

**MMAG HOLDINGS BERHAD**

(Company No: 609423-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2018**

	UNAUDITED AS AT 31/12/2018 RM'000	AUDITED AS AT 31/03/2018 RM'000
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	59,266	33,101
Investment in associate	8,549	-
Investment properties	5,672	5,730
Goodwill on consolidation	9,678	9,413
Fixed deposits with a licensed bank	1,000	1,000
	<u>84,165</u>	<u>49,244</u>
<b>CURRENT ASSETS</b>		
Inventories	1,503	1,230
Trade receivables	11,233	14,433
Other receivables	18,495	6,007
Deposits with licensed banks	38,003	64,260
Cash and bank balances	8,021	3,559
<b>TOTAL CURRENT ASSETS</b>	<u>77,255</u>	<u>89,489</u>
Non-current asset held for sale	-	1,867
<b>TOTAL ASSETS</b>	<u>161,420</u>	<u>140,600</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	124,995	89,140
Irredeemable convertible preference shares	21,406	30,367
Reserves	(22,934)	(9,879)
	<u>123,467</u>	<u>109,628</u>
Non-Controlling Interest	326	-
<b>TOTAL EQUITY</b>	<u>123,793</u>	<u>109,628</u>
<b>NON CURRENT LIABILITIES</b>		
Deferred taxation	395	394
Hire Purchase creditors	10,964	4,532
Borrowings	3,734	3,987
	<u>15,093</u>	<u>8,913</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	1,153	7,320
Other payables	18,244	13,318
Hire Purchase Creditors	2,800	1,095
Borrowings	337	326
	<u>22,534</u>	<u>22,059</u>
<b>TOTAL LIABILITIES</b>	<u>37,627</u>	<u>30,972</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>161,420</u>	<u>140,600</u>
<b>Net Assets per share attributable to Owners of the Parent (sen)</b>	<u>19.45</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 THIRD QUARTER ENDED 31 DECEMBER 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/12/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2017 RM'000	CURRENT YEAR TO DATE ENDED 31/12/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/12/2017 RM'000
Revenue	17,216	31,135	36,530	119,403
Cost of Sales	(18,526)	(31,918)	(38,253)	(116,090)
<b>Gross profit/ (loss)</b>	<b>(1,310)</b>	<b>(783)</b>	<b>(1,723)</b>	<b>3,313</b>
Other income	467	649	1,243	2,292
Gain / (loss) on foreign exchange	(4)	(3)	(7)	(179)
Depreciation and amortisation	(488)	(1,017)	(1,365)	(3,113)
Gain/ (loss) on disposal of property	-	-	(249)	-
Bad debts written off	-	-	-	(17)
(Allowance)/ write back for impairment loss on receivables	-	-	9	-
(Allowance)/ write back of allowance and (write off) for impaired inventories	-	-	-	(1)
Impairment loss on intangible assets	-	-	-	-
Finance costs	(191)	(153)	(480)	(509)
Other expenses	(3,809)	(3,089)	(10,267)	(9,558)
<b>Results from operating activities</b>	<b>(5,335)</b>	<b>(4,396)</b>	<b>(12,839)</b>	<b>(7,772)</b>
Share of results of associate	(1,615)	-	(1,615)	-
Interest income	440	12	1,402	68
<b>Loss before taxation</b>	<b>(6,510)</b>	<b>(4,384)</b>	<b>(13,052)</b>	<b>(7,704)</b>
Taxation	(32)	(21)	(32)	(69)
<b>Loss after taxation for the period</b>	<b>(6,542)</b>	<b>(4,405)</b>	<b>(13,084)</b>	<b>(7,773)</b>
<b>(Loss)/ profit attributable to:</b>				
Owners of the parent	(6,485)	(4,405)	(12,978)	(8,075)
Non-Controlling Interest	(57)	-	(106)	302
	<b>(6,542)</b>	<b>(4,405)</b>	<b>(13,084)</b>	<b>(7,773)</b>
Basic loss per share (sen)	(1.03)	(1.23)	(2.41)	(2.80)
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 THIRD QUARTER ENDED 31 DECEMBER 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31/12/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/12/2017 RM'000	CURRENT YEAR TO DATE ENDED 31/12/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/12/2017 RM'000
<b>Loss after taxation for the period</b>	<b>(6,542)</b>	<b>(4,405)</b>	<b>(13,084)</b>	<b>(7,773)</b>
<b>Other comprehensive loss for the period, net of tax</b>	<b>(86)</b>	<b>-</b>	<b>(63)</b>	<b>-</b>
<b>Total comprehensive loss for the period, net of tax</b>	<b>(6,628)</b>	<b>(4,405)</b>	<b>(13,147)</b>	<b>(7,773)</b>
<b>Total comprehensive (loss)/ income attributable to :</b>				
Owners of the parent	<b>(6,571)</b>	<b>(4,405)</b>	<b>(13,050)</b>	<b>(8,075)</b>
Non-Controlling Interest	<b>(57)</b>	<b>-</b>	<b>(97)</b>	<b>302</b>
	<b>(6,628)</b>	<b>(4,405)</b>	<b>(13,147)</b>	<b>(7,773)</b>

