

**MMAG HOLDINGS BERHAD**

(Company No: 609423-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 30 SEPTEMBER 2017**

	UNAUDITED AS AT 30/9/2017 RM'000	AUDITED AS AT 31/03/2017 RM'000
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	26,025	26,813
Intangible assets	7,578	8,663
Investment properties	7,443	6,411
Goodwill on consolidation	9,413	9,413
Fixed deposits with a licensed bank	1,000	1,000
	<u>51,459</u>	<u>52,300</u>
<b>CURRENT ASSETS</b>		
Inventories	10,427	21,133
Trade receivables	26,428	16,194
Other receivables	5,896	11,859
Deposits with licensed banks	600	10,208
Cash and bank balances	1,897	4,427
	<u>45,248</u>	<u>63,821</u>
<b>TOTAL ASSETS</b>	<u>96,707</u>	<u>116,121</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	75,514	115,204
Reserves	(24,581)	(68,586)
	<u>50,933</u>	<u>46,618</u>
Non-Controlling Interest	-	(318)
<b>TOTAL EQUITY</b>	<u>50,933</u>	<u>46,300</u>
<b>NON CURRENT LIABILITIES</b>		
Deferred taxation	395	395
Hire Purchase creditors	3,195	3,186
Borrowings	4,181	4,316
	<u>7,771</u>	<u>7,897</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	27,599	37,956
Other payables	7,460	14,495
Hire Purchase Creditors	786	716
Borrowings	2,158	8,757
	<u>38,003</u>	<u>61,924</u>
<b>TOTAL LIABILITIES</b>	<u>45,774</u>	<u>69,821</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>96,707</u>	<u>116,121</u>
<b>Net Assets per share attributable to Owners of the Parent (sen)</b>	<u>6.74</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 SECOND QUARTER ENDED 30 SEPTEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30/9/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/9/2016 RM'000	CURRENT YEAR TO DATE ENDED 30/9/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30/9/2016 RM'000
Revenue	39,081	71,328	86,813	134,366
Cost of Sales	(38,024)	(68,975)	(84,172)	(130,305)
<b>Gross profit/ (loss)</b>	<b>1,057</b>	<b>2,353</b>	<b>2,641</b>	<b>4,061</b>
Other income	1,280	549	3,098	927
Gain / (loss) on foreign exchange	97	38	(176)	437
Depreciation and amortisation	(1,039)	(1,149)	(2,096)	(2,259)
Bad debts written off	(17)	-	(17)	-
(Allowance)/ write back for impairment loss on receivables	-	-	-	-
(Allowance)/ write back of allowance and (write off) for impaired inventories	-	(15)	(1)	(15)
Finance costs	(222)	(349)	(358)	(679)
Other expenses	(3,125)	(4,550)	(6,469)	(8,362)
<b>Results from operating activities</b>	<b>(1,969)</b>	<b>(3,123)</b>	<b>(3,376)</b>	<b>(5,890)</b>
Interest income	7	23	56	62
<b>Loss before taxation</b>	<b>(1,962)</b>	<b>(3,100)</b>	<b>(3,320)</b>	<b>(5,828)</b>
Taxation	(27)	-	(48)	-
<b>Loss after taxation for the period</b>	<b>(1,989)</b>	<b>(3,100)</b>	<b>(3,368)</b>	<b>(5,828)</b>
<b>(Loss)/ profit attributable to:</b>				
Owners of the parent	(2,012)	(3,099)	(3,670)	(5,826)
Non-Controlling Interest	23	(1)	302	(2)
	<b>(1,989)</b>	<b>(3,100)</b>	<b>(3,368)</b>	<b>(5,828)</b>
Basic loss per share (sen)	(0.75)	(1.30) *	(1.45)	(2.44) *
Diluted loss per share (sen)	N/A	N/A	N/A	N/A

Note : \* Comparative basic loss per share have been adjusted for the share consolidation.

