

MMAG HOLDINGS BERHAD
(formerly known as Ingenuity Consolidated Berhad)
(Company No: 609423-V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	UNAUDITED AS AT 30/6/2016	AUDITED AS AT 31/03/2016
Note	RM'000	RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	25,784	26,398
Intangible assets	10,284	10,800
Investment properties	9,127	9,163
Goodwill on consolidation	9,781	9,781
Fixed deposits with a licensed bank	1,000	1,000
	<u>55,976</u>	<u>57,142</u>
CURRENT ASSETS		
Inventories	13,044	15,307
Trade receivables	27,735	32,964
Other receivables	8,471	5,896
Deposits with licensed banks	8,408	2,649
Cash and bank balances	3,094	7,068
	<u>60,752</u>	<u>63,884</u>
TOTAL ASSETS	116,728	121,026
EQUITY AND LIABILITIES		
EQUITY		
Share capital	95,380	95,380
Reserves	(30,112)	(27,394)
	65,268	67,986
Non-Controlling Interest	(200)	(199)
TOTAL EQUITY	65,068	67,787
NON CURRENT LIABILITIES		
Deferred taxation	387	387
Borrowings	6,184	8,045
	6,571	8,432
CURRENT LIABILITIES		
Trade payables	29,223	30,874
Other payables	7,197	6,287
Borrowings	8,669	7,646
	45,089	44,807
TOTAL LIABILITIES	51,660	53,239
TOTAL EQUITY AND LIABILITIES	116,728	121,026
Net Assets per share attributable to Owners of the Parent (sen)	6.84	7.13

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016 and accompanying explanatory notes to this interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30/6/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/6/2015 RM'000	CURRENT YEAR TO DATE ENDED 30/6/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30/6/2015 RM'000
Revenue	63,038	49,008	63,038	49,008
Cost of Sales	(61,330)	(47,033)	(61,330)	(47,033)
Gross profit	1,708	1,975	1,708	1,975
Other income	378	227	378	227
Gain on foreign exchange	399	454	399	454
Depreciation and amortisation	(1,110)	(616)	(1,110)	(616)
Bad debts written off	-	(7)	-	(7)
(Allowance)/ write back for impairment loss on receivables	-	-	-	-
(Allowance)/ write back of allowance and (write off) for impaired inventories	-	-	-	-
Finance costs	(330)	(316)	(330)	(316)
Other expenses	(3,812)	(4,594)	(3,812)	(4,594)
Results from operating activities	(2,767)	(2,877)	(2,767)	(2,877)
Interest income	39	36	39	36
Loss before taxation	(2,728)	(2,841)	(2,728)	(2,841)
Taxation	-	-	-	-
Loss after taxation for the period	(2,728)	(2,841)	(2,728)	(2,841)
Loss attributable to:				
Owners of the parent	(2,727)	(2,808)	(2,727)	(2,808)
Non-Controlling Interest	(1)	(33)	(1)	(33)
	(2,728)	(2,841)	(2,728)	(2,841)
Basic loss per share (sen)	(0.29)	(0.29)	(0.29)	(0.29)
Diluted loss per share (sen)	N/A	N/A	N/A	N/A

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FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30/6/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/6/2015 RM'000	CURRENT YEAR TO DATE ENDED 30/6/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30/6/2015 RM'000
Loss after taxation for the period	(2,728)	(2,841)	(2,728)	(2,841)
Other comprehensive income for the period, net of tax				
Currency translation difference	9	32	9	32
Total other comprehensive income , net of tax	9	32	9	32
Total comprehensive loss for the period, net of tax	(2,719)	(2,809)	(2,719)	(2,809)
Total comprehensive loss attributable to :				
Owners of the parent	(2,718)	(2,776)	(2,718)	(2,776)
Non-Controlling Interest	(1)	(33)	(1)	(33)
	(2,719)	(2,809)	(2,719)	(2,809)

Note : N/A - Not Applicable

Included in cost of sales, a depreciation charges of RM 0.09 million for Q1-2016/17 (RM Nil Q1-2015/16).and current year to-date depreciation charges RM 0.09 million (2015 : RM Nil)..

