

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

SUMMARY OF KEY FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2017

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	RM '000	RM '000	RM '000	RM '000
1 Revenue	6,684	3,730	6,684	3,730
2 Profit/(Loss) before tax	(466)	(1,800)	(466)	(1,800)
3 Profit/(Loss) for the period	(466)	(1,800)	(466)	(1,800)
4 Net Profit/(loss) attributable to ordinary equity holders of the parent	(392)	(2,188)	(392)	(2,188)
5 Basic Profit/(loss) per share	(0.11)	(0.65)	(0.11)	(0.65)
6 Proposed/Declared dividend per share	-	-	-	-
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
			31-Mar-17	31-Mar-16
7 Net assets per share attributable to ordinary equity holders of the parent (RM)			0.11	0.09

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-17	31-Mar-16	31-Mar-17	31-Mar-16
	RM '000	RM '000	RM '000	RM '000
Net (loss)/profit for the period - RM	(466,492)	(1,800,299)	(466,492)	(1,800,299)
Number of shares in issue	414,765,125	278,980,707	414,765,125	278,980,707
Profit/(Loss) per share (sen) - Basic	(0.11)	(0.65)	(0.11)	(0.65)

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2017
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31-Mar-17 RM	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-16 RM	CURRENT YEAR TO DATE 31-Mar-17 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-16 RM
Revenue	6,683,558	3,730,013	6,683,558	3,730,013
Cost of sales	(5,428,034)	(3,915,960)	(5,428,034)	(3,915,960)
Gross Profit/(loss)	<u>1,255,524</u>	<u>(185,947)</u>	<u>1,255,524</u>	<u>(185,947)</u>
Other income	103,458	14,367	103,458	14,367
Operating expenses	(1,713,104)	(1,540,132)	(1,713,104)	(1,540,132)
Finance cost	(112,370)	(88,587)	(112,370)	(88,587)
Profit/(Loss) before tax	<u>(466,492)</u>	<u>(1,800,299)</u>	<u>(466,492)</u>	<u>(1,800,299)</u>
Tax income	-	-	-	-
Net Profit/(loss) for the period	<u><u>(466,492)</u></u>	<u><u>(1,800,299)</u></u>	<u><u>(466,492)</u></u>	<u><u>(1,800,299)</u></u>
Other comprehensive Profit/(loss) after tax:	(27,562)	-	(27,562)	-
Exchange translation differences	102,467	(387,491)	102,467	(387,491)
Other comprehensive profit for the period, net of tax	<u>74,905</u>	<u>(387,491)</u>	<u>74,905</u>	<u>(387,491)</u>
Total comprehensive income/(loss) for the period	<u><u>(391,587)</u></u>	<u><u>(2,187,790)</u></u>	<u><u>(391,587)</u></u>	<u><u>(2,187,790)</u></u>
Attributable to:				
Equity holders of the Company	<u><u>(391,587)</u></u>	<u><u>(2,187,790)</u></u>	<u><u>(391,587)</u></u>	<u><u>(2,187,790)</u></u>
Earnings per share - (Sen)				
Basic	(0.11)	(0.65)	(0.11)	(0.65)
Diluted	NA	NA	NA	NA

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017
(The figures have not been audited)

	UNAUDITED AS AT 31-Mar-17 RM	AUDITED AS AT 31-Dec-16 RM
NON-CURRENT ASSETS		
Property, plant and equipment	22,143,671	23,001,477
	22,143,671	23,001,477
CURRENT ASSETS		
Inventories	1,608,502	918,549
Trade and other receivables	27,299,211	25,332,023
Current tax assets	228,130	230,503
Cash and bank balances	7,339,232	8,889,257
	36,475,075	35,370,332
CURRENT LIABILITIES		
Trade payables and other payables	4,250,459	3,037,178
Borrowings	5,063,207	6,093,327
	9,313,666	9,130,505
NET CURRENT ASSETS	27,161,409	26,239,827
NON-CURRENT LIABILITIES		
Borrowings	2,691,352	2,235,989
Deferred tax liabilities	1,857,727	1,857,727
	4,549,079	4,093,716
NET ASSETS	44,756,001	45,147,588
FINANCED BY		
Share capital	41,476,513	41,476,513
Share premium	6,869,695	6,897,257
Exchange translation reserve	1,411,299	1,308,833
Revaluation Reserve	6,315,268	6,315,268
Warrant reserve	8,019,821	8,019,821
Other reserve	(8,019,821)	(8,019,821)
Accumulated losses	(11,316,774)	(10,850,283)
SHAREHOLDERS' EQUITY	44,756,001	45,147,588
Net assets ("NA") per share (RM)	0.11	0.11

