

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2019	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2018	CURRENT YEAR TO DATE 30/06/2019	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2018
	RM	RM	RM	RM
Revenue	2,258,603	6,072,308	5,861,839	12,731,903
Cost of sales	(1,600,909)	(5,588,476)	(4,651,643)	(10,183,424)
Gross Profit/(loss)	657,694	483,832	1,210,196	2,548,479
Other income	6,417	123,009	76,224	195,480
Operating expenses	(2,875,133)	(1,953,657)	(4,120,598)	(3,830,393)
Finance cost	(11,389)	(101,880)	(101,761)	(203,998)
Profit/(Loss) before tax	(2,222,411)	(1,448,696)	(2,935,939)	(1,290,432)
Tax income	-	-	1,519	-
Net Profit/(loss) for the period	(2,222,411)	(1,448,696)	(2,934,420)	(1,290,432)
Other comprehensive Profit/(loss) after tax:	-	-	-	-
Exchange translation differences	(90,348)	(78,065)	(25)	(101,165)
Other comprehensive profit for the period, net of tax	(90,348)	(78,065)	(25)	(101,165)
Total comprehensive profit/(loss) for the period attributable to Equity holders of the Company	(2,312,759)	(1,526,761)	(2,934,445)	(1,391,597)
Earnings per share - (Sen)				
Basic	(0.35)	(0.29)	(0.47)	(0.28)
Diluted	NA	NA	NA	NA

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

(The figures have not been audited)

	UNAUDITED AS AT 30/06/2019 RM	AUDITED AS AT 31/12/2018 RM
NON-CURRENT ASSETS		
Property, plant and equipment	16,356,068	18,195,946
	<u>16,356,068</u>	<u>18,195,946</u>
CURRENT ASSETS		
Inventories	830,877	809,449
Trade and other receivables	32,669,544	26,329,151
Current tax assets	96,916	120,314
Cash and bank balances	415,977	6,248,214
Assets of disposal group classified as held for sales	-	5,895,461
	<u>34,013,314</u>	<u>39,402,589</u>
CURRENT LIABILITIES		
Trade and other payables	4,171,069	4,030,313
Borrowings	152,988	6,020,365
	<u>4,324,057</u>	<u>10,050,678</u>
NET CURRENT ASSETS	29,689,257	29,351,911
NON-CURRENT LIABILITIES		
Borrowings	2,869	32,468
Deferred tax liabilities	2,391,828	2,393,347
Liabilities of disposal group classified as held for sales	-	2,153,458
	<u>2,394,697</u>	<u>4,579,273</u>
NET ASSETS	<u>43,650,628</u>	<u>42,968,584</u>
FINANCED BY		
Share capital	55,836,421	52,521,421
Revaluation Reserve	8,055,535	8,055,560
Warrant reserve	8,019,821	8,019,821
Other reserve	(8,019,821)	(8,019,821)
Accumulated losses	(20,241,328)	(17,904,629)
Reserves of disposal group held for sale	-	296,232
SHAREHOLDERS' EQUITY	<u>43,650,628</u>	<u>42,968,584</u>
Net assets ("NA") per share (RM)	<u>0.08</u>	<u>0.10</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2019**
(The figures have not been audited)

	Share Capital	← Exchange Translation Reserve		Non-Distributable Assets Revaluation Reserve		Warrant Reserve		Other Reserve		Distributable (Accumulated Losses)		Reserves of disposal group classified as held for sale		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Period ended 30 June 2019															
At 1 January 2019	52,521,421	-	-	8,055,560	8,019,821	8,019,821	(8,019,821)	(17,904,629)	296,232	42,968,584					
Exchange translation differences	-	-	-	(25)	-	-	-	-	-	(25)					
Par Value Reduction	-	-	-	-	-	-	-	-	-	-					
Transfer of share premium upon abolishment of par value	-	-	-	-	-	-	-	-	-	-					
Issuance of shares pursuant to ESSO issue	3,315,000	-	-	-	-	-	-	-	-	3,315,000					
Profit/(loss) for the period	-	-	-	-	-	-	-	(2,934,420)	-	(2,934,420)					
Assets Disposal /Reserves of disposal group classified as held for sale	-	-	-	-	-	-	-	597,721	-	597,721					
Total comprehensive profit/(loss) for the period & transactions with owners	3,315,000	-	-	(25)	-	-	-	(2,336,699)	(296,232)	301,489					
	55,836,421	-	-	8,055,535	8,019,821	8,019,821	(8,019,821)	(20,241,328)	-	43,650,628					
Period ended 31 December 2018															
At 1 January 2018	48,373,770	986,327	6,315,268	8,019,821	8,019,821	(8,019,821)	(14,058,640)	-	41,616,725						
Exchange translation differences	-	(986,327)	1,740,292	-	-	-	-	-	-	753,965					
Par Value Reduction	-	-	-	-	-	-	-	-	-	-					
Transfer of share premium upon abolishment of par value	-	-	-	-	-	-	-	-	-	-					
Payment of rights issue expenses	4,147,651	-	-	-	-	-	-	-	-	4,147,651					
Loss for the year	-	-	-	-	-	-	-	(3,845,989)	296,232	(3,549,757)					
Total comprehensive profit/(loss) for the year & transactions with owners	4,147,651	(986,327)	1,740,292	-	-	-	-	(3,845,989)	296,232	1,351,859					
	52,521,421	-	8,055,560	8,019,821	8,019,821	(8,019,821)	(17,904,629)	296,232	42,968,584						

