

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

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 31 MARCH 2016

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Mar-16 RM '000	31-Mar-15 RM '000	31-Mar-16 RM '000	31-Mar-15 RM '000
1 Revenue	3,730	5,096	3,730	5,096
2 Profit/(Loss) before tax	(1,800)	10	(1,800)	10
3 Profit/(Loss) for the period	(1,800)	10	(1,800)	10
4 Net Profit/(loss) attributable to ordinary equity holders of the parent	(2,188)	518	(2,188)	518
5 Basic Profit/(loss) per share	(0.65)	-	(0.65)	-
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-16 0.09	31-Mar-15 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-16	31-Mar-15	31-Mar-16	31-Mar-15
Net (loss)/profit for the period - RM	(1,800,299)	10,316	(1,800,299)	10,316
Number of shares in issue	278,980,707	253,618,907	278,980,707	253,618,907
Profit/(Loss) per share (sen) - Basic	(0.65)	-	(0.65)	-

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2016
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Mar-16 RM	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-15 RM	CURRENT YEAR TO DATE 31-Mar-16 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-15 RM
Revenue	3,730,013	5,096,348	3,730,013	5,096,348
Cost of sales	(3,915,960)	(3,882,455)	(3,915,960)	(3,882,455)
Gross Profit/(loss)	<u>(185,947)</u>	<u>1,213,893</u>	<u>(185,947)</u>	<u>1,213,893</u>
Other income	14,367	50,071	14,367	50,071
Operating expenses	(1,540,132)	(1,150,494)	(1,540,132)	(1,150,494)
Finance cost	(88,587)	(103,153)	(88,587)	(103,153)
Profit/(Loss) before tax	<u>(1,800,299)</u>	<u>10,316</u>	<u>(1,800,299)</u>	<u>10,316</u>
Tax income	-	-	-	-
Net Profit/(loss) for the period	<u><u>(1,800,299)</u></u>	<u><u>10,316</u></u>	<u><u>(1,800,299)</u></u>	<u><u>10,316</u></u>
Other comprehensive Profit/(loss) after tax:	-	-	-	-
Exchange translation differences	(387,491)	507,266	(387,491)	507,266
Other comprehensive profit for the period, net of tax	<u>(387,491)</u>	<u>507,266</u>	<u>(387,491)</u>	<u>507,266</u>
Total comprehensive income/(loss) for the period	<u><u>(2,187,790)</u></u>	<u><u>517,582</u></u>	<u><u>(2,187,790)</u></u>	<u><u>517,582</u></u>
Attributable to:				
Equity holders of the Company	<u><u>(2,187,790)</u></u>	<u><u>517,582</u></u>	<u><u>(2,187,790)</u></u>	<u><u>517,582</u></u>
Earnings per share - (Sen)				
Basic	(0.65)	0.00	(0.65)	0.00
Diluted	NA	NA	NA	NA

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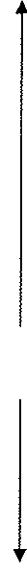
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016
(The figures have not been audited)

	UNAUDITED AS AT 31-Mar-16 RM	AUDITED AS AT 31-Dec-15 RM
NON-CURRENT ASSETS		
Property, plant and equipment	24,981,236	26,125,526
Investment in subsidiaries	2	-
Goodwill on consolidation	-	-
	24,981,238	26,125,526
CURRENT ASSETS		
Inventories	1,406,863	1,163,322
Trade and other receivables	7,236,334	7,901,089
Current tax assets	445,858	433,339
Cash and bank balances	1,011,156	2,136,266
	10,100,211	11,634,016
CURRENT LIABILITIES		
Trade payables	4,001,163	3,868,196
Borrowings	482,399	1,692,366
	4,483,562	5,560,562
NET CURRENT ASSETS	5,616,649	6,073,454
NON-CURRENT LIABILITIES		
Borrowings	4,194,109	3,607,412
Deferred tax liabilities	1,899,218	1,899,218
	6,093,327	5,506,630
NET ASSETS	24,504,560	26,692,350
FINANCED BY		
Share capital	27,898,071	27,898,071
Share premium	8,257,853	8,257,853
Exchange translation reserve	583,709	971,200
Revaluation Reserve	6,315,268	6,315,268
Accumulated losses	(18,550,341)	(16,750,042)
SHAREHOLDERS' EQUITY	24,504,560	26,692,350
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 2016