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 2016 and accompanying explanatory notes to this interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

		Attributable to Equity Holders of the Company										
		Non-distributable								Non-controlling interests		Total equity
		Share premium	Merger deficit	Warrants reserve	Exchange Translation reserve	Revaluation reserve	Accumulated losses	Total				
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
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)	(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	
Balance as at 1 April 2015		95,380	19,824	(7,900)	6,563	45	7,353	(34,576)	86,689	61	86,750	
Net loss for the period		-	-	-	-	-	-	(2,808)	(2,808)	(33)	(2,841)	
Foreign currency translation differences arising from a foreign subsidiary		-	-	-	32	-	-	-	32	-	32	
Total comprehensive loss for the period		-	-	-	32	-	-	(2,808)	(2,776)	(33)	(2,809)	
As at 30 June 2015		95,380	19,824	(7,900)	6,563	77	7,353	(37,384)	83,913	28	83,941	

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 2016 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 2016

	CURRENT YEAR TO DATE ENDED 30/6/2016 RM'000	PRECEDING YEAR TO DATE ENDED 30/6/2015 RM'000
Cash Flows From Operating Activities		
Loss before tax	(2,728)	(2,841)
Adjustments for :		
Non-cash items	1,201	624
Non-operating items	291	280
Operating loss before working capital changes	(1,236)	(1,937)
Changes in working capital		
Inventories	2,262	(4,504)
Receivables	2,654	1,372
Payables	(740)	(1,289)
Cash generated/ (used in) operations	2,940	(6,358)
Tax paid	-	(135)
Interest received	39	36
Interest paid	(330)	(316)
Net cash generated/ (used in) operating activities	2,649	(6,773)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(36)	(2,267)
Development costs	-	(76)
Proceeds from disposal of property, plant and equipment	1	15
Net cash used in investing activities	(35)	(2,328)
Cash Flows Financing Activity		
Repayment of hire purchase creditors	(104)	(55)
Net drawdown/ (repayment) of bankers' acceptance and term loans	(734)	74
Net cash (used in)/ generated from financing activity	(838)	19
Net increase/ (decrease) in cash and cash equivalents	1,776	(9,082)
Effect of forex translation differences	9	32
Cash And Cash Equivalent At Beginning of Period	9,717	18,207
Cash And Cash Equivalent At End of Period	11,502	9,157
Cash and Cash Equivalents Comprise of :		
Cash and bank balances	3,094	8,157
Deposits with a licensed bank	9,408	1,000
	12,502	9,157
Fixed deposits pledged with licensed bank	(1,000)	-
	11,502	9,157

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016 and accompanying explanatory notes to this interim financial statements.

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NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2016

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 2016.

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 2016.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on and after 1 April 2016 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 2016.

A3 Seasonal or cyclical factors

The Group is subjected to the cyclical effects of the global and Malaysia technology industry.

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.

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NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2016

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 of volume ICT products to resellers and retailers |
| (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:

<u>For the financial period</u> <u>ended 30 June 2016</u>	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 before tax	(1,739)	(157)	(748)	(84)	(2,728)	-	(2,728)

<u>For the financial period</u> <u>ended 30 June 2015</u>	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	48,920	88	-	-	49,008	-	49,008
Inter-segment sales	3	90	-	-	93	(93)	-
Total sales	48,923	178	-	-	49,101	(93)	49,008
Loss before tax	(1,630)	(156)	(745)	(310)	(2,841)	-	(2,841)

A9 Valuation of property, plant and equipment

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

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NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2016

A10 Events subsequent to the end of the interim reporting period

(A) On 1 June 2016, the Board of MMag Holdings Berhad ("MMAG") announced that the Company proposed acquisitions of the following :

- (i) Proposed acquisition of the entire equity interest in VSurf Sdn Bhd ("VSB") comprising 100 ordinary shares of RM1.00 each from PDA Expert Mobility Sdn Bhd for a total purchase consideration of RM 819,424.00.
- (ii) Proposed acquisition of the entire equity interest in Inventure Conglomerate Sdn Bhd ("ICSB") comprising 1,000,000 ordinary shares of RM1.00 each from Sterling Progress Berhad for a total purchase consideration of RM 950,585.00.

The proposed acquisitions had been completed in July 2016.

(B) Free Warrants ("Warrants 2011/2016")

The subscription rights of the Warrants expired on 18 July 2016. At the expiry date, 36,551,600 warrants had been exercised and total number of unexercised warrants was 145,840,687.

Hence, this completed the corporate exercise initiated in year 2011.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

A12 Contingent Liabilities

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

	As at 30/6/2016 RM'000
Corporate guarantees to suppliers for trade credit facilities granted to subsidiary company	96,544
Corporate guarantees to financial institution for term loan and other banking facilities granted to subsidiary company	22,625
	<u>119,169</u>

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NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2016

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

B1 Review of performance of the Company and its principal subsidiaries

The Group revenue for the financial period ended 30 June 2016 was RM 63.04 million represents an increase of RM 14.03 million as compared to RM 49.01 million in the corresponding financial period 2015. The increase in revenue for the current financial period was mainly due to higher revenue from ICT distribution businesses of RM 62.40 million as compared to RM 48.92 million in corresponding financial period 2015.