MQ TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019
(The figures have not been audited)

	CURRENT QUARTER 30/06/2019 RM	AUDITED AS AT 31/12/2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(2,935,939)	(5,360,702)
Adjustments for:		
Depreciation	714,500	2,087,420
Loss/(Gain) on disposal of property, plant and equipment	-	81,468
Impairment loss on property, plant and equipment	-	2,368,000
Allowance for expected credit losses on:-		
Trade receivables	-	6,927
Other receivables	-	225,000
Interest expense	85,209	422,756
Interest income	(50)	(157,506)
Unrealised loss/(gain) on foreign exchange	-	12,708
	<u>(2,136,280)</u>	<u>(313,929)</u>
Operating (loss)/profit before working capital changes		
(Increase)/decrease in inventories	(21,428)	578,116
(Increase)/decrease in receivables	(1,439,244)	(3,434,278)
Increase/(decrease) in payables	<u>752,313</u>	<u>297,697</u>
	<u>(2,844,639)</u>	<u>(2,872,394)</u>
Cash used in operations		
Income taxes paid	(16,440)	(136,277)
Income taxes refunded	<u>39,838</u>	<u>31,631</u>
Net cash used in operating activities	<u>(2,821,241)</u>	<u>(2,977,040)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(696,408)	(498,599)
Interest received	50	157,506
Proceeds from disposal of property, plant and equipment	<u>12,038</u>	<u>13,476</u>
Net cash used in investing activities	<u>(684,320)</u>	<u>(327,617)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from Directors	-	306,269
Interest paid	(85,209)	(422,756)
Proceeds from ESOS /private placement	3,315,000	4,147,651
Fixed deposit withdrawal	5,351,861	-
Repayment of term loans	(500,004)	(1,085,134)
Repayment of hire purchase obligations	<u>(64,482)</u>	<u>(494,701)</u>
Net cash generated/(used) in financing activities	<u>8,017,166</u>	<u>2,451,329</u>
Net decrease in cash and cash equivalents	4,511,605	(853,328)
Effect of exchange rate changes	34,240	31,405
Cash and cash equivalents brought forward	(4,384,494)	(3,562,571)
Cash and cash equivalents carried forward	<u>161,351</u>	<u>(4,384,494)</u>
<u>Cash and cash equivalents comprise:</u>		
Cash and bank balances	161,351	636,352
Fixed deposits with licensed banks	<u>260,000</u>	<u>5,611,862</u>
	<u>421,351</u>	<u>6,248,214</u>
Less: Pledged deposits	<u>(260,000)</u>	<u>(5,611,862)</u>
	<u>161,351</u>	<u>636,352</u>
Bank Overdraft	-	(5,020,846)
Cash and cash equivalents	<u>161,351</u>	<u>(4,384,494)</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2019

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 2018.