(The figures have not been audited)



	Share Capital	Share Premium	Non-Distributable Share Premium	Exchange Translation Reserve	Assets Revaluation Reserve	Distributable (Accumulated Losses)	Total
	RM	RM	RM	RM	RM	RM	RM
Period ended 31 March 2016							
At 1 January 2016	27,898,071	8,257,853	971,200	6,315,268	(16,750,042)	26,692,350	
Exchange translation differences	-	-	(387,491)	-	-	(387,491)	
Private Placement	-	-	-	-	-	-	
Purchase of own shares	-	-	-	-	-	-	
Resale of treasury shares	-	-	-	-	-	-	
Net Profit for the year	-	-	-	-	(1,800,299)	(1,800,299)	
Total comprehensive income for the year	-	-	(387,491)	-	(1,800,299)	(2,187,790)	
At 31 March 2016	27,898,071	8,257,853	583,709	6,315,268	(18,550,341)	24,504,560	
Period ended 31 December 2015							
At 1 January 2015	25,361,891	8,387,534	332,368	6,315,268	(15,226,253)	25,170,808	
Exchange translation differences	-	-	638,832	-	-	638,832	
Private Placement	2,536,180	-	-	-	-	2,536,180	
Payment of Private Placement Expenses	-	(129,681)	-	-	-	(129,681)	
Net loss for the year	-	-	-	-	(1,523,789)	(1,523,789)	
Total comprehensive loss for the year	2,536,180	(129,681)	638,832	-	(1,523,789)	1,521,542	
At 31 December 2015	27,898,071	8,257,853	971,200	6,315,268	(16,750,042)	26,692,350	

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2016
(The figures have not been audited)

	CURRENT YEAR TO DATE 31-Mar-16 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-15 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(1,800,299)	10,316
Adjustments for:		
Depreciation	880,958	874,403
Interest expense	88,587	103,153
Property, plant and equipment written off	-	3,263
Loss/(Gain) on disposal of property, plant and equipment	-	(35,769)
Unrealised loss/(gain) on foreign exchange	63,499	48,127
Interest income	(116)	(300)
Operating (loss)/profit before working capital changes	(767,371)	1,003,192
Increase/decrease in inventories	(250,133)	(226,147)
Increase/decrease in receivables	525,942	(316,800)
Decrease in payables	148,121	(593,314)
Cash used in operations	(343,441)	(133,069)
Income taxes refunded	(36,551)	
Income taxes paid	-	(85,892)
Net cash used in operating activities	(379,992)	(218,961)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(54,240)	(577,258)
Interest received	116	300
Net cash used in investing activities	(54,124)	(576,958)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(88,587)	(103,153)
Repayment of term loans	(266,579)	(250,002)
Repayment of hire purchase obligations	(311,385)	(299,040)
Net cash generated/(used) in financing activities	(666,551)	(652,195)
Net decrease in cash and cash equivalents	(1,100,667)	(1,448,114)
Effect of exchange rate changes	(24,443)	136,989
Cash and cash equivalents brought forward	2,136,266	4,911,189
Cash and cash equivalents carried forward	1,011,156	3,600,064
<u>Cash and cash equivalents comprise:</u>		
Short-term funds	-	-
Cash and bank balances	1,011,156	36,000,064
	1,011,156	36,000,064

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2016

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 2015.

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.

