

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

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 JUNE 2016

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30-Jun-16 RM '000	30-Jun-15 RM '000	30-Jun-16 RM '000	30-Jun-15 RM '000
1 Revenue	3,987	4,042	7,717	9,138
2 Profit/(Loss) before tax	26	(910)	(1,775)	(900)
3 Profit/(Loss) for the period	26	(910)	(1,775)	(900)
4 Net Profit/(loss) attributable to ordinary equity holders of the parent	189	(1,059)	(1,999)	(542)
5 Basic Profit/(loss) per share	0.01	(0.36)	(0.64)	(0.35)
6 Proposed/Declared dividend per share	-	-	-	-
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
			30-Jun-16	30-Jun-15
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-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
Net (loss)/profit for the period - RM	25,758	(909,935)	(1,774,540)	(899,618)
Number of shares in issue	278,980,707	253,618,907	278,980,707	253,618,907
Profit/(Loss) per share (sen) - Basic	0.01	(0.36)	(0.64)	(0.35)

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Jun-16 RM	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-15 RM	CURRENT YEAR TO DATE 30-Jun-16 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-15 RM
Revenue	3,986,776	4,042,147	7,716,789	9,138,495
Cost of sales	(2,374,776)	(3,755,056)	(6,290,736)	(7,637,511)
Gross Profit/(loss)	<u>1,612,000</u>	<u>287,091</u>	<u>1,426,053</u>	<u>1,500,984</u>
Other income	47,321	45,301	61,688	95,372
Operating expenses	(1,552,378)	(1,139,955)	(3,092,509)	(2,290,449)
Finance cost	(81,185)	(102,372)	(169,772)	(205,525)
Profit/(Loss) before tax	<u>25,758</u>	<u>(909,935)</u>	<u>(1,774,540)</u>	<u>(899,618)</u>
Tax income	-	-	-	-
Net Profit/(loss) for the period	<u><u>25,758</u></u>	<u><u>(909,935)</u></u>	<u><u>(1,774,540)</u></u>	<u><u>(899,618)</u></u>
Other comprehensive Profit/(loss) after tax:	-	-		
Exchange translation differences	163,256	(149,381)	(224,235)	357,885
Other comprehensive profit for the period, net of tax	<u>163,256</u>	<u>(149,381)</u>	<u>(224,235)</u>	<u>357,885</u>
Total comprehensive income/(loss) for the period	<u><u>189,014</u></u>	<u><u>(1,059,316)</u></u>	<u><u>(1,998,775)</u></u>	<u><u>(541,733)</u></u>
Attributable to:				
Equity holders of the Company	<u><u>189,014</u></u>	<u><u>(1,059,316)</u></u>	<u><u>(1,998,775)</u></u>	<u><u>(541,733)</u></u>
Earnings per share - (Sen)				
Basic	0.01	(0.36)	(0.64)	(0.35)
Diluted	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

MQ TECHNOLOGY BERHAD
(Company No. 635804-H)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016
(The figures have not been audited)

	UNAUDITED AS AT 30-Jun-16 RM	AUDITED AS AT 31-Dec-15 RM
NON-CURRENT ASSETS		
Property, plant and equipment	24,234,545	26,125,526
	24,234,545	26,125,526
CURRENT ASSETS		
Inventories	1,922,372	1,163,322
Trade and other receivables	10,869,614	7,901,089
Current tax assets	491,318	433,339
Cash and bank balances	2,728,521	2,136,266
	16,011,825	11,634,016
CURRENT LIABILITIES		
Trade payables	3,463,561	3,868,196
Borrowings	6,509,914	1,692,366
	9,973,475	5,560,562
NET CURRENT ASSETS	6,038,350	6,073,454
NON-CURRENT LIABILITIES		
Borrowings	3,680,102	3,607,412
Deferred tax liabilities	1,899,218	1,899,218
	5,579,320	5,506,630
NET ASSETS	24,693,575	26,692,350
FINANCED BY		
Share capital	27,898,070	27,898,071
Share premium	8,257,853	8,257,853
Exchange translation reserve	746,965	971,200
Revaluation Reserve	6,315,269	6,315,268
Accumulated losses	(18,524,582)	(16,750,042)
SHAREHOLDERS' EQUITY	24,693,575	26,692,350
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 2016**

(The figures have not been audited)

