

MMAG HOLDINGS BERHAD 200301007003 (609423-V)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
30 SEPTEMBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

Note	UNAUDITED AS AT 30.09.2020 RM'000	AUDITED AS AT 31.03.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	104,051	81,705
Investment properties	5,461	5,522
Investment in associate	(1)	20,167
Intangible assets	602	577
Other investments	2,900	-
Goodwill on consolidation	10,583	9,845
Fixed deposits with a licensed bank	580	580
Total non-current assets	124,176	118,396
Current assets		
Inventories	1,431	3,501
Trade receivables	34,077	27,422
Other receivables	18,816	7,938
Tax recoverable	40	56
Fixed deposits with licensed banks	22,077	2,277
Cash and bank balances	11,002	3,808
Total current assets	87,443	45,002
TOTAL ASSETS	211,619	163,398
EQUITY AND LIABILITIES		
Equity		
Share capital	204,401	141,774
Irredeemable convertible preference shares	1,757	17,253
Reserves	(58,976)	(58,261)
	147,182	100,766
Non-controlling interests	4,384	119
TOTAL EQUITY	151,566	100,885
Non-current liabilities		
Borrowings	B7 3,389	3,391
Lease liabilities	14,955	12,632
Deferred taxation	1,903	1,900
Total non-current liabilities	20,247	17,923
Current liabilities		
Trade payables	6,747	2,659
Other payables	21,367	21,733
Borrowings	B7 379	14,765
Lease liabilities	11,313	5,433
Total current liabilities	39,806	44,590
TOTAL LIABILITIES	60,053	62,513
TOTAL EQUITY AND LIABILITIES	211,619	163,398
Net Assets per share attributable to Owners of the Company	0.1429	0.1403

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 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 2020**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 30.09.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.09.2019 RM'000	CURRENT YEAR-TO-DATE ENDED 30.09.2020 RM'000	PRECEDING YEAR-TO-DATE ENDED 30.09.2019 RM'000
Revenue	62,593	44,026	107,154	78,412
Cost of Sales	<u>(59,816)</u>	<u>(44,460)</u>	<u>(103,025)</u>	<u>(79,666)</u>
Gross profit/(loss)	2,777	(434)	4,129	(1,254)
Other income	11,169	349	11,630	440
Gain on foreign exchange	11	1	14	1
Depreciation and amortisation	(1,511)	(770)	(2,847)	(1,494)
Bad debts written off	-	-	(1)	-
Finance costs	(840)	(306)	(1,182)	(608)
Other expenses	<u>(6,357)</u>	<u>(4,447)</u>	<u>(10,771)</u>	<u>(8,939)</u>
Results from operating activities	5,249	(5,607)	972	(11,854)
Share of results of associates	(2)	295	(2)	404
Interest income	43	38	64	189
Profit/(Loss) before taxation for the period	5,290	(5,274)	1,034	(11,261)
Taxation	(8)	-	(8)	-
Profit/(Loss) after taxation for the period	5,282	(5,274)	1,026	(11,261)
Profit/(Loss) attributable to:				
Owners of the Company	5,218	(5,247)	879	(11,171)
Non-controlling interest	<u>64</u>	<u>(27)</u>	<u>147</u>	<u>(90)</u>
	5,282	(5,274)	1,026	(11,261)
Basic earning/(loss) per share (sen)	<u>0.62</u>	<u>(0.75)</u>	<u>0.10</u>	<u>(1.61)</u>
Diluted earning per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Profit/(Loss) after taxation for the period	5,282	(5,274)	1,026	(11,261)
Other comprehensive profit for the period, net of tax	254	1,503	260	1,451
Total other comprehensive profit/(loss) for the period, net of tax	5,536	(3,771)	1,286	(9,810)
Total comprehensive profit/(loss), attributable to:				
Owners of the parent	5,475	(3,741)	1,139	(9,722)
Non-controlling interests	<u>61</u>	<u>(30)</u>	<u>147</u>	<u>(88)</u>
	5,536	(3,771)	1,286	(9,810)