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30/9/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/9/2016 RM'000	CURRENT YEAR TO DATE ENDED 30/9/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30/9/2016 RM'000
Loss after taxation for the period	(1,989)	(3,100)	(3,368)	(5,828)
Other comprehensive income for the period, net of tax				
Currency translation difference	-	11	-	20
<b>Total other comprehensive income, net of tax</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>20</b>
<b>Total comprehensive loss for the period, net of tax</b>	<b>(1,989)</b>	<b>(3,089)</b>	<b>(3,368)</b>	<b>(5,808)</b>
<b>Total comprehensive (loss)/ income attributable to :</b>				
Owners of the parent	(2,012)	(3,088)	(3,670)	(5,806)
Non-Controlling Interest	23	(1)	302	(2)
	<b>(1,989)</b>	<b>(3,089)</b>	<b>(3,368)</b>	<b>(5,808)</b>

**Note : N/A - Not Applicable**

Included in cost of sales, a depreciation charges of RM 0.25 million for Q2-2017/18 (RM 0.11 million Q2-2016/17), and current year to-date depreciation charges RM 0.46 million (2016/17 : RM 0.20 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)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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
<b>Transactions with owners :</b>											
Capital reduction	(47,690)	-	-	-	-	-	-	47,690	-	-	-
Issuance of shares arising from debt settlement	8,000	-	-	-	-	-	-	-	8,000	-	8,000
Deconsolidation of subsidiary companies	-	-	-	-	-	-	-	(16)	(16)	16	-
	(39,690)	-	-	-	-	-	-	47,674	7,984	16	8,000
<b>Total compressive (loss)/ income for the period</b>	-	-	-	-	-	-	-	(3,670)	(3,670)	302	(3,368)
<b>As at 30 September 2017</b>	<b>75,514</b>	-	-	<b>(7,900)</b>	-	-	<b>7,353</b>	<b>(24,034)</b>	<b>50,933</b>	-	<b>50,933</b>

Balance as at 1 April 2016

95,380	19,824	(7,900)	6,563	65	7,353	(53,299)	67,986	(199)	67,787
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**Transactions with owners :**

Warrants expired	-	-	(6,563)	-	-	-	6,563	-	-	-	-
Share issuance expenses	-	(71)	-	-	-	-	-	(71)	(71)	-	(71)

Net loss for the period

-	(71)	-	(6,563)	-	-	-	6,563	(71)	(71)	-	(71)
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Foreign currency translation differences arising from a foreign subsidiary

-	-	-	-	-	-	-	(5,826)	(5,826)	(2)	(2)	(5,828)
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Total comprehensive loss for the period

-	-	-	-	20	-	-	-	-	20	-	20
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As at 30 September 2016

95,380	19,753	(7,900)	-	85	7,353	(52,562)	62,109	(201)	61,908
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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 SECOND QUARTER ENDED 30 SEPTEMBER 2017**

	CURRENT YEAR TO DATE ENDED 30/9/2017 RM'000	PRECEDING YEAR TO DATE ENDED 30/9/2016 RM'000
<b>Cash Flows From Operating Activities</b>		
Loss before tax	(3,320)	(5,828)
Adjustments for :		
Non-cash items	2,552	2,555
Non-operating items	300	617
Operating loss before working capital changes	<u>(468)</u>	<u>(2,656)</u>
Changes in working capital		
Inventories	10,705	1,132
Receivables	(4,275)	(11,538)
Payables	(16,999)	9,606
Cash generated/ (used in) from operations	<u>(11,037)</u>	<u>(3,456)</u>
Tax paid	(22)	(23)
Tax refunded	12	-
Interest received	56	62
Interest paid	<u>(356)</u>	<u>(679)</u>
Net cash generated/ (used in) operating activities	<u>(11,347)</u>	<u>(4,096)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(1,848)	(929)
Acquisition of subsidiary companies	-	(1,211)
Proceeds from disposal of property, plant and equipment	158	0 *
Net cash generated / (used in) investing activities	<u>(1,692)</u>	<u>(2,140)</u>
<b>Cash Flows Financing Activity</b>		
Issuance of shares arising from debt settlement	8,000	-
Repayment of hire purchase creditors	(366)	(219)
Net drawdown/ (repayment) of bankers' acceptance and term loans	(6,733)	1,048
Share issuance expenses	-	(71)
Net cash generated/ (used in) from financing activity	<u>901</u>	<u>758</u>
Net (decrease)/ increase in cash and cash equivalents	(12,138)	(5,478)
Effect of forex translation differences	-	21
Cash And Cash Equivalent At Beginning of Period	14,635	9,717
Cash And Cash Equivalent At End of Period	<u>2,497</u>	<u>4,260</u>
<b>Cash and Cash Equivalents Comprise of :</b>		
Cash and bank balances	1,897	1,763
Deposits with a licensed bank	1,600	3,497
	<u>3,497</u>	<u>5,260</u>
Fixed deposits pledged with licensed bank	(1,000)	(1,000)
	<u>2,497</u>	<u>4,260</u>