	←	→						
	Share Capital	Non-Distributable Share Premium	Exchange Translation Reserve	Assets Revaluation Reserve	Distributable (Accumulated Losses)	Total		
	RM	RM	RM	RM	RM	RM	RM	RM
Period ended 30 June 2016								
At 1 January 2015	27,898,070	8,257,853	971,200	6,315,269	(16,750,042)	26,692,350		
Exchange translation differences	-	-	(224,235)	-	-	(224,235)		
Private Placement	-	-	-	-	-	-		
Purchase of own shares	-	-	-	-	-	-		
Resale of treasury shares	-	-	-	-	-	-		
Net Profit for the year	-	-	-	-	(1,774,540)	(1,774,540)		
Total comprehensive income for the year	-	-	(224,235)	-	(1,774,540)	(1,998,775)		
At 30 June 2016	27,898,070	8,257,853	746,965	6,315,269	(18,524,582)	24,693,575		
Period ended 31 December 2015								
At 1 January 2015	25,361,890	8,387,534	332,368	6,315,269	(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	-	-	-	-	(1,523,789)	(1,523,789)		
At 31 December 2015	27,898,070	8,257,853	971,200	6,315,269	(16,750,042)	26,692,350		

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2016
(The figures have not been audited)

	CURRENT YEAR TO DATE 30-Jun-16 RM	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-15 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(1,774,540)	(899,618)
Adjustments for:		
Depreciation	1,757,913	1,551,749
Interest expense	169,772	205,525
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	(33,598)	75,334
Interest income	(2,697)	(1,620)
Operating (loss)/profit before working capital changes	116,850	898,864
Increase/decrease in inventories	(1,213,188)	(425,784)
Increase/decrease in receivables	(2,700,919)	(619,223)
Decrease in payables	(259,001)	(558,226)
Cash used in operations	(4,056,258)	(704,370)
Income taxes refunded	-	-
Income taxes paid	(73,060)	(122,195)
Net cash used in operating activities	(4,129,318)	(826,565)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(65,681)	(1,083,134)
Interest received	2,697	1,620
Proceeds from disposal of property, plant and equipment	-	8,500
Net cash used in investing activities	(62,984)	(1,073,014)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(169,772)	(205,525)
Drawdown of Term Loan	6,000,000	278,333
Repayment of term loans	(534,209)	(500,004)
Repayment of hire purchase obligations	(547,122)	(352,293)
Net cash generated/(used) in financing activities	4,748,897	(779,489)
Net decrease in cash and cash equivalents	556,595	(2,679,068)
Effect of exchange rate changes	35,660	43,951
Cash and cash equivalents brought forward	2,136,266	4,911,189
Cash and cash equivalents carried forward	2,728,521	2,276,073
<u>Cash and cash equivalents comprise:</u>		
Short-term funds	-	-
Cash and bank balances	2,728,521	2,276,073
	2,728,521	2,276,073

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 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 30-Jun-16	Preceding year corresponding quarter 30-Jun-15	Current year to date 30-Jun-16	Preceding year corresponding period 30-Jun-15
Malaysia	857,390	484,906	1,519,432	1,118,466
Thailand	1,915,875	2,221,132	2,993,583	3,340,465
Other Asia Pacific countries	328,875	14,098	1,014,079	335,141
United States of America	884,636	1,322,011	2,189,696	4,344,423
	<u>3,986,776</u>	<u>4,042,147</u>	<u>7,716,789</u>	<u>9,138,495</u>

	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
Malaysia	33,083,159	27,053,724	57,209	222,573
Thailand	7,478,929	7,668,890	8,472	860,561
	<u>40,562,088</u>	<u>34,722,614</u>	<u>65,681</u>	<u>1,083,134</u>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 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 30 June 2016, property, plant and equipment at cost except for land and buildings and improvements which are stated at valuations 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 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 RM7,149,400 (2015: RM9,595,400) of which RM3,636,456 (2015: RM4,614,406) has been utilised as at the balance sheet date.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 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 3.99 million showed a slight drop of RM 0.06 million. Precision tooling and die sets sales decreased by 30% compared to corresponding quarter in the preceding year but this drop was offset by increase in automation sales during the quarter under review. The decrease in tooling sales were mainly from the Thai subsidiary which decided to accept less orders for complex and unprofitable tooling orders. The gain in automation sales came from the Malaysian operations.