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-16	Preceding year corresponding quarter 31-Mar-15	Current year to date 31-Mar-16	Preceding year corresponding period 31-Mar-15
Malaysia	662,043	624,404	662,043	624,404
Thailand	984,659	1,114,090	984,659	1,114,090
Other Asia Pacific countries	778,252	1,395	778,252	1,395
United States of America	1,305,059	3,356,459	1,305,059	3,356,459
	3,730,013	5,096,348	3,730,013	5,096,348
	SEGMENT ASSETS			
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Malaysia	29,247,981	24,806,035	52,588	(105,719)
Thailand	6,531,900	7,551,295	1,652	(471,539)
	35,779,880	32,357,330	54,240	(577,258)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2016

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 March 2016, property, plant and equipment at cost except for land and buildings and improvements which are stated at valuations less accumulated

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 March 2016 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 RM8,767,391(2015: RM9,595,400) of which RM4,054,139 (2015: RM4,614,406) has been utilised as at the balance sheet date.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2016

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

For the quarter under review, Group 's revenue at RM 3.73 million showed a decrease of RM 1.37 million. This is due to the lack of major die set orders whereas in the corresponding quarter of the preceding year there was a ramp up of die sets orders from our Hard Disk (HD) components customer for their new projects. Since middle of 2015 Hard Disk businesses had slowed considerably and this had similarly affected the Group business resulting in lower sales for the quarter under review. Sales to new customers are not adequate to make up for the loss of sales to the HD related customers.

The Group recorded a net loss of RM 1.80 million for the quarter under review, a RM 1.81 million increase over the previous year's corresponding quarter. This is mainly due to drop in gross margin of RM 1.4 million from drop in sales and higher manufacturing cost, and operating cost which is higher by RM 0.39 million. The reasons are as follows :

- a) Lower sales have contributed to lower manufacturing overhead recovery, hence drop in gross margin.
- b) Manufacturing cost had also increased for the quarter under review because of change in product mix. Compared to the quarter in the preceding year, the current product mix have much higher material content and require more third party processes not available inhouse; this had caused the lower overheads recovery and margins.
- c) The higher operating cost is due to the declining US dollars versus Ringgit during the quarter under review resulting in a loss on foreign exchange. For the quarter in the preceding year, it was the reverse trend with US dollars appreciating against the Ringgit resulting in a gain in that quarter.

Total comprehensive loss attributable to equity holders at RM2.19 million increased by RM 2.71 million over Quarter 1, 2015 due to increase in net loss by RM 1.81 million and an increase of currency translation loss of RM 0.90 million. The currency translation loss on the Group's Thai subsidiary assets is due to 6% depreciation of the Bahts vs Ringgit.

B2 Variation of results against immediate preceding quarter

The Group recorded loss before tax of RM 1.80 million compared to the profit before tax of RM 0.15 million in the preceding quarter. During the quarter under review, sales decreased by RM1.6 million compared to preceding quarter. The sales decrease is due to the delivery of a large order of over RM 1 million for an automation project in preceding quarter but automation sales were minimal for the quarter under review. Loss increased in line with the sales drop due to insufficient overhead recovery to cover the fixed costs. The declining US dollars which had depreciated by 9% during the quarter under review had also adversely affected profitability by RM 0.92 million.

B3 Prospects for the forthcoming financial year

The Group will continue to strengthen its core business by gaining new customers and higher sales as well as implement cost cutting measures. The Group's outlook for the next few months is soft but will gain momentum in Quarter 3, 2016 with more business coming from automation projects. The manufacturing operations in Malaysia has commenced on the process of gaining the AS9100 certification and making preparation to win precision components business from the aerospace sector.

