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KISHAN NARENDRA JASANI
Partner

SJ GRANT THORNTON
No. AF 0737
Chartered Accountants

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

REPORTS AND FINANCIAL STATEMENTS

31 MARCH 2017

SJ GRANT THORNTON
CHARTERED ACCOUNTANTS
(Member Firm of Grant Thornton International Ltd.)

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

REPORTS AND FINANCIAL STATEMENTS

31 MARCH 2017

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MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

CORPORATE INFORMATION

DIRECTORS	Dato' Johari Bin Yahya (Chairman, Independent Non-Executive Director) Wong Eng Su (*Managing Director*) Tham Kah Yong (Independent Non-Executive Director) Chong Koon Meng (Executive Director) Leong Kam Soon (Independent Non-Executive Director, appointed on 4.1.2017) Ng Kok Hok (Independent Non-Executive Director, resigned on 4.10.2016)
AUDIT COMMITTEE	Leong Kam Soon (Chairman, appointed on 4.1.2017) Dato' Johari Bin Yahya Tham Kah Yong Ng Kok Hok (Chairman, resigned on 4.10.2016)
SECRETARY	Lim Seck Wah
REGISTERED OFFICE	Level 15-2, Bangunan Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur
PRINCIPAL PLACE OF BUSINESS	Lot 6, Jalan Pemaju U1/15 Seksyen U1 Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor Darul Ehsan
AUDITORS	SJ Grant Thornton (Member Firm of Grant Thornton International Ltd.) Chartered Accountants Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

CORPORATE INFORMATION (CONT'D)

REGISTRAR	Mega Corporate Services Sdn. Bhd. Level 15-2, Bangunan Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur
BANKERS	Alliance Bank Malaysia Berhad AmBank (M) Berhad AmIslamic Bank Berhad Bank Islam (M) Berhad CIMB Bank Berhad Hong Leong Bank Berhad Hong Leong Islamic Bank Berhad HSBC Bank Malaysia Berhad Malayan Banking Berhad OCBC Al-Amin Bank Berhad Public Bank Berhad RHB Bank Berhad Standard Chartered Bank Malaysia Berhad United Overseas Bank (Malaysia) Berhad
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad - ACE Market

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	21,548,875	1,304,331
Attributable to:-		
Owners of the Company	21,430,177	
Non-controlling interests	118,698	
	21,548,875	

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are as disclosed in Note 14 to the Financial Statements.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

The Directors did not recommend any dividend for the current financial year.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are:-

Dato' Johari Bin Yahya (Chairman, Independent Non-Executive Director)
Wong Eng Su (Managing Director)
Tham Kah Yong (Independent Non-Executive Director)
Chong Koon Meng (Executive Director)
Leong Kam Soon (Independent Non-Executive Director, appointed on 4.1.2017)
Ng Kok Hok (Independent Non-Executive Director, resigned on 4.10.2016)

The list of Directors of the subsidiary companies are as follows: -

Ingenuity Microsystems Sdn. Bhd., Ingenuity Care Sdn. Bhd., United ICT Consortium Sdn. Bhd., MMAG Digital Sdn. Bhd., Inconnecxion Communication Sdn. Bhd., Fox Consortium Distribution Sdn. Bhd., MMAG Online Sdn. Bhd. and Ingens Direct Sdn. Bhd.

Yap Yee Siew Audrey
Kenny Khow Chuan Wah

Inventure Conglomerate Sdn. Bhd.

Sin Chin Chai
Kenny Khow Chuan Wah

Line Clear Express & Logistics Sdn. Bhd.

Yap Yee Siew Audrey
Adam Khoo Teow Beng

Uptown Excel Sdn. Bhd.

Yap Yee Siew Audrey
Qiu Tao

Vsurf Sdn. Bhd.

Sin Chin Chai
Lim Sook Hui

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests and deemed interests in the shares of the Company and of its related corporations of those who were Directors at financial year end are as follows:-

	Number of ordinary shares			
	At 1.4.2016	Bought	Sold	At 31.3.2017
Interests in the Company				
Direct interests				
Chong Koon Meng	-	600,000	-	600,000
Indirect interests				
Chong Koon Meng*	-	180,563,124	-	180,563,124
Wong Eng Su*	-	180,563,124	-	180,563,124

* *by virtue of their shareholdings in Marina Teguh Sdn. Bhd.*

By virtue of Mr. Chong Koon Meng and Mr. Wong Eng Su's indirect interests in the shares of the Company, they are also deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 59(3) of the Companies Act, 2016.

Other than those disclosed above, none of the other Directors in office at the end of the financial year had any interests in the shares of Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

The details of the Directors' remuneration are set out in Note 21 to the Financial Statements. Except as disclosed in the Directors' remuneration, there was no indemnity given to or insurance effected for the Directors or Officer of the Group and of the Company.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than disclosed in Note 21 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

WARRANTS 2011/2016

The Company had on 19 July 2011 allotted and issued 243,189,716 ordinary shares pursuant to rights issue ("rights shares") together with 182,392,287 warrants at an issue price of RM0.10 each on the basis of 4 rights shares together with 3 free detachable warrants for every 2 existing ordinary shares held in the Company on 6 June 2011 ("Warrants 2011/2016"). Each Warrants 2011/2016 entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 19 July 2011 to 18 July 2016, at an exercise price of RM0.10 in accordance with a Deed Poll. Any warrant not exercised by the date of maturity will lapse thereafter and cease to be valid for all purposes. Since previous financial years, 36,551,600 Warrants 2011/2016 have been exercised.

The ordinary shares issued from the exercise of Warrants 2011/2016 shall rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the entitlement date of which is prior to the date of allotment of the new shares arising from the exercise of Warrants 2011/2016.

The Warrants 2011/2016 are constituted by a Deed Poll dated 9 June 2011. The Warrants 2011/2016 had expired on 18 July 2016, the warrant reserve recognised previously have been transferred to accumulated losses.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The total amount of fees paid to or receivable by the Auditors, Messrs SJ Grant Thornton, as remuneration for their services as auditors of the Company and its subsidiary companies for the financial year ended 31 March 2017 amounted to RM37,000 and RM89,000 respectively.

There was no indemnity given to or insurance effected for the auditors of the Company.

The Auditors, Messrs SJ Grant Thornton have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

WONG ENG SU

DIRECTORS

CHONG KOON MENG

Kuala Lumpur
24 July 2017

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 15 to 74 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out on page 75 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Directors in accordance with a resolution of the Directors,

.... WONG ENG SU

.... CHONG KOON MENG

Kuala Lumpur
24 July 2017

STATUTORY DECLARATION

I, Kenny Khow Chuan Wah, being the Officer primarily responsible for the financial management of MMAG Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 15 to 74 and the supplementary information set out on page 75 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
24 July 2017) ....

KENNY KHOW CHUAN WAH

Before me,

PESURUHJAYA SUMPAH
W.490
S. ARULSAMY
MALAYSIA

Commissioner for Oaths
S.ARULSAMY (W490)

16 - Tingkat Bawah Jalan Pudu.
55100 Kuala Lumpur.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)
Company No: 609423 V

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022
F +603 2691 5229

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MMAG Holdings Berhad which comprise the statements of financial position as at 31 March 2017, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 74.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2017, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern, goodwill on consolidation and intangible assets

The risk – The Group have recent history of making losses, also, as required by MFRS 136 "Impairment of assets", the Group is required to test the amount of goodwill and intangible assets for impairment. This impairment testing relies on estimates of future cash flows.

The going concern assessment and impairment test were significant to our audit because the assessment process used in preparing the estimated future cash flows is complex and highly judgemental and is based on assumptions that are affected by expected future market or economic conditions.

Our response – In assessing the appropriateness of management adopting the going concern basis in preparing the financial statements and assessment of impairment testing, our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group, in particular those relating to the forecasted revenue growth, expenses and profit margins. We checked for additional impairment triggers by reading board minutes, holding regular discussions with the management, and examining the performance of each cash generating unit. We also reviewed on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill and intangible assets.

Management's forecast show sufficient resources being available to the Group over the 12-month to allow the Group to continue to execute its strategy. Whilst recognising that forecasting is inherently judgemental, we concluded that the assumptions and methodologies used by management were within an acceptable range of reasonable estimates and we were satisfied that the preparation of these financial statements on a going concern basis is appropriate. The Group's disclosures about goodwill and intangible assets are included in Notes 7 and 8 to the Financial Statements.

Impairment loss of trade receivables

The risk – The Group has trade receivables amounting to RM16,193,816 as disclosed in Note 30.2.1 to the Financial Statements whereby the amounts are past due but not impaired. The key associate risk is the recoverability of trade receivables as management judgement is required in assessing the adequacy of impairment losses by considering the expected recoverability of the outstanding trade receivables.

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Report on the Audit of the Financial Statements (cont'd)

Valuation of inventories

The risk – The inventories balances amounting to RM21,133,055 as disclosed in Note 10 to the Financial Statements is significant to the total assets. Inventories are measured at the lower of cost and net realisable value ("NRV"). The Group estimates the NRV of inventories based on an assessment of expected sales prices. Changes in these assumptions could result in a material change in the carrying value of inventories and the financial performance of the Group.

Our response – We have reviewed the valuation of inventories in accordance with MFRS 102, Inventories and ascertained that inventories are stated at the lower of cost and NRV. Management's assessment of NRV of the inventories were reviewed. We have reviewed the ageing of inventories and tested the subsequent sales. We have also considered the adequacy of the Group's disclosures in respect of inventories valuation.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Group and of the Company are responsible for the other information. The other information comprise the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Group and of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Report on the Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities

The supplementary information set out on page 75 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON	KISHAN NARENDRA JASANI
(NO. AF: 0737)	(NO: 3223/12/17(J))
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANT

Kuala Lumpur
24 July 2017

MMAG HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
	Note	2017	2016	2017	2016
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	26,813,230	26,397,978	133	692
Investment properties	5	6,410,877	9,162,540	-	-
Investment in subsidiary companies	6	-	-	34,580,601	30,175,822
Intangible assets	7	8,663,018	10,800,000	-	-
Goodwill on consolidation	8	9,412,918	9,781,233	-	-
Fixed deposit with a licensed bank	9	1,000,000	1,000,000	-	-
Total non-current assets		52,300,043	57,141,751	34,580,734	30,176,514
Current assets					
Inventories	10	21,133,055	15,306,778	-	-
Trade receivables	11	16,193,816	32,964,378	-	-
Other receivables	12	10,938,914	4,979,269	673,962	7,970
Amount due from subsidiary companies	6	-	-	76,958,159	74,554,227
Tax recoverable		919,713	917,075	-	-
Fixed deposits with licensed banks	9	10,208,405	2,649,000	-	-
Cash and bank balances		4,426,805	7,067,530	22,790	42,875
Total current assets		63,820,708	63,884,030	77,654,911	74,605,072
Total assets		116,120,751	121,025,781	112,235,645	104,781,586
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to the owners of the Company					
Share capital	13	115,204,132	95,379,884	115,204,132	95,379,884
Reserves	14	(68,585,357)	(27,393,812)	(12,413,713)	8,714,866
		46,618,775	67,986,072	102,790,419	104,094,750
Non-controlling interests		(317,863)	(199,165)	-	-
Total equity		46,300,912	67,786,907	102,790,419	104,094,750
LIABILITIES					
Non-current liabilities					
Borrowings	15	4,315,557	6,301,665	-	-
Hire purchase creditors	16	3,185,849	1,743,780	-	-
Deferred tax liabilities	17	394,654	387,009	-	-
Total non-current liabilities		7,896,060	8,432,454	-	-

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

		Group		Company	
	Note	2017	2016	2017	2016
		RM	RM	RM	RM
Current liabilities					
Trade payables	18	37,955,925	30,873,334	-	-
Other payables	19	14,495,085	6,286,688	8,292,042	89,761
Amount due to subsidiary companies	6	-	-	1,153,184	597,075
Borrowings	15	8,757,123	7,222,689	-	-
Hire purchase creditors	16	715,646	423,709	-	-
Total current liabilities		61,923,779	44,806,420	9,445,226	686,836
Total liabilities		69,819,839	53,238,874	9,445,226	686,836
Total equity and liabilities		116,120,751	121,025,781	112,235,645	104,781,586

The accompanying notes form an integral part of the financial statements.

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Revenue	20	245,510,601	233,839,096	-	-
Cost of sales	20	(243,490,269)	(227,827,433)	-	-
Gross profit		2,020,332	6,011,663	-	-
Other income		5,540,321	3,908,405	110,075	-
Selling and promotion expenses		(6,255,386)	(8,842,706)	-	-
Administration expenses		(15,566,494)	(13,560,745)	(1,414,406)	(631,689)
Other expenses		(6,209,716)	(4,763,841)	-	-
Finance costs		(1,089,811)	(1,715,062)	-	-
Loss before tax	21	(21,560,754)	(18,962,286)	(1,304,331)	(631,689)
Tax income/(expense)	22	11,879	(20,670)	-	-
Net loss for the financial year		(21,548,875)	(18,982,956)	(1,304,331)	(631,689)
Other comprehensive income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation difference arising from foreign subsidiary companies		(64,701)	19,786	-	-
Reserves on consolidation		127,581	-	-	-
Total comprehensive loss for the financial year		(21,485,995)	(18,963,170)	(1,304,331)	(631,689)
Loss for the financial year attributable to:					
Owners of the Company		(21,430,177)	(18,722,990)	(1,304,331)	(631,689)
Non-controlling interests		(118,698)	(259,966)	-	-
		(21,548,875)	(18,982,956)	(1,304,331)	(631,689)
Total comprehensive loss attributable to:					
Owners of the Company		(21,367,297)	(18,703,204)	(1,304,331)	(631,689)
Non-controlling interests		(118,698)	(259,966)	-	-
		(21,485,995)	(18,963,170)	(1,304,331)	(631,689)
Loss per share					
- Basic (sen)	23	(2.25)	(1.96)		
- Diluted (sen)	23	*	*		

* *There are no dilutive potential equity instruments that would give a diluted effect to the basic loss per share*

The accompanying notes form an integral part of the financial statements.

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Attributable to equity holders of the Company									
		Non-distributable								
	Share capital RM	Share premium RM	Revaluation reserve RM	Warrant reserve RM	Merger deficit RM	Exchange translation reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
Group										
Balance as at 1 April 2015	95,379,884	19,824,248	7,353,158	6,562,831	(7,900,000)	44,915	(34,575,760)	86,689,276	60,801	86,750,077
Net loss for the financial year	-	-	-	-	-	-	(18,722,990)	(18,722,990)	(259,966)	(18,982,956)
Foreign currency translation differences arising from foreign subsidiary companies	-	-	-	-	-	19,786	-	19,786	-	19,786
Total comprehensive loss for the financial year	-	-	-	-	-	19,786	(18,722,990)	(18,703,204)	(259,966)	(18,963,170)
Balance as at 31 March 2016	95,379,884	19,824,248	7,353,158	6,562,831	(7,900,000)	64,701	(53,298,750)	67,986,072	(199,165)	67,786,907
Transaction with owners:										
Expiry of warrants	-	-	-	(6,562,831)	-	-	6,562,831	-	-	-
Total transaction with owners	-	-	-	(6,562,831)	-	-	6,562,831	-	-	-
Net loss for the financial year	-	-	-	-	-	-	(21,430,177)	(21,430,177)	(118,698)	(21,548,875)
Deconsolidation of foreign subsidiary companies	-	-	-	-	-	(64,701)	-	(64,701)	-	(64,701)
Reserves on consolidation	-	-	-	-	-	-	127,581	127,581	-	127,581
Total comprehensive loss for the financial year	-	-	-	-	-	(64,701)	(21,302,596)	(21,367,297)	(118,698)	(21,485,995)
Transition to no-par value regime on 31 January 2017^	19,824,248	(19,824,248)	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	115,204,132	-	7,353,158	-	(7,900,000)	-	(68,038,515)	46,618,775	(317,863)	46,300,912

MMAG HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

	← Attributable to equity holders of the Company →				
		← Non-distributable →			
	Share capital RM	Share premium RM	Warrant reserve RM	Accumulated losses RM	Total RM
Company					
Balance as at 1 April 2015	95,379,884	19,824,248	6,562,831	(17,040,524)	104,726,439
Total comprehensive loss for the financial year	-	-	-	(631,689)	(631,689)
Balance as at 31 March 2016	95,379,884	19,824,248	6,562,831	(17,672,213)	104,094,750
Transaction with owners:					
Expiry of warrants	-	-	(6,562,831)	6,562,831	-
Total transaction with owners	-	-	(6,562,831)	6,562,831	-
Total comprehensive loss for the financial year	-	-	-	(1,304,331)	(1,304,331)
Transition to no-par value regime on 31 January 2017^	19,824,248	(19,824,248)	-	-	-
Balance as at 31 March 2017	115,204,132	-	-	(12,413,713)	102,790,419

^ The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM19,824,248 for purposes as set out in Sections 618 (3) for the bonus issue pursuant to Section 618(4) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The accompanying notes form an integral part of the financial statements.