The Group recorded a net profit of RM 0.03 million for the quarter under review, a RM 0.93 million improvement compared to loss of RM 0.9 million in the previous year's corresponding quarter. The improved performance was due to better gross margins as a result of the Thai subsidiary to accept less complex tooling orders and also billings of automation projects which comprised mostly design and software with minimum hardware components during the quarter under review.

B2 Variation of results against immediate preceding quarter

The Group recorded profit before tax of RM 0.03 million compared to the loss before tax of RM 1.8 million in the preceding quarter. During the quarter under review, sales increased by RM0.2 million compared to preceding quarter. The sales increase is due to the completion and delivery of more automation project in quarter under review whereas automation sales were minimal for the preceding quarter. The better performance to achieve a small profit during the quarter under review was due higher sales margin and a substantial reduction in subcontracting which resulted in increased usage of internal capacity hence better margin compared to the preceding quarter.

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 had successfully secured some new tooling and precision components customers and they have started increasing their orders in the second half of 2016. Together with more business coming from automation projects in the second half of 2016, future performance of the group manufacturing business expected to improve. The manufacturing operations in Malaysia had also commenced on the process of obtaining 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	Preceding year	Current year	Preceding year
	quarter 30-Jun-16 RM	corresponding quarter 30-Jun-15 RM	to date 30-Jun-16 RM	corresponding period 30-Jun-15 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

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

- (i) 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; 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) diversification of the existing business of MQ and its subsidiaries ("MQ Group") to include the development and business of theme park;
- (iii) 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 ("Par Value Reduction");
- (iv) 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 Par Value Reduction ("Share Consolidation");
- (v) 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) 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) 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) amendment to the Memorandum of Association of MQ

(collectively referred to as the "Proposals")

Bursa Malaysia Securities Berhad ("Bursa Securities") had on 18 February 2016 approved the Share Consolidation.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2016

B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

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

on the ACE Market of Bursa Securities.

MQ's shareholders had approved the Proposals, at the extraordinary general meeting held on 13 June 2016.

TA Securities, had on 10 August 2016 announced on behalf of MQ that the High Court of Malaya, Penang had on even date granted an

TA Securities, had on 23 August 2016 announced on behalf of MQ that an office copy of the sealed order of the High Court of Malaya, Penang confirming the Par Value Reduction has been lodged with the Companies Commission of Malaysia on 22 August 2016. The Par Value Reduction has therefore taken effect and is deemed completed on this date.

B9 Group's borrowings and debt securities

	AS AT 30-Jun-16 RM
<u>Secured</u>	
Short term borrowings	6,509,914
Long term borrowings	3,680,102
	<u>10,190,016</u>

B10 Realised and Unrealised Profit or Losses

	As at 30-Jun-16	As at 31-Dec-15
Total retained profits of the Company and its subsidiaries:-		
- Realised loss	(30,304,307)	(28,261,057)
- Unrealised profit	33,598	(160,299)
	<u>(30,270,709)</u>	<u>(28,421,356)</u>
Less: Consolidation adjustments and eliminations	11,746,127	11,671,314
Total Accumulated losses as per statement of financial position	<u>(18,524,582)</u>	<u>(16,750,042)</u>

B11 Loss for the Period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30-Jun-16 RM	Preceding year corresponding quarter 30-Jun-15 RM	Current year to date 30-Jun-16 RM	Preceding year corresponding period 30-Jun-15 RM
Loss for the period is arrived at after crediting:				
Interest income	2,697	1,620	2,813	1,920
Other income	47,321	45,301	61,688	95,372
Gain on disposal of property, plant and equipment	-	35,769	-	35,769
Unrealised Foreign exchange gain or (Loss)	(97,097)	75,334	(33,598)	123,461
and after charging:				
Interest expense	81,185	205,525	169,772	308,678
Depreciation	876,955	677,346	1,757,913	1,551,749

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 2016 (31 December 2015: 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 30-Jun-16	Preceding year corresponding quarter 30-Jun-15	Current year to date 30-Jun-16	Preceding year corresponding period 30-Jun-15
Net loss attributable to shareholders (RM)	25,758	(909,935)	(1,774,540)	(899,618)
Weighted average number of ordinary shares in issue	278,980,707	253,618,907	278,980,707	253,618,907
Loss per share - (Sen)				
Basic	0.01	(0.36)	(0.64)	(0.35)
Diluted	NA	NA	NA	NA

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2016

B DISCLOSURE REQUIREMENTS AS SET OUT IN APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

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 15 August 2016.