

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

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 JUNE 2014

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Jun-14 RM '000	30-Jun-13 RM '000	30-Jun-14 RM '000	30-Jun-13 RM '000
1 Revenue	2,485	7,298	5,268	14,304
2 (Loss)/profit before tax	(684)	16	(3,856)	1,103
3 (Loss)/profit for the period	(684)	16	(3,856)	1,103
4 Net (loss)/profit attributable to ordinary equity holders of the parent	(475)	17	(3,614)	1,115
5 Basic (loss)/profit per share	(0.27)	0.01	(1.52)	0.48
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)			30-Jun-14 0.09	30-Jun-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
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
Net (loss)/profit for the period - RM	(684,150)	16,365	(3,855,568)	1,103,468
Number of shares in issue	253,618,907	222,624,780	253,618,907	229,306,078
(Loss)/profit per share (sen) - Basic	(0.27)	0.01	(1.52)	0.48

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2014
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Jun-14 RM	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-13 RM	CURRENT YEAR TO DATE 30-Jun-14 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-13 RM
Revenue	2,485,365	7,298,310	5,267,712	14,303,602
Cost of sales	(3,346,203)	(6,167,864)	(7,629,941)	(11,415,651)
Gross (loss)/profit	(860,838)	1,130,446	(2,362,229)	2,887,951
Other income	1,508,335	44,488	1,527,211	108,299
Operating expenses	(1,293,189)	(1,083,661)	(2,934,994)	(1,731,589)
Finance cost	(38,458)	(74,908)	(85,556)	(161,193)
(Loss)/profit before tax	(684,150)	16,365	(3,855,568)	1,103,468
Tax income	-	-	-	-
Net (loss)/profit for the period	(684,150)	16,365	(3,855,568)	1,103,468
Other comprehensive (loss)/profit after tax:				
Exchange translation differences	208,996	1,129	241,670	11,068
Other comprehensive profit for the period, net of tax	208,996	1,129	241,670	11,068
Total comprehensive (loss)/ income for the period	(475,154)	17,494	(3,613,898)	1,114,536
Attributable to:				
Equity holders of the Company	(475,154)	17,494	(3,613,898)	1,114,536
Earnings per share - (Sen)				
Basic	(0.27)	0.01	(1.52)	0.48
Diluted	NA	NA	NA	NA

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014
(The figures have not been audited)

	UNAUDITED AS AT 30-Jun-14 RM	AUDITED AS AT 31-Dec-13 RM
NON-CURRENT ASSETS		
Property, plant and equipment	19,318,185	20,100,848
CURRENT ASSETS		
Inventories	585,929	260,612
Trade receivables	2,627,169	1,567,736
Other receivables, deposits and prepayments	3,204,965	425,848
Current tax assets	86,700	114,140
Cash and bank balances	1,011,228	6,498,061
	7,515,990	8,866,397
CURRENT LIABILITIES		
Trade payables	1,276,583	880,397
Other payables and accruals	1,455,352	2,222,073
Hire purchase payables	1,007,835	1,888,352
	3,739,770	4,990,822
NET CURRENT ASSETS	3,776,220	3,875,575
	23,094,405	23,976,423
FINANCED BY		
Share capital	25,361,891	23,056,291
Treasury shares	-	(1,232,597)
Share premium	8,454,562	8,616,847
Exchange translation reserve	(118,380)	(14,778)
Accumulated losses	(12,050,602)	(8,195,034)
SHAREHOLDERS' EQUITY	21,647,471	22,230,729
NON-CURRENT LIABILITIES		
Hire purchase payables	1,446,934	1,745,694
	1,446,934	1,745,694
	23,094,405	23,976,423
Net assets ("NA") per share (RM)	0.09	0.10

MQ TECHNOLOGY BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 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
Period ended 30 June 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	-	-	-	(103,602)	-	(103,602)
Private Placement	2,305,600	-	-	-	-	2,305,600
Purchase of own shares	-	1,232,597	(162,285)	-	(3,855,568)	1,070,312
Resale of treasury shares	-	-	-	-	(3,855,568)	(3,855,568)
Net loss for the year	-	1,232,597	(162,285)	(103,602)	(3,855,568)	(583,258)
Total comprehensive income for the year	-	1,232,597	(162,285)	(103,602)	(3,855,568)	(583,258)
At 30 June 2014	25,361,891	-	8,454,562	(118,380)	(12,050,602)	21,647,471
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)
Reissue of treasury shares	1,216,526	89,724	-	-	-	1,306,250
Net loss for the year	-	-	-	-	1,103,468	1,103,469
Total comprehensive loss for the year	-	-	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

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014***(The figures have not been audited)*