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
OPERATING ACTIVITIES					
Loss before tax		(21,560,754)	(18,962,286)	(1,304,331)	(631,689)
Adjustments for:-					
Allowance for impairment loss on receivables		4,680,324	167,173	-	-
Allowance for impairment loss on receivables no longer required		(189,765)	(47,679)	-	-
Allowance for slow moving inventories		1,040,336	443,450	-	-
Amortisation of intangible assets		2,166,249	-	-	-
Bad debts written off		303,002	1,329,931	-	-
Depreciation		2,860,789	2,576,437	559	967
Fair value loss on derivative financial liabilities		182,654	942,158	-	-
(Gain)/loss on disposal of property, plant and equipment		(134,099)	17,659	-	-
Unrealised loss/(gain) on foreign exchange		429,770	(902,629)	-	-
Loss on disposal/deconsolidation of subsidiary companies	A	511,471	-	1,133,230	-
Impairment loss on development costs		-	460,389	-	-
Investment in subsidiary companies written off		-	-	-	2
Interest expenses		1,091,629	1,714,939	-	-
Interest income		(97,082)	(35,526)	-	-
Inventories written off		108,346	4,286	-	-
Inventories cost written down		33,661	-	-	-
Property, plant and equipment written off		412,384	1	-	-
Operating loss before working capital changes		(8,161,085)	(12,291,697)	(170,542)	(630,720)
Changes in working capital:-					
Inventories		(6,787,882)	(2,366,641)	-	-
Receivables		8,688,852	30,844,341	(665,992)	40,705
Payables		11,995,203	(10,280,348)	8,202,281	5,309
Cash generated from/(used in) operations		5,735,088	5,905,655	7,365,747	(584,706)
Tax paid		(47,256)	(362,745)	-	-
Interest paid		(1,091,629)	(1,714,939)	-	-
Interest received		97,082	35,526	-	-
Net cash from/(used in) operating activities		4,693,285	3,863,497	7,365,747	(584,706)
INVESTING ACTIVITIES					
Acquisition of subsidiary companies	B	(1,010,606)	-	(1,770,009)	-
Subscription of additional shares in subsidiary company		-	-	(4,000,000)	-
Purchase of property, plant and equipment and investment properties	C	(698,563)	(10,429,106)	-	-
Purchase of intangible assets		-	(107,687)	-	-
Proceeds from disposal of property, plant and equipment and investment properties		2,816,690	2,857,312	-	-
Proceeds from disposal of subsidiary companies	A	191,326	-	232,000	-
Net (advances to)/repayments from subsidiary companies		-	-	(1,847,823)	453,031
Net cash from/(used in) investing activities		1,298,847	(7,679,481)	(7,385,832)	453,031

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
FINANCING ACTIVITIES					
Net repayment of borrowings		(451,674)	(3,338,144)	-	-
Repayment of hire purchase creditors		(621,778)	(356,213)	-	-
Net cash used in financing activities		(1,073,452)	(3,694,357)	-	-
CASH AND CASH EQUIVALENTS					
Net increase/(decrease)		4,918,680	(7,510,341)	(20,085)	(131,675)
Effect of foreign currency translation differences		-	19,786	-	-
At beginning of financial year		9,716,530	17,207,085	42,875	174,550
At end of financial year	D	14,635,210	9,716,530	22,790	42,875

NOTES TO THE STATEMENTS OF CASH FLOWS:-

A. LOSS ON DISPOSAL/DECONSOLIDATION OF SUBSIDIARY COMPANIES

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Investment in subsidiary companies	-	-	1,365,230	-
Property, plant and equipment	14,874	-	-	-
Inventories	2,211	-	-	-
Trade receivables	104,590	-	-	-
Other receivables	259,239	-	-	-
Cash and bank balances	40,674	-	-	-
Trade payables	(49,812)	-	-	-
Other payables	(22,048)	-	-	-
Net assets disposed/derecognised	349,728	-	1,365,230	-
Goodwill disposed	393,743	-	-	-
Proceeds from disposal	(232,000)	-	(232,000)	-
Loss on disposal of subsidiaries	511,471	-	1,133,230	-

The net cash effect arising from disposal/derecognition of subsidiary companies are as follow:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash consideration	232,000	-	232,000	-
Cash and bank balances of subsidiaries disposed	(40,674)	-	-	-
	191,326	-	232,000	-

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D):-

B. ACQUISITION OF SUBSIDIARY COMPANIES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Property, plant and equipment	746,964	-	-	-
Intangible asset	4,267	-	-	-
Inventories	222,949	-	-	-
Trade receivables	1,553,051	-	-	-
Other receivables	1,482,274	-	-	-
Cash and bank balances	759,403	-	-	-
Deferred tax liabilities	(19,540)	-	-	-
Hire purchase creditors	(142,084)	-	-	-
Trade payables	(964,149)	-	-	-
Other payables	(1,726,371)	-	-	-
Tax payables	(44,602)	-	-	-
Net assets acquired	1,872,162	-	-	-
Goodwill on acquisition	25,428	-	-	-
Reserves on consolidation	(127,581)	-	-	-
Cost of acquisition	1,770,009	-	1,770,009	-
Less: cash and cash equivalents acquired	(759,403)	-	-	-
Net cash outflows from acquisition	1,010,606	-	1,770,009	-

C. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The Group acquired property, plant and equipment and investment properties with aggregate costs of RM2,912,263 (2016: RM12,469,106) of which RM2,213,700 (2016: RM2,040,000) was acquired by means of finance lease arrangements. Cash payments of RM698,563 (2016: RM10,429,106) were made to purchase such property, plant and equipment and investment properties.

D. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	4,426,805	7,067,530	22,790	42,875
Fixed deposits with licensed banks	10,208,405	2,649,000	-	-
	14,635,210	9,716,530	22,790	42,875

The accompanying notes form an integral part of the financial statements.

MMAG HOLDINGS BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2017

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur. The principal place of business of the Company is located at Lot 6, Jalan Pemaju U1/15, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Directors in accordance with a resolution of the Directors on 24 July 2017.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement (cont'd)

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values are rounded to the nearest RM, except when otherwise stated.

2.4 Adoption of amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all years presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments/improvements to MFRS which are mandatory for the financial periods beginning on or after 1 April 2016.

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards issued but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the Malaysian Accounting Standards Board ("MASB") that are not yet effective, and have not been early adopted by the Group and the Company. Information on those expected to be relevant to the Group's and the Company's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, amendments and interpretations to existing standards not either adopted or listed below are not expected to have a material impact on the Group's and the Company's financial statements.

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Company are currently examining the financial impact of adopting MFRS 9.

MFRS 15 Revenue from Contracts with Customers

The new revenue standard will supersede all current revenue recognition requirements under MFRS, including MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transaction Involving Advertising Services.

Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group and the Company plan to adopt the new standard on the required effective date using the full retrospective method.

The Group and the Company are currently examining the financial impact of adopting MFRS 15.

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. As off-balance sheet will no longer be allowed except for some limited practical exemptions, all leases will be brought onto the statement of financial position by recognising a "right-of-use" asset and a lease liability. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its statement of financial position are expected to increase substantially.

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards issued but not yet effective (cont'd)

MFRS 16 Leases (cont'd)

MFRS 16 also:
- Changes the definition of a lease,
- Sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods,
- Changes the accounting for sale and leaseback arrangements,
- Largely retains MFRS 117's approach to lessor accounting, and
- Introduces new disclosure requirements.

The adoption of MFRS 16 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 16.

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

On initial application of the amendments, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April 2017, with early application permitted. Application of amendments will result in additional disclosure to be provided by the Group and the Company.

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

Revaluation of property, plant and equipment

The Group measures its freehold land and building at revalued amount with changes in the fair value being recognised in other comprehensive income. The Group engage independent valuation specialists to determine the fair values.

The carrying amount of the freehold land and buildings at the reporting date and the relevant revaluation bases are disclosed in Note 4 to the Financial Statements.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 75 years and reviews the useful lives of depreciable assets at the end of each reporting date. As at 31 March 2017, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 4 to the Financial Statements.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each assets and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying values and key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 8 to the Financial Statements.

Income taxes and deferred tax liabilities or assets

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unabsorbed business losses and unutilised capital allowances to the extent that it is probable that future taxable profits will be available against which the unabsorbed business losses and unutilised capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The unrecognised deferred tax assets of the Group are disclosed in Note 24 to the Financial Statements.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

<u>Impairment of loans and receivables</u>

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

The carrying amounts of the Group's and of the Company's loans and receivables at the reporting date are summarised in Notes 6, 11 and 12 to the Financial Statements.

<u>Amortisation of intangible assets</u>

Intangible assets are amortised over the estimated life span of the developed assets which is estimated to be within 5 years. Changes in the technological developments could impact the economic useful life and the residual values of these assets, therefore future amortisation charges could be revised.

The carrying amounts of the Group's intangible assets at the reporting date are summarised in Note 7 to the Financial Statements.

<u>Inventories</u>

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The Group's core business is subject to economical and technology changes which may cause selling price to change rapidly, and the Group's results to change.

The management reviews inventories to identify damaged, obsolete and slow moving inventories which require judgement and changes in such estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 10 to the Financial Statements.

<u>Fair value of financial instruments</u>

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting year.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.2 Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all years presented in the financial statements.

3.1 Consolidation

3.1.1 Subsidiary companies

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiary companies is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceed and its carrying amount is included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of the subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

3.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business combinations and goodwill (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.4 Loss of control

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Non-controlling interests

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if that results in a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency translation

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

3.2.1 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

3.2.2 Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the reporting date. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

3.3 Property, plant and equipment

All property, plant and equipment except for freehold land and building are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land and buildings are initially measured at cost and subsequently measured at fair value less accumulated depreciation on buildings and impairment losses, if any, after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amounts does not differ materially from the freehold land and buildings at the reporting date.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Leasehold buildings	Over leasehold period of 75 years
Freehold buildings	2%
Computer and office equipment	10% - 20%
Furniture, fittings and office renovation	10% - 20%
Signboards	10%
Motor vehicles	20%
Data processing equipment and applications	10% - 20%

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The residual values, useful lives and depreciation method are reviewed at least annually to ensure that the amount, method and rates of depreciation are consistent with the previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amounts of the assets and are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditures that are directly attributable to the acquisition of the investment property. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment losses, if any.

Depreciation is recognised on the straight line method in order to write off the cost over its estimated useful life. Investment properties are depreciated based on the estimated useful lives of the assets as follows:

Leasehold buildings	Over leasehold period of 75 years
Freehold buildings	2%

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity.

3.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3.5.1 Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

3.5.2 Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting year in which they incurred.

3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses, if any.

Intangible assets with finite lives are amortised on a straight-line basis over its estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

E-Commerce and mobile apps refers to E-Commerce portal and application.

3.7 Financial instruments

3.7.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

3.7.2 Financial assets - categorisation and subsequent measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

(a) financial assets at fair value through profit or loss;
(b) held-to-maturity investments;
(c) loans and receivables; and
(d) available-for-sale financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

3.7.2 Financial assets - categorisation and subsequent measurement (cont'd)

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

At the reporting date, the Group and the Company carry only loans and receivables on their statement of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, amount due from subsidiary companies, trade and most of the other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting date which are classified as non-currents.

3.7.3 Financial liabilities - categorisation and subsequent measurement

After the initial recognition, financial liabilities are classified as:

(a) financial liabilities at fair value through profit or loss;
(b) other financial liabilities measured at amortised cost; and
(c) financial guarantee contracts.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

At the reporting date, the Group and the Company carry only other financial liabilities measured at amortised cost on their statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

3.7.3 Financial liabilities - categorisation and subsequent measurement (cont'd)

Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities include amount due to subsidiary companies, borrowings, hire purchase creditors, trade and other payables.

Other liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.7.4 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivatives designated as hedging instrument, and if so, the nature of the item being hedged. The Company designates the derivative as follows:-

Cash flows hedge

A cash flows hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flows hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedge forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flows hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

3.7.5 Offseting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Inventories

Inventories consist of trading goods are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all expenses incurred in bringing the inventories to their present location and condition which consist of cost of purchase and transportation cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, short term demand deposits, fixed deposits, bank overdraft and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current assets.

3.10 Impairment of assets

3.10.1 Non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of assets (cont'd)

3.10.1 Non-financial assets (cont'd)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in profit or loss.

Goodwill is tested for impairment annually at each reporting date or more frequently as and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.10.2 Financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable date indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

<u>Financial assets carried at amortised cost</u>

For financial assets carried at amortised cost, the Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continue to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The potential value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of assets (cont'd)

3.10.2 *Financial assets (cont'd)*

Financial assets carried at amortised cost (cont'd)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Allowances are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the profit or loss.

3.11 Equity instruments and reserves

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

The revaluation reserve within equity comprises surplus arising from the revaluation of property, plant and equipment net of deferred tax.

Share capital represents the nominal value of shares that have been issued.

Prior to the Companies Act, 2016 which came into effect on 31 January 2017, share premium includes any premium received on issuance of shares. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Effective on 31 January 2017 and subsequent periods, any transaction costs directly attributable to the issuance of new shares are deducted against equity.

Accumulated losses includes all current and prior years' accumulated losses.

Dividends on ordinary shares are recognised in equity in the year in which they are declared.

All transactions with owners of the Company are recorded separately within equity.

3.12 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Borrowing costs

All borrowing costs are expensed in the year in which they incurred. Borrowing costs consist of interest and other costs that the Group or the Company incurred in connection with the borrowing of funds.

3.14 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

3.14.1 Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.14.2 Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

3.14.3 Rental income

Rental income is recognised when the rent is due.

3.15 Employee benefits

3.15.1 Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

A provision is made for the estimated liability for unutilised leave as a result of services rendered by employees up to the end of the reporting year.

3.15.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax expenses

Tax expenses comprise current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relates to a business combination or items recognised directly in equity or other comprehensive income.

3.16.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.16.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.16.3 Goods and services tax

Goods and services tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses and assets are recognised net of the amount of GST except:

(a) where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

(b) receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Segmental results

3.17.1 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.17.2 Intersegment transfer

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity in negotiated term. These transfers are eliminated on consolidation.

3.18 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.19 Related party

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group; or
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group; or
- (ii) one entity is an associate or joint venture of the other entity; or
- (iii) both entities are joint ventures of the same third party; or
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group; or
- (vi) the entity is controlled or jointly-controlled by a person identified in (a) above; or
- (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group or the entity; or
- (viii) the entity or any member of a group of which it is a part, provides key management personnel services to the entity or the Group.

4. PROPERTY, PLANT AND EQUIPMENT

	At Valuation	←		At Cost		→	
Group **Cost or valuation**	**Freehold land and buildings** **RM**	**Leasehold buildings** **RM**	**Computer and office equipment** **RM**	**Furniture, fittings, signboard and office renovation** **RM**	**Motor vehicles** **RM**	**Data processing equipment and applications** **RM**	**Total** **RM**
Balance as at 1 April 2015	18,000,000	2,752,447	3,906,449	6,884,763	1,125,922	2,586,371	35,255,952
Additions	-	-	371,401	328,151	2,374,557	41,977	3,116,086
Transfer to investment properties	-	(2,752,447)	-	-	-	-	(2,752,447)
Disposals	-	-	(16,819)	-	(252,373)	(41,977)	(311,169)
Written off	-	-	(1,155)	-	-	-	(1,155)
Balance as at 31 March 2016	18,000,000	-	4,259,876	7,212,914	3,248,106	2,586,371	35,307,267
Additions through acquisition of subsidiary companies	-	-	96,629	715,588	320,698	-	1,132,915
Additions	-	-	176,528	281,320	2,389,000	-	2,846,848
Transfer to intangible assets	-	-	(25,000)	-	-	-	(25,000)
Disposal of subsidiary company	-	-	(31,251)	-	-	(24,408)	(55,659)
Disposals	-	-	(15,081)	(18,000)	(193,650)	-	(226,731)
Written off	-	-	(40,197)	(651,744)	(92,000)	-	(783,941)
Balance as at 31 March 2017	18,000,000	-	4,421,504	7,540,078	5,672,154	2,561,963	38,195,699
Accumulated depreciation							
Balance as at 1 April 2015	155,876	31,348	2,019,324	1,938,543	410,529	2,157,511	6,713,131
Charge for the financial year	133,608	36,872	717,423	869,005	610,691	134,131	2,501,730
Transfer to investment properties	-	(68,220)	-	-	-	-	(68,220)
Disposals	-	-	(16,700)	-	(219,498)	-	(236,198)
Written off	-	-	(1,154)	-	-	-	(1,154)
Balance as at 31 March 2016	289,484	-	2,718,893	2,807,548	801,722	2,291,642	8,909,289
Additions through acquisition of subsidiary companies	-	-	54,600	78,386	252,965	-	385,951
Charge for the financial year	133,608	-	654,357	901,221	903,722	109,894	2,702,802
Disposal of subsidiary company	-	-	(16,383)	-	-	(24,402)	(40,785)
Disposals	-	-	(12,632)	(4,950)	(185,649)	-	(203,231)
Written off	-	-	(36,637)	(258,253)	(76,667)	-	(371,557)
Balance as at 31 March 2017	423,092	-	3,362,198	3,523,952	1,696,093	2,377,134	11,382,469
Net carrying amount							
31 March 2017	17,576,908	-	1,059,306	4,016,126	3,976,061	184,829	26,813,230
31 March 2016	17,710,516	-	1,540,983	4,405,366	2,446,384	294,729	26,397,978

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Motor vehicles with net carrying amount of RM3,686,371 (2016: RM2,108,160) are financed under hire purchase arrangements.

Freehold land and buildings are pledged to a licensed bank for banking facilities granted to a subsidiary company.

Analysis of freehold land and buildings:-

	Freehold land RM	Buildings RM	Total RM
Group			
Valuation			
Balance as at 1 April 2015/ 31 March 2016/31 March 2017	11,520,000	6,480,000	18,000,000
Accumulated depreciation			
Balance as at 1 April 2015	-	155,876	155,876
Charge for the financial year	-	133,608	133,608
Balance as at 31 March 2016	-	289,484	289,484
Charge for the financial year	-	133,608	133,608
Balance as at 31 March 2017	-	423,092	423,092
Net carrying amount			
31 March 2017	11,520,000	6,056,908	17,576,908
31 March 2016	11,520,000	6,190,516	17,710,516

Revaluation of freehold land and buildings

The Group's freehold land and buildings are stated at their revalued amounts, being the fair values at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses.

Fair values measurement of the freehold land and buildings are categorised as follows:

	2017 Level 2 RM	2016 Level 2 RM
Recurring fair value measurements		
Freehold land	11,520,000	11,520,000
Buildings	6,480,000	6,480,000

There were no transfers between Level 1 and Level 2 during the financial year.

Level 2 fair values of freehold land and buildings have been generally derived using Comparison Method of Valuation. Comparison Method of Valuation entails comparing the sales price of the properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Revaluation of freehold land and buildings (cont'd)

An external, independent and qualified valuer was appointed to determine the fair value of the freehold land and buildings on 15 November 2013. The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown in "revaluation reserve" under the equity.

If freehold land and buildings are measured using the historical cost model, the carrying amount would be as follows:

	Group	
	2017 RM	2016 RM
Freehold land		
Cost	6,432,000	6,432,000
Less: Accumulated depreciation	-	-
	6,432,000	6,432,000
Building		
Cost	4,035,353	4,035,353
Less: Accumulated depreciation	(463,092)	(382,385)
	3,572,261	3,652,968
Total net carrying amount	10,004,261	10,084,968

Company	Office equipment RM
Cost	
Balance as at 1 April 2015/31 March 2016/ 31 March 2017	3,019
Accumulated depreciation	
Balance as at 1 April 2015	1,360
Charge for the financial year	967
Balance as at 31 March 2016	2,327
Charge for the financial year	559
Balance as at 31 March 2017	2,886
Net carrying amount	
31 March 2017	133
31 March 2016	692

5. INVESTMENT PROPERTIES

Group Cost	Freehold buildings RM	Leasehold buildings RM	Total RM
Balance as at 1 April 2015	-	-	-
Additions	7,453,020	1,900,000	9,353,020
Transfer from property, plant and equipment	-	2,752,447	2,752,447
Disposals	(2,800,000)	-	(2,800,000)
Balance as at 31 March 2016	4,653,020	4,652,447	9,305,467
Additions	7,009	58,406	65,415
Disposals	-	(2,752,447)	(2,752,447)
Balance as at 31 March 2017	4,660,029	1,958,406	6,618,435
Accumulated depreciation			
Balance as at 1 April 2015	-	-	-
Charge for the financial year	62,040	12,667	74,707
Transfer from property, plant and equipment	-	68,220	68,220
Balance as at 31 March 2016	62,040	80,887	142,927
Charge for the financial year	118,429	39,558	157,987
Disposals	-	(93,356)	(93,356)
Balance as at 31 March 2017	180,469	27,089	207,558
Net carrying amount			
31 March 2017	4,479,560	1,931,317	6,410,877
31 March 2016	4,590,980	4,571,560	9,162,540
Fair value of investment properties	5,371,346	1,981,217	7,352,563

Income and expenses recognised in profit or loss:-

Rental income	-	111,148	111,148
Direct operating expenses	-	69,568	69,568

In previous financial year, the Group acquired 3 units of freehold buildings and 1 unit of leasehold building. These buildings were not in use and are held for capital appreciation.

2 units of leasehold commercial buildings were transferred from property, plant and equipment in prior year. These buildings were leased to third parties. Each of the lease contains a cancellable period ranging from 2 to 3 years. No contingent rents are charged. These buildings have been disposed during the financial year and accordingly the leases were being terminated.

In prior year 2 units of leasehold buildings were pledged to licensed banks for banking facilities granted to a subsidiary company, the banking facilities have been settled during the financial year.