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

Included in cost of sales, a depreciation charges of RM 0.76 million for Q3-2018/19 (RM 0.27 million Q3-2017/18).and current year to-date depreciation charges RM 1.57 million (2017/18 : RM 0.73 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 THIRD QUARTER ENDED 31 DECEMBER 2018**

	Attributable to Equity Holders of the Company									
	←					→				
	Irredeemable Convertible Preference Shares ("ICPS")					Non-Distributable				
	Share capital	Warrant Reserve	Merger deficit	Exchange Translation reserve	Revaluation reserve	Accumulated losses	Total	Non-Controlling interests	Total equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 April 2018	89,140	30,367	29,038	(7,900)	7,353	(38,370)	109,628	-	109,628	
<u>Transactions with owners:</u>										
Issuance of shares arising conversion of ICPS	35,842	(8,961)	-	-	-	-	26,881	-	26,881	
Issuance of shares arising conversion of warrants	13	-	(5)	-	-	-	8	-	8	
Arising from subscription of shares in subsidiary company	-	-	-	-	-	-	-	423	423	
Net loss for the period	-	-	(5)	-	-	-	26,889	423	27,312	
Foreign currency translation differences arising from foreign subsidiary	-	-	-	(72)	-	(12,978)	(12,978)	(106)	(13,084)	
Total comprehensive income/ (loss) for the period	-	-	-	(72)	-	(12,978)	(13,050)	(97)	(13,147)	
As at 31 December 2018	124,995	21,406	29,033	(7,900)	7,353	(51,348)	123,467	326	123,793	
Balance 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	-	-	-	
Issuance of shares arising from debt settlement	8,000	-	-	-	-	-	8,000	-	8,000	
Issuance of special Bumpitrua shares	5,771	-	-	-	-	-	5,771	-	5,771	
Issuance of shares arising from rights issue with warrants net of shares issuance expenses	7,860	-	29,038	-	-	-	36,898	-	36,898	
Issuance of Irredeemable convertible preference shares	-	30,367	-	-	-	-	30,367	-	30,367	
Deconsolidation of subsidiary companies	-	-	-	-	-	(16)	(16)	16	-	
Total comprehensive income/ (loss) for the period	(26,059)	30,367	29,038	-	-	47,674	81,020	16	81,036	
As at 31 December 2017	89,145	30,367	29,038	(7,900)	7,353	(28,439)	119,564	-	119,564	

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 THIRD QUARTER ENDED 31 DECEMBER 2018**