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 were 44,565,217 ordinary shares were issued under ESOS 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 Thailand. 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	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Malaysia	95,343	1,031,792	65,205	2,981,469
Thailand	1,505,983	3,441,742	4,520,837	7,437,046
United States of America	118,507	579,747	414,945	1,023,962
United Kingdom	-	333	-	9,070
Other Asia Pacific countries	538,770	1,018,694	860,852	1,280,356
	<u>2,258,603</u>	<u>6,072,308</u>	<u>5,861,839</u>	<u>12,731,903</u>
	-	-	-	-
	SEGMENT ASSETS		CAPITAL EXPENDITURE	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Malaysia	47,214,170	52,254,332	696,408	24,583
Thailand	-	6,872,986	-	805,388
	<u>47,214,170</u>	<u>59,127,318</u>	<u>696,408</u>	<u>829,971</u>
	-	-	-	-

A8 Valuation of property, plant and equipment

The Group revalued its property, plant and equipment at the FYE 31 December 2018. As at 30 June 2019, property, plant and equipment were stated 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 2019 to the date of this announcement which would substantially affect the financial results of the Group.

A10 Changes in the composition of the Group

During the quarter under review, the group dispose of its wholly owned subsidiary, MPTS, Thailand for a consideration of RM 3.5 mil after all precedent conditions becomes unconditional.

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 RM5,000,000 (Q2 2018: RM5,000,000) of which RM83,294 (Q2 2018: RM1,083,302) has been utilised as at the balance sheet date.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2019

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 2.26 million registering a decrease of RM 3.81 million (or 63%) from RM 6.07 million of the preceding year corresponding quarter.

The Group recorded loss before tax of RM2.22 million for the quarter under review as compared to loss before tax of RM1.45 million in the preceding year corresponding quarter (Q2-2018). The increase in loss before tax of approximately RM0.77 million as compared to the corresponding quarter in preceding year was mainly due to lower revenue.

B2 Variation of results against immediate preceding quarter

During the quarter under review, sales decreased by RM 1.34 million (Revenue, Q2-2019: RM 2.26 million - Q1-2019: RM 3.60 million) compared to preceding quarter. The decrease of sales was mainly due to low demand from automation.

The group recorded a loss before tax of RM 2.22 million in the quarter under review, increase by RM 1.51 million compared to a loss before tax of RM0.71 million in the preceding quarters (Q1-2019). Higher loss before tax as compared to the preceding quarter in preceding year was mainly due to lower turnover

B3 Prospects for the forthcoming financial year

Manufacturing business component

The outlook for Group's tooling and precision components business is expected to maintain the existing business level for the financial year 2019. There are various cost saving measures have been implaced to improve the Gross Profit margin and lower the operating expenditures.

Theme park component

The theme park component of the Group has yet to be operational and is uncertain on future development. The management is assessing the viability of the project at this juncture.

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 2019.

B5 Taxation

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
30/06/2019	30/06/2018	30/06/2019	30/06/2018
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 (From year 2015 onwards).

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 has been approved by the state government.

Purpose	Proposed Utilisation	Actual Utilisation as at 31 December 2018	Valuation for utilisation of proceeds as at 31 December 2018	Balance to be utilised as at 31 December 2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Payment for Subscription Shares	15,900	15,266	-	634
Extension to existing factory	9,480	2,000	(2,554)	4,926
Working capital	987	3,541	2,554	-
Estimated expenses in relation to the Corporate Exercise	1,160	1,160	-	-
Total	27,527	21,967	-	5,560

Explanation for deviation of right issue proceeds

- (1) Proceeds were used for working capital as it is more urgent compared to the extension of factory and purchase of equipments.
- (2)The board has decided on 22/03/19 to retire bank borrowing(Bank Overdraft) to reduce finance cost as factory extension was not needed

The Company has announced that the Memorandum of Agreement ("MOA") with Cambodia Resort and Entertainment Co., Ltd., which was previously extended to 2 January 2019 is deemed to be lapsed. The MOA, which related to proposed joint venture between Star Acres Sdn Bhd, a wholly owned subsidiary of the Company, and Cambodia Resort and Entertainment Co., Ltd to develop and manage a theme park in the Kingdom of Cambodia has not been extended as the parties have not been able to move the venture forward.

