

**MMAG HOLDINGS BERHAD (200301007003)(609423-V)**

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED  
30 SEPTEMBER 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2019**

Note	UNAUDITED AS AT 30.09.2019 RM'000	AUDITED AS AT 31.03.2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	78,738	76,090
Investment properties	18,626	5,642
Investment in associate	6,572	6,304
Intangible assets	577	577
Goodwill on consolidation	9,845	9,845
Fixed deposits with a licensed bank	1,000	1,000
<b>Total non-current assets</b>	<b>115,358</b>	<b>99,458</b>
<b>Current assets</b>		
Inventories	4,745	1,168
Trade receivables	22,669	24,456
Other receivables	10,610	8,885
Tax recoverable	954	963
Fixed deposits with licensed banks	1,755	27,052
Cash and bank balances	4,838	3,338
<b>Total current assets</b>	<b>45,571</b>	<b>65,862</b>
<b>TOTAL ASSETS</b>	<b>160,929</b>	<b>165,320</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	140,288	134,528
Irredeemable convertible preference shares	17,583	19,023
Reserves	(41,274)	(31,552)
	116,597	121,999
Non-controlling interest	225	313
<b>TOTAL EQUITY</b>	<b>116,822</b>	<b>122,312</b>
<b>Non-current liabilities</b>		
Borrowings	3,589	3,753
Finance lease liabilities	11,440	11,749
Deferred taxation	1,636	1,636
<b>Total non-current liabilities</b>	<b>16,665</b>	<b>17,138</b>
<b>Current liabilities</b>		
Trade payables	1,720	1,614
Other payables	22,004	20,837
Borrowings	325	317
Finance lease liabilities	3,392	3,101
Tax payable	1	1
<b>Total current liabilities</b>	<b>27,442</b>	<b>25,870</b>
<b>TOTAL LIABILITIES</b>	<b>44,107</b>	<b>43,008</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>160,929</b>	<b>165,320</b>
<b>Net Assets per share attributable to Owners of the Company (RM)</b>	<b>0.1639</b>	<b>0.1788</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes to this interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 30.09.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.09.2018 RM'000	CURRENT YEAR-TO-DATE ENDED 30.09.2019 RM'000	PRECEDING YEAR-TO-DATE ENDED 30.09.2018 RM'000
Revenue	44,026	11,120	78,412	19,314
Cost of Sales	(44,460)	(10,886)	(79,666)	(19,727)
<b>Gross (loss)/profit</b>	<b>(434)</b>	234	<b>(1,254)</b>	(413)
Other income	349	375	440	776
Loss/(Gain) on foreign exchange	1	(2)	1	(3)
Depreciation and amortisation	(770)	(431)	(1,494)	(877)
Loss on disposal of property	-	-	-	(249)
Write back for impairment loss on receivables	-	9	-	9
Finance costs	(306)	(149)	(608)	(289)
Other expenses	(4,447)	(3,417)	(8,939)	(6,458)
<b>Results from operating activities</b>	<b>(5,607)</b>	<b>(3,381)</b>	<b>(11,854)</b>	<b>(7,504)</b>
Share of results of associate	295	-	404	-
Interest income	38	496	189	962
<b>Loss before taxation</b>	<b>(5,274)</b>	<b>(2,885)</b>	<b>(11,261)</b>	<b>(6,542)</b>
Taxation	-	-	-	-
<b>Loss after taxation for the period</b>	<b>(5,274)</b>	<b>(2,885)</b>	<b>(11,261)</b>	<b>(6,542)</b>
<b>Loss attributable to:</b>				
Owners of the Company	(5,247)	(2,836)	(11,171)	(6,493)
Non-controlling interest	(27)	(49)	(90)	(49)
	<b>(5,274)</b>	<b>(2,885)</b>	<b>(11,261)</b>	<b>(6,542)</b>
Basic loss per share (sen)	(0.75)	(0.54)	(1.61)	(1.32)
Diluted loss per share (sen)	N/A	N/A	N/A	N/A
<b>Loss after taxation for the period</b>	<b>(5,274)</b>	<b>(2,885)</b>	<b>(11,261)</b>	<b>(6,542)</b>
<b>Other comprehensive loss for the period, net of tax</b>	<b>(79)</b>	23	<b>(131)</b>	23
<b>Total other comprehensive loss for the period, net of tax</b>	<b>(5,353)</b>	<b>(2,862)</b>	<b>(11,392)</b>	<b>(6,519)</b>
<b>Total comprehensive loss, attributable to:</b>				
Owners of the parent	(5,324)	(2,822)	(11,304)	(6,479)
Non-controlling interest	(29)	(40)	(88)	(40)
	<b>(5,353)</b>	<b>(2,862)</b>	<b>(11,392)</b>	<b>(6,519)</b>