	<b>CURRENT YEAR TO DATE ENDED 31/12/2018 RM'000</b>	<b>PRECEDING YEAR TO DATE ENDED 31/12/2017 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
<b>Loss before tax</b>	<b>(13,052)</b>	<b>(7,704)</b>
Adjustments for :		
Non-cash items	(922)	3,845
Non-operating items	4,872	441
Operating loss before working capital changes	<u>(9,102)</u>	<u>(3,418)</u>
Changes in working capital		
Inventories	(272)	14,539
Receivables	(8,786)	(4,970)
Payables	(8,103)	(18,289)
Cash (used in)/ generated from operations	<u>(26,263)</u>	<u>(12,138)</u>
Tax paid	(61)	(34)
Tax refunded	36	12
Interest received	1,402	68
Interest paid	(480)	(509)
Net cash (used in)/ from operating activities	<u>(25,366)</u>	<u>(12,601)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(11,073)	(7,518)
Investment in associate company	(10,250)	-
Acquisition of subsidiary companies	(2,225)	-
Proceeds from disposal of property, plant and equipment	1,613	155
Net cash (used in)/ from investing activities	<u>(21,935)</u>	<u>(7,363)</u>
<b>Cash Flows Financing Activity</b>		
Proceeds from issuance of rights issue and Irredeemable convertible preference shares, net of share issuance expenses	-	67,265
Proceeds from special Bumuputra issue	-	5,771
Issuance of shares arising from debt settlement	-	8,000
Proceeds from conversion of Irredeemable Convertible Preference Shares	26,882	-
Proceeds from conversion of warrants	8	-
Repayment of hire purchase creditors	(1,075)	(553)
Net drawdown/ (repayment) of bankers' acceptance and term loans	(242)	(2,259)
Net cash generated from/ (used in) from financing activity	<u>25,573</u>	<u>78,224</u>
Net increase/ (decrease) in cash and cash equivalents	<b>(21,728)</b>	<b>58,260</b>
Effect of forex translation differences	(67)	-
Cash And Cash Equivalent At Beginning of Period	<u>67,819</u>	<u>14,635</u>
Cash And Cash Equivalent At End of Period	<u><b>46,024</b></u>	<u><b>72,895</b></u>
<b>Cash and Cash Equivalents Comprise of :</b>		
Cash and bank balances	8,021	3,364
Deposits with a licensed bank	39,003	70,531
	<u>47,024</u>	<u>73,895</u>
Fixed deposits pledged with licensed bank	(1,000)	(1,000)
	<u><b>46,024</b></u>	<u><b>72,895</b></u>

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 THIRD QUARTER ENDED 31 DECEMBER 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 Individually Significant Item**

On 24 October 2018, the MMag Holdings Bhd ("MMag") wholly-owned subsidiary, Ingenuity Microsystems Sdn Bhd ("IMSB") entered into a Sale and Purchase Agreement ("SPA") 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 Takzim for a cash consideration of RM 10,456,500.00 .

**A5 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.

**A6 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.

**A7 Debt and equity securities**

During the quarter under review, 45,038,900 new ordinary shares were issued pursuant to the conversion of 45,038,900 Irredeemable convertible preference shares.

For the financial period ended 31 December 2018, 179,211,100 and 40,000 ordinary shares were issued pursuant to the conversion of 179,211,100 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.

**A8 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 THIRD QUARTER ENDED 31 DECEMBER 2018**

**A9 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 31 December 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	27,976	8,554	-	36,530	-	36,530
Inter-segment sales	-	641	-	641	(641)	-
<b>Total sales</b>	<b>27,976</b>	<b>9,195</b>	<b>-</b>	<b>37,171</b>	<b>(641)</b>	<b>36,530</b>
<b>Profit/ (Loss) before tax</b>	<b>(2,100)</b>	<b>(8,660)</b>	<b>(2,292)</b>	<b>(13,052)</b>	<b>-</b>	<b>(13,052)</b>

	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	86,610	23,160	210,427	320,197	(168,190)	152,007
Other unallocated assets						9,413
						<b>161,420</b>
Segment Liabilities	128,650	26,832	13,929	169,411	(131,784)	37,627
Other unallocated liabilities						-
						<b>37,627</b>

<u>For the financial period ended 31 December 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	116,249	3,154	-	119,403	-	119,403
Inter-segment sales	-	941	-	941	(941)	-
<b>Total sales</b>	<b>116,249</b>	<b>4,095</b>	<b>-</b>	<b>120,344</b>	<b>(941)</b>	<b>119,403</b>
<b>Profit/ (Loss) before tax</b>	<b>(1,976)</b>	<b>(5,326)</b>	<b>(402)</b>	<b>(7,704)</b>	<b>-</b>	<b>(7,704)</b>

	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	84,888	16,837	187,500	289,225	(130,293)	158,932
Other unallocated assets						9,413
						<b>168,345</b>
Segment Liabilities	115,592	25,312	3,668	144,572	(95,791)	48,781
Other unallocated liabilities						-
						<b>48,781</b>

**MMAG HOLDINGS BERHAD**

(Company No: 609423-V)

(Incorporated in Malaysia)

**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**A10 Valuation of property, plant and equipment**

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

**A11 Events subsequent to the end of the interim reporting period**

On 25 January 2019, the Board of Directors of MMag announced that MMag had on 24 January 2019 incorporated a wholly-owned subsidiary, namely MMANTAP Sdn Bhd ("MMANTAP") with an initial share capital of RM2.00 comprising 2 ordinary shares.

MMANTAP will be principally engaged in providing fulfillment services, courier services, delivery services and payment gateway services.