Note : \* - Amount less than RM1,000.00

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

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### NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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

During the quarter under review, MMAG Holdings Berhad ("MMAG") has completed the followings :

- (i) Share Consolidation of MMAG's existing share capital of 953,798,836 ordinary shares into 238,449,709 new shares.
- (ii) Debt settlement of the amount owing to Landasan Simfoni Sdn Bhd via issuance of 36,363,600 new ordinary shares in MMAG Shares at an issue price of RM 0.22 per share.

Other than the above, 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 SECOND QUARTER ENDED 30 SEPTEMBER 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:

<u>For the financial period</u> <u>ended 30 September 2017</u>	ICT	Business	Logistics	Other	Total	Elimination	Total
	Distribution	software	services	non-reportable			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales to external customer	84,780	-	2,033	-	86,813	-	86,813
Inter-segment sales	-	-	662	-	662	(662)	-
<b>Total sales</b>	<b>84,780</b>	<b>-</b>	<b>2,695</b>	<b>-</b>	<b>87,475</b>	<b>(662)</b>	<b>86,813</b>
<b>Profit/(Loss) before tax</b>	<b>62</b>	<b>(85)</b>	<b>(3,746)</b>	<b>449</b>	<b>(3,320)</b>	<b>-</b>	<b>(3,320)</b>

Segment assets	ICT	Business	Logistics	Other	Total	Consolidation	Total
	Distribution	software	services	non-reportable			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	81,774	1,063	5,725	114,116	202,678	(115,384)	87,294
Other unallocated assets							9,413
							<u>96,707</u>
<b>Total Liabilities</b>	<b>110,427</b>	<b>60</b>	<b>12,070</b>	<b>4,899</b>	<b>127,256</b>	<b>(81,482)</b>	<b>45,774</b>
Other unallocated assets							<u>45,774</u>

<u>For the financial period</u> <u>ended 30 September 2016</u>	ICT	Business	Logistics	Other	Total	Elimination	Total
	Distribution	software	services	non-reportable			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales to external customer	133,199	349	817	1	134,366	-	134,366
Inter-segment sales	-	24	362	-	386	(386)	-
<b>Total sales</b>	<b>133,199</b>	<b>373</b>	<b>1,179</b>	<b>1</b>	<b>134,752</b>	<b>(386)</b>	<b>134,366</b>
<b>(Loss)/ profit before tax</b>	<b>(3,945)</b>	<b>(260)</b>	<b>(1,616)</b>	<b>(7)</b>	<b>(5,828)</b>	<b>-</b>	<b>(5,828)</b>

Segment assets	ICT	Business	Logistics	Other	Total	Consolidation	Total
	Distribution	software	services	non-reportable			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	113,315	2,534	5,347	111,383	232,579	(113,182)	119,397
Other unallocated assets							9,807
							<u>129,204</u>
<b>Total Liabilities</b>	<b>129,578</b>	<b>290</b>	<b>5,471</b>	<b>9,193</b>	<b>144,532</b>	<b>(77,236)</b>	<b>67,296</b>
Other unallocated liabilities							<u>67,296</u>

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**NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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**

On 26 October 2017, the Board of Directors of MMAG announced that the Company's sub-subsidiary, Fox Consortium, Distribution Sdn Bhd ("FCDSB") has on 26 October 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").

FCDSB has ceased its business operations since financial year ended 31 March 2017 and has no intention to carry on its business or operation in the future. The share capital of FCDSB 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 FCDSB.

The striking off of FCDSB 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 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.

