation efficiency & achieve leaner cost structure.

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 diversifying 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 2014.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-14 RM	Preceding year corresponding quarter 31-Mar-13 RM	Current year to date 31-Mar-14 RM	Preceding year corresponding period 31-Mar-13 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).

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-Mar-14 RM
Secured	
Short term borrowings	1,527,515
Long term borrowings	1,555,659
	3,083,174

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2014

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-Mar-14	As at 31-Dec-13
Total retained profits of the Company and its subsidiaries:-		
- Realised loss	(12,532,679)	(992,100)
- Unrealised profit	(1,489)	78,070
	(12,534,168)	(914,030)
Less: Consolidation adjustments and eliminations	1,167,716	877,704
Total Accumulated losses as per statement of financial positio	(11,366,452)	(36,326)

B11 Loss for the Period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-14 RM	Preceding year corresponding quarter 31-Mar-13 RM	Current year to date 31-Mar-14 RM	Preceding year corresponding period 31-Mar-13 RM
Loss for the period is arrived at after crediting:				
Interest income	16,801	58,611	16,801	58,611
Other income	2,075	5,200	2,075	5,200
Gain on disposal of property, plant and equipment	16,123	-	16,123	-
Foreign exchange gain	152,975	37,201	152,975	37,201
Recovery on cash embezzlement	3,026	1,054,460	3,026	1,054,460
and after charging:				
Interest expense	47,098	86,285	47,098	86,285
Depreciation	1,311,934	1,295,579	1,311,934	1,295,579
Foreign exchange loss	149,997	16,959	149,997	16,959

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 March 2014 (31 December 2013: 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-Mar-14	Preceding year corresponding quarter 31-Mar-13	Current year to date 31-Mar-14	Preceding year corresponding period 31-Mar-13
Net loss attributable to shareholders (RM)	(3,171,418)	1,087,103	(3,171,418)	1,087,103
Weighted average number of ordinary shares in issue	221,622,807	222,611,192	221,622,807	222,611,192
Loss per share - (Sen)				
Basic	(1.43)	0.49	(1.43)	0.49
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 2013 in their report dated 16 April 2014.

B17 Authorise for issue

The interim financial statements were authorised for issue by the Board of Directors on 23 May 2014.