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 the Theme Park ("Investment")

- (i) SASB and CSSB had on 18 January 2019 mutually agreed to further extend the SSA Cut-Off Date from 19 January 2019 to 19 July 2019 for the parties to obtain/fulfil conditions precedent pursuant to the SSA; and
- (ii) CSSB and CSPSB had on 18 January 2019 mutually agreed to further extend the SPA Cut-Off Date from 19 January 2019 to 19 July 2019 for the parties to obtain, fulfil or waive the conditions precedent pursuant to the SPA.
- (iii) CSSB and CSPSB had on 18 July 2019 mutually agreed to further extend the SPA Cut-Off Date from 20 July 2019 to 19 Jan 2020 for the parties to obtain, fulfil or waive the conditions precedent pursuant to the SPA.
- (i) SASB and CSSB had on 18 July 2019 mutually agreed to further extend the SSA Cut-Off Date from 20 July 2019 to 19 Jan 2020 for the parties to obtain/fulfil conditions precedent pursuant to the SSA; and

The Company announced the proposal for diversification of the existing principal activities and private placement on 7 December 2017:

- (i) Proposed diversification of the existing principal activities of MQ Group to include marketing services for gaming related businesses pursuant to the marketing agreement dated 7 December 2017 entered into between MQ and Vivo Tower Holdings Ltd; and
- (ii) Proposed private placement of 82,953,024 new Placement Shares at an issue price of RM0.05 per Placement Share.
- (iii) The Company submitted the listing application for the Proposed Private Placement to Bursa Malaysia Securities Berhad on 18 January 2018.

On 4 April 2018, the company announced to Bursa Securities that the proposed utilisation of the proceeds from the Rights Issue exercise of approximately RM9.48 million earmarked for the extension to its existing factory in Bayan Lepas, Penang to be partially re-allocated (approximately RM2.55 million) to working capital of the Group.

On 5 April 2018, Bursa Malaysia Securities Berhad has approved the listing of up to 82,953,024 Placement Shares to be issued pursuant to the Proposed Private Placement for the proposed diversification of the Group's principal activities to gaming related business subject to the following conditions:-

- The Company and UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH") must fully comply with the relevant provisions under the ACE Marketing Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- The Company and UOBKH to inform Bursa Securities upon the completion of the Proposed Private Placement; and
- The company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

On 16 May 2018, all resolution as set out in the Notice of Extraordinary General Meeting ("EGM") dated 14 April 2018 were duly passed at the EGM. Below are the Ordinary Resolution passed at the EGM.

Ordinary Resolution 1

- Proposed diversification of the existing principal activities of MQ and its subsidiaries to include marketing services for gaming related businesses. ("Proposed Diversification")

Ordinary Resolution 2

- Proposed private placement of 82,953,024 ordinary shares in MQ ("Placement share(s)") at an issue price of RM0.05 per placement share ("Proposed Private Placement")

Ordinary Resolution 3

- Proposed allocation of 41,476,512 placement shares to Wong Ken Hong at an issue price of RM0.05 per placement share ("Proposed Allocation")

82,953,024 placement shares at an issue price of RM0.05 per share was completed upon listing and quotation on ACE Market of Bursa Malaysia Securities Berhad with effect from 9.00am 01/06/2018

Utilisation of Proceeds from Private Placement

- The funds from private placement of RM4.15 million was received on 01 June 2018

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation as at 30 June 2018 (RM'000)	Timeframe for utilisation	Balance to be utilised as at 30 June 2018 (RM'000)
Provision of marketing services pursuant to the Marketing Agreement	3,878	3,650	24 months	228
Expenses in relation to the proposal	270	270	1 month	-
	4,148	3,920		228

On 04/06/2018, MQ Technology Berhad (Vendor) entered into conditional share sale agreement(SSA) with TC Smart Engineering (M) Sdn Bhd (Purchaser) for the disposal of 300,000 ordinary shares of MPT Solutions Co Ltd (MPTS) , representing entire equity shares of the company for a total consideration of RM 3,500,000.00 (RGT: Three million five hundred thousand)

Upon completion of the disposal, MPTS will cease to be a subsidiary of the company.

On 04/07/2018, The Board of Directors of MQ Tech (Company) has entered into a supplemental agreement to the SSA with the Purchaser to extend the Conditional Period for a further term of 45 days from 4 July 2018 to 18 August 2018 in order to facilitate the fulfillment of Conditions Precedent. (Supplemental SSA). Save and except for the extension of the conditional period, all other terms and conditions of the SSA shall remain unchanged.

On 17/08/2018, The Board of Directors of MQ Tech (Company) has entered into a second supplemental agreement to the SSA with the Purchaser to extend the Conditional Period for a further term of 45 days from 19 August 2018 to 02 October 2018 in order to facilitate the fulfillment of Conditions Precedent. (Second Supplemental SSA). Save and except for the extension of the conditional period, all other terms and conditions of the SSA shall remain unchanged.