**A12 Contingent Liabilities**

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

As at  
30/9/2017  
RM'000

Corporate guarantees given to certain suppliers and financial institutions of certain subsidiary companies. 136,563

136,563

**A13 Commitments**

As at  
30/9/2017  
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 SECOND QUARTER ENDED 30 SEPTEMBER 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 (2nd Quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30/9/2017 RM'000	Preceding Year corresponding Quarter 30/9/2016 RM'000			Current Year Quarter 30/9/2017 RM'000	Preceding Year corresponding Quarter 30/9/2016 RM'000		
			RM'000	%	RM'000		RM'000	%
Revenue	39,081	71,328	(32,247)	-45%	86,813	134,366	(47,553)	-35%
Operating profits/ (Losses)	(1,989)	(3,123)	1,154	37%	(3,376)	(5,890)	2,514	43%
Profit/ (Loss) before interest and tax	(1,740)	(2,751)	1,011	37%	(2,964)	(5,149)	2,185	42%
Profit/ (Loss) before tax	(1,962)	(3,100)	1,138	37%	(3,320)	(5,828)	2,508	43%
Profit/ (Loss) after tax	(1,989)	(3,100)	1,111	36%	(3,368)	(5,828)	2,460	42%
Profit/ (Loss) Attributable to Ordinary Equity Holders of the Parent	(2,012)	(3,099)	1,087	35%	(3,670)	(5,826)	2,156	37%

The Group revenue for 2nd Quarter ended 30 September 2017 was RM 39.08 million represents a decrease of RM 32.25 million as compared to RM 71.33 million in the corresponding 2nd quarter ended 2016. The decrease mainly due to lower revenue from ICT distribution segment of RM 37.92 million for current quarter as compared to RM 70.80 million in corresponding quarter in 2016.

The Group registered a pre-tax loss of RM 1.96 million for the 2nd quarter ended 30 September 2017 as compared to pre-tax loss of RM 3.10 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 higher other income and lower other operating expenses.

The Group revenue for financial period ended 30 September 2017 was RM 86.81 million represents a decrease of RM 47.56 million as compared to RM 134.37 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 84.78 million as compared to RM 133.20 million in corresponding financial period in 2016.

The Group registered a pre-tax loss of RM 3.32 million for the financial period ended 30 September 2017 as compared to pre-tax loss of RM 5.83 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 higher other income and lower other operating expenses in current financial period 2017.

(i) ICT Distribution

ICT distribution revenue for financial period ended 30 September 2017 was RM 84.78 million. The revenue mainly derived from distribution of mobile devices, and also act as telecommunication operators' value adding partner. ICT Distribution segment registered a pre-tax profit of RM 0.06 million as compared to pre-tax loss of RM 3.95 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 operating expenses.

(ii) Business Software Solutions

Business software solutions revenue for the financial period ended 30 September 2017 was RM Nil as compared to RM 0.37 million in the corresponding financial period 2016. Business software solutions recorded a pre-tax loss of RM 0.09 million as compared to pre-tax loss of RM 0.26 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 September 2017 was RM 2.70 million as compared to RM 1.18 million in the corresponding period in 2016. Logistics services recorded a pre-tax loss of RM 3.75 million as compared to pre-tax loss of RM 1.62 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 SECOND QUARTER ENDED 30 SEPTEMBER 2017**

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

	Current Quarter 30/9/2017 RM'000	Immediate Preceding Quarter 30/6/2017 RM'000	Change	
			RM'000	%
Revenue	39,081	47,732	(8,651)	-18%
Operating profit/ (Loss)	(1,969)	(1,407)	(562)	-40%
Profit/ (Loss) before interest and tax	(1,740)	(1,224)	(516)	-42%
Profit/ (Loss) before tax	(1,962)	(1,358)	(604)	-44%
Profit/ (Loss) after tax	(1,989)	(1,379)	(610)	-44%
Profit/ (Loss) Attributable to Ordinary Equity Holders of the Parent	(2,012)	(1,658)	(354)	-21%

The current quarter (Q2 -2017/18 ) revenue was RM 39.08 million represents a decrease of RM 8.65 million as compared to immediate preceding quarter (Quarter 1 -2017/18) revenue of RM 47.73 million. Current quarter recorded a pre-tax loss of RM 1.96 million as compared to a pre-tax loss of RM 1.36 million the immediate preceding quarter. The higher pre-tax loss for current quarter mainly due to lower other income as compared to the immediate preceding quarter.

**B3 Prospects**

The uncertainties in global economic and market conditions, increase competition, changing business trends continue to pose challenges to the Group's financial performance. The Group will continue to explore new market opportunities and business opportunity with recurring revenue proposition to improve the Group's overall performance. The Group is embarking on a fund raising corporate exercise, upon completion of the rights issue of shares with warrants and rights issue of irredeemable convertible preference shares will provide the Group with financial resources 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 30/9/2017 RM'000	Year-To- Date 30/9/2017 RM'000
Income tax :		
- Current year	(27)	(48)
- Over/ (under) provision in prior year	-	-
	<u>(27)</u>	<u>(48)</u>
-Deferred tax	-	-
	<u>(27)</u>	<u>(48)</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 utilised tax losses.