**A12 Changes in the composition of the Group**

- (i) 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 ("ATDSB") comprising one (1) ordinary share from Yong Mong Huay (100%) for a total cash consideration of RM 12,670,000.00.

Upon completion of the acquisition, ATDSB becomes the wholly owned sub-subsiary of MMag.

**A13 Contingent Liabilities**

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

	As at 31/12/2018 RM'000
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiary companies.	150,789
	<u>150,789</u>

**A14 Commitments**

	As at 31/12/2018 RM'000
Contracted but not provided for :	
Acquisition of four (4) of one and a half (1 1/2) storey semi-detached factory	7,320
Acquisition of entire equity interest in Active Trio Deluxe Sdn Bhd	8,869
Construction of a new two storey office with one storey warehouse	820
Lease of land	<u>600</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 THIRD QUARTER ENDED 31 DECEMBER 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 (3rd Quarter)				Cumulative Period			
	Current Year Quarter	Preceding Year corresponding Quarter	Changes		Current Year Quarter	Preceding Year corresponding Quarter	Changes	
	31/12/2018 RM'000	31/12/2017 RM'000	RM'000	%	31/12/2018 RM'000	31/12/2017 RM'000	RM'000	%
Revenue	17,216	31,135	(13,919)	-45%	36,530	119,403	(82,873)	-69%
Operating profits/ (Losses)	(5,335)	(4,396)	(939)	-21%	(12,839)	(7,772)	(5,067)	-65%
Profit/ (Loss) before interest and tax	(6,319)	(4,231)	(2,088)	-49%	(12,572)	(7,195)	(5,377)	-75%
Profit/ (Loss) before tax	(6,510)	(4,384)	(2,126)	-48%	(13,052)	(7,704)	(5,348)	-69%
Profit/ (Loss) after tax	(6,542)	(4,405)	(2,137)	-49%	(13,084)	(7,773)	(5,311)	-68%
Profit/ (Loss) Attributable to Ordinary Equity Holders of the Parent	(6,485)	(4,405)	(2,080)	-47%	(12,978)	(8,075)	(4,903)	-61%

The Group revenue for 3rd Quarter ended 31 December 2018 was RM 17.22 million represents a decrease of RM 13.92 million as compared to RM 31.14 million in the corresponding 3rd quarter ended 2017.

The Group registered a loss before tax ("LBT") of RM 6.51 million for the 3rd quarter ended 31 December 2018 as compared to LBT of RM 4.38 million in the corresponding quarter in 2017. The higher LBT for the quarter was mainly due share of loss of associate of RM 1.62 million and higher expenses incurred by logistics services division for the expansion on the opening of new branches and recruited additional workforce.

The Group revenue for financial period ended 31 December 2018 was RM 36.53 million represents a decrease of RM 82.87 million as compared to RM 119.40 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. The trade tensions between United State and China and competitive domestic environment and weak consumer sentiment has impacted the Group's performance.

The Group registered a LBT loss of RM 13.05 million for the financial period ended 31 December 2018 as compared to LBT of RM 7.70 million in the corresponding financial period in 2017. The higher LBT for the period under review was mainly due to Logistics services division had incurred LBT of RM 8.66 million for current financial period 2018 as compared to LBT of RM 5.33 million in the corresponding financial period in 2017 which was mainly due to related expenses incurred for the expansion of new branches, purchase additional new vehicles and recruited additional workforce and also share of loss of associate of RM 1.62 million.

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

Mobile and fulfilment revenue for financial period ended 31 December 2018 was RM 27.98 million. Mobile and fulfilment division registered a LBT of RM 2.10 million as compared to LBT of RM 1.98 million in the corresponding financial period 2017. Mobile and fulfilment division would recorded a lower LBT of RM 1.85 million if excluded the loss on disposal of property of RM 0.25 million incurred during current financial period 2018.