Note: N/A – Not applicable

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

	Attributable to Equity Holders of the Company							Non-controlling interests 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		
Balance at 1 April 2020	141,774	17,253	9,365	28,966	(7,900)	(241)	(88,451)	100,766	119	100,885
Transactions with owners:										
Accreation from change of stake in subsidiary	-	-	-	-	-	-	(1,603)	(1,603)	-	(1,603)
Issuance of shares arising from conversion of ICPS	61,983	(15,496)	-	-	-	-	-	46,487	-	46,487
Issuance of shares arising from conversion of warrants	644	-	-	(251)	-	-	-	393	-	393
Total transaction with owners	62,627	(15,496)	-	(251)	-	-	(1,603)	45,277	-	45,277
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	4,118	4,118
Net profit for the period	-	-	-	-	-	-	879	879	147	1,026
Other comprehensive income	-	-	-	-	-	260	-	260	-	260
Total comprehensive income	-	-	-	-	-	260	879	1,139	147	1,286
Balance as at 30 September 2020	204,401	1,757	9,365	28,715	(7,900)	19	(89,175)	147,182	4,384	151,566
Balance as at 1 April 2019	134,528	19,023	8,046	29,033	(7,900)	(185)	(60,546)	121,999	313	122,312
Transactions with owners:										
Issuance of shares arising from conversion of ICPS	5,760	(1,440)	-	-	-	-	-	4,320	-	4,320
Total transaction with owners	5,760	(1,440)	-	-	-	-	-	4,320	-	4,320
Net loss for the period	-	-	-	-	-	-	(11,171)	(11,171)	(90)	(11,261)
Other comprehensive income/(loss)	-	-	1,582	-	-	(133)	-	1,449	2	1,451
Total comprehensive income/(loss)	-	-	1,582	-	-	(133)	(11,171)	(9,722)	(88)	(9,810)
Balance as at 30 September 2019	140,288	17,583	9,628	29,033	(7,900)	(318)	(71,717)	116,597	225	116,822

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 2020 and the accompanying explanatory notes to this interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

	CURRENT YEAR-TO-DATE ENDED 30.09.2020 RM'000	PRECEDING YEAR-TO-DATE ENDED 30.09.2019 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before tax	1,034	(11,261)
Adjustments for:		
Non-cash items	5,391	3,350
Non-operating items	(9,500)	415
Operating loss before working capital changes	<u>(3,075)</u>	<u>(7,496)</u>
Changes in working capital		
Inventories	2,070	(3,577)
Receivables	(16,964)	63
Payables	2,949	1,277
Cash used in operations	<u>(15,020)</u>	<u>(9,733)</u>
Tax paid	(16)	(16)
Tax refunded	23	24
Interest received	64	189
Net cash used in operating activities	<u>(14,949)</u>	<u>(9,536)</u>
Investing Activities		
Acquisition of subsidiaries	(532)	(13,049)
Other investment	(1,300)	-
Purchase of intangible asset	(25)	-
Purchase of property, plant and equipment and investment properties	(18,151)	(3,002)
Proceeds from disposal of an associate	29,411	-
Proceeds from disposal of property, plant and equipment	64	4
Net cash generated/(used) in investing activities	<u>9,467</u>	<u>(16,047)</u>
Financing Activities		
Capital contribution from non-controlling interests	2,500	-
Interest paid	(1,182)	(608)
Proceeds from issuance of new shares	46,881	4,320
Repayment of finance lease payables	(1,326)	(1,651)
Repayment of term loan	(14,388)	(156)
Net cash generated from financing activities	<u>32,485</u>	<u>1,905</u>
Cash and cash equivalents		
Net changes	27,003	(23,678)
Effect of foreign currency translation differences	(9)	(120)
At beginning of year	6,085	29,811
At end of year	<u>33,079</u>	<u>6,013</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	11,002	4,838
Fixed deposits with licensed banks	22,657	2,755
	<u>33,659</u>	<u>7,593</u>
Less:		
Fixed deposits pledged to licensed banks	(580)	(580)
Non-current fixed deposit with a licensed bank	-	(1,000)
	<u>33,079</u>	<u>6,013</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 2020 and the accompanying explanatory notes to this interim financial statements

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

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 2020.

