

MQ TECHNOLOGY BERHAD

(Company No. 635804-H)

(Incorporated in Malaysia)

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Sep-14 RM '000	30-Sep-13 RM '000	30-Sep-14 RM '000	30-Sep-13 RM '000
1 Revenue	3,326	3,486	8,594	17,790
2 (Loss)/profit before tax	(3,417)	(4,521)	(7,282)	(3,418)
3 (Loss)/profit for the period	(3,416)	(4,521)	(7,272)	(3,418)
4 Net (loss)/profit attributable to ordinary equity holders of the parent	(3,795)	(4,415)	(7,409)	(3,301)
5 Basic (loss)/profit per share	(1.35)	(2.01)	(2.87)	(1.53)
6 Proposed/Declared dividend per share	-	-	-	-
			AS AT END OF CURRENT QUARTER 30-Sep-14	AS AT PRECEDING FINANCIAL YEAR END 30-Sep-13
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.09	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-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
Net (loss)/profit for the period - RM	(3,415,982)	(4,520,982)	(7,271,550)	(3,417,515)
Number of shares in issue	253,618,907	224,857,212	253,618,907	223,251,640
(Loss)/profit per share (sen) - Basic	(1.35)	(2.01)	(2.87)	(1.53)

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2014*(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Sep-14 RM	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-13 RM	CURRENT YEAR TO DATE 30-Sep-14 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-13 RM
Revenue	3,325,813	3,485,981	8,593,525	17,789,583
Cost of sales	(3,861,253)	(6,263,167)	(11,491,194)	(17,678,818)
Gross (loss)/profit	(535,440)	(2,777,186)	(2,897,669)	110,765
Other income	(1,762,740)	30,524	(235,529)	138,822
Operating expenses	(1,029,821)	(1,709,730)	(3,964,815)	(3,441,319)
Finance cost	(88,844)	(64,590)	(174,400)	(225,783)
(Loss)/profit before tax	(3,416,845)	(4,520,982)	(7,272,413)	(3,417,515)
Tax income	863	-	863	-
Net (loss)/profit for the period	(3,415,982)	(4,520,982)	(7,271,550)	(3,417,515)
Other comprehensive (loss)/profit after tax:				
Exchange translation differences	(378,735)	105,679	(137,065)	116,747
Other comprehensive profit for the period, net of tax	(378,735)	105,679	(137,065)	116,747
Total comprehensive (loss)/ income for the period	(3,794,717)	(4,415,303)	(7,408,615)	(3,300,768)
Attributable to:				
Equity holders of the Company	(3,794,717)	(4,415,303)	(7,408,615)	(3,300,768)
Earnings per share - (Sen)				
Basic	(1.35)	(2.01)	(2.87)	(1.53)
Diluted	NA	NA	NA	NA

MQ TECHNOLOGY BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014*(The figures have not been audited)*

	UNAUDITED AS AT 30-Sep-14 RM	AUDITED AS AT 31-Dec-13 RM
NON-CURRENT ASSETS		
Property, plant and equipment	26,058,376	20,100,848
CURRENT ASSETS		
Inventories	459,349	260,612
Trade receivables	2,620,959	1,567,736
Other receivables, deposits and prepayments	508,596	425,848
Current tax assets	60,800	114,140
Cash and bank balances	6,194,262	6,498,061
	9,843,966	8,866,397
CURRENT LIABILITIES		
Trade payables	1,331,399	880,397
Other payables and accruals	1,935,128	2,222,073
Borrowings	2,165,241	1,888,352
	5,431,768	4,990,822
NET CURRENT ASSETS	4,412,198	3,875,575
	30,470,574	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	(171,126)	(14,778)
Revaluation Reserve	5,635,347	-
Accumulated losses	(15,466,584)	(8,195,034)
SHAREHOLDERS' EQUITY	23,814,090	22,230,729
NON-CURRENT LIABILITIES		
Borrowings	4,876,901	1,745,694
Deferred tax liabilities	1,779,583	-
	6,656,484	1,745,694
	30,470,574	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 30 SEPTEMBER 2014**
(The figures have not been audited)

