

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

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

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Dec-14 RM '000	31-Dec-13 RM '000	31-Dec-14 RM '000	31-Dec-13 RM '000
1 Revenue	5,241	2,762	13,835	20,552
2 Profit/(Loss) before tax	238	(4,710)	(7,044)	(8,127)
3 Profit/(Loss) for the period	243	(4,710)	(7,029)	(8,127)
4 Net Profit/(loss) attributable to ordinary equity holders of the parent	590	(4,957)	(6,819)	(8,258)
5 Basic Profit/(loss) per share	0.10	(2.12)	(2.77)	(3.64)
6 Proposed/Declared dividend per share	-	-	-	-
			AS AT END OF CURRENT QUARTER 31-Dec-14	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-13
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.10	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-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Net (loss)/profit for the period - RM	243,020	(4,709,860)	(7,031,219)	(8,127,375)
Number of shares in issue	253,618,907	222,313,356	240,250,146	223,021,221
Profit/(Loss) per share (sen) - Basic	0.10	(2.12)	(2.93)	(3.64)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Dec-14 RM	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-13 RM	CURRENT YEAR TO DATE 31-Dec-14 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-13 RM
Revenue	5,240,824	2,762,114	13,831,660	20,551,697
Cost of sales	(4,506,438)	(5,628,086)	(15,997,632)	(23,306,905)
Gross Profit/(loss)	734,386	(2,865,972)	(2,165,972)	(2,755,208)
Other income	526,378	27,054	290,849	165,877
Operating expenses	(913,091)	(1,815,658)	(4,877,906)	(5,256,977)
Finance cost	(109,704)	(55,284)	(284,104)	(281,067)
Profit/(Loss) before tax	237,969	(4,709,860)	(7,037,133)	(8,127,375)
Tax income	5,051	-	5,914	-
Net Profit/(loss) for the period	243,020	(4,709,860)	(7,031,219)	(8,127,375)
Other comprehensive Profit/(loss) after tax:				
Exchange translation differences	347,146	(247,539)	347,146	(130,792)
Other comprehensive profit for the period, net of tax	347,146	(247,539)	347,146	(130,792)
Total comprehensive income/(loss) for the period	590,166	(4,957,399)	(6,684,073)	(8,258,167)
Attributable to:				
Equity holders of the Company	590,166	(4,957,399)	(6,684,073)	(8,258,167)
Earnings per share - (Sen)				
Basic	0.10	(2.12)	(2.77)	(3.64)
Diluted	NA	NA	NA	NA

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

	UNAUDITED AS AT 31-Dec-14 RM	AUDITED AS AT 31-Dec-13 RM
NON-CURRENT ASSETS		
Property, plant and equipment	26,378,663	20,100,848
Prepaid lease payments	-	-
Goodwill on consolidation	-	-
	26,378,663	20,100,848
CURRENT ASSETS		
Inventories	715,351	260,612
Trade receivables	3,795,572	1,567,736
Other receivables, deposits and prepayments	631,579	425,848
Current tax assets	69,800	114,140
Cash and bank balances	4,911,189	6,498,061
	10,123,491	8,866,397
CURRENT LIABILITIES		
Trade payables	1,492,745	880,397
Other payables and accruals	1,512,625	2,222,073
Borrowings	2,087,545	1,888,352
	5,092,916	4,990,822
NET CURRENT ASSETS	5,030,575	3,875,575
	31,409,237	23,976,423
FINANCED BY		
Share capital	25,361,891	23,056,291
Treasury shares	-	(1,232,597)
Share premium	8,387,534	8,616,847
Exchange translation reserve	332,368	(14,778)
Revaluation Reserve	6,315,269	-
Accumulated losses	(15,226,253)	(8,195,034)
SHAREHOLDERS' EQUITY	25,170,809	22,230,729
NON-CURRENT LIABILITIES		
Borrowings	4,297,719	1,745,694
Deferred tax liabilities	1,940,709	-
	6,238,428	1,745,694
	31,409,237	23,976,423
Net assets ("NA") per share (RM)	0.10	0.10

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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 31 December 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				347,146		347,146				
Private Placement	2,305,600					2,305,600				
Purchase of own shares		1,232,597	(229,313)							
Resale of treasury shares					(7,031,219)	1,003,284				
Net loss for the year					(7,031,219)	(7,031,219)				
Total comprehensive income for the year					(7,031,219)	(3,375,189)				
At 31 December 2014	25,361,891	-	8,387,534	332,368	(15,226,253)	18,855,540				
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				

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2014
(The figures have not been audited)