The title deeds of the freehold buildings and leasehold building have yet to be obtained by the Group at the reporting date.

6. SUBSIDIARY COMPANIES

(i) Investment in subsidiary companies

	Company 2017 RM	Company 2016 RM
Unquoted shares, at cost		
At beginning of financial year	33,637,240	33,637,242
Additions	5,770,009	-
Disposal	(1,365,230)	-
Written off	-	(2)
At end of financial year	38,042,019	33,637,240
Less: Allowance for impairment	(3,461,418)	(3,461,418)
	34,580,601	30,175,822

Details of the subsidiary companies are as follows:-

Name of company	Effective interest 2017 %	Effective interest 2016 %	Principal activities	Country of incorporation
Ingenuity Microsystems Sdn. Bhd.	100	100	Consultant, adviser, manager, researcher, trainer and total solution provider in all aspect of information technology, including the business of marketing and distribution of multimedia products and accessories	Malaysia
Reliance Computer Centre Sdn. Bhd.#	-	100	Marketing of computer hardware and software for business solutions	Malaysia
Ingenuity Care Sdn. Bhd.	100	100	Provision of warranty management services	Malaysia
United ICT Consortium Sdn. Bhd.	100	100	Investment holding	Malaysia
Line Clear Express & Logistics Sdn. Bhd.	100	100	Investment holding and provisions of courier services, delivery services and payment gateway service	Malaysia
Inventure Conglomerate Sdn. Bhd.	100	-	Trading of computer equipment and peripheral	Malaysia
Vsurf Sdn. Bhd.	100	-	Distributing and marketing of information technology and telecommunication products	Malaysia
Subsidiary company of Line Clear Express & Logistics Sdn. Bhd.				
Uptown Excel Sdn. Bhd.	51	51	Consultant, adviser, manager, researcher, trainer and total solution provider in all aspect of information technology, including the business of marketing and distribution of multimedia products and accessories	Malaysia

6. SUBSIDIARY COMPANIES (CONT'D)

(i) Investment in subsidiary companies (cont'd)

Details of the subsidiary companies are as follows (cont'd):-

Name of company	Effective interest 2017 %	Effective interest 2016 %	Principal activities	Country of incorporation
Subsidiary companies of United ICT Consortium Sdn. Bhd.				
MMAG Digital Sdn. Bhd.	100	100	Distributor of information technology products and investment holding	Malaysia
Inconnecxion Communication Sdn. Bhd.	100	100	Distributor of telecommunication products, services, accessories and devices and other multimedia hardware and software	Malaysia
Fox Consortium Distribution Sdn. Bhd.	51	51	Distributor of telecommunication products, services, accessories and devices and other multimedia hardware and software	Malaysia
MMAG Online Sdn. Bhd.	100	100	Trading, reselling, retailing, marketing and promoting of all types of information technology and telecommunication and multimedia products, software, accessories and services	Malaysia
Subsidiary companies of MMAG Digital Sdn. Bhd.				
Ingens DSS Sdn. Bhd.*	-	100	Investment holding and distributor of computer hardware and accessories	Malaysia
Ingens Direct Sdn. Bhd.	100	100	Manufacturing, assembling, refurbishment and installation of modem and other information communication technology (ICT) devices including logistics and distribution of ICT products and services	Malaysia
Ingens (Indonesia) Pte. Ltd.*	-	51	Dormant	British Virgin Islands
Ingens International Pte. Ltd.*	-	100	Dormant	British Virgin Islands
Subsidiary company of Ingens DSS Sdn. Bhd.				
DSS Ikhlas Sdn. Bhd.*	-	100	Import, export, retail, trading, marketing and promoting all types of consumable products including telecommunication, IT and multimedia accessories	Malaysia

6. **SUBSIDIARY COMPANIES (CONT'D)**

(i) **Investment in subsidiary companies (cont'd)**

The subsidiary company being disposed
* These subsidiary company had been struck off during the year

During the financial year, the changes in the group structure are as follows:-

(a) On 1 July 2016, the Group acquired the entire equity interest in Vsurf Sdn. Bhd. comprising 100 ordinary shares of RM1 each from PDA Expert Mobility Sdn. Bhd. for a total purchase consideration of RM819,424;

(b) On 1 July 2016, the Group acquired the entire equity interest in Inventure Conglomerate Sdn. Bhd. comprising 1,000,000 ordinary shares of RM1 each from Sterling Progress Berhad for a total purchase consideration of RM950,585;

(c) On 7 February 2017, the Group wrote off its entire shareholdings of 25,500 ordinary shares representing 51% of the total equity interest in Ingens (Indonesia) Pte. Ltd.;

(d) On 7 February 2017, the Group wrote off its entire shareholdings of 50,000 ordinary shares representing 100% of the total equity interest in Ingens International Pte. Ltd.;

(e) On 3 April 2017, the Group wrote off its entire shareholdings of 300,000 ordinary shares representing 100% of the total equity interest in Ingens DSS Sdn. Bhd. together with its entire shareholdings of 10 ordinary shares representing 100% of the total equity interest in DSS Ikhlas Sdn. Bhd. a sub-subsidiary company via MMAG Digital Sdn. Bhd. and Ingens DSS Sdn. Bhd.; and

(f) On 28 February 2017, the Group disposed its entire shareholdings of 1,200,000 ordinary shares representing 100% of the total equity interest in Reliance Computer Centre Sdn. Bhd. for a total consideration of RM232,000.

The Directors are of the opinion that the disposal and struck off of these subsidiary companies are in the best interest of the Group as it will reduce administrative resources and cost incurred for maintaining these subsidiary companies.

As a result of the disposal and struck off, the Group had effectively lost control of these subsidiary companies. The financial effect of disposal and striking-off of these subsidiary companies are as disclosed in the Notes to the statements of cash flows.

(ii) **Amounts due from/to subsidiary companies**

Amounts due from/to subsidiary companies are non-trade in nature, unsecured, bear no interest and repayable on demand.

7. **INTANGIBLE ASSETS**

	Group	
	2017 RM	2016 RM
E-Commerce & Mobile Apps	8,663,018	10,800,000

7. INTANGIBLE ASSETS (CONT'D)

	Group 2017 RM	Group 2016 RM
Balance as at 1 April	10,800,000	10,800,000
Additions through acquisition of subsidiary companies	8,000	-
Transfer from property, plant and equipment	25,000	-
Balance as at 31 March	10,833,000	10,800,000
Less: Accumulated amortisation		
Balance as at 1 April	-	-
Additions through acquisition of subsidiary companies	(3,733)	-
Charge for the financial year	(2,166,249)	-
Balance as at 31 March	(2,169,982)	-
Net carrying amount	8,663,018	10,800,000

8. GOODWILL ON CONSOLIDATION

	Group 2017 RM	Group 2016 RM
At beginning of financial year	9,781,233	9,781,233
Arising from acquisition of subsidiary company	25,428	
Disposals	(393,743)	-
At end of financial year	9,412,918	9,781,233

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The recoverable amount for the above is based on its value in use and is determined by discounting the future cash flows generated from the continuing use of those units based on the following key assumptions:-

(i) cash flows are projected based on actual operating results and a 5 (2016: 5) years business plan;
(ii) revenue is projected at anticipated annual revenue growth rate of 15% (2016: 33%) for the first year and approximately 2% (2016: 3%) per annum subsequently for the remaining 4 years;
(iii) expenses are projected at annual increase of 11% (2016: 17%) for the first year and approximately 2% (2016: 3%) per annum subsequently for the remaining 4 years; and
(iv) a pre-tax discount rate of 6.85% (2016: 6.85%) is applied in determining the recoverable amount of the unit.

With regards to the assessments of value-in-use, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

9. FIXED DEPOSITS WITH LICENSED BANKS

Group

Fixed deposits with licensed banks bear interest ranging from 2.25% to 2.40% (2016: 2.25%) per annum. RM1,000,000 (2016: RM1,000,000) of fixed deposits are pledged to a licensed bank for a banking facility granted to the Group.

10. INVENTORIES

	Group 2017 RM	Group 2016 RM
Trading goods	22,616,841	15,750,228
Less: Allowance for slow moving inventories		
At beginning of financial year	(443,450)	(4,032)
Impairment loss recognised	(1,040,336)	(443,450)
Written off	-	4,032
At end of financial year	(1,483,786)	(443,450)
	21,133,055	15,306,778

Recognised in profit or loss

	Group 2017 RM	Group 2016 RM
Inventories recognised as cost of sales	238,410,328	225,761,008
Allowance for slow moving inventories	1,040,336	443,450
Inventories written off	108,346	4,286
Inventories cost written down	33,661	-

11. TRADE RECEIVABLES

	Group 2017 RM	Group 2016 RM
Trade receivables	21,096,461	33,193,946
Less: Allowance for impairment		
At beginning of financial year	(229,568)	(110,074)
Impairment loss recognised	(4,673,077)	(167,173)
Impairment loss no longer required	-	923
Written off	-	46,756
At end of financial year	(4,902,645)	(229,568)
	16,193,816	32,964,378

The normal trade credit terms granted by the Group to the trade receivables range from 7 to 120 days (2016: 7 to 120 days) and are non-interest bearing.

12. OTHER RECEIVABLES

	Group 2017 RM	Group 2016 RM
Non-trade receivables	7,593,797	4,111,706
Less: Allowance for impairment		
At beginning of financial year	(189,765)	(189,765)
Impairment loss recognised	(7,247)	-
Written off	189,765	-
At end of financial year	(7,247)	(189,765)
	7,586,550	3,921,941
Deposits	2,633,215	1,001,479
Prepayments	719,149	55,849
	10,938,914	4,979,269

	Company 2017 RM	Company 2016 RM
Non-trade receivables	4,628	3,906
Deposits	1,064	1,064
Prepayments	668,270	3,000
	673,962	7,970

13. SHARE CAPITAL

Group and Company

	Number of shares 2017	Amount 2017 RM	Number of shares 2016	Amount 2016 RM
Issued and fully paid up:				
Ordinary shares				
At beginning of financial year	953,798,836	95,379,884	953,798,836	95,379,884
Transition to no-par value regime on 31 January 2017 (Note 14)	-	19,824,248	-	-
At end of financial year	953,798,836	115,204,132	953,798,836	95,379,884

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

14. RESERVES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-distributable:-				
Share premium				
Balance as at 1 April	19,824,248	19,824,248	19,824,248	19,824,248
Transition to no-par value regime on 31 January 2017 (Note 13)	(19,824,248)	-	(19,824,248)	-
Balance as at 31 March	-	19,824,248	-	19,824,248
Revaluation reserve				
Balance as at 1 April/31 March	7,353,158	7,353,158	-	-
Warrant reserve				
Balance as at 1 April	6,562,831	6,562,831	6,562,831	6,562,831
Expiry of warrants	(6,562,831)	-	(6,562,831)	-
Balance as at 31 March	-	6,562,831	-	6,562,831
Merger deficit				
Balance as at 1 April/ 31 March	(7,900,000)	(7,900,000)	-	-
Exchange translation reserve				
Balance as at 1 April	64,701	44,915	-	-
Foreign currency translation differences arising from foreign subsidiary companies	-	19,786	-	-
Disposals of foreign subsidiary companies	(64,701)	-	-	-
Balance as at 31 March	-	64,701	-	-
Total non-distributable reserves	(546,842)	25,904,938	-	26,387,079
Accumulated losses	(68,038,515)	(53,298,750)	(12,413,713)	(17,672,213)
Total reserves	(68,585,357)	(27,393,812)	(12,413,713)	8,714,866

Share premium

Share premium represents the excess of the consideration received over the nominal value of shares issued by the Company. The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM19,824,248 for purposes as set out in Sections 618 (3) and for the bonus issue pursuant to Section 618(4) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

14. RESERVES (CONT'D)

Revaluation reserve

The revaluation reserve represents the surplus on the revaluation of freehold land and buildings of the Group net of applicable deferred tax.

Warrant reserve

On 19 July 2011, the Company allotted and issued 243,189,716 ordinary shares pursuant to rights issue ("rights shares") together with 182,392,287 warrants at an issue price of RM0.10 each on the basis of 4 right shares together with 3 free detachable warrants for every 2 existing ordinary shares held in the Company on 6 June 2011 ("Warrants 2011/2016"). Each Warrants 2011/2016 entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 19 July 2011 to 18 July 2016, at an exercise price of RM0.10 in accordance with the Deed Poll dated 9 June 2011. Any warrants not exercised by the date of maturity will lapse thereafter and cease to be valid for all purposes.

The warrant reserve arose from the allocation of the proceeds received from the rights issue with free detachable warrants. This reserve is determined by reference to the fair value of the warrants amounting to RM8,207,653 immediately upon the listing and quotation of the rights issue which was completed on 22 July 2011.

Since previous financial years, 36,551,600 Warrants 2011/2016 have been exercised. The Warrants 2011/2016 had expired on 18 July 2016, the warrant reserve recognised previously have been transferred to accumulated losses.

Merger deficit

Merger deficit represents the excess arising from the nominal value of the shares issued over the nominal value of shares acquired.

Exchange translation reserve

The exchange translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign subsidiary companies.

15. BORROWINGS

	Group	
	2017 RM	2016 RM
Current:		
Secured		
Term loan (1)	-	47,763
Term loan (2)	311,123	297,161
Term loan (3)	-	53,765
Bankers' acceptance	8,446,000	6,824,000
	8,757,123	7,222,689

15. BORROWINGS (CONT'D)

	Group	
	2017	2016
	RM	RM
Non-current:		
Secured		
Term loan (1)	-	812,624
Term loan (2)	4,315,557	4,626,681
Term loan (3)	-	862,360
	4,315,557	6,301,665
	13,072,680	13,524,354
Repayment terms:		
- not later than 1 year	8,757,123	7,222,689
- between 1 to 2 years	325,740	417,409
- between 2 to 5 years	1,071,446	1,372,880
- later than 5 years	2,918,371	4,511,376
	13,072,680	13,524,354

Term loan (1)

The above facility was secured by the following:-

(a) A facility agreement to secure repayment of the principal sum of RM1,040,000;

(b) First party legal charge over the leasehold buildings of the Group;

(c) Personal guarantee by an Ex Director of the Company;

(d) Joint and several guarantee by both Directors of a subsidiary company;

(e) Corporate guarantee by the Company; and

(f) Subordination of the Company's advance to the subsidiary company of not less than RM13 million prior to the loan release.

The repayment terms for the term loan were over 180 monthly installments of RM7,336 each upon full drawdown.

Term loan (2) and bankers' acceptance

The above facilities are secured by the following:-

(a) First party legal charge over the freehold land and buildings of the Group;

(b) Corporate guarantee by the Company; and

(c) Personal guarantee by an Ex Director of the Company.

The repayment terms for the term loan are over 180 monthly installments of RM43,126 upon full drawdown.

15. BORROWINGS (CONT'D)

Term loan (3)

The above facility was secured by the following:-

(a) *Facilities agreement stamped as principal instruments;*

(b) Asset sale agreement as subsidiary instruments;

(c) All monies legal charge or all monies deed of assignment and power of attorney over a leasehold property of the Group;

(d) Personal guarantee by an Ex Director of the Company; and

(e) Corporate guarantee by the Company.

The repayment terms for the term loan were over 180 monthly installments of RM7,751 upon drawdown.

The term loans and bankers' acceptance bear interest ranging from 4.60% to 5.15% (2016: 4.40% to 5.20%) per annum.

16. HIRE PURCHASE CREDITORS

	Group	
	2017	2016
	RM	RM
Minimum lease payments		
- within 1 year	925,621	522,360
- after 1 year but not later than 5 years	3,646,910	1,951,014
	4,572,531	2,473,374
Less : Interest-in-suspense	(671,036)	(305,885)
Present value of minimum lease payments	3,901,495	2,167,489
Present value of minimum lease payments		
- within 1 year	715,646	423,709
- after 1 year but not later than 5 years	3,185,849	1,743,780
	3,901,495	2,167,489

Hire purchase creditors bear interest ranging from 2.39% to 3.58% (2016: 2.39% to 3.38%) per annum.

17. DEFERRED TAX LIABILITIES

	Group	
	2017	2016
	RM	RM
At beginning of financial year	387,009	387,009
Acquisition of subsidiary companies	19,540	-
Transferred to profit or loss	(11,895)	-
At end of financial year	394,654	387,009

17. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax liabilities as at the end of the reporting date are made up of tax effects on temporary differences arising from:

	Group	
	2017 RM	2016 RM
Carrying amount of property, plant and equipment in excess of their tax base	7,645	-
Revaluation of property, plant and equipment	387,009	387,009
	394,654	387,009

18. TRADE PAYABLES

Group

The normal trade credit terms granted by the trade payables ranging from 30 to 180 days (2016: 30 to 180 days) and are non-interest bearing except for an amount of RM7,098,078 (2016: RM8,591,546) which bears interest rates ranging from 5.01% to 5.11% (2016: 5.16% to 5.42%) per annum.

19. OTHER PAYABLES

	Group	
	2017 RM	2016 RM
Non-trade payables	10,795,303	3,372,347
Accrual of expenses	2,733,238	1,659,466
Advances received from customers	783,890	312,717
Hedging derivatives – cash flows hedge (forward currency contracts)	182,654	942,158
	14,495,085	6,286,688

	Company	
	2017 RM	2016 RM
Non-trade payables	8,237,042	56,761
Accrual of expenses	55,000	33,000
	8,292,042	89,761

19. OTHER PAYABLES (CONT'D)

Group	Contract amount RM	Assets RM	Liabilities RM	Net RM
Current liabilities				
2017				
Hedging derivatives:-				
Cash flows hedge				
- Forward currency contracts	24,792,615	24,609,961	24,792,615	182,654
2016				
Hedging derivatives:-				
Cash flows hedge				
- Forward currency contracts	16,485,901	15,543,743	16,485,901	942,158

The fair value of derivative liabilities amounting to RM182,654 (2016: RM942,158) has been recognised in the financial statements.

20. REVENUE AND COST OF SALES

Group

Revenue of the Group consists of gross invoiced value of sales of information system development and system implementations, computer hardware and software and other related products, net of GST, discounts, returns and rebate.