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#### B6 Corporate proposal

Status of the corporate proposal announced but not completed as at 22 November 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 Shares 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 fulfillment 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.
- (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.

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**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: (Cont'd)

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.

(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.**

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**B6 Corporate proposal (Cont'd)**

- (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.
- (j) On 2 October 2017, on behalf of the Board, TA Securities announced that the listing of 28,855,000 new MMAG Shares pursuant to the Special Bumiputera issue at RM 0.20 each on 3 October 2017, marks the completion of the Special Bumiputera issue.
- (k) On 20 October 2017, on behalf of the Board, TA Securities announced the important relevant dates for Renounceable Rights for renounceable rights issue of up to 151,834,154 new 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 ("Entitlement Date") 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 Share subscribed for ("Rights Issue of Shares with Warrants"); and 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 MMAG Share held as at 5.00 p.m. 3 November 2017 ("Entitlement Date") at an issue price of RM0.05 per ICPS ("Rights Issue of ICPS") as follows :

Date for :	Date
Dispatch date	7 November 2017
Date for commencement of trading of rights	6 November 2017
Date for cessation of trading of rights	13 November 2017
Date for announcement of final subscription result and basis of allotment of excess Rights Securities	24 November 2017
Listing Date of the Rights Securities	5 December 2017

Last Date and Time for :	Date	Time
Sale of provisional allotment of rights	10 November 2017	at 5.00 pm
Transfer of provisional allotment of rights	15 November 2017	at 4.00 pm
Acceptance and payment	20 November 2017	at 5.00 pm
Excess share application and payment	20 November 2017	at 5.00 pm

- (l) On 2 November 2017, On behalf of the Board, TA Securities announced that abridged prospectus in relation to the Corporate Exercise together with the notice of provisional allotment and rights subscription form, were duly registered with the Securities Commission Malaysia and lodged with the Companies Commission of Malaysia.

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**B7 Borrowing and Debt Securities**

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

	As at 2nd Quarter ended 2017 (30/9/2017)					
	Long Term		Short Term		Total borrowings	
	Foreign denomination <sup>A</sup>	RM'000 denomination	Foreign denomination <sup>A</sup>	RM'000 denomination	Foreign denomination <sup>A</sup>	RM'000 denomination
<b>Secured</b>						
Term Loan and bankers' acceptance	-	4,181	-	2,158	-	6,339

	As at 2nd Quarter ended 2016 (30/9/2016)					
	Long Term		Short Term		Total borrowings	
	Foreign denomination <sup>A</sup>	RM'000 denomination	Foreign denomination <sup>A</sup>	RM'000 denomination	Foreign denomination <sup>A</sup>	RM'000 denomination
<b>Secured</b>						
Term Loan and bankers' acceptance	-	4,459	-	10,112	-	14,571

During the period under review, the group's borrowings have reduced to RM 6.34 million as compared to RM 14.57 million in corresponding financial period 2016 with a reduction of RM 8.23 million (repayment of term loan and bankers' acceptance). The total finance costs (inclusive of hire purchase) for the period ended 30 September 2017 was RM 0.36 million as compared to RM 0.68 million in the corresponding financial period 2016.

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

**B8 Material litigations**

As at 22 November 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 30/9/2017	Year Ended 30/9/2017
Loss attributable to Owners of the Parent (RM'000)	(2,012)	(3,670)
Weighted average number of shares in issue ('000)	268,094	253,353
Basic loss per share (sen)	(0.75)	(1.45)
(ii) Diluted Loss Per Share	N/A	N/A

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## B11 Disclosure of Realised And Unrealised Losses

	As at 30/9/2017 RM'000	As at 31/3/2017 RM'000
<b>Total accumulated losses of the Group :</b>		
- Realised loss	(25,291)	(71,022)
- Unrealised loss	(395)	(1,007)
	<u>(25,686)</u>	<u>(72,029)</u>
Consolidated adjustments	1,652	3,990
	<u>(24,034)</u>	<u>(68,039)</u>