	CURRENT YEAR TO DATE 30-Jun-14 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-13 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(3,855,568)	1,103,469
Adjustments for:		
Depreciation	2,015,150	2,762,838
Interest expense	85,556	161,031
Property, plant and equipment written off	6,475	-
Gain on disposal of property, plant and equipment	(1,565,131)	(105,000)
Unrealised loss/(gain) on foreign exchange	153,122	(298,878)
Interest income	(20,050)	(98,497)
Operating (loss)/profit before working capital changes	(3,180,446)	3,524,963
Increase in inventories	(325,317)	(591,367)
Increase in receivables	(3,838,550)	(3,777,413)
Decrease in payables	(370,535)	(1,101,264)
Cash used in operations	(7,714,848)	(1,945,081)
Income taxes paid	(18,000)	(21,000)
Net cash used in operating activities	(7,732,848)	(1,966,081)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,995,880)	(496,396)
Interest received	3,249	98,497
Proceeds from disposal of property, plant and equipment	1,718,000	105,000
Net cash used in investing activities	(274,631)	(292,899)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(85,556)	(161,031)
Resale of treasury shares	1,070,312	1,306,250
Placement	2,305,600	(1,058,279)
Repayment of hire purchase obligations	(532,527)	(1,615,920)
Net cash generated/(used) in financing activities	2,757,829	(1,528,980)
Effect of exchange rate changes	(237,183)	163,238
Net decrease in cash and cash equivalents	(5,486,833)	(3,624,722)
Cash and cash equivalents brought forward	6,498,061	11,752,003
Cash and cash equivalents carried forward	1,011,228	8,127,281
Cash and cash equivalents comprise:		
Short-term funds	1,233,305	4,056,328
Cash and bank balances	(222,077)	4,070,953
	1,011,228	8,127,281

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 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 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 2014 are as follows:

	Number of Treasury shares
Balance as at 31 Jan 2014	8,940,100
Repurchased during the year	-
Resale during the year	(8,940,100)
Balance as at 30 June 2014	-

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-14	Preceding year corresponding quarter 30-Jun-13	Current year to date 30-Jun-14	Preceding year corresponding period 30-Jun-13
Malaysia	395,756	1,340,972	759,418	1,534,261
Thailand	1,265,979	3,645,391	2,670,791	9,058,764
Other Asia Pacific countries	295,019	146,970	314,118	309,656
United States of America	528,610	2,164,976	1,523,384	3,400,920
	2,485,365	7,298,310	5,267,712	14,303,602

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2014

A NOTES TO THE INTERIM FINANCIAL REPORT

	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
Malaysia	19,318,185	31,656,082	2,220	257,024
Thailand	6,013,586	4,875,162	1,698	239,372
	25,331,771	36,531,244	3,918	496,396

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 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 30 June 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 RM7,496,000 (2013: RM9,378,000) of which RM NIL (2013: RM4,682,000) has been utilised as at the balance sheet date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 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 RM2.49 million for the quarter under review, a RM4.81 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 RM0.7 million compared to the profit before tax of RM 16,365 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 Group will continue taking sensible steps to improve operation efficiency & achieve learner cost structure.

B2 Variation of results against immediate preceding quarter

The Group recorded a loss before tax of RM0.7 million compared to the profit before tax of RM3.17 million in the preceding quarter. The lower loss was mainly attributed to continued effort to improve efficiency and achieve learner 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 operation 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-14 RM	Preceding year corresponding quarter 30-Jun-13 RM	Current year to date 30-Jun-14 RM	Preceding year corresponding period 30-Jun-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 30-Jun-14 RM
<u>Secured</u>	
Short term borrowings	1,007,835
Long term borrowings	1,446,934
	<u>2,454,769</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 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 30-Jun-14	As at 30-Jun-13
Total retained profits of the Company and its subsidiaries:-		
- Realised (loss)	(11,036,008)	(69,166)
- Unrealised (loss)/profit	153,122	298,878
	(10,882,886)	229,712
Less: Consolidation adjustments and eliminations	1,167,716	837,431
Total Accumulated losses as per statement of financial position	(12,050,602)	1,067,143

B11 Loss for the Period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Jun-14 RM	Preceding year corresponding quarter 30-Jun-13 RM	Current year to date 30-Jun-14 RM	Preceding year corresponding period 30-Jun-13 RM
Loss for the period is arrived at after crediting:				
Interest income	3,249	1,317	20,050	98,497
Other income	5,086	3,684	7,161	9,741
Gain on disposal of property, plant and equipment	1,549,008	105,000	1,565,131	105,000
Foreign exchange gain	138,240	235,404	138,240	272,605
Recovery on cash embezzlement	-	1,536	3,026	1,055,998
and after charging:				
Interest expense	38,458	74,747	85,556	161,031
Depreciation	703,216	1,467,259	2,015,150	2,762,838
Unrealised Foreign exchange loss	153,122	-	153,122	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 30 June 2014 (31 March 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 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-Jun-14	Preceding year corresponding quarter 30-Jun-13	Current year to date 30-Jun-14	Preceding year corresponding period 30-Jun-13
Net loss attributable to shareholders (RM)	(684,150)	16,365	(3,855,568)	1,103,469
Weighted average number of ordinary shares in issue	253,618,907	222,624,780	253,618,907	229,306,078
Loss per share - (Sen)				
Basic	(0.27)	0.01	(1.52)	0.48
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 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 26 August 2014.