(ii) Logistics Services

Logistics services revenue for the financial period ended 31 December 2018 was RM 9.20 million as compared to RM 4.10 million in the corresponding period in 2017. Logistics services recorded a LBT of RM 8.66 million as compared to LBT of RM 5.33 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 THIRD QUARTER ENDED 31 DECEMBER 2018**

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

	Current Quarter 31/12/2018 RM'000	Immediate Preceding Quarter 30/9/2018 RM'000	Change	
			RM'000	%
Revenue	17,216	11,120	6,096	55%
Operating profit/ (Loss)	(5,335)	(3,381)	(1,954)	-58%
Profit/ (Loss) before interest and tax	(6,319)	(2,736)	(3,583)	-131%
Profit/ (Loss) before tax	(6,510)	(2,885)	(3,625)	-126%
Profit/ (Loss) after tax	(6,542)	(2,885)	(3,657)	-127%
Profit/ (Loss) Attributable to Ordinary Equity Holders of the Parent	(6,485)	(2,836)	(3,649)	-129%

The current quarter (Q3 -2018/19 ) revenue was RM 17.22 million represents an increase of RM 6.10 million as compared to immediate preceding quarter (Quarter 2-2018/19) of RM 11.12 million. Current quarter recorded a LBT of RM 6.51 million as compared to a LBT of RM 2.89 million of the immediate preceding quarter. The higher LBT for current quarter under review as compared to immediate preceding quarter was mainly due to share of loss of associate of RM 1.62 million and higher cost of sales and also higher operating expenses incurred by the Logistics division as compared to immediate preceding quarter.

**B3 Prospects**

Given the uncertainties in global economic conditions and lackluster local business environment, the Group anticipates the performance of the reaming quarter to be challenging. Hence, the Group will explore new business opportunities with recurring revenue as well as expanding existing business to offset the impact. In addition, the Group will continuously monitoring the Groups' operational cost and efficiency to improve the Group's overall performance.

**B4 Profit Forecast/Profit Guarantee**

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

**B5 Taxation**

	Quarter Ended 31/12/2018 RM'000	Current Year To- Date Ended 31/12/2018 RM'000
Income tax :		
- Current year	-	-
- Over/ (under) provision in prior year	(32)	(32)
	<u>(32)</u>	<u>(32)</u>
-Deferred tax	-	-
	<u>(32)</u>	<u>(32)</u>

The current quarter and year-to-date no provision for taxation as the Group had incurred losses. The year-to-date taxation is respect of under provision of prior year taxation for one of the subsidiary company.

**MMAG HOLDINGS BERHAD**

(Company No: 609423-V)

(Incorporated in Malaysia)

**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 31 December 2018 are as follows:

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Intended timeframe for utilisation</b>	<b>Deviation RM'000</b>	<b>Deviation %</b>	<b>Remark</b>
Expansion of Line Clear Express & Sdn Bhd	40,390	20,833	Within 36 months			
Working capital for ICT distribution	32,706	15,181	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>37,080</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 ICT distribution business of our Group.

**B7 Borrowing and Debt Securities**

The Group's borrowings as at 31 December 2018 are as follows:

	<b>As at 3rd Quarter ended 2018/19 ( 31/12/2018)</b>					
	<b>Long Term</b>		<b>Short Term</b>		<b>Total borrowings</b>	
	<b>Foreign denomination ^</b>	<b>RM'000 denomination</b>	<b>Foreign denomination ^</b>	<b>RM'000 denomination</b>	<b>Foreign denomination ^</b>	<b>RM'000 denomination</b>
<b>Secured</b>						
Term Loan and bankers' acceptance	-	3,734	-	337	-	4,071

	<b>As at 3rd Quarter ended 2017/18 ( 31/12/2017)</b>					
	<b>Long Term</b>		<b>Short Term</b>		<b>Total borrowings</b>	
	<b>Foreign denomination ^</b>	<b>RM'000 denomination</b>	<b>Foreign denomination ^</b>	<b>RM'000 denomination</b>	<b>Foreign denomination ^</b>	<b>RM'000 denomination</b>
<b>Secured</b>						
Term Loan and bankers' acceptance	-	4,099	-	6,715	-	10,814

During the period under review, the group's borrowings have reduced to RM 4.07 million as compared to RM10.81 million in corresponding financial period 2017/18 with a reduction of RM 6.74 million (repayment of term loan and bankers' acceptance). The total finance costs (inclusive of hire purchase) for the period ended 31 December 2018 was RM 0.48 million as compared to RM 0.51 million in the corresponding financial period ended 31 December 2017.

**MMAG HOLDINGS BERHAD**

(Company No: 609423-V)

(Incorporated in Malaysia)

**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**B8 Material litigations**

As at 21 February 2019 (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 31/12/2018	Current Year To- Date Ended 31/12/2018
Loss attributable to Owners of the Parent (RM'000)	<u>(6,485)</u>	<u>(12,978)</u>
Weighted average number of shares in issue ('000)	627,085	537,522
Basic loss per share (sen)	<u>(1.03)</u>	<u>(2.41)</u>