**Note: N/A – Not applicable**

Included in cost of sales, a depreciation charges of RM1.07 million for Q2-2020 (RM0.45 million; Q2-2019) and current year-to-date depreciation charges of RM2.13 million (2019: RM0.80 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 or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes to this interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	Attributable to Equity Holders of the Company							Non-controlling interest RM'000	Total equity RM'000	
	Non-distributable									
	Share capital RM'000	Irredeemable convertible preference shares RM'000	Revaluation reserve RM'000	Warrant reserve RM'000	Merger deficit RM'000	Exchange translation reserve RM'000	Accumulated losses RM'000	Total RM'000		
<b>Balance at 1 April 2019</b>	<b>134,528</b>	<b>19,023</b>	<b>8,046</b>	<b>29,033</b>	<b>(7,900)</b>	<b>(185)</b>	<b>(60,546)</b>	<b>121,999</b>	<b>313</b>	<b>122,312</b>
<b>Transactions with owners:</b>										
Issuance of shares arising from conversion of ICPS	5,760	(1,440)	-	-	-	-	-	4,320	-	4,320
Revaluation of property, plant and equipment	-	-	1,582	-	-	-	-	1,582	-	1,582
<b>Total transaction with owners</b>	<b>5,760</b>	<b>(1,440)</b>	<b>1,582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,902</b>	<b>-</b>	<b>5,902</b>
<b>Net loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,171)</b>	<b>(11,171)</b>	<b>(90)</b>	<b>(11,261)</b>
<b>Other comprehensive (loss)/income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(133)</b>	<b>-</b>	<b>(133)</b>	<b>2</b>	<b>(131)</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(133)</b>	<b>(11,171)</b>	<b>(11,304)</b>	<b>(88)</b>	<b>(11,392)</b>
<b>Balance at 30 September 2019</b>	<b>140,288</b>	<b>17,583</b>	<b>9,628</b>	<b>29,033</b>	<b>(7,900)</b>	<b>(318)</b>	<b>(71,717)</b>	<b>116,597</b>	<b>225</b>	<b>116,822</b>
<b>Balance as at 1 April 2018</b>	<b>89,140</b>	<b>30,367</b>	<b>7,353</b>	<b>29,038</b>	<b>(7,900)</b>	<b>-</b>	<b>(38,370)</b>	<b>109,628</b>	<b>-</b>	<b>109,628</b>
<b>Transactions with owners:</b>										
Issuance of shares arising from conversion of ICPS	26,834	(6,709)	-	-	-	-	-	20,125	-	20,125
Issuance of shares arising from conversion of warrants	13	-	-	(5)	-	-	-	8	-	8
Arising from subscription of shares in a subsidiary	-	-	-	-	-	-	-	-	423	423
<b>Total transaction with owners</b>	<b>26,847</b>	<b>(6,709)</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,133</b>	<b>423</b>	<b>20,556</b>
<b>Net loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,493)</b>	<b>(6,493)</b>	<b>(49)</b>	<b>(6,542)</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>14</b>	<b>9</b>	<b>23</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>(6,493)</b>	<b>(6,479)</b>	<b>(40)</b>	<b>(6,519)</b>
<b>Balance at 30 September 2018</b>	<b>115,987</b>	<b>23,658</b>	<b>7,353</b>	<b>29,033</b>	<b>(7,900)</b>	<b>14</b>	<b>(44,863)</b>	<b>123,282</b>	<b>383</b>	<b>123,665</b>