	CURRENT YEAR TO DATE 31-Dec-14 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-13 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(7,031,219)	(8,157,608)
Adjustments for:		
Depreciation	3,936,411	5,444,817
Interest expense	284,104	281,082
Property, plant and equipment written off	6,475	41,187
Impairment of goodwill	-	-
Inventory written down	-	-
Loss/(Gain) on disposal of property, plant and equipment	(133,358)	(226,706)
Unrealised loss/(gain) on foreign exchange	5,849	(146,547)
Interest income	(248)	(152,314)
Operating (loss)/profit before working capital changes	(2,931,985)	(2,916,089)
Increase in inventories	(454,739)	138,877
Increase in receivables	(2,433,567)	2,704,894
Decrease in payables	(97,100)	(1,613,041)
Cash used in operations	(5,917,391)	(1,685,359)
Income taxes refunded	-	35,200
Income taxes paid	(44,340)	(81,440)
Net cash used in operating activities	(5,961,731)	(1,731,599)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,091,457)	(352,910)
Interest received	248	152,314
Proceeds from disposal of property, plant and equipment	674,500	243,814
Net cash used in investing activities	(1,416,709)	43,218
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(284,104)	(281,082)
Resale of treasury shares	1,070,312	1,306,250
Purchase of own shares	-	(1,568,724)
Acquisition of Term Loan	5,000,000	-
Acquisition of Hire Purchase	94,000	-
Placement	2,305,600	-
Repayment of term loans	(416,670)	-
Repayment of hire purchase obligations	(1,926,112)	(3,089,203)
Net cash generated/(used) in financing activities	5,843,026	(3,632,759)
Effect of exchange rate changes	(51,457)	67,198
Net decrease in cash and cash equivalents	(1,586,872)	(5,253,942)
Cash and cash equivalents brought forward	6,498,061	11,752,003
Cash and cash equivalents carried forward	4,911,189	6,498,061
<u>Cash and cash equivalents comprise:</u>		
Short-term funds	-	3,972,986
Cash and bank balances	4,911,189	2,525,075
	4,911,189	6,498,061

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 31 December 2014 are as follows:

	Number of Treasury shares
Balance as at 31 January 2014	8,940,100
Repurchased during the year	-
Resale during the year	(8,940,100)
Balance as at 31 December 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 31-Dec-14	Preceding year corresponding quarter 31-Dec-13	Current year to date 31-Dec-14	Preceding year corresponding period 31-Dec-13
Malaysia	446,255	464,634	1,503,865	2,240,367
Thailand	1,519,888	1,215,175	5,590,579	11,739,926
Other Asia Pacific countries	1,395	7,480	427,767	325,573
United States of America	3,273,286	1,074,825	6,309,449	6,245,831
	5,240,824	2,762,114	13,831,660	20,551,697

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

A NOTES TO THE INTERIM FINANCIAL REPORT

	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Malaysia	29,423,590	20,097,259	2,037,800	37,123
Thailand	6,426,083	5,870,819	53,657	755,198
	<u>35,849,673</u>	<u>25,968,078</u>	<u>2,091,457</u>	<u>792,321</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 MMC Factory Village, Soi 1, Phahon Yothin Road Thailand on 22 October 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 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 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 31 DECEMBER 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 RM5.24 million for the quarter under review, a RM2.48 million increased compared to the previous year's corresponding quarter. The higher revenue was mainly due to the increase in sales volume from newer customers vs declining sales volume from older customers in the previous year's corresponding quarter.

The Group recorded a profit before tax of RM0.24 million compared to the loss before tax of RM4.7 in the previous corresponding quarter. The profit incurred for the quarter is mainly due to higher revenue generated which was sufficient to absorb the fixed overhead. This is because of the corrective actions taken by the Group to improve operation efficiency & achieve learner cost

B2 Variation of results against immediate preceding quarter

The Group recorded a profit before tax of RM 0.24 million compared to the loss before tax of RM3.4 million in the preceding quarter. The profit was mainly attributed to higher sales and continuing cost reduction for the Group.

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 2014.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-14 RM	Preceding year corresponding quarter 31-Dec-13 RM	Current year to date 31-Dec-14 RM	Preceding year corresponding period 31-Dec-13 RM
Tax based on results for the quarter/period:				
Malaysian income tax and deferred tax	(5,051)	(148,000)	(5,914)	(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 up 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 31-Dec-14 RM
<u>Secured</u>	
Short term borrowings	2,087,545
Long term borrowings	4,297,719
	<u>6,385,264</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 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-Dec-14	As at 31-Dec-13
Total retained profits of the Company and its subsidiaries:-		
- Realised (loss)	(24,567,803)	(9,446,305)
- Unrealised (loss)/profit	5,849	145,188
	(24,561,954)	(9,301,117)
Less: Consolidation adjustments and eliminations	9,335,701	1,137,416
Total Accumulated losses as per statement of financial position	(15,226,253)	(8,163,701)

B11 Loss for the Period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-14 RM	Preceding year corresponding quarter 31-Dec-13 RM	Current year to date 31-Dec-14 RM	Preceding year corresponding period 31-Dec-13 RM
Loss for the period is arrived at after crediting:				
Interest income	248	26,699	20,298	152,289
Other income	13,840	356	24,027	1,074,156
Gain on disposal of property, plant and equipment	76,518	153,426	133,358	226,426
Foreign exchange gain	33,986	2,134	(5,849)	490,951
and after charging:				
Interest expense	109,704	55,281	284,104	281,067
Depreciation	467,914	1,571,036	3,936,411	5,399,121
Foreign exchange loss	-	71,052	-	191,711

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 December 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 Profit/(Loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Dec-14	Preceding year corresponding quarter 31-Dec-13	Current year to date 31-Dec-14	Preceding year corresponding period 31-Dec-13
Net profit/(loss) attributable to shareholders (RM)	243,020	(4,709,860)	(7,031,219)	(8,127,375)
Weighted average number of ordinary shares in issue	253,618,907	222,313,356	240,250,146	223,021,221
Profit/(Loss) per share - (Sen)				
Basic	0.10	(2.12)	(2.93)	(3.64)
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 17 February 2015.