

MMAG HOLDINGS BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	UNAUDITED AS AT 30/9/2018 RM'000	AUDITED AS AT 31/03/2018 RM'000
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	48,582	33,101
Investment in associate	10,250	-
Investment properties	5,702	5,730
Goodwill on consolidation	9,677	9,413
Fixed deposits with a licensed bank	1,000	1,000
	<u>75,211</u>	<u>49,244</u>
CURRENT ASSETS		
Inventories	1,124	1,230
Trade receivables	4,828	14,433
Other receivables	6,729	6,007
Deposits with licensed banks	66,934	64,260
Cash and bank balances	3,942	3,559
TOTAL CURRENT ASSETS	<u>83,557</u>	<u>89,489</u>
Non-current asset held for sale	-	1,867
TOTAL ASSETS	<u>158,768</u>	<u>140,600</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	115,987	89,140
Irredeemable convertible preference shares	23,658	30,367
Reserves	(16,363)	(9,879)
	<u>123,282</u>	<u>109,628</u>
Non-Controlling Interest	383	-
TOTAL EQUITY	<u>123,665</u>	<u>109,628</u>
NON CURRENT LIABILITIES		
Deferred taxation	395	394
Hire Purchase creditors	6,285	4,532
Borrowings	3,820	3,987
	<u>10,500</u>	<u>8,913</u>
CURRENT LIABILITIES		
Trade payables	2,016	7,320
Other payables	20,655	13,318
Hire Purchase Creditors	1,599	1,095
Borrowings	333	326
	<u>24,603</u>	<u>22,059</u>
TOTAL LIABILITIES	<u>35,103</u>	<u>30,972</u>
TOTAL EQUITY AND LIABILITIES	<u>158,768</u>	<u>140,600</u>
Net Assets per share attributable to Owners of the Parent (sen)	<u>20.91</u>	<u>24.07</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 2018 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 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30/9/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/9/2017 RM'000	CURRENT YEAR TO DATE ENDED 30/9/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30/9/2017 RM'000
Revenue	11,120	39,810	19,314	88,268
Cost of Sales	(10,886)	(38,024)	(19,727)	(84,172)
Gross profit/ (loss)	234	1,786	(413)	4,096
Other income	375	551	776	1,643
Gain / (loss) on foreign exchange	(2)	97	(3)	(176)
Depreciation and amortisation	(431)	(1,039)	(877)	(2,096)
Gain/ (loss) on disposal of property	-	-	(249)	-
Bad debts written off	-	(17)	-	(17)
(Allowance)/ write back for impairment loss on receivables	9	-	9	-
(Allowance)/ write back of allowance and (write off) for impaired inventories	-	-	-	(1)
Finance costs	(149)	(222)	(289)	(356)
Other expenses	(3,417)	(3,125)	(6,458)	(6,469)
Results from operating activities	(3,381)	(1,969)	(7,504)	(3,376)
Share of results of associate	-	-	-	-
Interest income	496	7	962	56
Loss before taxation	(2,885)	(1,962)	(6,542)	(3,320)
Taxation	-	(27)	-	(48)
Loss after taxation for the period	(2,885)	(1,989)	(6,542)	(3,368)
(Loss)/ profit attributable to:				
Owners of the parent	(2,836)	(2,012)	(6,493)	(3,670)
Non-Controlling Interest	(49)	23	(49)	302
	(2,885)	(1,989)	(6,542)	(3,368)
Basic loss per share (sen)	(0.54)	(0.75)	(1.32)	(1.45)
Diluted loss per share (sen)	N/A	N/A	N/A	N/A

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 30/9/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/9/2017 RM'000	CURRENT YEAR TO DATE ENDED 30/9/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30/9/2017 RM'000
Loss after taxation for the period	(2,885)	(1,989)	(6,542)	(3,368)
Other comprehensive income for the period, net of tax	23	-	23	-
Total comprehensive loss for the period, net of tax	(2,862)	(1,989)	(6,519)	(3,368)
Total comprehensive (loss)/ income attributable to :				
Owners of the parent	(2,822)	(2,012)	(6,479)	(3,670)
Non-Controlling Interest	(40)	23	(40)	302
	(2,862)	(1,989)	(6,519)	(3,368)

Note : N/A - Not Applicable

Included in cost of sales, a depreciation charges of RM 0.45 million for Q2-2018/19 (RM 0.25 million Q2-2017/18).and current year to-date depreciation charges RM 0.80 million (2017/18 : RM 0.46 million).