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2017
(The figures have not been audited)

	Share Capital	Non-Distributable Share Premium	Exchange Translation Reserve	Assets Revaluation Reserve	Warrant Reserve	Other Reserve	Distributable (Accumulated Losses)	Total
	RM	RM	RM	RM	RM	RM	RM	RM
<u>Period ended 31 March 2017</u>								
At 1 January 2017	41,476,513	6,897,257	1,308,833	6,315,268	8,019,821	(8,019,821)	(10,850,283)	45,147,588
Exchange translation differences								-
Par Value Reduction								-
Issuance of shares pursuant to right issue								-
Payment of rights issue expenses		(27,562)						(27,562)
Net loss for the year							(466,491)	(466,491)
Total comprehensive loss for the year	-	(27,562)	102,467	-	-	-	(466,491)	(391,587)
At 31 March 2017	41,476,513	6,869,695	1,411,300	6,315,268	8,019,821	(8,019,821)	(11,316,774)	44,756,001
<u>Period ended 31 December 2016</u>								
At 1 January 2016	27,898,071	8,257,853	971,200	6,315,268	-	-	(16,750,042)	26,692,350
Exchange translation differences	-	-	337,633	-	-	-	-	337,633
Par Value Reduction	(13,949,053)						13,949,053	-
Issuance of shares pursuant to right issue	27,527,495				8,019,821	(8,019,821)		27,527,495
Payment of rights issue expenses		(1,360,596)						(1,360,596)
Net loss for the year	-	-	-	-	-	-	(8,049,294)	(8,049,294)
Total comprehensive loss for the year	13,578,442	(1,360,596)	337,633	-	8,019,821	(8,019,821)	5,899,759	18,455,238
At 31 December 2016	41,476,513	6,897,257	1,308,833	6,315,268	8,019,821	(8,019,821)	(10,850,283)	45,147,588

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017
(The figures have not been audited)

	CURRENT YEAR TO DATE 31-Mar-17 RM	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-16 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(466,492)	(1,800,299)
Adjustments for:		
Depreciation	764,534	880,958
Interest expense	112,370	88,587
Loss/(Gain) on disposal of property, plant and equipment	(96,959)	-
Unrealised loss/(gain) on foreign exchange	145,783	63,499
Interest income	(137)	(116)
Operating (loss)/profit before working capital changes	459,099	(767,371)
Increase/decrease in inventories	(681,966)	(250,133)
Increase/decrease in receivables	(1,879,577)	525,942
Decrease in payables	1,199,719	148,121
Cash used in operations	(902,725)	(343,441)
Income taxes refunded	36,000	(36,551)
Income taxes paid	(31,633)	-
Net cash used in operating activities	(898,358)	(379,992)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(24,196)	(54,240)
Interest received	137	116
Proceeds from disposal of property, plant and equipment	96,959	-
Net cash used in investing activities	72,899	(54,124)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(112,370)	(88,587)
Payment right issue expenses	(27,562)	-
Repayment of term loans	(270,460)	(266,579)
Repayment of hire purchase obligations	(71,013)	(311,385)
Net cash generated/(used) in financing activities	(481,405)	(666,551)
Net decrease in cash and cash equivalents	(1,306,866)	(1,100,667)
Effect of exchange rate changes	499	(24,443)
Cash and cash equivalents brought forward	(1,292,387)	2,136,266
Cash and cash equivalents carried forward	(2,598,754)	1,011,156
<u>Cash and cash equivalents comprise:</u>		
Short-term funds	-	-
Cash and bank balances	7,339,232	1,011,156
Less: Pledged deposits	(5,260,000)	-
Bank Overdraft	(4,677,986)	-
	(2,598,754)	1,011,156

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2017

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 2016.