On 02/10/2018, The Board of Directors of MQ Tech (Company) has entered into a third supplemental agreement to the SSA with the Purchaser to extend the Conditional Period for a further term of Six (6) months from 02 October 2018 to 01 April 2019 in order to facilitate the fulfillment of Conditions Precedent. (Third Supplemental SSA). Save and except for the extension of the conditional period, all other terms and conditions of the SSA shall remain unchanged.

On 01/04/2019 The Board wishes to announce that, all Conditions Precedent have been fulfilled by the Vendor and Purchaser and as such, the Disposal has become unconditional. In addition, the Board also wishes to announce that the Company has on the same date entered into a Supplemental Agreement to the SSA ("Fourth Supplemental SSA") to amend the payment schedule of the Consideration and the timeframe for delivery of the Completion Documents. The Part Purchase Consideration of RM2.45 million and balance Consideration of RM0.7 million will be aggregated and payable by way of 12 equal monthly instalments.

On 06/05/2019, The Board of Directors of MQ Tech(Company) has entered into a Share Sales Agreement ("the SSA") with Dynamic Gallery Limited (Company No. T14UF3709K) to acquire nineteen percent (19%) equity interest in Monvest Group Pte. Ltd. (Registration No. 201129883C) with a purchase consideration of Ringgit Malaysia Eight Million and Five Hundred Fifty Thousand (RM8,550,000) only ("the Acquisition").

On 19/07/2019, The Board of Directors of MQ Tech(Company) has entered into a Memorandum of Understanding ("the MOU") with Kelantan Football Association to set up a special purpose vehicle (SPV) company which will take over the conduct of managing football teams from the Kelantan Football Association. The company shall enter into shareholder agreement with KAFA and inject capital investment of Ringgit Malaysia Three Million only (RM3,000,000) which represent 100% of shareholding of SPV. The Company will divest 30% of the shareholding to KAFA at consideration of Ringgit Malaysia One only (RM 1.00)

B9 Group's borrowings and debt securities

The borrowings are secured denominated in Malaysian Ringgit and Thai Baht.

	Current Year Quarter 30/06/2019					
	Long term		Short term		Total borrowings	
	Foreign Borrowing (RM)	Local Borrowing (RM)	Foreign Borrowing (RM)	Local Borrowing (RM)	Foreign Borrowing (RM)	Local Borrowing (RM)
Secured Borrowings						
Hire Purchase	-	2,869	-	75,068	-	77,937
Term Loan	-	-	-	83,294	-	83,294
Overdraft	-	-	-	-	-	-
Sub total	-	2,869	-	158,362	-	161,231

	Preceding Year Quarter 30/06/2018					
	Long term		Short term		Total borrowings	
	Foreign Borrowing (RM)	Local Borrowing (RM)	Foreign Borrowing (RM)	Local Borrowing (RM)	Foreign Borrowing (RM)	Local Borrowing (RM)
Secured Borrowings						
Hire Purchase	794,242	77,937	175,822	127,428	970,064	205,365
Term Loan	139,507	83,294	-	1,000,008	139,507	1,083,302
Overdraft	-	-	-	5,019,849	-	5,019,849
Sub total	933,749	161,231	175,822	6,147,285	1,109,571	6,308,516

	Current Year Quarter 30/06/2019	Preceding Year Quarter 31/12/2018
Weighted Average Fixed Interest Rate - Hire Purchase	13.04%	6.39%
Weighted Average Floating Interest Rate - Overdraft	Nil	5.00%
Weighted Average Floating Interest Rate - Term Loan	7.04%	7.04%

B10 Realised and Unrealised Profit or Losses

	As at 30/06/2019	As at 31/12/2018
Total retained profits of the Company and its subsidiaries:-		
- Realised gain / (loss)	(44,400,715)	(35,959,567)
- Unrealised gain / (loss)	-	100,923
	(44,400,715)	(35,858,644)
Less: Consolidation adjustments and eliminations	24,159,387	17,954,015
Total Accumulated losses as per statement of financial position	(20,241,328)	(17,904,629)

B11 Profit for the Period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/06/2019 RM	Preceding year corresponding quarter 30/06/2018 RM	Current year to date 30/06/2019 RM	Preceding year corresponding period 30/06/2018 RM
Profit for the period is arrived at after crediting:				
Interest income	17	300	50	356
Other income / (loss)	6,400	122,709	76,174	195,124
Gain/(loss) on disposal of property, plant and equipment	(39,804)	(405)	-	79,307
Unrealised Foreign exchange gain or (Loss)	-	54,271	-	100,923
and after charging:				
Interest expense	(5,163)	101,880	85,209	203,998
Depreciation	134,928	670,260	714,500	1,397,868