During the quarter and Year-To-Date under review, there is no gain/(loss) on disposal of quoted or unquoted investment, 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 2018 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 SECOND QUARTER ENDED 30 SEPTEMBER 2018**

	Attributable to Equity Holders of the Company									
	←					→				
	Irredeemable Convertible Preference Shares ("ICPS")		Exchange Translation Reserve		Revaluation Reserve		Accumulated losses		Non- Controlling interests	
Share capital 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 2018	89,140	30,367	29,038	(7,900)	-	7,353	(38,370)	109,628	-	109,628
Transactions with owners :										
Issuance of shares arising conversion of ICPS	26,834	(6,709)	-	-	-	-	-	20,125	-	20,125
Issuance of shares arising conversion of warrants	13	-	(5)	-	-	-	-	8	-	8
Arising from subscription of shares in subsidiary company	-	-	-	-	-	-	-	-	423	423
	26,847	(6,709)	(5)	-	-	-	-	20,133	423	20,556
Net loss for the period	-	-	-	-	-	-	(6,493)	(6,493)	(49)	(6,542)
Foreign currency translation differences arising from foreign subsidiary	-	-	-	-	14	-	-	14	9	23
Total compressive income/ (loss) for the period	-	-	-	-	14	-	(6,493)	(6,479)	(40)	(6,519)
As at 30 September 2018	115,987	23,658	29,033	(7,900)	14	7,353	(44,863)	123,282	383	123,665
Balance as at 1 April 2017	115,204	-	-	(7,900)	-	7,353	(68,038)	46,619	(318)	46,301
Transactions with owners :										
Capital reduction	(47,690)	-	-	-	-	-	47,690	-	-	-
Issuance of shares arising from debt settlement	8,000	-	-	-	-	-	-	8,000	-	8,000
Deconsolidation of subsidiary companies	-	-	-	-	-	-	(16)	(16)	16	-
Total comprehensive income/ (loss) for the period	(39,690)	-	-	-	-	-	47,674	7,984	16	8,000
As at 30 September 2017	75,514	-	-	(7,900)	-	7,353	(24,034)	50,933	-	50,933

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 2018 and accompanying explanatory notes to this interim financial statements.

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018**

	CURRENT YEAR TO DATE ENDED 30/9/2018 RM'000	PRECEDING YEAR TO DATE ENDED 30/9/2017 RM'000
Cash Flows From Operating Activities		
Loss before tax	(6,542)	(3,320)
Adjustments for :		
Non-cash items	(673)	2,552
Non-operating items	1,919	300
Operating loss before working capital changes	(5,296)	(468)
Changes in working capital		
Inventories	106	10,705
Receivables	9,376	(4,275)
Payables	(6,605)	(16,999)
Cash generated/ (used in) from operations	(2,419)	(11,037)
Tax paid	(21)	(22)
Tax refunded	36	12
Interest received	962	56
Interest paid	(289)	(356)
Net cash generated/ (used in) operating activities	(1,731)	(11,347)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(6,030)	(1,848)
Investment in associate company	(10,250)	-
Acquisition of subsidiary companies	75	-
Proceeds from disposal of property, plant and equipment	1,612	156
Net cash generated / (used in) investing activities	(14,593)	(1,692)
Cash Flows Financing Activity		
Issuance of shares arising from debt settlement,	-	8,000
Proceeds from conversion of Irredeemable Convertible		
Preference Shares	20,125	-
Proceeds from conversion of warrants	8	-
Repayment of hire purchase creditors	(611)	(366)
Net drawdown/ (repayment) of bankers' acceptance		
and term loans	(160)	(6,733)
Net cash generated/ (used in) from financing activity	19,362	901
Net increase/ (decrease) in cash and cash equivalents	3,038	(12,138)
Effect of forex translation differences	19	-
Cash And Cash Equivalent At Beginning of Period	67,819	14,635
Cash And Cash Equivalent At End of Period	70,876	2,497
Cash and Cash Equivalents Comprise of :		
Cash and bank balances	3,942	1,897
Deposits with a licensed bank	67,934	1,600
	71,876	3,497
Fixed deposits pledged with licensed bank	(1,000)	(1,000)
	70,876	2,497

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2018 and accompanying explanatory notes to this interim financial statements.