The condensed consolidated statement of changes of equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying explanatory notes to this interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	<b>CURRENT YEAR-TO-DATE ENDED 30.09.2019 RM'000</b>	<b>PRECEDING YEAR-TO-DATE ENDED 30.09.2018 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Loss before tax	(11,261)	(6,542)
<b>Adjustments for:</b>		
Non-cash items	3,350	(673)
Non-operating items	793	1,919
<b>Operating loss before working capital changes</b>	<u>(7,118)</u>	<u>(5,296)</u>
Changes in working capital		
Inventories	(3,577)	106
Receivables	63	9,376
Payables	1,277	(6,605)
<b>Cash used in operations</b>	<u>(9,355)</u>	<u>(2,419)</u>
Tax paid	(16)	(21)
Tax refunded	24	36
Interest paid	(608)	(289)
Interest received	(189)	962
<b>Net cash used in operating activities</b>	<u>(10,144)</u>	<u>(1,731)</u>
<b>Investing Activities</b>		
Acquisition of subsidiaries	(13,049)	75
Investment in an associate	-	(10,250)
Purchase of property, plant and equipment and investment properties	(3,002)	(6,030)
Proceeds from disposal of property, plant and equipment	4	1,612
<b>Net cash used in investing activities</b>	<u>(16,047)</u>	<u>(14,593)</u>
<b>Financing Activities</b>		
Proceeds from conversion of warrants	-	8
Proceeds from conversion of irredeemable convertible preference shares	4,320	20,125
Repayment of finance lease payables	(1,651)	(611)
Repayment of term loan	(156)	(160)
<b>Net cash generated from/(used in) financing activities</b>	<u>2,513</u>	<u>19,362</u>
<b>Cash and cash equivalents</b>		
Net changes	(23,678)	3,038
Effect of foreign currency translation differences	(120)	19
At beginning of period	29,811	67,819
<b>At end of period</b>	<u>6,013</u>	<u>70,876</u>
<b>Cash and cash equivalents comprise of:</b>		
Cash and bank balances	4,838	3,942
Fixed deposits with a licensed bank	2,755	68,514
	<u>7,593</u>	<u>72,456</u>
Less:		
Fixed deposits pledged to licensed banks	(580)	(580)
Non-current fixed deposit with a licensed bank	(1,000)	(1,000)
	<u>6,013</u>	<u>70,876</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 2019 and the accompanying explanatory notes to this interim financial statements

**NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019****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 ACE Market 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 2019.

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 2019.

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 2019.

**A3 Seasonal or cyclical factors**

Our business is heavily dependent on working days, public or festive holidays during the current quarter and period under review.

**A4 Unusual items affecting assets, liabilities, equity, net income or cash flows**

During the current 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**

On 17 July 2019, 25 July 2019, 13 August 2019, 15 August 2019, 21 August 2019, 27 August 2019 and 17 September 2019, there are total of 28,800,000 new ordinary shares had been issued pursuant to the conversion of 28,800,000 Irredeemable Convertible Preference Shares (“ICPS”) by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.

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 current quarter under review.

## NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019

## 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")**
  - (a) Mobile operators' 3PL & 4PL contract
  - (b) Fulfilment business
  - (c) Physical and online sale of smart devices
- (ii) **Courier and logistics services**  
Express delivery or last mile delivery services B2B, B2C and C2C, warehousing, customized solutions, freight forwarding and customs clearance services in fulfilling customer's requirement at optimum cost.

Segmental information for the Group is presented as follows:

For the financial period ended 30 September 2019	Mobile & fulfilment RM'000	Courier & logistic services RM'000	Other non-reportable segment RM'000	Total RM'000	Adjustments and eliminations RM'000	Total RM'000
Sales to external customer	67,191	11,221	-	78,412	-	78,412
Inter-segment sales	-	612	-	612	(612)	-
<b>Total sales</b>	<b>67,191</b>	<b>11,833</b>	<b>-</b>	<b>79,024</b>	<b>(612)</b>	<b>78,412</b>
<b>Loss before tax</b>	<b>(641)</b>	<b>(10,216)</b>	<b>(1,191)</b>	<b>(12,048)</b>	<b>787</b>	<b>(11,261)</b>
<b>Segment assets</b>	<b>78,097</b>	<b>27,695</b>	<b>47,016</b>	<b>152,808</b>	<b>(1,292)</b>	<b>151,516</b>
<b>Other unallocated assets</b>						<b>9,413</b>
						<b>160,929</b>
<b>Segment liabilities</b>	<b>18,640</b>	<b>17,689</b>	<b>7,976</b>	<b>44,305</b>	<b>(198)</b>	<b>44,107</b>
<b>Other unallocated liabilities</b>						<b>-</b>
						<b>44,107</b>