21. LOSS BEFORE TAX

Loss before tax has been determined after charging/(crediting) amongst others, the following items:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration				
- statutory audit fee	121,000	115,000	32,000	28,000
- internal audit fee	17,500	20,000	17,500	-
- others	5,000	5,000	5,000	-
Allowance for impairment loss on receivables	4,680,324	167,173	-	-
Allowance for impairment loss on receivables no longer required	(189,765)	(47,679)	-	-
Allowance for slow moving inventories	1,040,336	443,450	-	-
Amortisation of intangible assets	2,166,249	-	-	-
Bad debts written off	303,002	1,329,931	-	-

21. LOSS BEFORE TAX (CONT'D)

Loss before tax has been determined after charging/(crediting) amongst others, the following items (cont'd):-

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Bad debts recovered	(7,616)	(79,010)	-	-
Depreciation	2,860,789	2,576,437	559	967
Directors' remuneration				
- fee	26,750	27,500	26,750	27,500
- other emoluments	1,076,157	1,346,474	47,000	51,000
Loss on disposal/deconsolidation of subsidiary companies	511,471	-	1,133,230	-
Fair value loss on derivative financial liabilities	182,654	942,158	-	-
(Gain)/loss on disposal of property, plant and equipment	(134,099)	17,659	-	-
Realised foreign exchange loss	104,565	1,919,750	-	-
Unrealised loss/(gain) on foreign exchange	429,770	(902,629)	-	-
Rental of premises	2,609,807	1,991,856	-	33,453
Rental of equipment	79,617	29,290	-	-
Rental income	(354,762)	(282,077)	-	-
Impairment loss on development costs	-	460,389	-	-
Interest expenses				
- term loan	241,209	318,635	-	-
- short term loan	3,981	4,220	-	-
- hire purchase	159,729	91,636	-	-
- bankers' acceptance	441,969	419,224	-	-
- trade payable	244,741	881,224	-	-
Interest income				
- fixed deposits	(97,082)	(35,526)	-	-
Inventories written off	108,346	4,286	-	-
Inventories cost written down	33,661	-	-	-
Investment in subsidiary companies written off	-	-	-	2
Property, plant and equipment written off	412,384	1	-	-

21. LOSS BEFORE TAX (CONT'D)

The details of the remuneration received/receivable by the Directors of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-Executive:-				
Fee	13,500	18,000	13,500	18,000
Executive:-				
Existing Directors				
Salaries and other emoluments	973,341	968,370	38,000	51,000
Defined contribution plan	93,816	88,328	-	-
Fee	10,250	6,000	10,250	6,000
	1,077,407	1,062,698	48,250	57,000
Former Director				
Fee	3,000	3,500	3,000	3,500
Salaries and other emoluments	9,000	258,606	9,000	-
Defined contribution plan	-	31,170	-	-
	12,000	293,276	12,000	3,500
	1,102,907	1,373,974	73,750	78,500

22. TAX (INCOME)/EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current year				
- deferred tax	(11,895)	-	-	-
Under provision in previous financial year				
- current tax	16	20,670	-	-
	(11,879)	20,670	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profits for the financial year.

The Group's unutilised capital allowances and unabsorbed business losses which can be carried forward to offset against future taxable profits amounted to approximately RM9,720,000 (2016: RM9,219,000) and RM30,304,000 (2016: RM19,272,000) respectively.

There was no provision for taxation for the Group and the Company and a reconciliation of the statutory income tax rate to the effective income tax rate of the Group and of the Company has not been presented as the Group and the Company have no chargeable income.

23. LOSS PER SHARE

23.1 Basic loss per share

Basic loss per share is calculated by dividing net loss for the year attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the financial year as follows:-

	Group	
	2017 RM	2016 RM
Net loss for the year attributable to ordinary equity holders of the Company	(21,430,177)	(18,722,990)
Weighted average number of ordinary shares in issue	953,798,836	953,798,836
Basic loss per share (sen)	(2.25)	(1.96)

23.2 Diluted loss per share

Diluted loss per share is not applicable as the unexercised warrants have expired during the financial year.

24. DEFERRED TAX ASSETS

The tax effects of temporary differences that would give rise to future benefits are generally recognised only when there is a reasonable expectation of realisation. At the end of the financial year, the temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:-

	Group	
	2017 RM	2016 RM
Carrying amount of property, plant and equipment in excess of their tax base	7,301,355	8,251,355
Unutilised capital allowances	(9,720,000)	(9,219,000)
Unabsorbed business losses	(30,304,000)	(19,272,000)
Others	(6,926,000)	(713,000)
	(39,648,645)	(20,952,645)

The potential deferred tax assets are not recognised in the financial statements as the Directors opined that such amounts will not be able to be utilised in the near future.

25. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and allowances	9,143,464	8,804,723	(34,379)	178,674
Defined contribution plans	914,914	939,186	-	35,760
Social security contributions	90,028	72,351	-	1,849
Other staff related expenses	1,125,677	1,513,657	23,156	64,339
	11,274,083	11,329,917	(11,223)	280,622

26. RELATED PARTY DISCLOSURES

(a) The transactions of the Group and of the Company with related parties which were entered into on a negotiated basis are as follows:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental expenses paid to a company in which a former Director of the Company had interest	-	-	-	-
Sales to companies in which a Director of the Company had interest	-	21,835,737	-	-
Purchases from companies in which a Director of the Company had interest	-	46,230,250	-	-
Purchase of reward points from a company in which a Director of the Company had interest	-	670,529	-	-

(b) The remuneration of key management personnel is the same with Executive Directors' remuneration as disclosed in Note 21 to the Financial Statements.

(c) The outstanding balances and the details of the terms and conditions arising from related party transactions as at reporting date are disclosed in Note 6 to the Financial Statements.

27. CONTINGENT LIABILITIES

27.1 Corporate guarantees

Company

The Company is contingently liable to the extent of RM144,240,600 (2016: RM114,930,000) in respect of corporate guarantees given to certain suppliers of a subsidiary company and certain financial institutions of a subsidiary company.

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the financial institutions requiring parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiary company. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities is equal to the credit facilities amount received by the subsidiary. As such, there is no fair value on the corporate guarantees to be recognised in the financial statements as also mentioned in Note 30.2.1 to the Financial Statements.

28. COMMITMENTS

	Group 2017 RM	2016 RM
Non-cancellable operating lease commitments – as lessee		
- Leasing of motor vehicles	286,730	-

29. SEGMENTAL REPORTING – GROUP

Management identifies the Group's information and communication technologies ("ICT") distribution, enterprise systems and logistic services as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The following summary describes the operations in each of the Group's reportable segments:-

ICT distribution	-	Distribution of volume ICT products to resellers and retailers
Enterprise systems	-	Enterprise and Hotel Management Solutions
Logistic services	-	Courier and delivery services
Others	-	Investment holding and dormant

Transfer pricing between operating segments are on a negotiated basis.

Business segments

	Note	ICT distribution RM	Enterprise systems RM	Logistic services RM	Others RM	Elimination RM	Consolidated RM
2017							
Revenue:							
External customers		241,265,658	786,965	3,457,343	635	-	245,510,601
Results:							
Interest income		97,082	-	-	-	-	97,082
Interest expenses		(960,791)	-	(130,838)	-	-	(1,091,629)
Depreciation and amortisation		(4,056,840)	(180,860)	(734,397)	(54,941)	-	(5,027,038)
Tax income/ (expense)		11,895	(16)	-	-	-	11,879
Other non-cash expenses	i	(7,715,389)	(51,017)	-	(1,183,401)	2,378,865	(6,570,942)
Segment loss		(16,789,782)	(387,991)	(4,091,127)	(2,212,070)	1,932,095	(21,548,875)
Assets:							
Additions to non-current assets	ii	381,731	-	2,530,532	-	-	2,912,263
2016							
Revenue:							
External customers		231,789,611	1,198,620	755,505	95,360	-	233,839,096
Results:							
Interest income		35,526	-	-	-	-	35,526
Interest expenses		(1,639,912)	-	(75,027)	-	-	(1,714,939)
Depreciation and amortisation		(1,845,546)	(243,270)	(410,124)	(77,497)	-	(2,576,437)
Tax income/ (expense)		(21,134)	543	-	(79)	-	(20,670)
Other non-cash expenses	i	(2,835,819)	(3,500)	-	(460,390)	-	(3,299,709)
Segment loss		(13,618,989)	(493,586)	(3,118,028)	(1,752,353)	-	(18,982,956)
Assets:							
Additions to non-current assets	ii	10,235,266	41,977	2,191,863	-	-	12,469,106

29. SEGMENTAL REPORTING – GROUP (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

i. Other material non-cash (expenses)/income consist of the following items:-

	2017 RM	2016 RM
Allowance for impairment loss on receivables	(4,680,324)	(167,173)
Allowance for impairment loss on receivables no longer required	189,765	47,679
Allowance for slow moving inventories	(1,040,336)	(443,450)
Bad debts written off	(303,002)	(1,329,931)
Fair value loss on derivative financial liabilities	(182,654)	(942,158)
Impairment loss on development costs	-	(460,389)
Inventories written off	(108,346)	(4,286)
Inventories cost written down	(33,661)	-
Property, plant and equipment written off	(412,384)	(1)
	(6,570,942)	(3,299,709)

ii. Additions to non-current assets consist of:-

	2017 RM	2016 RM
Property, plant and equipment	2,846,848	3,116,086
Investment properties	65,415	9,353,020
	2,912,263	12,469,106

Geographical segment

No geographical segment has been prepared as the Group operates principally in Malaysia.

Major customers

Revenue from two (2016: one) customer in ICT distribution segment represent approximately RM51,950,845 (2016: RM35,250,000) or 21% (2016: 15%) of the Group's revenue.

The following is the major customer with revenue equal or more than 10% of the Group's revenue:-

	Revenue 2017 RM	 2016 RM	Segment
- Customer A	29,130,004	-	ICT distribution
- Customer B	22,820,841	35,250,000	ICT distribution

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

The table below provides an analysis of the Group's financial instruments categorised as follows:-

- loans and receivables ("L&R");
- other liabilities measured at amortised cost ("AC");
- derivative used for hedging

Group	Carrying amount RM	L&R/ (AC) RM	Derivative used for hedging RM
2017			
Financial assets			
Trade and other receivables	27,132,730	27,132,730	-
Fixed deposits with licensed banks	11,208,405	11,208,405	-
Cash and bank balances	4,426,805	4,426,805	-
	42,767,940	42,767,940	-
Financial liabilities			
Trade and other payables	(52,451,010)	(52,268,356)	(182,654)
Hire purchase creditors	(3,901,495)	(3,901,495)	-
Borrowings	(13,072,680)	(13,072,680)	-
	(69,425,185)	(69,242,531)	(182,654)
2016			
Financial assets			
Trade and other receivables	37,943,647	37,943,647	-
Fixed deposit with a licensed bank	3,649,000	3,649,000	-
Cash and bank balances	7,067,530	7,067,530	-
	48,660,177	48,660,177	-
Financial liabilities			
Trade and other payables	(37,160,022)	(36,217,864)	(942,158)
Hire purchase creditors	(2,167,489)	(2,167,489)	-
Borrowings	(13,524,354)	(13,524,354)	-
	(52,851,865)	(51,909,707)	(942,158)

The Company's financial assets and financial liabilities are classified either as loans and receivables or measured at amortised cost respectively.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their risks. The Group and the Company operate within policies that are approved by the Board and the Group's policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

30.2.1 <u>Credit risk</u>

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from receivables. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, products and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Following are the areas where the Group and the Company are exposed to credit risk:-

As at the reporting date, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

i. Receivables

In respect of trade receivables, the Group is exposed to significant credit risk exposure in which 50% (2016: 50%) of trade receivables consists of 5 (2016: 3) customers. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.1 Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

i. ***Receivables (cont'd)***

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:-

Group	Gross RM	Individually impaired RM	Net RM
2017			
Not past due	9,395,956	-	9,395,956
Past due 1 to 30 days	1,639,615	-	1,639,615
Past due 31 to 60 days	1,781,829	-	1,781,829
Past due more than 60 days	8,279,061	(4,902,645)	3,376,416
	21,096,461	(4,902,645)	16,193,816
2016			
Not past due	9,369,597	-	9,369,597
Past due 1 to 30 days	6,397,613	-	6,397,613
Past due 31 to 60 days	847,420	-	847,420
Past due more than 60 days	16,579,316	(229,568)	16,349,748
	33,193,946	(229,568)	32,964,378

The Group has trade receivables amounting to RM6,797,860 (2016: RM23,594,781) that are past due at the reporting date but not impaired. These relate to a number of independent customers for whom there is no recent history of defaults.

The Group's policy is to make full impairment for all trade receivables that are in dispute or where recoveries are considered to be doubtful.

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above. Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.1 Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

ii. ***Intercompany balances***

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiary companies and monitors the results of the subsidiary companies regularly.

As at the end of the reporting year, there was no indication that the advances to the subsidiary companies are not recoverable.

iii. ***Cash and cash equivalents***

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

iv. ***Financial guarantees***

The maximum exposure to credit risk is RM144,240,600 (2016: RM114,930,000) in respect of corporate guarantees given to certain suppliers of a subsidiary company and certain financial institutions of a subsidiary company as at the end of the reporting year. The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary company. The Company monitors on an on-going basis the results of the subsidiary company and repayments made by the subsidiary company. As at the end of the reporting year, there was no indication that the subsidiary company would default on repayment.

30.2.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due, due to shortage of funds.

In managing their exposures to liquidity risk that arises principally from their various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.2 Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow:

Group

			Maturity			
	Carrying amount RM	Contractual cash flows RM	Less than 1 year RM	Between 1 to 2 years RM	Between 2 to 5 years RM	Later than 5 years RM
2017						
Non derivatives financial liabilities						
Secured:						
Borrowings	13,072,680	14,569,892	8,963,512	517,512	1,552,536	3,536,332
Hire purchase creditors	3,901,495	4,572,531	925,621	3,222,792	424,118	-
	16,974,175	19,142,423	9,889,133	3,740,304	1,976,654	3,536,332
Unsecured:						
Trade payables	37,955,925	37,955,925	37,955,925	-	-	-
Other payables	14,312,431	14,312,431	14,312,431	-	-	-
	52,268,356	52,268,356	52,268,356	-	-	-
	69,242,531	71,410,779	62,157,489	3,740,304	1,976,654	3,536,332
Derivatives financial liabilities						
Unsecured:						
Forward currency contract	182,654	182,654	182,654	-	-	-
Total	69,425,185	71,593,433	62,340,143	3,740,304	1,976,654	3,536,332
2016						
Non derivatives financial liabilities						
Secured:						
Borrowings	13,524,354	15,835,150	7,522,555	698,555	2,095,664	5,518,376
Hire purchase creditors	2,167,489	2,473,374	522,360	1,831,419	119,595	-
	15,691,843	18,308,524	8,044,915	2,529,974	2,215,259	5,518,376
Unsecured:						
Trade payables	30,873,334	30,873,334	30,873,334	-	-	-
Other payables	5,344,530	5,344,530	5,344,530	-	-	-
	36,217,864	36,217,864	36,217,864	-	-	-
	51,909,707	54,526,388	44,262,779	2,529,974	2,215,259	5,518,376

30. **FINANCIAL INSTRUMENTS (CONT'D)**

30.2 **Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.2 Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow (cont'd):

			Maturity			
	Carrying amount RM	Contractual cash flows RM	Less than 1 year RM	Between 1 to 2 years RM	Between 2 to 5 years RM	Later than 5 years RM
2016 (cont'd)						
Derivatives financial liabilities						
Unsecured:						
Forward currency contract	942,158	942,158	942,158	-	-	-
Total	52,851,865	55,468,546	45,204,937	2,529,974	2,215,259	5,518,376

The maturity profile of the Company's financial liabilities based on contractual undiscounted repayment obligation is less than 1 year.

30.2.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting year is as follows:-

	Group	
	2017 RM	2016 RM
Fixed rate instruments		
Fixed deposits	11,208,405	3,649,000
Hire purchase creditors	(3,901,495)	(2,167,489)
Bankers' acceptance	(8,446,000)	(6,824,000)
Trade payables	(7,098,078)	(8,591,546)
	(8,237,168)	(13,934,035)
Floating rate instrument		
Term loans	(4,626,680)	(6,700,354)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.3 Interest rate risk (cont'd)

Fair values sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates as at reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The following table illustrated the sensitivity of loss to a reasonable possible change in interest rates of +/- 0.5%. These changes are considered to be reasonable possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group	
	Loss for the year	
	RM	RM
	+0.5%	-0.5%
Floating rate instrument		
2017	(23,133)	23,133
2016	(33,502)	33,502

30.2.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this is primarily United States Dollar ("USD").

The Group hedges approximate 86% of its foreign currency denominated trade payables. At any point in time, the Group also hedges 50% of its estimated foreign currency exposure in respect of the forecasted purchases over the following six months. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting year.

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting date is as follows:

	Group	
	2017	2016
Denominated in USD	RM	RM
Cash and bank balances	238,050	755,418
Trade payables	(24,414,033)	(9,027,951)
	(24,175,983)	(8,272,533)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

30.2.4 Foreign currency risk (cont'd)

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Foreign currency sensitivity analysis:

The following table demonstrates the sensitivity of the Group's loss for the financial year to a reasonably possible changes in USD against the functional currency of the Group, with all other variables held constant:-

	Group	
	Loss for the year	
	2017	2016
	RM	RM
USD/RM		
-Strengthened 1% (2016: 1%)	(241,760)	(82,725)
-Weakened 1% (2016: 1%)	241,760	82,725

30.3 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group and the Company at the reporting date approximate their fair values due to their short-term nature or immaterial impact on discounting. The fair value of other financial asset and liability, together with the carrying amounts shown in the statement of financial position, are as follows:-

	Carrying amount	Fair value
	RM	RM
2017		
Financial liability		
Forward currency contracts	182,654	182,654
2016		
Financial liability		
Forward currency contracts	942,158	942,158

The fair value of the forward currency contract is estimated by reference to the difference between the contractual forward price and the current forward price provided by financial institutions.

It is not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Company does not intend to dispose of these investments in the near future.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.4 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, group into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include input for asset or liability that are not based on observable market data (unobservable inputs).

2017	Level 2 RM	Total RM
Financial liability		
Forward currency contract	182,654	182,654

2016	Level 2 RM	Total RM
Financial liability		
Forward currency contract	942,158	942,158

Fair value measurement of freehold land and buildings are presented in Note 4 to the Financial Statements.

There has been no transfer between Level 1 and Level 2 fair value during the financial year (2016: no transfer in either direction).

31. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the financial year.

DISCLOSURE OF REALISED AND UNREALISED LOSSES

With the purpose of improving transparency, Bursa Malaysia Securities Berhad had on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis in the annual audited financial statements.