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

**A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL 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 2018.

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 2018.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on and after 1 April 2018 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 2018.

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, 125,872,200 and 40,000 new ordinary shares were issued pursuant to the conversion of 125,872,200 Irredeemable convertible preference shares and 40,000 warrants respectively.

For the financial period ended 30 September 2018, 134,172,200 and 40,000 ordinary shares were issued pursuant to the conversion of 134,172,200 Irredeemable convertible preference shares and 40,000 warrants respectively.

Other than 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.

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

A8 Segmental Information

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

The Group comprises the following main business segments:-

- (i) Mobile devices and Fulfilment business ("Mobile & Fulfilment") Distribution smart devices, mobile operators' strategic 3PL and 4PL partners, fulfilment system and fulfilment market place provider and mobile retail stores.
- (ii) Logistics services Courier & delivery and warehousing

Segmental information for the Group is presented as follows:

<u>For the financial period ended 30 September 2018</u>	Mobile & Fulfilment 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	14,244	5,070	-	19,314	-	19,314
Inter-segment sales	-	441	-	441	(441)	-
Total sales	14,244	5,511	-	19,755	(441)	19,314
Profit/ (Loss) before tax	(1,568)	(4,506)	(468)	(6,542)	-	(6,542)

	Mobile & Fulfilment RM'000	Logistics services RM'000	Other non-reportable segment RM'000	Total RM'000	Consolidation adjustments RM'000	Total RM'000
Segment assets	74,487	16,458	195,084	286,029	(136,674)	149,355
Other unallocated assets						9,413
						158,768
Segment Liabilities	114,596	15,977	6,498	137,071	(101,968)	35,103
Other unallocated liabilities						-
						35,103

<u>For the financial period ended 30 September 2017</u>	Mobile & Fulfilment 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	86,235	2,033	-	88,268	-	88,268
Inter-segment sales	-	662	-	662	(662)	-
Total sales	86,235	2,695	-	88,930	(662)	88,268
Profit/ (Loss) before tax	62	(3,746)	364	(3,320)	-	(3,320)

	Mobile & Fulfilment RM'000	Logistics services RM'000	Other non-reportable segment RM'000	Total RM'000	Consolidation adjustments RM'000	Total RM'000
Segment assets	81,774	5,725	115,179	202,678	(115,384)	87,294
Other unallocated assets						9,413
						96,707
Segment Liabilities	110,427	12,070	4,759	127,256	(81,482)	45,774
Other unallocated liabilities						-
						45,774

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

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 24 October 2018, the Board of Directors of MMag Holdings Berhad ("MMag or "the Company") announced that, its wholly owned subsidiary, Ingenuity Microsystems Sdn Bhd ("IMSB") had entered into a Sale and Purchase Agreement with LiangSiang Capital Sdn Bhd for the acquisition of four (4) units of one and a half (1 1/2) storey semi-detached factory at Empire Park, Iskandar Puteri, Johor Darul Ta'zim for a total cash consideration of RM 10,456,500.00.
- (ii) On 19 November 2018, the Board of Directors of MMag announced that, its wholly owned subsidiary, IMSB had entered into a Share Sale Agreement for the proposed acquisition of the entire equity interest in Active Trio Deluxe Sdn Bhd comprising one (1) ordinary share from Yong Mong Huay (100%) for a total cash consideration of RM 12,670,000.00.

A11 Changes in the composition of the Group

- (i) On 3 July 2018, the Board of Directors of MMag announced that the Company's wholly owned subsidiary, Line Clear Express & Logistics Sdn Bhd ("Line Clear") had on 3 July 2018 entered into a Subscription Agreement ("SA") with Koli Express Pte Ltd ("Koli Express") for the subscription of 45,000 ordinary shares at the subscription price of Singapore Dollar Three Hundred Thousand only (SGD 300,000.00) representing 60% of the total enlarged issued share capital of Koli Express.

The transaction had been completed on 17 July 2018.

- (ii) On 7 September 2018, the Board of Directors of MMag announced that IMSB, a wholly owned subsidiary of the Company, had on 7 September 2018 entered into a Shares Sale Agreement for the proposed acquisition of the entire equity interest in H&H Ecowood Products Sdn Bhd ("H&H Ecowood") comprising 100 ordinary shares from Tan Tuang Keck (50%) and Tan Han Tsing (50%) for a total consideration of RM 2,300,000.00.