	←	→							
	Share Capital	Treasury Shares	Share Premium	Non-Distributable Exchange Translation Reserve	Distributable (Accumulated Losses)	Total			
	RM	RM	RM	RM	RM	RM			
Period ended 30 September 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	-	-	-	(19,283)	-	(19,283)			
Private Placement	2,305,600	-	-	-	-	2,305,600			
Purchase of own shares	-	1,232,597	(162,285)	-	-	1,070,312			
Resale of treasury shares	-	-	-	(137,065)	(7,271,550)	(7,408,615)			
Net loss for the year	-	-	-	(156,348)	(7,271,550)	(4,051,986)			
Total comprehensive income for the year	2,305,600	1,232,597	(162,285)	(156,348)	(7,271,550)	(4,051,986)			
At 30 September 2014	25,361,891	-	8,454,562	(171,126)	(15,466,584)	18,178,743			
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	-	-	-	(72,497)	-	(72,497)			
Purchase of own shares	-	(1,568,724)	-	-	-	(1,568,724)			
Reissue of treasury shares	-	1,216,526	89,724	-	-	1,306,250			
Net loss for the year	-	-	-	-	(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	23,056,291	(1,232,597)	8,616,847	(14,778)	(8,195,034)	22,230,729			

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

	CURRENT YEAR TO DATE 30-Sep-14 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-13 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(7,271,550)	(3,417,515)
Adjustments for:		
Depreciation	3,468,497	3,882,085
Interest expense	174,400	225,786
Property, plant and equipment written off	6,475	-
Gain on disposal of property, plant and equipment	(56,840)	(73,000)
Unrealised loss/(gain) on foreign exchange	(28,137)	(195,177)
Interest income	(2,000)	(125,590)
Operating (loss)/profit before working capital changes	(3,709,156)	296,589
Increase in inventories	(198,737)	(19,404)
Increase in receivables	(1,135,971)	(69,062)
Decrease in payables	164,057	(1,408,070)
Cash used in operations	(4,879,807)	(1,199,947)
Income taxes paid	(53,340)	(30,000)
Net cash used in operating activities	(4,933,147)	(1,229,947)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,037,800)	(779,962)
Interest received	2,000	125,590
Proceeds from disposal of property, plant and equipment	298,875	73,000
Net cash used in investing activities	(1,736,925)	(581,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(174,400)	(225,786)
Resale of treasury shares	1,070,312	1,306,250
Purchase of own shares	-	(1,072,280)
Acquisition of Term Loan	5,000,000	-
Acquisition of Hire Purchase	94,000	-
Placement	2,305,600	-
Repayment of term loans	(166,668)	-
Repayment of hire purchase obligations	(1,519,236)	(1,966,160)
Net cash generated/(used) in financing activities	6,609,608	(1,957,976)
Effect of exchange rate changes	(243,335)	305,010
Net decrease in cash and cash equivalents	(303,799)	(3,464,285)
Cash and cash equivalents brought forward	6,498,061	11,752,003
Cash and cash equivalents carried forward	6,194,262	8,287,718
Cash and cash equivalents comprise:		
Short-term funds	-	3,972,986
Cash and bank balances	6,194,262	4,314,732
	6,194,262	8,287,718

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 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 September 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 September 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	Preceding year	Current	Preceding year
	year	corresponding	year	corresponding
	quarter	quarter	to date	period
	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
Malaysia	298,192	241,472	1,057,610	1,775,733
Thailand	1,402,590	1,465,986	4,073,381	10,524,751
Other Asia Pacific countries	112,253	8,436	426,372	318,092
United States of America	1,512,779	1,770,087	3,036,163	5,171,007
	3,325,813	3,485,981	8,593,525	17,789,583

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

A NOTES TO THE INTERIM FINANCIAL REPORT

	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
Malaysia	27,057,913	25,363,855	2,035,580	241,599
Thailand	6,977,138	5,794,572	665,000	538,363
	<u>34,035,051</u>	<u>31,158,427</u>	<u>2,700,580</u>	<u>779,962</u>

A8 Valuation of property, plant and equipment

The property, plant and equipment are valued by an independent registered valuer and the difference between the valuation and the carrying amount of the respective property is incorporated in the financial statements year ended 31 December 2014.