The breakdown of accumulated losses as at the reporting date which has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows :

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Accumulated losses of the Group and of the Company				
- Realised loss	(71,021,458)	(55,555,925)	(12,413,713)	(17,672,213)
- Unrealised (loss)/profit	(1,007,078)	(426,538)	-	-
	(72,028,536)	(55,982,463)	(12,413,713)	(17,672,213)
Consolidation adjustments	3,990,021	2,683,713	-	-
	(68,038,515)	(53,298,750)	(12,413,713)	(17,672,213)

The disclosure of realised and unrealised above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE 3-MONTH PERIOD ENDED 30 JUNE 2017

CERTIFIED TRUE COPY

Secretary
LIM SECK WAH
MAICSA NO: 0799845

26 SEP 2017

MMAG HOLDINGS BERHAD
(Company No: 609423-V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	UNAUDITED AS AT 30/6/2017 RM'000	AUDITED AS AT 31/03/2017 RM'000
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		26,223	26,813
Intangible assets		8,119	8,663
Investment properties		6,408	6,411
Goodwill on consolidation		9,413	9,413
Fixed deposits with a licensed bank		1,000	1,000
		51,163	52,300
CURRENT ASSETS			
Inventories		17,267	21,133
Trade receivables		36,412	16,194
Other receivables		5,938	11,859
Deposits with licensed banks		1,133	10,208
Cash and bank balances		4,732	4,427
		65,482	63,821
TOTAL ASSETS		116,645	116,121
EQUITY AND LIABILITIES			
EQUITY			
Share capital		67,514	115,204
Reserves		(22,553)	(68,586)
		44,961	46,618
Non-Controlling Interest		(39)	(318)
TOTAL EQUITY		44,922	46,300
NON CURRENT LIABILITIES			
Deferred taxation		395	395
Hire Purchase creditors		3,013	3,186
Borrowings	B7	4,225	4,316
		7,633	7,897
CURRENT LIABILITIES			
Trade payables		48,925	37,956
Other payables		12,075	14,495
Hire Purchase Creditors		739	716
Borrowings	B7	2,351	8,757
		64,090	61,924
TOTAL LIABILITIES		71,723	69,821
TOTAL EQUITY AND LIABILITIES		116,645	116,121
Net Assets per share attributable to Owners of the Parent (sen)		6.66	4.05

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 and accompanying explanatory notes to this interim financial statements.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE 3-MONTH PERIOD ENDED 30 JUNE 2017 (*CONT'D*)

MMAG HOLDINGS BERHAD

(Company No: 609423-V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR TO DATE ENDED	PRECEDING YEAR CORRESPONDING PERIOD ENDED
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Revenue	47,732	63,038	47,732	63,038
Cost of Sales	(46,148)	(61,330)	(46,148)	(61,330)
Gross profit/ (loss)	1,584	1,708	1,584	1,708
Other income	1,818	378	1,818	378
(Loss)/ gain on foreign exchange	(273)	399	(273)	399
Depreciation and amortisation	(1,057)	(1,110)	(1,057)	(1,110)
Bad debts written off	-	-	-	-
(Allowance)/ write back for impairment loss on receivables	-	-	-	-
(Allowance)/ write back of allowance and (write off) for impaired inventories	(1)	-	(1)	-
Finance costs	(134)	(330)	(134)	(330)
Other expenses	(3,344)	(3,812)	(3,344)	(3,812)
Results from operating activities	(1,407)	(2,767)	(1,407)	(2,767)
Interest income	49	39	49	39
Loss before taxation	(1,358)	(2,728)	(1,358)	(2,728)
Taxation	(21)	-	(21)	-
Loss after taxation for the period	(1,379)	(2,728)	(1,379)	(2,728)
(Loss)/ profit attributable to:				
Owners of the parent	(1,658)	(2,727)	(1,658)	(2,727)
Non-Controlling Interest	279	(1)	279	(1)
	(1,379)	(2,728)	(1,379)	(2,728)
Basic loss per share (sen)	(0.17)	(0.29)	(0.17)	(0.29)
Diluted loss per share (sen)	N/A	N/A	N/A	N/A

MMAG HOLDINGS BERHAD

(Company No: 609423-V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR TO DATE ENDED	PRECEDING YEAR CORRESPONDING PERIOD ENDED
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Loss after taxation for the period	(1,379)	(2,728)	(1,379)	(2,728)
Other comprehensive income for the period, net of tax				
Currency translation difference	-	9	-	9
Total other comprehensive income, net of tax	-	9	-	9
Total comprehensive loss for the period, net of tax	(1,379)	(2,719)	(1,379)	(2,719)
Total comprehensive (loss)/ income attributable to :				
Owners of the parent	(1,658)	(2,718)	(1,658)	(2,718)
Non-Controlling Interest	279	(1)	279	(1)
	(1,379)	(2,719)	(1,379)	(2,719)

Note : N/A - Not Applicable

Included in cost of sales, a depreciation charges of RM 0.21 million for Q1-2017/18 (RM 0.09 million Q1-2016/17).and current year to-date depreciation charges RM 0.21 million (2016/17 : RM 0.09 million).

During the quarter and Year-To-Date under review, there is no gain/(loss) on disposal of quoted or unquoted investment or properties, impairment of assets and gain/ (loss) on derivatives.

The Condensed Consolidated Statement of Profit And Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 and accompanying explanatory notes to this interim financial statements.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE 3-MONTH PERIOD ENDED 30 JUNE 2017 (*CONT'D*)

MMAG HOLDINGS BERHAD
(Company No: 609423-V)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	Attributable to Equity Holders of the Company									
		Non-distributable								
	Share capital	Share premium	Merger deficit	Warrants reserve	Exchange Translation reserve	Revaluation reserve	Accumulated losses	Total	Non-Controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 April 2017	115,204	-	(7,900)	-	-	7,353	(68,038)	46,619	(318)	46,301
Transactions with owners :										
Capital reduction	(47,690)	-	-	-	-	-	47,690	-	-	-
Deconsolidation of subsidiary company	-	-	-	-	-	-	-	-	(0) *	(0)
	(47,690)	-	-	-	-	-	47,690	-	(0)	(0)
Total compressive (loss)/ income for the period	-	-	-	-	-	-	(1,658)	(1,658)	279	(1,379)
As at 30 June 2017	67,514	-	(7,900)	-	-	7,353	(22,006)	44,961	(39)	44,922
Balance as at 1 April 2016	95,380	19,824	(7,900)	6,563	65	7,353	(53,299)	67,986	(199)	67,787
Net loss for the period	-	-	-	-	-	-	(2,727)	(2,727)	(1)	(2,728)
Foreign currency translation differences arising from a foreign subsidiary	-	-	-	-	9	-	-	9	-	9
Total comprehensive loss for the period	-	-	-	-	9	-	(2,727)	(2,718)	(1)	(2,719)
As at 30 June 2016	95,380	19,824	(7,900)	6,563	74	7,353	(56,026)	65,268	(200)	65,068

Note : * - Amount less than RM 1,000.00

The new companies Act 2016 (the "Act"), which came into operation on 30 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to credit of the share premium become part of the Company's share capital pursuant to the transitional provision set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for the purposes as set out in Section 618(3) of the Act, for the bonus issue pursuant to Section 618(4) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of the transition.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 and accompanying explanatory notes to this interim financial statements.

MMAG HOLDINGS BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	CURRENT YEAR TO DATE ENDED 30/6/2017	PRECEDING YEAR TO DATE ENDED 30/6/2016
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before tax	(1,358)	(2,728)
Adjustments for :		
Non-cash items	1,270	1,201
Non-operating items	85	291
Operating loss before working capital changes	(3)	(1,236)
Changes in working capital·		
Inventories	3,864	2,262
Receivables	(14,288)	2,654
Payables	8,519	(740)
Cash generated/ (used in) from operations	(1,908)	2,940
Tax paid	(10)	-
Tax refunded	12	-
Interest received	49	39
Interest paid	(134)	(330)
Net cash generated/ (used in) operating activities	(1,991)	2,649
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(228)	(36)
Proceeds from disposal of property, plant and equipment	96	1
Net cash generated / (used in) investing activities	(132)	(35)
Cash Flows Financing Activity		
Repayment of hire purchase creditors	(150)	(104)
Net drawdown/ (repayment) of bankers' acceptance and term loans	(6,497)	(734)
Net cash generated/ (used in) from financing activity	(6,647)	(838)
Net (decrease)/ increase in cash and cash equivalents	(8,770)	1,776
Effect of forex translation differences	-	9
Cash And Cash Equivalent At Beginning of Period	14,635	9,717
Cash And Cash Equivalent At End of Period	5,865	11,502
Cash and Cash Equivalents Comprise of :		
Cash and bank balances	4,732	3,094
Deposits with a licensed bank	2,133	9,408
	6,865	12,502
Fixed deposits pledged with licensed bank	(1,000)	(1,000)
	5,865	11,502

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 and accompanying explanatory notes to this interim financial statements.

MMAG HOLDINGS BERHAD

(Company No: 609423-V)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2017

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN REPORTING STANDARD 134 ("MFRS 134") - INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements is unaudited and has been prepared in accordance with MFRS 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the annual audited financial statement of the Group for the financial year ended 31 March 2017.

The accounting policies and methods adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2017.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on and after 1 April 2017 are not expected to have any significant financial impacts on the Group.

A2 Auditors' Report of Preceding Annual Financial Statements

There were no qualifications to the audited financial statements for the Company and its subsidiaries for the financial year ended 31 March 2017.

A3 Seasonal or cyclical factors

The Group's express delivery and logistics services revenue will normally affected by numerous public and festive holidays during the quarter and period under review..

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

During the quarter under review, there were no items or events that arose, which affect the assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A5 Changes in estimates

There were no material changes in the estimates of amounts reported in previous reporting which have a material effect in the current quarter.

A6 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter.

A7 Dividend

There were no dividend paid during the quarter under review.

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2017

A8 Segmental Information

Segment information is presented in respect of the Group's business segments.

The Group comprises the following main business segments:-

(i)	ICT Distribution	Distribution mobile devices and volume ICT products to resellers and retailers & act as telecommunication operators' value adding partner.
(ii)	Business software solutions	Enterprise and Hotel Management solutions
(iii)	Logistics services	Courier & delivery and warehousing

Segmental information for the Group is presented as follows:

For the financial period ended 30 June 2017	ICT Distribution RM'000	Business software solutions RM'000	Logistics services RM'000	Other non-reportable segment RM'000	Total RM'000	Elimination RM'000	Total RM'000
Sales to external customer	46,859	-	873	-	47,732	-	47,732
Inter-segment sales	-	-	341	-	341	(341)	-
Total sales	46,859	-	1,214	-	48,073	(341)	47,732
Profit/ (Loss) before tax	315	(55)	(2,158)	540	(1,358)	-	(1,358)

	ICT Distribution RM'000	Business software solutions RM'000	Logistics services RM'000	Other non-reportable segment RM'000	Total RM'000	Consolidation adjustments RM'000	Total RM'000
Segment assets	102,043	1,089	5,158	112,775	221,065	(113,833)	107,232
Other unallocated assets	-	-	-				9,413
							116,645
Total Liabilities	130,415	56	9,916	11,267	151,654	(79,931)	71,723
Other unallocated assets							-
							71,723

For the financial period ended 30 June 2016	ICT Distribution RM'000	Business software solutions RM'000	Logistics services RM'000	Other non-reportable segment RM'000	Total RM'000	Elimination RM'000	Total RM'000
Sales to external customer	62,403	98	536	1	63,038	-	63,038
Inter-segment sales	-	12	110	-	122	(122)	-
Total sales	62,403	110	646	1	63,160	(122)	63,038
(Loss)/ profit before tax	(1,739)	(157)	(748)	(84)	(2,728)	-	(2,728)

	ICT Distribution RM'000	Business software solutions RM'000	Logistics services RM'000	Other non-reportable segment RM'000	Total RM'000	Consolidation adjustments RM'000	Total RM'000
Segment assets	101,133	2,616	3,113	104,610	211,472	(104,525)	106,947
Other unallocated assets							9,781
							116,728
Total Liabilities	117,073	270	6,368	2,298	126,009	(74,349)	51,660
Other unallocated assets							-
							51,660

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated In Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2017

A9 Valuation of property, plant and equipment

There were no valuation of the property, plant and equipment in the current quarter under review.

A10 Events subsequent to the end of the interim reporting period

(i) On 5 July 2017, the Board of Directors of MMAG announced that the Company's sub-subsidiary, Uptown Excel Sdn Bhd ("UESB") has on 5 July 2017 filed an application for striking off pursuant to Section 550 of the Companies Act, 2016 with the Companies Commission of Malaysia ("Striking Off Application").

UESB has ceased its business operations since financial year ended 31 March 2016 and has no intention to carry on its business or operation in the future. The share capital of UESB is RM 100.00. The Board of Directors of the Company is of the opinion that the Striking Off Application is in the best interest of the Company as it will reduce the administrative resources and cost incurred for maintaining UESB.

The striking off of UESB is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholdings of the Company for the financial year ending 31 March 2018.

A11 Changes in the composition of the Group

(i) On 3 April 2017, the Board of Directors of MMAG announced that the Company's sub-subsidiary, Ingens IDSS Sdn Bhd ("IDSB") has on 3 April 2017 filed an application for striking off pursuant to Section 550 of the Companies Act, 2016 with the Companies Commission of Malaysia ("Striking Off Application").

IDSB has ceased its business operations since financial year ended 31 March 2015 and has no intention to carry on its business or operation in the future. The share capital of IDSB is RM 300,000.00. The Board of Directors of the Company is of the opinion that the Striking Off Application is in the best interest of the Company as it will reduce the administrative resources and cost incurred for maintaining IDSB.

The striking off of IDSB is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholdings of the Company for the financial year ending 31 March 2017.

(ii) On 3 April 2017, the Board of Directors of MMAG announced that the Company's sub-subsidiary, DSS Ikhlas Sdn Bhd ("DISB") has on 3 April 2017 filed an application for striking off pursuant to Section 550 of the Companies Act, 2016 with the Companies Commission of Malaysia ("Striking Off Application").

DISB has ceased its business operations since financial year ended 31 March 2014 and has no intention to carry on its business or operation in the future. The share capital of DISB is RM 10.00. The Board of Directors of the Company is of the opinion that the Striking Off Application is in the best interest of the Company as it will reduce the administrative resources and cost incurred for maintaining DISB.

The striking off of DISB is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholdings of the Company for the financial year ending 31 March 2017.

A12 Contingent Liabilities

The amounts of contingent liabilities of the Company as at the end of the current financial period as follows:

	As at 30/6/2017 RM'000
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiary companies.	137,801
	137,801

A13 Commitments

	As at 30/6/2017 RM'000
Construction of a new two storey office with one storey warehouse	16,800
Lease of land	2,160

The Company leased a land and the lease period is for three years with an option to renew after every three years for a further three (3) years up to total lease period of twelve (12) years.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE 3-MONTH PERIOD ENDED 30 JUNE 2017 (*CONT'D*)

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2017

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE ACE MARKET

B1 Financial Review for current quarter and financial year to date.

	Individual Period (1st Quarter)				Cumulative Period			
	Current Year Quarter 30/6/2017	Preceding Year corresponding Quarter 30/6/2016	Changes		Current Year Quarter 30/6/2017	Preceding Year corresponding Quarter 30/6/2016	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	47,732	63,038	(15,306)	-24%	47,732	63,038	(15,306)	-24%
Operating profits/ (Losses)	(1,407)	(2,767)	1,360	49%	(1,407)	(2,767)	1,360	49%
Profit/ (Loss) before interest and tax	(1,224)	(2,398)	1,174	49%	(1,224)	(2,398)	1,174	49%
Profit/ (Loss) before tax	(1,358)	(2,728)	1,370	50%	(1,358)	(2,728)	1,370	50%
Profit/ (Loss) after tax	(1,379)	(2,728)	1,349	49%	(1,379)	(2,728)	1,349	49%
Profit/ (Loss) Attributable to Ordinary Equity Holders of the Parent	(1,658)	(2,727)	1,069	39%	(1,658)	(2,727)	1,069	39%

The Group revenue for 1st Quarter ended 30 June 2017 was RM 47.73 million represents a decrease of RM 15.31 million as compared to RM 63.04 million in the corresponding 1st quarter ended 2016. The reduction in revenue for the current quarter mainly due to lower revenue from ICTdistribution segment of RM 46.86 million as compared to RM 62.40 million in corresponding quarter in 2016.

The Group registered a pre-tax loss of RM 1.36 million for the 1st quarter ended 30 June 2017 as compared to pre-tax loss of RM 2.73 million in the corresponding quarter in 2016. The improvement in pre-tax loss for the current quarter as compared to corresponding quarter 2016 mainly due to ICT distribution segment has contributed a profit before tax of RM 0.32 million for the current quarter as compared to loss before tax of RM 1.74 million in the corresponding quarter in 2016 whclh resulted from higher other income and lower other expenses for the quarter under review.

The Group revenue for financial period ended 30 June 2017 was RM 47.73 million represents a decrease of RM 15.31 million as compared to RM 63.04 million in the corresponding financial period 2016. The reduction in revenue for the current financial period mainly due to lower revenue from ICTdistribution segment of RM 46.86 million as compared to RM 62.40 million in corresponding financial period in 2016.

The Group registered a pre-tax loss of RM 1.36 million for the financial period ended 30 June 2017 as compared to pre-tax loss of RM 2.73 million in the corresponding period in 2016. The improvement in pre-tax loss for the current financial period as compared to corresponding financial period in 2016 mainly due to ICT distribution segment has contributed a profit before tax of RM 0.32 million for the financial period as compared to loss before tax of RM 1.74 million in the corresponding financial period in 2016 which resulted from higher other income and lower other expenses for the quarter under review.

(i) ICT Distribution

ICT distribution revenue for financial period ended 30 June 2017 was RM 46.86 million. The revenue mainly derived from distrubution of mobile devices, and also act as telecommunication operators' value adding partner. For the financial period ended 30 June 2017, ICT Distribution segment registered a pre-tax profit of RM 0.32 million as compared to pre-tax loss of RM 1.74 million in the corresponding financial period 2016 . The improvement in pre-tax profit in financial period 2017 was mainly due higher other income and lower other expenses for the quarter under review.

(ii) Business Software Solutions

Business software solutions revenue for the financial period ended 30 June 2017 was RM Nil as compared to RM 0.10 million in the corresponding financial period 2016. Business software solutions recorded a pre-tax loss of RM 0.06 million as compared to pre-tax loss of RM 0.16 million in the corresponding financial period 2016. The loss incurred for the current period 2017 mainly for administrative expenses.

(ii) Logistics Services

Logistics services revenue for the financial period ended 30 June 2017 was RM 0.87 million as compared to RM 0.54 million in the corresponding period in 2016. Logistics services recorded a pre-tax loss of RM 2.16 million as compared to pre-tax loss of RM 0.75 million in the corresponding financial period 2016.The higher pre-tax loss incurred for the financial period 2017 as compared to corresponding financial period 2016 mainly due to higher manpower costs and operating expenses incurred for expansion of new branches.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE 3-MONTH PERIOD ENDED 30 JUNE 2017 (*CONT'D*)

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2017

B2 Material change in the quarterly results compared to the results of the immediate preceding quarter

	Current Quarter 30/6/2017 RM'000	Immediate Preceding Quarter 31/3/2017 RM'000	Change	
			RM'000	%
Revenue	47,732	47,440	292	1%
Operating profit/ (Loss)	(1,407)	(12,506)	11,099	89%
Profit/ (Loss) before interest and tax	(1,224)	(12,272)	11,048	90%
Profit/ (Loss) before tax	(1,358)	(12,464)	11,106	89%
Profit/ (Loss) after tax	(1,379)	(12,464)	11,085	89%
Profit/ (Loss) Attributable to Ordinary Equity Holders of the Parent	(1,658)	(12,439)	10,781	87%

The current quarter (Q1 -2017/18) revenue was RM 47.73 million represents an increase of RM 0.29 million as compared to immediate preceding quarter (Quarter 4 -2016/17) revenue of RM 47.44 million. Current quarter recorded a pre-tax loss of RM 1.36 million as compared to a pre-tax loss of RM 12.46 million the immediate preceding quarter. The higher pre-tax loss in the immediate preceding quarter mainly due to higher foreign exchange losses, allowance for impairment loss on bad and doubtful debts and higher allowance for impairment loss on slow moving inventories as compared to current quarter under review.

B3 Prospects

Given the uncertainties in global economic and market conditions and barring any unforeseen circumstances, the Group anticipate the performance of the Group for the coming quarters to be challenging. Hence, the Group will constantly review its market position and strengthening its operating structure to improve the Group's overall performance.

The upcoming proposed renounceable rights issue of new MMAG shares and new irredeemable convertible preference shares will significantly provide the financial resources for the group to take on bigger projects.

B4 Profit Forecast/Profit Guarantee

There were no profit forecast or profit guarantee issued by the Group.