Upon completion of the acquisition, H&H Ecowood became the wholly owned sub-subsidiary of MMag.

- (iii) On 18 September 2018, the Board of Directors of MMag announced the Company had on 18 September 2018 purchased 26.37% equity shares in PanPages Berhad ("Acquisition") comprising 70,000,000 ordinary shares via Kenanga Investment Bank Berhad for a cash consideration of RM 10,250,000.00 or approximately at an average price RM0.146 per share.

The transaction had been completed on 21 September 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 30/9/2018 RM'000
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiary companies.	144,768
	<u>144,768</u>

A13 Commitments

	As at 30/9/2018 RM'000
Commitments authorised but not provided for :	RM'000
Construction of a new two storey office with one storey warehouse	1,220
Lease of land	<u>2,160</u>

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.

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

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 30/9/2018 RM'000	Preceding Year corresponding Quarter 30/9/2017 RM'000			Current Year Quarter 30/9/2018 RM'000	Preceding Year corresponding Quarter 30/9/2017 RM'000		
			RM'000	%	RM'000	RM'000	RM'000	%
Revenue	11,120	39,810	(28,690)	-72%	19,314	88,268	(68,954)	-78%
Operating profits/ (Losses)	(3,381)	(1,969)	(1,412)	-72%	(7,504)	(3,376)	(4,128)	-122%
Profit/ (Loss) before interest and tax	(2,736)	(1,740)	(996)	-57%	(6,253)	(2,964)	(3,289)	-111%
Profit/ (Loss) before tax	(2,885)	(1,962)	(923)	-47%	(6,542)	(3,320)	(3,222)	-97%
Profit/ (Loss) after tax	(2,885)	(1,989)	(896)	-45%	(6,542)	(3,368)	(3,174)	-94%
Profit/ (Loss) Attributable to Ordinary Equity Holders of the Parent	(2,836)	(2,012)	(824)	-41%	(6,493)	(3,670)	(2,823)	-77%

The Group revenue for 2nd Quarter ended 30 September 2018 was RM 11.12 million represents a decrease of RM 28.69 million as compared to RM 39.81 million in the corresponding 2nd quarter ended 2017.

The Group registered a loss before tax ("LBT") of RM 2.89 million for the 2nd quarter ended 30 September 2018 as compared to LBT of RM 1.96 million in the corresponding quarter in 2017. The higher LBT for the quarter was mainly due to logistics services division had incurred a LBT of RM 2.71 million as compared to LBT of RM 1.59 million in corresponding quarter in 2017.

The Group revenue for financial period ended 30 September 2018 was RM 19.31 million represents a decrease of RM 68.95 million as compared to RM 88.27 million in the corresponding financial period 2017. The lower revenue for current financial period was partially affected by cautious consumer spending before the 14th General Election and the transitional period of implementation of Goods and Service Tax ("GST") from 6% to 0% during the 1st quarter of current financial year 2018/19. In addition, the continue trade tensions between United State and China, resulted in certain companies adopted wait and see strategy and delayed in rolling out new projects. Hence, this has an impact on Group's business.

The Group registered a LBT loss of RM 6.54 million for the financial period ended 30 September 2018 as compared to LBT of RM 3.32 million in the corresponding financial period in 2017. The higher LBT for the period under review was mainly due to mobile and fulfilment division had incurred LBT of RM 1.57 million for current financial period 2018 as compared to profit before tax ("PBT") of RM 0.06 million in corresponding period 2017 and Logistics services division had incurred LBT of RM 4.51 million for current financial period 2018 as compared to LBT of RM 3.75 million in the corresponding financial period in 2017 respectively.

(i) Mobile Devices and Fulfilment Business ("Mobile and Fulfilment")

Mobile and fulfilment revenue for financial period ended 30 September 2018 was RM 14.24 million. Mobile and fulfilment division registered a LBT of RM 1.57 million as compared to PBT of RM 0.06 million in the corresponding financial period 2017. The loss incurred for the current financial period was mainly due to lower revenue and gross profit contribution and also incurred a loss on disposal of property during current financial period 2018.

(ii) Logistics Services

Logistics services revenue for the financial period ended 30 September 2018 was RM 5.51 million as compared to RM 2.70 million in the corresponding period in 2017. Logistics services recorded a LBT of RM 4.51 million as compared to LBT of RM 3.75 million in the corresponding financial period 2017. The logistics services division still in expansion stage and more time is needed for income to catch up with the expansion expenses.