For the financial period ended 30 September 2018	Mobile & fulfilment RM'000	Courier & logistic services RM'000	Other non-reportable segment RM'000	Total RM'000	Adjustments and eliminations RM'000	Total RM'000
Sales to external customer	14,244	5,070	-	19,314	-	19,314
Inter-segment sales	-	441	-	441	(441)	-
<b>Total sales</b>	<b>14,244</b>	<b>5,511</b>	<b>-</b>	<b>19,755</b>	<b>(441)</b>	<b>19,314</b>
<b>Loss before tax</b>	<b>(1,568)</b>	<b>(4,506)</b>	<b>(468)</b>	<b>(6,542)</b>	<b>-</b>	<b>(6,542)</b>
<b>Segment assets</b>	<b>74,487</b>	<b>16,458</b>	<b>195,084</b>	<b>286,029</b>	<b>(136,674)</b>	<b>149,355</b>
<b>Other unallocated assets</b>						<b>9,413</b>
						<b>158,768</b>
<b>Segment liabilities</b>	<b>114,596</b>	<b>15,977</b>	<b>6,498</b>	<b>137,071</b>	<b>(101,968)</b>	<b>35,103</b>
<b>Other unallocated liabilities</b>						<b>-</b>
						<b>35,103</b>

**NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019****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**

The following were the material events subsequent to the financial period ended 30 September 2019:

- (i) On 4 October 2019, total of 80,000 ordinary shares have been issued pursuant to the conversion of 80,000 Irredeemable Convertible Preference Shares (“ICPS”) to 80,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.
- (ii) On 14 October 2019, total of 2,000,000 ordinary shares have been issued pursuant to the conversion of 2,000,000 ICPS to 2,000,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.
- (iii) On 16 October 2019, total of 436,500 ordinary shares have been issued pursuant to the conversion of 436,500 ICPS to 436,500 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.
- (iv) On 18 October 2019, total of 160,000 ordinary shares have been issued pursuant to the conversion of 160,000 ICPS to 160,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.
- (v) On 18 October 2019, the Board of Directors of MMAG announced that a wholly-owned subsidiary, MGudang Sdn Bhd (formerly known as Ingenuity Microsystems Sdn Bhd), had entered into a conditional Sale and Purchase Agreement with Dynaciate SPI Sdn Bhd (formerly known as Superinox Pipe Industry Sdn Bhd) to acquire 2 parcels of contiguous freehold land together with all buildings erected thereon for a total cash consideration of RM41.00 million.
- (vi) On 22 October 2019, total of 490,000 ordinary shares have been issued pursuant to the conversion of 490,000 ICPS to 490,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.
- (vii) On 24 October 2019, total of 428,250 ordinary shares have been issued pursuant to the conversion of 415,000 ICPS to 415,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share and conversion of 53,000 ICPS to 13,250 new ordinary shares by conversion of 4 units ICPS for 1 new ordinary share.
- (viii) On 30 October 2019, total of 20,000 ordinary shares have been issued pursuant to the conversion of 20,000 ICPS to 20,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.
- (ix) On 1 November 2019, total of 338,300 ordinary shares have been issued pursuant to the conversion of 338,300 ICPS to 338,300 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.
- (x) On 4 November 2019, the Board of Directors of MMAG announced that a sub-sub-subsidiary, Active Trio Deluxe Sdn Bhd, had entered into a Sale and Purchase Agreement with Acter Carton Enterprise Sdn Bhd for the disposal of 1 piece of freehold vacant industrial land for a total cash consideration of RM13.00 million.
- (xi) On 5 November 2019, total of 142,500 ordinary shares have been issued pursuant to the conversion of 142,500 ICPS to 142,500 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.
- (xii) On 7 November 2019, total of 427,500 ordinary shares have been issued pursuant to the conversion of 427,500 ICPS to 427,500 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.



## NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019

**A10 Events subsequent to the end of the interim reporting period (Continued)**

- (xiii) On 11 November 2019, total of 386,500 ordinary shares have been issued pursuant to the conversion of 386,500 ICPS to 386,500 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.
- (xiv) On 18 November 2019, total of 200,000 ordinary shares have been issued pursuant to the conversion of 100,000 ICPS to 100,000 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share and conversion of 100,000 Warrant 2017/2022 (“Warrant”) to 100,000 new ordinary shares by conversion if 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share.
- (xv) On 20 November 2019, total of 269,600 ordinary shares have been issued pursuant to the conversion of 269,600 ICPS to 269,600 new ordinary shares by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share.

**A11 Changes in the composition of the Group**

During the financial period ended 30 September 2019, the board’s approval for the acquisition and incorporated subsidiaries as below:

- (i) On 19 November 2018, the Group entered into a share sale agreement in relation to the acquisition of entire equity interest in Active Trio Deluxe Sdn Bhd for a total consideration of RM12.67 million. The transactions was completed on 22 July 2019.
- (ii) On 3 July 2019, the Board of Directors of MMAG announced that a wholly-owned subsidiary, Line Clear Expresss & Logistics Sdn Bhd (“Line Clear”) had on 3 July 2019 incorporated a wholly-owned subsidiary, namely Line Shield Sdn Bhd (“Line Shield”) with an initial share capital of RM2.00 comprising 2 ordinary shares. Line Shield is principally engaged in insurance.

**A12 Contingent liabilities**

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

	<b>As at 30.09.2019 RM'000</b>
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiaries	148,073
	<b>148,073</b>

**A13 Commitments**

	<b>As at 30.09.2019 RM'000</b>
<b>Commitments authorised but not provided for</b>	
Acquisition of 2 parcels of freehold land with buildings	41,000
Lease of land	8,280
	<b>49,280</b>

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.

## NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019

**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		Changes		Cumulative period		Changes	
	Current year	Preceding year			Current	Preceding		
	quarter	corresponding	year-to-date	year-to-date				
	ended	quarter ended	ended	ended				
	30.09.2019	30.09.2018			30.09.2019	30.09.2018		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	44,026	11,120	32,906	296%	78,412	19,314	59,098	306%
Operating losses	(5,607)	(3,381)	(2,226)	66%	(11,854)	(7,504)	(4,350)	58%
Loss before interest and tax	(4,968)	(2,736)	(2,232)	82%	(10,653)	(6,253)	(4,400)	70%
Loss before tax	(5,274)	(2,885)	(2,389)	83%	(11,261)	(6,542)	(4,719)	72%
Loss after tax	(5,274)	(2,885)	(2,389)	83%	(11,261)	(6,542)	(4,719)	72%
Loss attributable to owner of the company	(5,247)	(2,836)	(2,411)	85%	(11,171)	(6,493)	(4,678)	72%

The Group revenue for current quarter ended 30 September 2019 was RM44.03 million represents an increase of RM32.91 million as compared to RM11.12 million in the preceding year corresponding quarter ended 30 September 2018.

The Group registered a loss before tax (“LBT”) of RM5.66 million for the current quarter ended 30 September 2019 as compared to LBT of RM2.89 million in the preceding year corresponding quarter of 2019.

The Group revenue for financial period ended 30 September 2019 was RM78.41 million represents an increase of RM59.10 million as compared to RM19.31 million in the preceding year corresponding financial period ended 30 September 2018. This was mainly due to mobile and fulfilment division had contributed an improvement on revenue, which was generated from the 3PL and 4PL contracts with mobile operators.

The Group registered a LBT of RM11.64 million for the financial period ended 30 September 2019 as compared to LBT of RM6.54 million in the preceding year corresponding financial period of 2019. The higher LBT for the current quarter under review was from the courier & logistics division. It was due to higher operation expenses incurred for the expansion of new branches, purchased of additional new vehicles and recruitment of additional workforces which in line with the branches expansion for the courier & logistics services division.