B5 Taxation

	Current Quarter Ended 30/6/2017 RM'000	Year-To-Date 30/6/2017 RM'000
Income tax :		
- Current year	(21)	(21)
- Over/ (under) provision in prior year	-	-
	(21)	(21)
-Deferred tax	-	-
	(21)	(21)

The current quarter and year-to-date provision for taxation is calculated in respect of a subsidiary's company estimated taxable income and no provision of taxation for companies that incurred losses and have unutilised tax losses.

MMAG HOLDINGS BERHAD
(Company No: 609423-V)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2017

B6 Corporate proposal

Status of the corporate proposal announced but not completed as at 22 August 2017 (being the latest practical date which is not later than 7 days from the date of issue of this Quarterly Report).

(a) On 17 October 2016 and 11 November 2016, TA Securities Holdings Berhad ("TA Securities") on behalf of the Board of Directors of MMAG Holdings Berhad ("MMAG or the Company") announced that the Company proposes to undertake the followings:-

(i) Proposed reduction of the issued and paid-up share capital of MMAG via the cancellation of RM0.05 of the par value of the every existing ordinary shares of RM0.10 each to RM0.05 each in MMAG pursuant to Section 64 of the Companies Act,1965 (Act") (**"Proposed Par Value Reduction"**);

(ii) *Proposed share consolidation of every four (4) ordinary shares of RM0.05 each in MMAG into one (1) new ordinary share of RM 0.20 each in MMAG ("**Consolidated Share**")* after the Proposed Par Value Reduction (**"Proposed Share Consolidation"**);

(iii) Proposed settlement of the amount owing to Landasan Simfoni Sdn Bhd ("LSSB") via the issuance of 36,363,600 new MMAG Shares at an issue price of RM0.22 per share (**"Settlement Shares"**) after the Proposed Share Consolidation (**"Proposed Debt Settlement"**);

(iv) Proposed special issue of up to 28,855,000 new MMAG Shares (**"Bumuputera Shares"**) representing approximately ten point five percent (10.50%) of the enlarged issued and paid-up capital of MMAG after the Proposed Debt Settlement, to Bumiputera Investors to be recognised by the Ministry of International Trade and Industry ("MITI (**"Proposed Special Bumiputera Issue"**);

(v) Proposed renounceable rights issue of up to 151,834,154 new MMAG shares (**"Rights Shares"**) on the basis of one (1) Rights Share for every two (2) existing MMAG Shares held after the Proposed Special Bumiputera Issue at an issue price of RM0.25 per Rights Share, together with up to 227,751,231 free detachable warrants (**"Warrants"**) on the basis of thee (3) Warrants for every two (2) Rights Share (**"Proposed Rights Issue of Share with Warrants"**);

(vi) Proposed renounceable rights issue of up to 607,336,618 new irredeemable convertible preference shares of RM0.05 in MMAG (**"ICPS"**) on the basis of two (2) ICPS for every one (1) MMAG Share held after the Proposed Special Bumiputera Issue at an issue price of RM0.05 per ICPS (**"Proposed Rights Issue of ICPS"**);and

(vii) Proposed diversification of the business of MMAG to include fulfilment and/or logistics (**"Proposed Diversification"**).

(viii) Proposed Increase in the Authorised Share Capital of MMAG from RM 200,000,000 comprising 2,000,000,000 ordinary shares of RM 0.10 each in MMAG to RM 350,000,000 comprising 1,500,000,000 ordinary shares of RM 0.20 each in MMAG and 1,000,000,000 ICPS of RM 0.05 each in MMAG (**"Proposed Increase in Athorised Share Capital"**).

(ix) Proposed Amendments to the Memorandum and Articles of Association of MMAG to facilitate the Proposed Increase in Authorised Share Capital (**"Proposed Amendments"**).

(b) On 30 November 2016, TA Securities on behalf of the MMAG announced that MITI has, vide its letter dated 29 November 2016 informed that it has no objection on the proposal to meet the Bumiputera Equity Requirement via the Proposed Special Bunlputera Issue.In addition, MITI must be informed if there are changes to the Proposed Special Bumiputera Issue involving the number of Bumiputera Share to be issued and the percentage of Bumiputera shareholding. MMAG is to inform MITI upon completion of the Proposed Special Bumiputera Issue.

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2017

B6 Corporate proposal (Cont'd)

(c) On 22 December 2016, TA Securities on behalf of the MMAG announced that Bursa Securities has, vide its letter dated 21 December 2016, approved the following:

(i) The Proposed Share Consolidation;

(ii) Listing of and quotation of 36,363,600 MMAG Shares of RM0.20 each after the Proposed Par Value Reduction and the Proposed Share Consolidation pursuant to the Proposed Debt Settlement;

(iii) Listing of and quotation for up to 28,855,000 Bumiputera Shares after the Proposed Debt Settlement pursuant to the Proposed Special Bumiputera Issue;

(iv) Listing of and quotation for up to 151,834,154 Rights Shares to be issued after the Proposed Special Bumiputera Issue pursuant to the Proposed Right Issue of Shares with Warrants;

(v) Admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for up to 227,751,231 Warrants to be issued pursuant to the Proposed Rights Issue of Shares with Warrants;

(vi) Admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for up to 607,336,618 ICPS after the Proposed Special Bumiputera Issue pursuant to the Proposed Right Issue of ICPS;

(vii) Listing of and quotation for up to 227,751,231 new MMAG Shares arising from the exercise of the Warrants; and

(viii) Listing of and quotation for up to 607,336,618 new MMAG Shares arising from the conversion of the ICPS.

The approval by Bursa Securities for the Proposed Debt Settlement, Proposed Special Bumiputera Issue, Proposed Rights Issue of Shares with Warrants and Proposed Rights Issue of ICPS is subject to the following conditions:

(i) MMAG and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Par Value Reduction, Proposed Share Consolidation, Proposed Debt Settlement, Proposed Special Bumiputera Issue, Proposed Rights Issue of Shares with Warrants and Proposed Rights Issue of ICPS.

(ii) MMAG and TA Securities are to inform Bursa Securities upon the completion of the Proposed Par Value Reduction, Proposed Share Consolidation, Proposed Debt Settlement, Proposed Special Bumiputera Issue, Proposed Rights Issue of Shares with Warrants and Proposed Rights Issue of ICPS, respectively;

(iii) MMAG and TA Securities are to furnish Bursa Securities with a certificate true copy of the resolutions passed by the shareholders approving the Proposed Par Value Reduction, Proposed Share Consolidation, Proposed Debt Settlement, Proposed Special Bumiputera Issue, Proposed Rights Issue of Shares with Warrants and Proposed Rights Issue of ICPS prior to the quotation;

(iv) MMAG and TA Securities are to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Par Value Reduction, Proposed Share Consolidation, Proposed Debt Settlement, Proposed Special Bumiputera Issue, Proposed Rights Issue of Shares with Warrants and Proposed Rights Issue of ICPS are completed; and

(v) MMAG is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of the Warrants and conversion of the ICPS) as at the end of each quarter together with a detailed computation of listing fees payable.

(d) On 29 December 2016, TA Securities on behalf of the MMAG announced that Securities Commission ("SC") has, vide its letter dated 21 December 2016, (which was received on 29 December 2016) approved the applications to the SC in relation to the Proposed Special Bumiputera Issue for the following:-

(i) The resultant equally structure of MMAG pursuant to the proposed special issue of up to 28,855,000 new ordinary shares of RM 0.20 each in MMAG, representing 9.50% of its enlarged issued and paid-up share capital (after the Proposed Bumiputera Issue), to Bumiputera investors to be recognised by MITI, and;

(ii) Proposed extension of time of 12 months (i.e. up to 20 December 2017 to comply with the Bumiputera Equity Requirement pursuant to the listing of MMAG on the ACE Market of Bursa Securities.

TA Securities is required to update the SC on the progress of the allocation of the Bumiputera Shares on a quarterly basis.

MMAG HOLDINGS BERHAD
(Company No: 609423-V)
(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2017

B6 Corporate proposal (Cont'd)

(e) On 17 February 2017, TA Securities on behalf of the MMAG announced that following amendments to the proposals in view of the Companies Act 2016 ("Act") which was gazetted on 15 September 2016 and came into effect on 31 January 2017 (with exception of Section 241 and Division 8, Part III):

(i) **Proposed Share Capital Reduction**

The Company will proceed with the Proposed Capital Reduction pursuant to Section 116 of the Act (instead of Proposed Par Value Reduction) wherein the issued share capital of the Company will be reduced via the cancellation of the issued capital of the Company of RM 47,689,942. The Proposed Share Capital Reduction will result in the elimination of the accumulated losses of the Company at the Company level. The surplus after such elimination shall be credited to the retained earnings account of the Company, for the purposes as will be determined by the Board and as permitted under relevant and applicable laws and the M&A of the Company.

(ii) **Proposed Increased in Authorised Share Capital**

(iii) **Amendments to the details of the Proposed Amendments and salient terms, rights and privileges of the ICPS.**

(f) On 23 February 2017, the Board of Directors MMAG announced that all the resolutions as set out in the Notice of Extraordinary General Meeting ("EGM") and the amended Notice dated 25 January 2017 and 17 February 2017, respectively were duly paused by way of e-polling at the EGM held on 23 February 2017.

(g) On 1 June 2017, on behalf of the Board, TA Securities announced that an office copy of the sealed order of the High Court of Malaya confirming the Share Capital Reduction has been lodged with Companies Commission of Malaya on 1 June 2017. The Share Capital Reduction shall therefore take effect and be deemed completed on this date.

(h) On 13 July 2017, on behalf of the Board, TA Securities announced that Share Consolidation has been completed following the listing of and quotation for 238,449,709 Consolidated Shares on the ACE Market of Bursa Securities with effect from 9.00 am on Thursday 13 July 2017.

(i) On 19 July 2017, MMAG announced the Debt settlement of the amount owing to Landasan Simfoni Sdn Bhd via the issuance of 36,363,600 new ordinary shares in MMAG Holdings Berhad ("MMAG Shares or "Shares") at an issue price of RM 0.22 per share is completed upon the listing of the 36,363,600 new MMAG shares on 20 July 2017.

B7 Borrowing and Debt Securities

The Group's borrowings as at 30 June 2017 are as follows:

	As at 1st Quarter ended 2017 (30/6/2017)					
	Long Term		Short Term		Total borrowings	
	Foreign denomination ^	RM'000 denomination	Foreign denomination ^	RM'000 denomination	Foreign denomination ^	RM'000 denomination
Secured Term Loan and bankers' acceptance	-	4,225	-	2,351	-	6,576

	As at 1st Quarter ended 2016 (30/6/2016)					
	Long Term		Short Term		Total borrowings	
	Foreign denomination ^	RM'000 denomination	Foreign denomination ^	RM'000 denomination	Foreign denomination ^	RM'000 denomination
Secured Term Loan and bankers' acceptance	-	4,549	-	8,241	-	12,790

During the period under review, the short term borrowings have reduced to RM 6.58 million as compared to RM 12.79 million in corresponding financial period 2016 with a reduction of RM 6.21 million (repayment of term loan and bankers' acceptance). The total finance costs (inclusive of hire purchase) for the period ended 30 June 2017 was RM 0.13 million as compared to RM 0.33 million in the corresponding financial period 2016.

During the financial period ended 30 June 2017, the term loan and bankers' acceptance bear interest ranging from 4.60% to 4.99% per annum.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE 3-MONTH PERIOD ENDED 30 JUNE 2017 (*CONT'D*)

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2017

B8 Material litigations

As at 22 August 2017 (being the latest practical date which is not earlier than 7 days from the date of issue of this Quarterly Report), the Group was not engaged in any material litigation either as plaintiff or defendant and the directors are not aware of any proceedings pending or threatened against the Group or any facts likely to give rise to any proceeding which might materially and adversely affect the financial position or business operations of the Group.

B9 Dividends

No interim dividend has been declared during the quarter under review.

B10 Loss Per Share

	Current Year Quarter Ended 30/6/2017	Year Ended 30/6/2017
(i) Basic Loss Per Share		
Loss attributable to Owners of the Parent (RM'000)	(1,658)	(1,658)
Weighted average number of shares in issue ('000)	953,799	953,799
Basic loss per share (sen)	(0.17)	(0.17)
(ii) Diluted Loss Per Share	N/A	N/A

B11 Disclosure of Realised And Unrealised Losses

	As at 30/6/2017 RM'000	As at 31/3/2017 RM'000
Total accumulated losses of the Group :		
- Realised loss	(23,012)	(71,022)
-Unrealised loss	(685)	(1,007)
	(23,697)	(72,029)
Consolidated adjustments	1,691	3,990
	(22,006)	(68,039)

DIRECTORS' REPORT

MMag Holdings Bhd (609423-V)

MMAG

Registered Office:

Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

25 OCT 2017

To: Shareholders of MMAG Holdings Berhad ("**MMAG**" or "**Company**")

Dear Sir/Madam,

On behalf of the Board of Directors of MMAG ("**Board**"), I wish to report that after making due enquiries in relation to our Company and subsidiary companies ("**Group**") during the period between 31 March 2017 (being the date on which the latest audited consolidated financial statements have been made up) to the date thereof, being a date not earlier than 14 days before the date of this Abridged Prospectus that:

(i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in Section 10.3 of this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(v) since the last audited consolidated financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and

(vi) there have been no material changes in the published reserves or any unusual factors affecting the results of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully
For and behalf of the Board of
MMAG HOLDINGS BERHAD

WONG ENG SU
Managing Director

Lot 6, Jalan Pemaju U1/15, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan
T 03-5567 9217 | F 03-5567 9178

ADDITIONAL INFORMATION

1. SHARE CAPITAL

1.1 Save for the Rights Shares, Warrants, ICPS and new Shares to be issued pursuant to the exercise of the Warrants and the conversion of the ICPS, no securities in our Company will be allotted or issued on the basis of this AP later than 12 months after the date of the issuance of this AP.

1.2 As at the date of this AP, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only 1 class of shares in our Company, namely ordinary shares, all of which rank *pari passu* with one another.

1.3 As at the LPD, save as disclosed below, no person has been or is entitled to be granted an option to subscribe for any of our securities:

(a) the Entitled Shareholders who will be allotted the provisional Rights Shares with Warrants under the Rights Issue of Shares with Warrants and the provisional ICPS under the Rights Issue of ICPS; and

(b) up to 30% of the issued share capital of our Company (excluding treasury shares, if any) can be issued at any one time during the duration of the share issuance scheme for the eligible Directors and employees of our Group. As at the LPD, our Company has implemented the said scheme but only 200,000,000 share issuance scheme options have been granted and exercised. Our Company envisages that the remaining share issuance scheme options will only be granted after the completion of the Rights Issue of Shares with Warrants and the Rights Issue of ICPS

2. REMUNERATION OF DIRECTORS

The provisions in our Constitution (M&A) in respect of the arrangements for the remuneration of Directors are as follows:

Article 81

The fees of all director shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the directors as they may agree, or, failing agreement equally except that any director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:

(1) fees payable to directors shall be by way of a fixed sum, and not by way of a commission on or percentage of profits or turnover;

(2) fees payable to non-executive directors are subject to the approval of the Board;

(3) any fee paid to an alternate director shall be agreed upon between himself and the director nominating him and shall be paid out of the remuneration of the latter.

Article 82

(1) The salaries and benefits payable for the executive directors shall be subject to the approval of the Board.

(2) Any reimbursement to the directors for disbursements are subject to the approval of the Board.

Article 83

(1) The directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the directors or of any committee of the directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as directors.

(2) If by arrangement with the directors, any director shall perform or render any special duties or services outside his ordinary duties as a director in particular without limiting to the generality of the foregoing if any director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of directors, the directors may pay him special remuneration, in addition to his director's fees and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged PROVIDED ALWAYS that extra remuneration payable to:

(a) a non-executive director shall not be by a commission on or percentage of profits or turnover;

(b) an executive director shall not include a commission on or percentage of turnover.

Article 108

The remuneration of the Managing Director shall be subject to the terms of any agreement entered into in any particular case and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, neither our Company nor our Group have entered into any material contracts, (not being contracts entered into in the ordinary course of business) within 2 years immediately preceding the date of this AP:

(i) the Deed Poll dated 20 October 2017 executed by our Company constituting the Warrants;

(ii) MMAG Digital in its capacity as a vendor had on 18 December 2015 entered into a Sales and Purchase Agreement with Chong Kien Eng @ Teo Kien Eng and Kan Fui Man in relation to the disposal of all the freehold land held under H.S.(D) 247998, No. Lot 63142, in the Mukim of Petaling, District of Petaling, State of Selangor bearing postal address of No. 15, Jalan Puteri 9/28A, Bandar Puteri, 47100 Puchong, Selangor for a cash consideration of RM2,800,000.00.

The said disposal was completed on 4 November 2016.

(iii) MMAG Digital in its capacity as a purchaser had on 18 December 2015 entered into a Sales and Purchase Agreement with Chong Kien Eng @ Teo Kien Eng and Kan Fui Man in relation to the purchase of all that parcel of 3 storey semi-detached house distinguished as Parcel No. 3A-856 measuring approximately 3442 Sq ft in area of the housing development known as "KINRARA RESIDENCE PHASE 3A" which is held under Strata Title PN 97917/L1377/-/-, No. Lot 111378, in the Mukim of Petaling, District of Petaling, State of Selangor for a cash consideration of RM1,900,000.00.

The said acquisition was completed on 10 November 2016.

ADDITIONAL INFORMATION (*CONT'D*)

(iv) MMAG Digital had on 6 January 2016 entered into a Sales and Purchase Agreement with Avenue Escapade Sdn Bhd for the disposal of all the property known as Unit No. DF2-07-03 bearing postal address Unit DF2-07-03, 6th Floor, Menara Persoft 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47100 Petaling Jaya, Selangor held under Master Title PN 12258, No. Lot 935 in the Mukim of Bandar Damansara, District of Petaling, State of Selangor for a cash consideration of RM1,504,400.00.

Construction works are currently being carried out to rectify the defects on the property before vacant possession of the property can be handed over to Avenue Escapade Sdn Bhd.

The said disposal is expected to be completed in the 1st quarter of 2018.

(v) MMAG Digital had on 6 January 2016 entered into a Sales and Purchase Agreement with Avenue Escapade Sdn Bhd for the disposal of all the property known as Unit No. DF2-07-03 bearing postal address Unit DF2-07-03A, 6th Floor, Menara Persoft 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47100 Petaling Jaya, Selangor held under Master Title PN 12258, No. Lot 935 in the Mukim of Bandar Damansara, District of Petaling, State of Selangor for a cash consideration of RM1,504,400.00.

Construction works are currently being carried out to rectify the defects on the property before vacant possession of the property can be handed over to Avenue Escapade Sdn Bhd.

The said disposal is expected to be completed in the 1st quarter of 2018.

(vi) Our Company had on 1 June 2016 entered into a conditional share sales agreement with PDA Expert Mobility Sdn Bhd for the purchase of the entire equity interest in Vsurf Sdn Bhd (**"VSB"**) comprising 100 ordinary shares of RM1.00 each in VSB for a purchase consideration of RM819,424 to be satisfied entirely by cash.

The said purchase was completed on 1 July 2016.

(vii) Our Company had on 1 June 2016 entered into a conditional share sales agreement with Sterling Progress Berhad for the purchase of the entire equity interest in Inventure Conglomerate Sdn Bhd (**"ICSB"**) comprising 1,000,0000 ordinary shares of RM1.00 each in ICSB for a purchase consideration of RM950,585 to be satisfied entirely by cash.