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

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

	Current Quarter 30/9/2018 RM'000	Immediate Preceding Quarter 30/6/2018 RM'000	Change	
			RM'000	%
Revenue	11,120	8,194	2,926	36%
Operating profit/ (Loss)	(3,381)	(4,123)	742	18%
Profit/ (Loss) before interest and tax	(2,736)	(3,517)	781	22%
Profit/ (Loss) before tax	(2,885)	(3,657)	772	21%
Profit/ (Loss) after tax	(2,885)	(3,657)	772	21%
Profit/ (Loss) Attributable to Ordinary Equity Holders of the Parent	(2,836)	(3,657)	821	22%

The current quarter (Q2 -2018/19) revenue was RM 11.12 million represents an increase of RM 2.93 million as compared to immediate preceding quarter (Quarter 1 -2018/19) of RM 8.19 million. Current quarter recorded a LBT of RM 2.89 million as compared to a LBT of RM 3.66 million the immediate preceding quarter. The lower LBT for current quarter under review as compared to immediate preceding quarter was mainly due higher profit contribution from fulfillment business in the current quarter under review.

B3 Prospects

In view of the uncertainties in the global and local economy and weak Malaysian Ringgit, continues to post challenges outlook on the Group's business. Hence, the Group will step up the efforts to improve the Group's revenue and work towards enhancing the Group's overall financial performance.

B4 Profit Forecast/Profit Guarantee

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

B5 Taxation

	Quarter Ended 30/9/2018 RM'000	Current Year To- Date Ended 30/9/2018 RM'000
Income tax :		
- Current year	-	-
- Over/ (under) provision in prior year	-	-
	<hr/>	<hr/>
-Deferred tax	-	-
	<hr/>	<hr/>

The current quarter and year-to-date no provision for taxation as the Group had incurred losses.

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

B6 Corporate proposal

Status of utilisation of proceeds raised from corporate proposals (Special Bumiputera Issue, Rights Issue of Shares with Warrants and Rights issue of Irredeemable Convertible Preference Shares) as at 30 September 2018 are as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation	Deviation RM'000	Deviation %	Remark
Expansion of Line Clear Express & Sdn Bhd	40,390	15,203	Within 36 months			
Working capital for ICT distribution	32,706	12,420	Within 36 months			
Estimated expenses in relation to the	1,000	1,066	Within 2 weeks	(66)	-6.60%	Refer to note below.
	<u>74,096</u>	<u>28,689</u>		<u>(66)</u>		

Note : For the variation in the actual amount of expenses for the corporate exercises will be adjusted proportionately from the working capital for mobile and fulfilment business of our Group.

B7 Borrowing and Debt Securities

The Group's borrowings as at 30 September 2018 are as follows:

	As at 2nd Quarter ended 2018/19 (30/9/2018)					
	Long Term		Short Term		Total borrowings	
	Foreign denomination ^	RM'000 denomination	Foreign denomination ^	RM'000 denomination	Foreign denomination ^	RM'000 denomination
Secured						
Term Loan and bankers' acceptance	-	3,820	-	333	-	4,153

	As at 2nd Quarter ended 2017/18 (30/9/2017)					
	Long Term		Short Term		Total borrowings	
	Foreign denomination ^	RM'000 denomination	Foreign denomination ^	RM'000 denomination	Foreign denomination ^	RM'000 denomination
Secured						
Term Loan and bankers' acceptance	-	4,181	-	2,158	-	6,339

During the period under review, the group's borrowings have reduced to RM 4.15 million as compared to RM 6.34 million in corresponding financial period 2017/18 with a reduction of RM 2.19 million (repayment of term loan and bankers' acceptance). The total finance costs (inclusive of hire purchase) for the period ended 30 September 2018 was RM 0.29 million as compared to RM 0.36 million in the corresponding financial period 2017.

MMAG HOLDINGS BERHAD

(Company No: 609423-V)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

B8 Material litigations

As at 21 November 2018 (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 30/9/2018	Current Year To- Date Ended 30/9/2018
Loss attributable to Owners of the Parent (RM'000)	<u>(2,836)</u>	<u>(6,493)</u>
Weighted average number of shares in issue ('000)	523,723	492,496
Basic loss per share (sen)	<u>(0.54)</u>	<u>(1.32)</u>