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 2019 (31 December 2018: 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 Profit / (loss) per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/06/2019	Preceding year corresponding quarter 30/06/2018	Current year to date 30/06/2019	Preceding year corresponding period 30/06/2018
Profit/(loss) after tax attributable to shareholders (RM)	(2,222,411)	(1,448,696)	(2,934,420)	(1,290,432)

Weighted average number of ordinary shares in issue	642,283,365	497,718,148	628,081,263	463,400,596
Loss per share - (Sen)				
Basic	(0.35)	(0.29)	(0.47)	(0.28)
Diluted	NA	NA	NA	NA

B16 Auditor's report on preceding annual financial statements

The auditors have expressed a qualified opinion on the Company's statutory financial statements for the year ended 31 December 2018 in their report dated 25 April 2019, with regards to the investment in the theme park business.

Board of Directors of MQ Technology Berhad ("the Company") further clarified on the following:-

- The Qualified Opinion disclosed in the Independent Auditors' Report are not a material uncertainty related to going concern.
- That the Independent Auditors have expressed an "except for" opinion in respect of the Company's investment in the theme park.
- The Management is reassessing the viability of the theme park business in view of the current economic and political conditions and is in the midst of determining the most appropriate options and / or measures to actualise the investment.
- Barring unforeseen circumstances, the Board expects to address the matter concerned within the next financial year.

B17 Authorise for issue

The interim financial statements were authorised for issue by the Board of Directors on 26 August 2019.

B18 Other income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/06/2019 RM	Preceding year corresponding quarter 30/06/2018 RM	Current year to date 30/06/2019 RM	Preceding year corresponding period 30/06/2018 RM
Other income	6,417	123,009	76,224	195,480
MQ				
Unrealised gain on forex	-	-	-	-
MPT				
Interest received	20	42	50	98
Scrap sales	6,397	14,652	11,705	16,064
Vending machine rental received	-	-	-	-
Unrealised gain on forex	-	54,271	-	100,923
Gain on disposal of fixed assets	-	-	-	-
MPTS				
Interest Income	-	258	3	258
Gain on Sale of asset	-	-	39,804	-
Sale Scrap	-	7,086	-	12,602
Other Income	-	46,700	24,662	65,535
SA				
Interest Income	-	-	-	-

B19 Foreign Exchange Exposure

Areas in which are relevant to foreign exchange exposure within the group are:-

- MPTS, which is the Thailand subsidiary and its operating currency is in Baht
- overseas sales in USD
- and Bank account in foreign currency (USD).

There is no hedging performed within the group.

B20 Trade receivables

Currently there is only credit sales in MPT within the group, and below are the gross trade receivable aging analysis:-

Third parties

MPT - Trade receivable aging as at 30.06.2019						
Credit term	5 Mths+	4 Mths	3 Mths	2 Mths	1 Mth	Current
30	2,500	-	-	10,876	7,187	-
45	21,350	-	19,160	-	-	-
50	354,183	-	3,053	63,872	363,440	502,700
60	8,404	7,728	4,071	367,483	372,236	142,664
90	-	-	-	64,403	29,390	32,144
	386,437	7,728	26,284	506,634	772,253	677,508
Advance received from debtor	(3,038)	-	-	(45,000)	-	-
Unrealised gain/(loss) foreign exchange	(9,919)	-	(4,041)	-	-	8,931
	373,480	7,728	22,243	461,634	772,253	686,439

It is noted that there is some delay in the receivable from trade debtors in MPT, however there are continuous subsequent receipt from the trade debtors up to date, hence no recoverability issue.

Related parties

Credit term awarded to related parties are in line with credit term awarded to third party, there no exceptional prolonged credit term being awarded to them and normally trade receivable from related parties were usually received within the credit term.

Subsidiaries that have Sales transactions with its related party are:-

Related Parties	Nature of Transactions
MPTS sells to ZT	Supply of Wirecut and Electric Discharge Machining (EDM) process
MPT sells to W1	Supply of Automation and Precision parts

W1 – Wistech Integration Sdn Bhd
ZT – Zoomic Technology (Thailand) Co., Ltd