The Group registered a pre-tax loss of RM 2.73 million for the financial period ended 30 June 2016 as compared to pre-tax loss of RM 2.84 million in the corresponding financial period 2015.

(i) ICT Distribution

ICT distribution revenue for financial period ended 30 June 2016 was RM 62.40 million. The revenue mainly derived from IT hardware and software distribution and services, mobile devices, and also act as telecommunication operators' value adding partner.. For the financial period ended 30 June 2016, ICT Distribution registered a pre-tax loss of RM 1.74 million as compared to pre-tax loss of RM 1.63 million in the corresponding financial period 2015 .The higher pre-tax loss for current financial period as compared to corresponding financial period 2015 mainly due to amortisation charges for intangible assets of RM0.54 million during the current financial period.

(ii) Business Software Solutions

Business software solutions revenue for the financial period ended 30 June 2016 was RM 0.10 million as compared to RM 0.09 million in the corresponding financial period 2015. Business software solutions recorded a pre-tax loss of RM 0.16 million as compared to pre-tax loss of RM 0.16 million in the corresponding financial period 2015.

(ii) Logistics Services

Logistics services revenue for the financial period ended 30 June 2016 was RM 0.54 million. Logistics services recorded a pre-tax loss of RM 0.75 million as compared to pre-tax loss of RM 0.75 million in the corresponding financial period 2015.

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

The current quarter (Q1 -2016/17) revenue was RM 63.04 million represents an increase of RM 4.14 million as compared to immediate preceding quarter (Quarter 4 -2015/16) revenue of RM 58.90 million. Current quarter recorded a pre-tax loss of RM 2.73 million as compared to a pre-tax loss of RM 7.59 million for the immediate preceding quarter. The improvement in pre-tax loss for the current quarter as compared to immediate preceding quarter mainly due to higher loss on bad debts written off , allowance for impairment loss on receivables, allowance for slow moving inventories, impairment loss on intangible assets and higher operating expenses incurred during immediate preceding quarter.

B3 Prospects

In view of continuing global and local soft economy, the Group is mindful of challenges ahead for the remaining quarters of the year. Given this economic backdrop, the Group will continue its efforts to improve financial performance of the Group by moving into mobile distribution business and take rationalising measures on certain business operations to achieve a more sustainable business platform to improve the revenue of the Group.

B4 Profit Forecast/Profit Guarantee

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

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NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2016

B5 Taxation

	Current Quarter Ended 30/6/2016 RM'000	Current Year-To- Date Ended 30/6/2016 RM'000
Income tax :		
- Current year	-	-
- Over/ (under) provision in prior year	-	-
	-	-
-Deferred tax	-	-
	-	-

There is no provision for taxation for the current quarter and current year to-date as the companies in the Group have incurred losses and unutilised tax losses.

B6 Corporate proposal

Status of the corporate proposal announced but not completed as at 19 August 2016 (being the latest practical date which is not later than 7 days from the date of issue of this Quarterly Report).

There were no events subsequent to the end of the period under review.

B7 Borrowing and debts Securities

The Group's borrowings as at 30 June 2016 are as follows :-

	As at 30/6/2016 RM'000
Non Current	
- Term loan	4,549
- Hire purchase creditors	1,635
	6,184
Current	
- Bankers' acceptances and term loan	8,241
- Hire purchase creditors	428
	8,669
Total Borrowings	14,853

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NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2016

B8 Material litigations

As at 19 August 2016 (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

(i) Basic Loss Per Share

	Current Year Quarter Ended 30/6/2016	Current Year To- Date Ended 30/6/2016
Loss attributable to Owners of the Parent (RM'000)	(2,727)	(2,727)
Weighted average number of shares in issue ('000)	953,799	953,799
Basic loss per share (sen)	(0.29)	(0.29)

(ii) Diluted Loss Per Share

The diluted loss per share for the current quarter and current year to date was not presented as the effect from the assumed conversion of the warrants would be anti-dilutive.

B11 Disclosure of Realised And Unrealised Losses

	As at 30/6/2016 RM'000	As at 31/3/2016 RM'000
Total accumulated losses of the Group :		
- Realised loss	(58,323)	(55,556)
- Unrealised loss	(387)	(427)
	(58,710)	(55,983)
Consolidated adjustments	2,684	2,684
	(56,026)	(53,299)