The said purchase was completed on 1 July 2016.

(viii) MMAG Digital had on 7 July 2017 entered into a conditional Sales and Purchase Agreement with Shi Xiaoyun, a Chinese national (**"Purchaser"**), for the disposal of all that parcel of 3 storey semi-detached house distinguished as Parcel No. 3A-856 measuring approximately 3,442 square feet in area of the housing development known as "KINRARA RESIDENCE PHASE 3A" which is held under Strata Title PN 97917/L1377/-/-, No. Lot 111378, in the Mukim of Petaling, District of Petaling, State of Selangor for a cash consideration of RM2,000,000.00.

The property is subjected to a restriction-in-interest wherein the state authority's consent (i.e. the Selangor government's consent as the property is located in the state of Selangor) is required before a non-citizen of Malaysia is allowed to purchase the property. As the Purchaser is a Chinese national, the Purchaser is required to first obtain the state authority's consent before he can purchase the property. The Purchaser has submitted an application to the state authority but has yet to obtain the required state authority's approval.

The said disposal is expected to be completed in the 2nd quarter of 2018.

4. MATERIAL LITIGATION

As at the LPD, neither our Company nor our Group are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board do not have any knowledge of any proceeding, pending or threatened, against us or our subsidiary company or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of our Company or our subsidiary companies.

5. GENERAL

5.1 There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within 1 year from the date of this AP.

5.2 Save as disclosed in this AP, the financial conditions and operations of our Group are not affected by any of the following:

(i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

(ii) material commitments for capital expenditure of our Group;

(iii) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;

(iv) known trends or uncertainties that have had or that our Group reasonably expects will have, a material favourable or unfavourable impact on our Group's revenue or operating income;

(v) substantial increase in revenues; and

(vi) material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

The Adviser, Company Secretary, Principal Banker, Share Registrar, Solicitors for the Rights Issue of Shares with Warrants and the Rights Issue of ICPS, Smith Zander and Bloomberg Finance L.P. have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The written consent of our Reporting Accountants and Auditors for the Rights Issue of Shares with Warrants and the Rights Issue of ICPS to the inclusion in this AP of their names and letter relating to the pro forma consolidated statements of financial position of our Group as at 31 March 2017 and the audited consolidated financial statements of our Group for the FYE 31 March 2017 respectively, and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period of 12 months from the date of this AP:

(i) our Constitution (M&A);

(ii) the audited financial statements of our Group for FYE 31 March 2016 and FYE 31 March 2017 as well as the latest unaudited consolidated quarterly results for 3-month period ended 30 June 2017;

(iii) pro forma consolidated statements of financial position of our Group as at 31 March 2017 together with the notes and Reporting Accountants' letter thereon as set out in **Appendix III** of this AP;

(iv) the irrevocable and unconditional written undertaking letter by the Undertaking Shareholder as referred to in Sections 2.4 and 3.4 of this AP;

(v) Directors' Report referred to **Appendix VI** of this AP;

(vi) the Deed Poll;

(vii) the IMR report;

(viii) the letters of consent referred to in Section 6 of this **Appendix VII;** and

(ix) the material contracts referred to in Section 3 of this **Appendix VII.**

8. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants and Rights Issue of ICPS, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning this Rights Issue of Shares with Warrants and Rights Issue of ICPS.

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NOTICE OF PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH WARRANTS

Terms defined in the Abridged Prospectus dated 3 November 2017 ("**Abridged Prospectus**") shall have the same meanings when used in this Notice of Provisional Allotment. The provisional allotment of Rights Shares (as defined herein) with Warrants (as defined herein) is a prescribed security pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") shall apply in respect of dealings in the provisional allotment of Rights Shares with Warrants.

MMAG

MMAG HOLDINGS BERHAD
(Company No. 609423-V)
(Incorporated in Malaysia under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 151,834,154 NEW ORDINARY SHARES IN MMAG HOLDINGS BERHAD ("MMAG" OR "COMPANY") ("MMAG SHARES") ("RIGHTS SHARES") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING MMAG SHARES HELD AS AT 5.00 P.M. ON 3 NOVEMBER 2017 AT AN ISSUE PRICE OF RM0.25 PER RIGHTS SHARE, TOGETHER WITH UP TO 227,751,231 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 3 WARRANTS FOR EVERY 2 RIGHTS SHARES SUBSCRIBED FOR ("RIGHTS ISSUE OF SHARES WITH WARRANTS")

Adviser

TA SECURITIES
A MEMBER OF THE TA GROUP

TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

To: Shareholders of MMAG

Dear Sir/ Madam,

The Board of Directors of MMAG ("**Board**") has provisionally allotted to you, in accordance with the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") dated 21 December 2016 and the Ordinary Resolution 4 passed by shareholders of the Company at the Extraordinary General Meeting convened on 23 February 2017, the number of Rights Shares with Warrants as indicated below ("**Provisional Allotment**").

We wish to advise that the following Provisional Allotment has been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("**CDS**") account(s) subject to the terms and conditions stated in the Abridged Prospectus and the Rights Subscription Form dated 3 November 2017 issued by the Company.

The Provisional Allotment is made subject to the provisions in the Abridged Prospectus dated 3 November 2017 issued by the Company. Bursa Securities has already prescribed the securities of MMAG listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the provisional allotment of Rights Shares with Warrants arising from the Rights Issue of Shares with Warrants are prescribed securities and, as such, all dealings in the Provisional Allotment will be by way of book entry through CDS accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Depository.

ALL RIGHTS SHARES WITH WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES WITH WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATES OR WARRANT CERTIFICATES WILL BE ISSUED.

It is the intention of the Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, on a pro-rata basis and in board lots, to the entitled shareholders who have applied for the excess Rights Shares with Warrants, based on their respective shareholdings in the Company as at the entitlement date;
(iii) thirdly, on a pro-rata basis and in board lots, to the entitled shareholders who have applied for excess Rights Shares with Warrants, based on the quantum of their respective excess application; and
(iv) lastly, on a pro-rata basis and in board lots, to transferees and/or renouncees who have applied for excess Rights Shares with Warrants, based on the quantum of their respective excess application.

If there is any remaining excess Rights Shares with Warrants after steps (i) to (iv) have been carried out, steps (ii) to (iv) will be repeated until all remaining excess Rights Shares with Warrants have been allocated.

Nevertheless, the Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part I(B) of the Rights Subscription Form in such manner as it deems fit and expedient and in the best interest of the Company subject always to such allocation being made on a fair and equitable basis and that the intention of the Board as set out in (i) to (iv) above are achieved. The Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF MMAG SHARES HELD AS AT 5.00 P.M. ON 3 NOVEMBER 2017	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS ATTACHED TO THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.25 PER RIGHTS SHARE (RM)

IMPORTANT RELEVANT DATES:

Entitlement Date :	Friday, 3 November 2017 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights :	Friday, 10 November 2017 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights :	Wednesday, 15 November 2017 at 4.00 p.m.
Last date and time for acceptance and payment :	Monday, 20 November 2017 at 5.00 p.m.
Last date and time for excess application and payment :	Monday, 20 November 2017 at 5.00 p.m.

BY ORDER OF THE BOARD
LIM SECK WAH (MAICSA 0799845)
Company Secretary

Share Registrar
Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel. No.: +603 2692 4271
Fax. No.: +603 2732 5388

THIS NOTICE OF PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH WARRANTS IS DATED 3 NOVEMBER 2017

RIGHTS SUBSCRIPTION FORM

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 3 NOVEMBER 2017 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") AND THE NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF. THIS RSF IS ISSUED FOR THE PURPOSE OF ACCEPTING THE RIGHTS SHARES WITH WARRANTS (AS DEFINED HEREIN) AND APPLYING FOR EXCESS RIGHTS SHARES WITH WARRANTS PURSUANT TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS (AS DEFINED HEREIN) OF MMAG HOLDINGS BERHAD ("MMAG" OR THE "COMPANY"). THE LAST TIME AND DATE FOR ACCEPTANCE AND PAYMENT IS 5.00 P.M. ON 20 NOVEMBER 2017 OR SUCH LATER TIME AND DATE AS MAY BE DETERMINED AND ANNOUNCED BY THE BOARD OF DIRECTORS OF MMAG. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH WARRANTS STANDING TO THE CREDIT OF HIS / HER CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.

MMAG

MMAG HOLDINGS BERHAD
(Company No. 609423-V)
(Incorporated in Malaysia under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 151,834,154 NEW ORDINARY SHARES IN MMAG ("MMAG SHARES") ("RIGHTS SHARES") ON THE BASIS OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING MMAG SHARES HELD AS AT 5.00 P.M. ON 3 NOVEMBER 2017 AT AN ISSUE PRICE OF RM0.25 PER RIGHTS SHARE, TOGETHER WITH UP TO 227,751,231 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 3 WARRANTS FOR EVERY 2 RIGHTS SHARES SUBSCRIBED FOR ("RIGHTS ISSUE OF SHARES WITH WARRANTS")

NAME AND ADDRESS OF APPLICANT

NRIC NO./ PASSPORT NO. (STATE COUNTRY)/ **COMPANY NO.**

CDS ACCOUNT NO. | | | | – | | | | – | | | | | | | | |

NUMBER OF MMAG SHARES HELD AS AT 5.00 P.M. ON 3 NOVEMBER 2017	NUMBER OF RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	NUMBER OF WARRANTS ATTACHED TO THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.25 PER RIGHTS SHARE (RM)

Note: *If you have subsequently purchased additional provisional Rights Shares with Warrants from the open market, you should indicate your acceptance of the total Rights Shares with Warrants that you have standing to the credit in your CDS account under Part I(A).*

To: The Board of Directors of MMAG ("**Board**")

PART I – ACCEPTANCE OF PROVISIONAL RIGHTS SHARES WITH WARRANTS AND APPLICATION FOR EXCESS RIGHTS SHARES WITH WARRANTS

In accordance with the terms of this RSF and the Abridged Prospectus, I / we* hereby irrevocably:
(a) *accept the number of Rights Shares with Warrants as stated below, which were provisionally allotted / transferred / renounced* to me / us*;
(ii) *apply for the number of excess Rights Shares with Warrants as stated below in addition to the above;

in accordance with and subject to the Constitution (Memorandum and Articles of Association) of the Company.

I / We* enclose herewith the appropriate remittance(s) for the payment stated below, in favour of the respective account stated below and crossed "**A/C PAYEE ONLY**", being the full amount payable for the said number of Rights Shares with Warrants accepted / applied for, and hereby request for the said Rights Shares with Warrants to be credited into my / our* valid and subsisting CDS account as stated above:

NUMBER OF RIGHTS SHARES WITH WARRANTS ACCEPTED / EXCESS RIGHTS SHARES WITH WARRANTS APPLIED		AMOUNT PAYABLE BASED ON RM0.25 PER RIGHTS SHARE (RM)	BANKER'S DRAFT / CASHIER'S ORDER / MONEY ORDER / POSTAL ORDER NO.	PAYABLE TO
(A) ACCEPTANCE				MMAG RIGHTS SHARES ACCOUNT
(B) EXCESS				MMAG EXCESS RIGHTS SHARES ACCOUNT

I / We* hereby authorise you to return without interest, my / our* application money or the balance thereof should my / our* application for excess Rights Shares with Warrants be not successful at all or only partial successful by ORDINARY POST to me / us* at MY / OUR* OWN RISK.

PART II – DECLARATION

I / We* hereby confirm and declare that:
(i) All information provided by me / us* is true and correct;
(ii) All information is identical with the information in the records of the Bursa Malaysia Depository Sdn. Bhd. ("**Bursa Depository**") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of my / our* rights may be rejected;
(iii) I / We* consent to MMAG and the Share Registrar of MMAG collecting the information and personal data (collectively "**Data**") required herein, to process and disclose such Data to any person for the purposes of implementing the Rights Shares with Warrants and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations; and
* I am 18 years of age or over.
* I am / We are* resident(s) of Malaysia.
* I am / We are* resident(s) of ………………….. (country) and having ……………………. citizenship.
* I am / We are* nominee(s) of a person who is a Bumiputera / Non-Bumiputera / Non-Citizen* resident in ………………. (country) and having.………………… citizenship.

I / We* hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all the requirements for acceptance and payment as set out therein.

AFFIX MALAYSIAN REVENUE STAMP OF RM10.00 HERE

Date

Signature / Authorised signatory(ies)
(Corporate Body must affix their Common Seal)

Contact telephone no. during office hours

LAST DATE AND TIME FOR	
Acceptance and payment ………………………………… :	Monday, 20 November 2017 at 5.00 p.m.
Excess application and payment ………………………………… :	Monday, 20 November 2017 at 5.00 p.m.

* *Please delete whichever is not applicable.*

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS DATED 3 NOVEMBER 2017 ("ABRIDGED PROSPECTUS").

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. ALL ENQUIRIES CONCERNING THE RIGHTS ISSUE OF SHARES WITH WARRANTS SHOULD BE ADDRESSED TO THE SHARE REGISTRAR OF THE COMPANY, MEGA CORPORATE SERVICES SDN BHD, LEVEL 15-2, BANGUNAN FABER IMPERIAL COURT, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR. INVESTORS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF.

This RSF, together with the Abridged Prospectus and Notice of Provisional Allotment ("**NPA**") for the Rights Issue of Shares with Warrants, is not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of Shares with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled shareholders and/or their renouncees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue of Shares with Warrants would result in the contravention of any laws of such countries or jurisdictions. MMAG Holdings Berhad ("**MMAG**" or "**Company**") and TA Securities Holdings Berhad shall not accept any responsibility or liability in the event that any acceptance or renunciation made by entitled shareholders and/or their renouncees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the entitled shareholders and/or renouncees/transferees (if applicable) are residents.

The Abridged Prospectus has been registered by the Securities Commission Malaysia ("**SC**"). The registration of the Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of Shares with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The shareholders of MMAG have approved the Rights Issue of Shares with Warrants at the Extraordinary General Meeting held on 23 February 2017. Approval has also been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") vide its letter dated 21 December 2016 for the admission of the Warrants to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and the new MMAG Shares to be issued upon the exercise of the Warrants on the ACE Market of Bursa Securities. The official listing of and quotation for the Rights Shares and Warrants will commence after, among others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") that all the Central Depository System ("**CDS**") accounts of entitled shareholders and/or their renouncees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the successful applicants.

Bursa Securities takes no responsibility for the correctness or accuracy of any statements made or opinions expressed herein. Admission to the Official List and quotation of the said securities on the Bursa Securities are in no way reflective of the merits of the Rights Issue of Shares with Warrants.

This RSF, together with the Abridged Prospectus and NPA, have been seen and approved by our Board of Directors ("**Board**") and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

The provisionally allotted Rights Shares and Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of the Bursa Depository shall apply in respect of dealings of the provisionally allotted Rights Shares with Warrants.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia (or "**RM**" in abbreviation) and sen. Terms defined in the Abridged Prospectus shall have the same meanings when used in these documents, unless they are otherwise defined here or other context otherwise requires.

INSTRUCTIONS:

(i) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 20 November 2017.

(ii) FULL ACCEPTANCE OF THE RIGHTS SHARES WITH WARRANTS

If you wish to accept all or part of the Rights Shares with Warrants provisionally allotted to you, please complete Part I(A) and Part II of this RSF and return this RSF, together with the appropriate remittance made in RM for the full amount in the form of Banker's Draft(s)/Cashier's Order(s)/Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made out in favour of "**MMAG RIGHTS SHARES ACCOUNT**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and CDS account number in block letters, for the full amount payable for the Rights Shares with Warrants accepted, to be received by the Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND AND/OR COURIER** as detailed below, before 5.00 p.m. on 20 November 2017. Cheques or any other mode of payments are not acceptable.

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Helpdesk Telephone No: 03-2692 4271
Facsimile No: 03-2732 5388

If acceptance and payment for the Rights Shares with Warrants provisionally allotted to you is not received by the Share Registrar by 5.00 p.m. on 20 November 2017, being the last time and date for acceptance and payment, such provisional allotment of rights will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such Rights Shares with Warrants not taken up, first, to applicants applying for excess Rights Shares with Warrants in the manner set out in note (iv) below.

The remittance must be made for the exact amount payable for the Rights Shares with Warrants accepted (ROUNDED UP TO THE NEAREST SEN). No acknowledgment will be issued but a notice of allotment will be despatched to you by ordinary post to the address stated in the Record of Depositors provided by Bursa Depository within 8 market days from the last date for acceptance and payment for the Rights Shares with Warrants.

(iii) PART ACCEPTANCE OF RIGHTS SHARES WITH WARRANTS

If you wish to accept part of your provisional allotment of the Rights Shares with Warrants, please complete Part I(A) of this RSF by specifying the number of Rights Shares with Warrants which you are accepting and Part II of this RSF and deliver the completed RSF together with the relevant payment to the Share Registrar by 5.00 p.m. on 20 November 2017, being the last time and date for acceptance and payment.

(iv) APPLICATION FOR EXCESS RIGHTS SHARES WITH WARRANTS

If you and/or your renouncee(s)/transferee(s) (if applicable) wish to apply for excess Rights Shares with Warrants in addition to those provisionally allotted to you and/or your renouncee(s)/transferee(s) (if applicable), please complete Part I(B) of this RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Issue of Shares with Warrants applied for) to the Share Registrar. Payment for the excess Rights Shares with Warrants applied for should be made in the same manner described in note (ii) above, with remittance in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made payable to "**MMAG EXCESS RIGHTS SHARES ACCOUNT**" for the excess Rights Shares with Warrants and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with the name, contact number and CDS account number of the applicant in block letters to be received by the Share Registrar not later than 5.00 p.m. on 20 November 2017, being the last time and date for the excess Rights Shares with Warrants acceptance and payment. No acknowledgement will be issued but a notice of allotment will be despatched to you by ordinary post to the address stated in the Record of Depositors provided by Bursa Depository within 8 market days from the last date for acceptance and payment for the excess Rights Shares with Warrants.

In respect of unsuccessful or partially successful excess Rights Shares with Warrants applications, the full amount or the surplus application monies (as the case may be) will be refunded without interest within 15 market days from the last date for application and payment for the excess Rights Shares with Warrants by ordinary post to the address shown in the Record of Depositors provided by Bursa Depository at the applicant's own risk. It is the intention of our Board to allot the excess Rights Shares with Warrants applied, if any, on a fair and equitable basis and in the following priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, on a pro-rata basis and in board lots, to the entitled shareholders who have applied for the excess Rights Shares with Warrants, based on their respective shareholdings in our Company as at the entitlement date;
(iii) thirdly, on a pro-rata basis and in board lots, to the entitled shareholders who have applied for excess Rights Shares with Warrants, based on the quantum of their respective excess application; and
(iv) lastly, on a pro-rata basis and in board lots, to transferees and/or renouncees who have applied for excess Rights Shares with Warrants, based on the quantum of their respective excess application.

If there is any remaining excess Rights Shares with Warrants after steps (i) to (iv) have been carried out, steps (ii) to (iv) will be repeated until all remaining excess Rights Shares with Warrants have been allocated.

Nevertheless, the Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part I(B) of the Rights Subscription Form in such manner as it deems fit and expedient and in the best interest of the Company subject always to such allocation being made on a fair and equitable basis and that the intention of the Board as set out in (i) to (iv) above are achieved. The Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason.