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	Preceding year	Current year	Preceding year
	quarter	corresponding quarter	to date	corresponding period
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Malaysia	1,539,997	662,043	1,539,997	662,043
Thailand	4,361,342	984,659	4,361,342	984,659
Other Asia Pacific countries		778,252	-	778,252
United States of America	782,219	1,305,059	782,219	1,305,059
	<u>6,683,558</u>	<u>3,730,013</u>	<u>6,683,558</u>	<u>3,730,013</u>
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Malaysia	46,068,091	29,247,981	8,865	52,588
Thailand	7,644,540	6,531,900	15,331	1,652
	<u>53,712,631</u>	<u>35,779,881</u>	<u>24,196</u>	<u>54,240</u>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2017

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 December 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 31 December 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 RM5,480,000(2016: RM5,980,000) of which RM2,642,276 (2016: RM2,925,993.47) has been utilised as at the balance sheet date.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2017

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 6.68 million showed a increase of RM 2.95 million or 79%. The increase in tooling sales from an existing customer for their new project accounted for most of the revenue increase.

The Group recorded a lower loss of RM 0.47 million for the quarter under review, a RM 1.33 million improvement compared to a loss of RM 1.80 million in the previous year's corresponding quarter. The lower loss was due to higher revenue and as a result higher capacity utilisation and more overheads recovery to offset fixed cost. Despite achieving higher revenues, the Group still showed losses due to rush sales orders which require more outsourcing to fulfill these orders, hence lower margins, as well as higher administrative overhead to the previous year's corresponding quarter.

B2 Variation of results against immediate preceding quarter

The Group performance improved by RM 4.29 million with a much lower loss before tax in the quarter under review compared to the loss before tax of RM4.76 million in the preceding quarter. During the quarter under review, sales increased by RM2.45 million compared to preceding quarter. The sales increase came mainly from tooling sales from an existing customer for their new project. The better performance during the quarter was the results of higher sales during the quarter, and review quarter performance unimpacted by non recurring expendises/costs such as rebates given, impairment cost of certain automation inventories due to lower realisable value and development cost on automation designs expensed off during preceding quarter.

B3 Prospects for the forthcoming financial year

Tooling and precision component

The outlook for Group's tooling and precision components looks positive for first half 2017 based on customers feedback of their requirement. The Group will continue to strengthen its core business by gaining new customers and higher sales as well as implement cost cutting measures. Together with more business coming from automation projects in 2017, future performance of the group manufacturing business expected to improve in 2017. The Group intends to reduce outsourcing in 2017 via better production planning and recruitment of new workers. This will enable the Group to achieve profitability for its manufacturing business in 2017.

Theme park component

The theme park component of the Group has yet to be fully operational and is not expected to contribute significantly to the Group in 2017. Nonetheless, the joint venture between Star Acres Sdn Bhd and Cash Support Sdn Bhd is expected to be completed in the first half of 2017, barring unforeseen circumstances.

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 2016.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	RM	RM	RM	RM

Tax based on results for the quarter/period:
Malaysian income tax and deferred tax

	-	-	-	-
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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

The joint venture between Star Acres Sdn Bhd and Cash Support Sdn Bhd is pending the transfer of the project land and issuance of shares in Cash Support Property Sdn Bhd ("JV Entity"). The transfer of the project land from Cash Support Sdn Bhd to the JV Entity is pending approval from the state government.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2017

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

B11 Loss for the Period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31-Mar-17 RM	Preceding year corresponding quarter 31-Mar-16 RM	Current year to date 31-Mar-17 RM	Preceding year corresponding period 31-Mar-16 RM
Loss for the period is arrived at after crediting:				
Interest income	137	116	137	116
Other income	103,458	14,367	103,458	14,367
Gain on disposal of property, plant and equipment	(96,959)	-	(96,959)	-
Unrealised Foreign exchange gain or (Loss)	145,783	436	145,783	436
and after charging:				
Interest expense	112,370	88,587	112,370	88,587
Depreciation	764,534	880,958	764,534	880,958

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 December 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 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 31-Mar-17	Preceding year corresponding quarter 31-Mar-16	Current year to date 31-Mar-17	Preceding year corresponding period 31-Mar-16
Net loss attributable to shareholders (RM)	(466,492)	(1,800,299)	(466,492)	(1,800,299)
Weighted average number of ordinary shares in issue	414,765,125	278,980,707	414,765,125	278,980,707
Loss per share - (Sen)				
Basic	(0.11)	(0.65)	(0.11)	(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 2016 in their report dated 21 April 2017.

B17 Authorise for issue

The interim financial statements were authorised for issue by the Board of Directors on 26 May 2017.