The property was last valued on Plot 86-B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park 4, 11900 Bayan Lepas, Penang on 4th June 2014.

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 September 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 RM12,429,400 (2013: RM9,378,000) of which RM7,292,000 (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 SEPTEMBER 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 RM 3.33 million for the quarter under review, a RM0.16 million reduction compared to the previous year's corresponding quarter. The continued drop in revenue level since Q3, 2013 was mainly due to the reduction in sales from higher competition. Compared to the immediate preceding quarter, the Group sales improved by RM 0.9 M reflecting the Group's effort in working with its new and existing customers to allocate more orders to the Group.

The Group recorded smaller a loss before tax of RM 3.4 million compared to the loss before tax of RM 4.5 in the previous corresponding quarter. The smaller loss is because the Group has taken 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 RM3.4 million compared to the loss before tax of RM0.7 million in the preceding quarter. The higher loss was mainly due to the reversal of other income in the quarter due to the aborted transaction of used machinery sold

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. As part of the rationalisation effort, the Group had also started to redeploy additional machinery to its Thailand's facility in order to gain more orders by providing shorter lead time for our products/services

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 30-Sep-14 RM	Preceding year corresponding quarter 30-Sep-13 RM	Current year to date 30-Sep-14 RM	Preceding year corresponding period 30-Sep-13 RM
Tax based on results for the quarter/period:				
Malaysian income tax and deferred tax	(863)	-	(863)	-

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 10 years from 2010 to 2020.

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-14 RM
<u>Secured</u>	
Short term borrowings	2,165,241
Long term borrowings	4,876,901
	<u>7,042,142</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 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-Sep-14	As at 30-Sep-13
Total retained profits of the Company and its subsidiaries:-		
- Realised (loss)	(30,496,596)	(4,777,766)
- Unrealised (loss)/profit	(28,137)	195,177
	(30,524,733)	(4,582,589)
Less: Consolidation adjustments and eliminations	15,058,149	1,128,748
Total Accumulated losses as per statement of financial position	(15,466,584)	(3,453,841)

B11 Loss for the Period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Sep-14 RM	Preceding year corresponding quarter 30-Sep-13 RM	Current year to date 30-Sep-14 RM	Preceding year corresponding period 30-Sep-13 RM
Loss for the period is arrived at after crediting:				
Interest income	2,000	27,093	22,050	125,590
Other income	7,791	3,491	14,952	13,232
Gain on disposal of property, plant and equipment	(456,840)	(32,000)	(391,709)	73,000
Foreign exchange gain	(28,137)	216,212	110,103	488,817
Recovery on cash embezzlement	6,049	1,550	9,075	1,057,548
and after charging:				
Interest expense	174,400	64,755	259,956	225,786
Depreciation	3,468,497	1,119,247	5,483,647	3,882,085
Foreign exchange loss	-	103,700	153,122	120,659

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 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-Sep-14	Preceding year corresponding quarter 30-Sep-13	Current year to date 30-Sep-14	Preceding year corresponding period 30-Sep-13
Net loss attributable to shareholders (RM)	(3,415,982)	(4,520,982)	(7,271,550)	(3,417,515)
Weighted average number of ordinary shares in issue	253,618,907	224,857,212	253,618,907	223,251,640
Loss per share - (Sen)				
Basic	(1.35)	(2.01)	(2.87)	(1.53)
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 November 2014.