(v) SALE/TRANSFER OF THE PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH WARRANTS

If you wish to sell/ transfer all or part of your provisional allotment of the Rights Shares with Warrants to your renouncee(s)/transferee(s) (if applicable), you may do so immediately through your stockbroker without first having to request the Company for a splitting of the provisional allotment of the Rights Shares with Warrants standing to the credit of your CDS accounts. To sell/transfer all or part of your provisional allotment of the Rights Shares with Warrants, you may sell such provisional allotment of the Rights Shares with Warrants on the open market of Bursa Securities or transfer such provisional allotment to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling/transferring all or part of your provisional allotment of the Rights Shares with Warrants, you and/ or your renouncee(s)/transferee(s) (if applicable) need not deliver any document, including this RSF, to the stockbroker. However, you and/or your renouncee(s)/transferee(s) (if applicable) must ensure that you have sufficient provisional allotment of the Rights Shares with Warrants standing to the credit of your CDS account before trading.

The purchaser(s)/renouncee(s)/transferee(s) can collect a copy of this RSF for the acceptance of his/her/their rights from his/her/their stockbroker, the Registered Office of the Company, the Share Registrar's office or Bursa Securities' website at http://www.bursamalaysia.com.

If you have sold only part of the provisional allotment of the Rights Shares with Warrants, you may still accept the balance of your provisional allotment of the Rights Shares with Warrants by completing Part I(A) and Part II of this RSF.

(vi) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
(b) Rights Shares with Warrants subscribed by the shareholders and/or their renouncee(s)/transferee(s) will be credited into their respective CDS accounts as shown in Bursa Depository's Record of Depositors.
(c) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of the Company and the Company shall not be under any obligation to account for such interest or other benefit to you.
(d) The contract arising from the acceptance of the provisional allotment of the Rights Shares with Warrants by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract.
(e) Our Company reserves the right to accept or reject any acceptance and/or application if the instructions hereinabove stated are not strictly adhered to.
(f) Malaysian Revenue Stamp (NOT POSTAGE STAMP) of Ringgit Malaysia Ten (RM10.00) must be affixed on the RSF.

NOTICE OF PROVISIONAL ALLOTMENT OF ICPS

Terms defined in the Abridged Prospectus dated 3 November 2017 ("**Abridged Prospectus**") shall have the same meanings when used in this Notice of Provisional Allotment. The provisional allotment of ICPS (as defined herein) is a prescribed security pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") shall apply in respect of dealings in the provisional allotment of ICPS.

MMAG

MMAG HOLDINGS BERHAD
(Company No. 609423-V)
(Incorporated in Malaysia under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 607,336,618 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") ON THE BASIS OF 2 ICPS FOR EVERY 1 EXISTING ORDINARY SHARE IN MMAG HOLDINGS BERHAD ("MMAG" OR "COMPANY") ("MMAG SHARE") HELD AS AT 5.00 P.M. ON 3 NOVEMBER 2017 AT AN ISSUE PRICE OF RM0.05 PER ICPS ("RIGHTS ISSUE OF ICPS")

Adviser

TA SECURITIES
A MEMBER OF THE TA GROUP

TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

To: Shareholders of MMAG

Dear Sir/ Madam,

The Board of Directors of MMAG ("**Board**") has provisionally allotted to you, in accordance with the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") dated 21 December 2016 and the Ordinary Resolution 5 passed by shareholders of the Company at the Extraordinary General Meeting convened on 23 February 2017, the number of ICPS as indicated below ("**Provisional Allotment**").

We wish to advise that the following Provisional Allotment has been confirmed by Bursa Depository and upon acceptance will be credited into your Central Depository System ("**CDS**") account(s) subject to the terms and conditions stated in the Abridged Prospectus and the Rights Subscription Form dated 3 November 2017 issued by the Company.

The Provisional Allotment is made subject to the provisions in the Abridged Prospectus dated 3 November 2017 issued by the Company. Bursa Securities has already prescribed the securities of MMAG listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the provisional allotment of ICPS arising from the Rights Issue of ICPS are prescribed securities and, as such, all dealings in the Provisional Allotment will be by way of book entry through CDS accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Depository.

ALL ICPS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF ICPS WILL BE ALLOTTED BY WAY OF CREDITING THE ICPS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL ICPS CERTIFICATES WILL BE ISSUED.

It is the intention of the Board to allot the excess ICPS, if any, on a fair and equitable basis and in the following priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, on a pro-rata basis and in board lots, to the entitled shareholders who have applied for the excess ICPS, based on their respective shareholdings in the Company as at the entitlement date;
(iii) thirdly, on a pro-rata basis and in board lots, to the entitled shareholders who have applied for excess ICPS, based on the quantum of their respective excess application; and
(iv) lastly, on a pro-rata basis and in board lots, to transferees and/or renouncees who have applied for excess ICPS, based on the quantum of their respective excess application.

If there is any remaining excess ICPS after steps (i) to (iv) have been carried out, steps (ii) to (iv) will be repeated until all remaining excess ICPS have been allocated.

Nevertheless, the Board reserves the right to allot any excess ICPS applied for under Part I(B) of the Rights Subscription Form in such manner as it deems fit and expedient and in the best interest of the Company subject always to such allocation being made on a fair and equitable basis and that the intention of the Board as set out in (i) to (iv) above are achieved. The Board also reserves the right to accept any excess ICPS application, in full or in part, without assigning any reason.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF MMAG SHARES HELD AS AT 5.00 P.M. ON 3 NOVEMBER 2017	NUMBER OF ICPS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.05 PER ICPS (RM)

IMPORTANT RELEVANT DATES:

Entitlement Date	Friday, 3 November 2017 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	Friday, 10 November 2017 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	Wednesday, 15 November 2017 at 4.00 p.m.
Last date and time for acceptance and payment	Monday, 20 November 2017 at 5.00 p.m.
Last date and time for excess application and payment	Monday, 20 November 2017 at 5.00 p.m.

By order of the Board
LIM SECK WAH (MAICSA 0799845)
Company Secretary

Share Registrar
Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel. No.: +603 2692 4271
Fax. No.: +603 2732 5388

THIS NOTICE OF PROVISIONAL ALLOTMENT OF ICPS IS DATED 3 NOVEMBER 2017

RIGHTS SUBSCRIPTION FORM

TERMS DEFINED IN THE ABRIDGED PROSPECTUS DATED 3 NOVEMBER 2017 ("ABRIDGED PROSPECTUS") SHALL HAVE THE SAME MEANINGS WHEN USED IN THIS RIGHTS SUBSCRIPTION FORM ("RSF") AND THE NOTES AND INSTRUCTIONS FOR COMPLETING THIS RSF. THIS RSF IS ISSUED FOR THE PURPOSE OF ACCEPTING THE ICPS (AS DEFINED HEREIN) AND APPLYING FOR EXCESS ICPS PURSUANT TO THE RIGHTS ISSUE OF ICPS (AS DEFINED HEREIN) OF MMAG HOLDINGS BERHAD ("MMAG" OR THE "COMPANY"). THE LAST TIME AND DATE FOR ACCEPTANCE AND PAYMENT IS 5.00 P.M. ON 20 NOVEMBER 2017 OR SUCH LATER TIME AND DATE AS MAY BE DETERMINED AND ANNOUNCED BY THE BOARD OF DIRECTORS OF MMAG. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL ALLOTMENT OF ICPS STANDING TO THE CREDIT OF HIS / HER CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.

MMAG

MMAG HOLDINGS BERHAD
(Company No. 609423-V)
(Incorporated in Malaysia under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 607,336,618 NEW IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") ON THE BASIS OF 2 ICPS FOR EVERY 1 EXISTING ORDINARY SHARE IN MMAG ("MMAG SHARE") HELD AS AT 5.00 P.M. ON 3 NOVEMBER 2017 AT AN ISSUE PRICE OF RM0.05 PER ICPS ("RIGHTS ISSUE OF ICPS")

NAME AND ADDRESS OF APPLICANT	
NRIC NO./ PASSPORT NO. (STATE COUNTRY)**/ COMPANY NO.**	
CDS ACCOUNT NO.	– –

NUMBER OF MMAG SHARES HELD AS AT 5.00 P.M. ON 3 NOVEMBER 2017	NUMBER OF ICPS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.05 PER ICPS (RM)

If you have subsequently purchased additional provisional ICPS from the open market, you should indicate your acceptance of the total ICPS that you have standing to the credit in your CDS account under Part I(A).

To: The Board of Directors of MMAG ("**Board**")

PART I – ACCEPTANCE OF PROVISIONAL ICPS AND APPLICATION FOR EXCESS ICPS

In accordance with the terms of this RSF and the Abridged Prospectus, I / we* hereby irrevocably:
(i) *accept the number of ICPS as stated below, which were provisionally allotted / transferred / renounced* to me / us*;
(ii) *apply for the number of excess ICPS as stated below in addition to the above;
in accordance with and subject to the Constitution (Memorandum and Articles of Association) of the Company.
I / We* enclose herewith the appropriate remittance(s) for the payment stated below, in favour of the respective account stated below and crossed "A/C PAYEE ONLY", being the full amount payable for the said number of ICPS accepted / applied for, and hereby request for the said ICPS to be credited into my / our* valid and subsisting CDS account as stated above:

NUMBER OF ICPS ACCEPTED / EXCESS ICPS APPLIED		AMOUNT PAYABLE BASED ON RM0.05 PER ICPS (RM)	BANKER'S DRAFT / CASHIER'S ORDER / MONEY ORDER / POSTAL ORDER NO.	PAYABLE TO
(A) ACCEPTANCE				MMAG RIGHTS ICPS ACCOUNT
(B) EXCESS				MMAG EXCESS RIGHTS ICPS ACCOUNT

I / We* hereby authorise you to return without interest, my / our* application money or the balance thereof should my / our* application for excess ICPS be not successful at all or only partial successful by ORDINARY POST to me / us* at MY / OUR* OWN RISK.

PART II – DECLARATION

I / We* hereby confirm and declare that:
(i) All information provided by me / us* is true and correct;
(ii) All information is identical with the information in the records of the Bursa Malaysia Depository Sdn. Bhd. ("**Bursa Depository**") and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of my / our* rights may be rejected;
(iii) I / We* consent to MMAG and the Share Registrar of MMAG collecting the information and personal data (collectively "**Data**") required herein, to process and disclose such Data to any person for the purposes of implementing the ICPS and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations; and
* I am 18 years of age or over.
* I am / We are* resident(s) of Malaysia.
* I am / We are* resident(s) of ………………….. (country) and having …………………….. citizenship.
* I am / We are* nominee(s) of a person who is a Bumiputera / Non-Bumiputera / Non-Citizen* resident in ……………….. (country) and having…………………. citizenship.

I / We* hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all the requirements for acceptance and payment as set out therein.

Affix a RM10.00 Malaysian Revenue Stamp here

Date

Signature/Authorised Signatory(ies)
(Corporate Bodies must affix their Common Seal)

Contact telephone number during office hours

LAST DATE AND TIME FOR

Acceptance and payment ………… :	Monday, 20 November 2017 at 5.00 p.m.
Excess application and payment ………… :	Monday, 20 November 2017 at 5.00 p.m.

* *Please delete whichever is not applicable.*

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS DATED 3 NOVEMBER 2017 ("ABRIDGED PROSPECTUS").

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. ALL ENQUIRIES CONCERNING THE RIGHTS ISSUE OF ICPS SHOULD BE ADDRESSED TO THE SHARE REGISTRAR OF THE COMPANY, MEGA CORPORATE SERVICES SDN BHD, LEVEL 15-2, BANGUNAN FABER IMPERIAL COURT, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR. INVESTORS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF.

This RSF, together with the Abridged Prospectus and Notice of Provisional Allotment ("**NPA**") for the Rights Issue of ICPS, is not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of ICPS complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled shareholders and/or their renouncees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue of ICPS would result in the contravention of any laws of such countries or jurisdictions. MMAG Holdings Berhad ("**MMAG**" or "**Company**") and TA Securities Holdings Berhad shall not accept any responsibility or liability in the event that any acceptance or renunciation made by entitled shareholders and/or their renouncees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the entitled shareholders and/or renouncees/ transferees (if applicable) are residents.

The Abridged Prospectus has been registered by the Securities Commission Malaysia ("**SC**"). The registration of the Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of ICPS or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The shareholders of MMAG have approved the Rights Issue of ICPS at the Extraordinary General Meeting held on 23 February 2017. Approval has also been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") vide its letter dated 21 December 2016 for the admission of the ICPS to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the ICPS and the new MMAG Shares to be issued upon the conversion of the ICPS on the ACE Market of Bursa Securities. The official listing of and quotation for the ICPS will commence after, among others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") that all the Central Depository System ("**CDS**") accounts of entitled shareholders and/or their renouncees/ transferees (if applicable) have been duly credited and notices of allotment have been despatched to the successful applicants.

Bursa Securities takes no responsibility for the correctness or accuracy of any statements made or opinions expressed herein. Admission to the Official List and quotation of the said securities on the Bursa Securities are in no way reflective of the merits of the Rights Issue of ICPS.

This RSF, together with the Abridged Prospectus and NPA, have been seen and approved by our Board of Directors ("**Board**") and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

The provisionally allotted ICPS are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, the Securities Industry (Central Depositories) Act, 1991, Securities Industry (Central Depositories) (Amendment) Act, 1998 and the Rules of the Bursa Depository shall apply in respect of dealings of the provisionally allotted ICPS.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia (or "**RM**" in abbreviation) and sen. Terms defined in the Abridged Prospectus shall have the same meanings when used in these documents, unless they are otherwise defined here or other context otherwise requires.

INSTRUCTIONS:

(i) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 20 November 2017.

(ii) FULL ACCEPTANCE OF THE ICPS

If you wish to accept all or part of the ICPS provisionally allotted to you, please complete Part I(A) and Part II of this RSF and return this RSF, together with the appropriate remittance made in RM for the full amount in the form of Banker's Draft(s)/Cashier's Order(s)/Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made out in favour of "**MMAG RIGHTS ICPS ACCOUNT**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and CDS account number in block letters, for the full amount payable for the ICPS accepted, to be received by the Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND AND/OR COURIER** as detailed below, before 5.00 p.m. on 20 November 2017. Cheques or any other mode of payments are not acceptable.

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Helpdesk Telephone No: 03-2692 4271
Facsimile No: 03-2732 5388

If acceptance and payment for the ICPS provisionally allotted to you is not received by the Share Registrar by 5.00 p.m. on 20 November 2017, being the last time and date for acceptance and payment, such provisional allotment of rights will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such ICPS not taken up, first, to applicants applying for excess ICPS in the manner set out in note (iv) below.

The remittance must be made for the exact amount payable for the ICPS accepted (ROUNDED UP TO THE NEAREST SEN). No acknowledgment will be issued but a notice of allotment will be despatched to you by ordinary post to the address stated in the Record of Depositors provided by Bursa Depository within 8 market days from the last date for acceptance and payment for the ICPS.

(iii) PART ACCEPTANCE OF ICPS

If you wish to accept part of your provisional allotment of the ICPS, please complete Part I(A) of this RSF by specifying the number of ICPS which you are accepting and Part II of this RSF and deliver the completed RSF together with the relevant payment to the Share Registrar by 5.00 p.m. on 20 November 2017, being the last time and date for acceptance and payment.

(iv) APPLICATION FOR EXCESS ICPS

If you and/or your renouncee(s)/transferee(s) (if applicable) wish to apply for excess ICPS in addition to those provisionally allotted to you and/or your renouncee(s)/transferee(s) (if applicable), please complete Part I(B) of this RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the excess ICPS applied for) to the Share Registrar. Payment for the excess ICPS applied for should be made in the same manner described in note (ii) above, with remittance in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made payable to "**MMAG EXCESS RIGHTS ICPS ACCOUNT**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with the name, contact number and CDS account number of the applicant in block letters to be received by the Share Registrar not later than 5.00 p.m. on 20 November 2017, being the last time and date for the excess ICPS acceptance and payment. No acknowledgement will be issued but a notice of allotment will be despatched to you by ordinary post to the address stated in the Record of Depositors provided by Bursa Depository within 8 market days from the last date for acceptance and payment for the excess ICPS.

In respect of unsuccessful or partially successful excess ICPS applications, the full amount or the surplus application monies (as the case may be) will be refunded without interest within 15 market days from the last date for application and payment for the excess ICPS by ordinary post to the address shown in the Record of Depositors provided by Bursa Depository at the applicant's own risk. It is the intention of our Board to allot the excess ICPS applied, if any, on a fair and equitable basis and in the following priority:

(i) firstly, to minimise the incidence of odd lots;
(ii) secondly, on a pro-rata basis and in board lots, to the entitled shareholders who have applied for the excess ICPS, based on their respective shareholdings in the Company as at the entitlement date;
(iii) thirdly, on a pro-rata basis and in board lots, to the entitled shareholders who have applied for excess ICPS, based on the quantum of their respective excess application; and
(iv) lastly, on a pro-rata basis and in board lots, to transferees and/or renouncees who have applied for excess ICPS, based on the quantum of their respective excess application.

If there is any remaining excess ICPS after steps (i) to (iv) have been carried out, steps (ii) to (iv) will be repeated until all remaining excess ICPS have been allocated.

Nevertheless, the Board reserves the right to allot any excess ICPS applied for under Part I(B) of the Rights Subscription Form in such manner as it deems fit and expedient and in the best interest of the Company subject always to such allocation being made on a fair and equitable basis and that the intention of the Board as set out in (i) to (iv) above are achieved. The Board also reserves the right to accept any excess ICPS application, in full or in part, without assigning any reason.

(v) SALE/TRANSFER OF THE PROVISIONAL ALLOTMENT OF ICPS

If you wish to sell/ transfer all or part of your provisional allotment of the ICPS to your renouncee(s)/transferee(s) (if applicable), you may do so immediately through your stockbroker without first having to request the Company for a splitting of the provisional allotment of the ICPS standing to the credit of your CDS accounts. To sell/transfer all or part of your provisional allotment of the ICPS, you may sell such provisional allotment of the ICPS on the open market of Bursa Securities or transfer such provisional allotment to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling/transferring all or part of your provisional allotment of the ICPS, you and/ or your renouncee(s)/transferee(s) (if applicable) need not deliver any document, including this RSF, to the stockbroker. However, you and/or your renouncee(s)/transferee(s) (if applicable) must ensure that you have sufficient provisional allotment of the ICPS standing to the credit of your CDS account before trading.

The purchaser(s)/renouncee(s)/transferee(s) can collect a copy of this RSF for the acceptance of his/her/their rights from his/her/their stockbroker, the Registered Office of the Company, the Share Registrar's office or Bursa Securities' website at http://www.bursamalaysia.com.

If you have sold only part of the provisional allotment of the ICPS, you may still accept the balance of your provisional allotment of the ICPS by completing Part I(A) and Part II of this RSF.

(vi) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
(b) ICPS subscribed by the shareholders and/or their renouncee(s)/transferee(s) will be credited into their respective CDS accounts as shown in Bursa Depository's Record of Depositors.
(c) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of the Company and the Company shall not be under any obligation to account for such interest or other benefit to you.
(d) The contract arising from the acceptance of the provisional allotment of the ICPS by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract.
(e) Our Company reserves the right to accept or reject any acceptance and/or application if the instructions hereinabove stated are not strictly adhered to.
(f) Malaysian Revenue Stamp (NOT POSTAGE STAMP) of Ringgit Malaysia Ten (RM10.00) must be affixed on the RSF.