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

	Current quarter	Immediate preceding quarter	Changes	
			RM'000	%
Revenue	44,026	34,386	9,640	28%
Operating losses	(5,607)	(6,247)	640	-10%
Loss before interest and tax	(4,968)	(5,685)	717	-13%
Loss before tax	(5,274)	(5,987)	713	-12%
Loss after tax	(5,274)	(5,987)	713	-12%
Loss attributable to owners of the company	(5,247)	(5,924)	677	-11%

Revenue of the current quarter (Q2-2020) is RM44.03 million, which is an increase of RM9.64 million compared to the immediate preceding quarter (Q1-2020). However, the LBT of RM5.66 million is lower by 6% of the immediate preceding quarter (LBT of RM5.99 million in Q1-2020). The lower LBT is mainly due to no share of results of an associate company and also a higher total revenue contributed from the mobile and fulfilment division.

## NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019

**B3 Prospects**

The mobile and fulfilment division has been appointed by a few telecommunication companies as their 3rd Party Logistics (“3PL”) and 4th Party Logistics (“4PL”) partners. The primary objective of this partnership is for the division to act on behalf of the telecommunication companies to procure, process, store and deliver the business tools/devices/terminals to their customers with agreed SLA targets. To remain agile, the division will continue to embrace digitisation solutions to improve on productivity and continue to meet SLA in order to provide greater customer experience.

Given the fact that last mile delivery/courier business and warehousing are on the uptrend, the Group will accelerate the logistics business through direct and indirect business partnership arrangements. As for the performance parameters, the Group will continue to work on revenue enhancement and cost optimisation initiatives. Margin will continue to be a challenge in the courier & logistics service division as industry players will compete indirectly in the price game in order to get a bigger slice of the pie.

The following are the plans to be undertaken by the Group to strengthen our financial performance and position in the medium and long term:

- (i) On 11 September 2019, the Company's wholly-owned subsidiary, Line Clear Express & Logistics Sdn Bhd had entered into a Multi-Year Business Collaboration Agreement with PT Lion Express, a subsidiary of the Indonesia's Lion Group at Jakarta. The partnership is to ease the sending of goods or parcels by Malaysians or Indonesians residing in Malaysia to Indonesia and vice versa.
- (ii) On 3 October 2019, the Company had entered into a Memorandum of Understanding (“MOU”) with Perbadanan Kemajuan Negeri Selangor (“PKNS”), Perbadanan Kemajuan Pertanian Selangor (“PKPS”), Koperasi Warga Hijrah Selangor Berhad (“KOHJRAH”) and SSDU Innovations Sdn Bhd (“SSDU”), for a collaboration in implementing the concept of a smart economy in the state of Selangor Darul Ehsan commencing with the SELDEC (Selangor Digital E-Supply Chain) ecosystem.

**B4 Profit forecast/Profit guarantee**

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

**B5 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 2019 are as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation	Deviation RM'000	RM'000 %	Remark
Expansion of Line Clear Express & Logistic Sdn Bhd	40,390	34,746	Within 36 months			
Working capital for ICT distribution business	32,706	32,706	Within 36 months			
Estimated expenses in relation to the Prosposals	1,000	1,066	Within 2 weeks	(66)	-6.60%	Refer to note
	<u>74,096</u>	<u>68,518</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.

## NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2019

**B6 Borrowing and debt securities**

The Group's borrowings as at 30 September 2019 are as follows:

	As at 2nd quarter ended 2020 (30.09.2019)		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
Term loan	3,589	325	3,914

	As at 2nd quarter ended 2019 (30.09.2018)		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
Term loan	3,820	333	4,153

During the financial period under review, the group's borrowings have reduced to RM3.91 million as compared to RM4.15 million in the preceding year corresponding quarter of 2019 with a reduction of RM0.24 million due to repayment of term loan. The total finance costs (inclusive of hire purchase) for the financial period ended 30 September 2019 was RM0.61 million as compared to RM0.29 million in the corresponding financial period ended 30 September 2018.

**B7 Material litigations**

As at 21 November 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.

**B8 Dividends**

No interim dividend has been declared during the current quarter under review.

**B9 Loss per share**

	Current year quarter ended 30.09.2019 RM'000	Current year- to-date ended 30.09.2019 RM'000
Loss attributable to Owners of the Company	(5,247)	(11,171)
Weighted average number of shares in issue ('000)	702,952	692,742
Basic loss per share (sen)	(0.75)	(1.61)

**B10 Authorised for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 November 2019.