

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	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
	<u>51,163</u>	<u>52,300</u>
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
	<u>65,482</u>	<u>63,821</u>
TOTAL ASSETS	<u>116,645</u>	<u>116,121</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	67,514	115,204
Reserves	(22,553)	(68,586)
	<u>44,961</u>	<u>46,618</u>
Non-Controlling Interest	(39)	(318)
TOTAL EQUITY	<u>44,922</u>	<u>46,300</u>
NON CURRENT LIABILITIES		
Deferred taxation	395	395
Hire Purchase creditors	3,013	3,186
Borrowings	4,225	4,316
	<u>7,633</u>	<u>7,897</u>
CURRENT LIABILITIES		
Trade payables	48,925	37,956
Other payables	12,075	14,495
Hire Purchase Creditors	739	716
Borrowings	2,351	8,757
	<u>64,090</u>	<u>61,924</u>
TOTAL LIABILITIES	<u>71,723</u>	<u>69,821</u>
TOTAL EQUITY AND LIABILITIES	<u>116,645</u>	<u>116,121</u>
Net Assets per share attributable to Owners of the Parent (sen)	<u>6.66</u>	<u>4.05</u>

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.

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	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR TO DATE	CORRESPONDING
	QUARTER	QUARTER ENDED	ENDED	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	(1,858)	(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

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**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	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR TO DATE	CORRESPONDING
	QUARTER	QUARTER ENDED	ENDED	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.

MMAG HOLDINGS BERHAD

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

**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	Share	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	RM'000
As at 1 April 2017	115,204	-	-	(7,900)	-	-	7,353	(68,038)	46,619	(318)	46,301
<u>Transactions with owners:</u>											
Capital reduction	(47,690)	-	-	-	-	-	-	47,690	-	-	-
Deconsolidation of subsidiary company	-	-	-	-	-	-	-	-	-	(0) *	(0)
Total compressive (loss)/ income for the period	(47,690)	-	-	-	-	-	-	47,690	-	(0)	(0)
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
(Company No: 609423-V)
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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 RM'000	PRECEDING YEAR TO DATE ENDED 30/6/2016 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.

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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.

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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:

	Business		Other		Total	Elimination	Total
	ICT	software	Logistics	non-reportable			
<u>For the financial period ended 30 June 2017</u>	Distribution	solutions	services	segment	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	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)

	Business		Other		Total	Consolidation	Total
	ICT	software	Logistics	non-reportable			
	Distribution	solutions	services	segment	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	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

	Business		Other		Total	Elimination	Total
	ICT	software	Logistics	non-reportable			
<u>For the financial period ended 30 June 2016</u>	Distribution	solutions	services	segment	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	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)

	Business		Other		Total	Consolidation	Total
	ICT	software	Logistics	non-reportable			
	Distribution	solutions	services	segment	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	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

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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.

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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)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30/6/2017 RM'000	Preceding Year corresponding Quarter 30/6/2016 RM'000			Current Year Quarter 30/6/2017 RM'000	Preceding Year corresponding Quarter 30/6/2016 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 ICT distribution 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 which 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 ICT distribution 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 distribution 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.

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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	-	-
	<u>(21)</u>	<u>(21)</u>
-Deferred tax	-	-
	<u>(21)</u>	<u>(21)</u>

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.

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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 ("Bumiputera 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 three (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 Authorised 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 Bumiputera 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.

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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.

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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 IGPS.**

(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 passed 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 A	RM'000 denomination	Foreign denomination A	RM'000 denomination	Foreign denomination A	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 A	RM'000 denomination	Foreign denomination A	RM'000 denomination	Foreign denomination A	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.

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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

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

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	<u>(685)</u>	<u>(1,007)</u>
	(23,697)	(72,029)
Consolidated adjustments	1,691	3,990
	<u>(22,006)</u>	<u>(68,039)</u>