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 2015.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-16 RM	Preceding year corresponding quarter 31-Mar-15 RM	Current year to date 31-Mar-16 RM	Preceding year corresponding period 31-Mar-15 RM
Tax based on results for the Malaysian income tax and deferred	-	-	-	-

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 second period of 5 years (2015 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

On 19 January 2016, TA Securities Holdings Berhad announced the following proposals on behalf of the Board of Directors of MQ:

- (i) proposed joint venture between MQ's wholly-owned subsidiary, Star Acres Sdn Bhd, and Cash Support Sdn Bhd to develop and carry on the business of theme park;
 - (ii) proposed diversification of the existing business of MQ and its subsidiaries ("MQ Group") to include the development and business of theme park;
 - (iii) proposed reduction of the issued and paid-up share capital of MQ via the cancellation of RM0.05 of the par value of the ordinary share of RM0.10 each to RM0.05 each in MQ pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction");
 - (iv) proposed share consolidation of every two (2) ordinary shares of RM0.05 each into one (1) new ordinary share of RM0.10 each in MQ ("MQ Share") after the Proposed Par Value Reduction ("Proposed Share Consolidation");
 - (v) proposed renounceable rights issue of up to 418,471,060 MQ Shares ("Rights Shares") on the basis of three (3) Rights Shares for every one (1) existing MQ Share held, together with up to 278,980,706 free detachable warrants ("Warrants") on the basis of two (2) Warrants for every three (3) Rights Shares subscribed for;
 - (vi) proposed establishment of a new share issuance scheme ("SIS") of up to thirty percent (30%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any one time during the duration of the scheme for the eligible directors and employees of MQ Group (excluding dormant subsidiaries);
 - (vii) proposed increase in the authorised share capital of MQ from RM50,000,000 comprising 500,000,000 MQ Shares to RM200,000,000 comprising 2,000,000,000 MQ Shares; and
 - (viii) proposed amendment to the Memorandum of Association of MQ.
- (collectively referred to as the "Proposals")

Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 18 February 2016 approved the Proposed Share Consolidation.

Subsequently, Bursa Securities had vide its letter dated 4 May 2016 approved the following:

- (i) admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Warrants; and
- (ii) listing of and quotation for the Rights Shares and new MQ Shares to be issued pursuant to the exercise of the Warrants and SIS options, on the ACE Market of Bursa Securities.

An extraordinary general meeting will be held on 13 June 2016 to obtain the approval of MQ's shareholders for the Proposals.

B9 Group's borrowings and debt securities

	AS AT 31-Mar-16 RM
<u>Secured</u>	
Short term borrowings	482,399
Long term borrowings	4,194,109
	<u>4,676,508</u>

B10 Realised and Unrealised Profit or Losses

	As at 31-Mar-16	As at 31-Mar-15
Total retained profits of the Company and its subsidiaries:-		
- Realised (loss)	(30,259,062)	(25,045,840)
- Unrealised (loss)/profit	436	48,127
	(30,258,626)	(24,997,713)
Less: Consolidation adjustments and eliminations	11,708,285	9,781,777
Total Accumulated losses as per statement of financial position	(18,550,341)	(15,215,936)

B11 Loss for the Period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-16 RM	Preceding year corresponding quarter 31-Mar-15 RM	Current year to date 31-Mar-16 RM	Preceding year corresponding period 31-Mar-15 RM
Loss for the period is arrived at after crediting:				
Interest income	116	300	116	300
Other income/(Loss)	14,367	50,071	14,367	50,071
Gain on disposal of property, plant and equipment	-	35,769	-	35,769
Unrealised Foreign exchange gain or (Loss)	436	48,127	436	48,127
and after charging:				
Interest expense	88,587	103,153	88,587	103,153
Depreciation	880,958	874,403	880,958	874,403

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 2016.

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-Mar-16	Preceding year corresponding quarter 31-Mar-15	Current year to date 31-Mar-16	Preceding year corresponding period 31-Mar-15
Net profit/(loss) attributable to shareholders	(1,800,299)	10,316	(1,800,299)	10,316
Weighted average number of ordinary shares in issue	278,980,707	253,618,907	278,980,707	253,618,907
Profit/(Loss) per share - (Sen)				
Basic	(0.65)	-	(0.65)	-
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 2015 in their report dated 18 April 2016.

B17 Authorise for issue

The interim financial statements were authorised for issue by the Board of Directors on 16 May 2016.