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 2020.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on and after 1 April 2020 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 2020.

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 financial quarter.

A6 Debt and equity securities

On 2 July 2020, 7 July 2020, 14 July 2020, 14 August 2020, 26 August 2020, 2 September 2020, 28 September 2020, 29 September 2020 and 30 September 2020, there are total of 50,659,300 new ordinary shares had been issued pursuant to the conversion of 50,659,300 Irredeemable Convertible Preference Shares (“ICPS”) by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share.

On 28 September 2020, 29 September 2020 and 30 September 2020, 1,966,850 new ordinary shares had been issued pursuant to the conversion of 1,966,850 Warrant 2017/2022 (“Warrant”) by conversion of 1 unit Warrant and payment of RM0.20 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 2020

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, customised solutions, freight forwarding and customs clearance services.

Segmental information for the Group is presented as follows:

For the financial period ended 30 September 2020	Mobile & fulfilment RM'000	Courier & logistic services RM'000	Other segment RM'000	Total RM'000	Adjustments and eliminations RM'000	Total RM'000
Sales to external customer	82,579	24,575	-	107,154	-	107,154
Inter-segment sales	-	789	-	789	(789)	-
Total sales	82,579	25,364	-	107,943	(789)	107,154
Profit/(Loss) before tax	329	(6,938)	7,907	1,298	(264)	1,034
Segment assets	85,220	59,781	55,630	200,631	837	201,468
Other unallocated assets						10,151
						211,619
Segment liabilities	13,770	29,796	7,198	50,764	9,289	60,053
Other unallocated liabilities						-
						60,053

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

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020**A9 Valuation of property, plant and equipment**

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

A10 Significant event during the interim reporting period

The following were the significant events during the financial period ended 30 September 2020:

- (i) On 2 July 2020, the Board of Directors announced that the additional listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities;
- (ii) On 23 July 2020, the Board of Directors announced that Bursa Securities had, vide its letter dated 22 July 2020, resolved to approve the listing of up to 129,055,000 new MMAG Shares to be issued pursuant to the Proposed Private Placement;
- (iii) On 15 September 2020, the Board of Directors announced that the Company's wholly-owned subsidiary, MMantap Sdn Bhd ("MMantap") had entered into an Exclusive Partnership Agreement with JR Joint Resources Holdings Sdn Bhd ("JR") for MMantap to support JR to execute its obligations acting as consultant and service provider under the ECRL Agreement to recruit, supply and provide total management solutions of foreign workers in respect of the East Coast Rail Line Project;
- (iv) On 21 September 2020, the Board of Directors announced that MMantap had entered into a Master Agreement with KiplePay Sdn Bhd; and
- (v) On 23 September 2020, the Board of Directors announced that the Company had entered into a Heads of Agreement with JR for the acquisition of shares in Bestinet Technology Sdn Bhd ("BTSB") or the business or a part thereof of BTSB for a purchase consideration to be determined prior to entering into a definitive agreement.

A11 Events subsequent to the end of the interim reporting period

The following were the material events subsequent to the financial period ended 30 September 2020:

- (i) On 1 October 2020, total of 787,000 ordinary shares have been issued pursuant to the conversion of 787,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 1,380,850 new ordinary shares had been issued pursuant to the conversion of 1,380,850 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (ii) On 2 October 2020, total of 132,100 ordinary shares have been issued pursuant to the conversion of 132,100 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 3,043,000 new ordinary shares had been issued pursuant to the conversion of 3,043,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (iii) On 5 October 2020, total of 25,000 ordinary shares have been issued pursuant to the conversion of 25,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 5,009,200 new ordinary shares had been issued pursuant to the conversion of 5,009,200 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (iv) On 6 October 2020, total of 1,041,500 ordinary shares have been issued pursuant to the conversion of 1,041,500 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 7,412,762 new ordinary shares had been issued pursuant to the conversion of 7,412,762 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (v) On 7 October 2020, total of 89,900 ordinary shares have been issued pursuant to the conversion of 89,900 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 2,333,800 new ordinary shares had been issued pursuant to the conversion of 2,333,800 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

A11 Events subsequent to the end of the interim reporting period (Cont'd)

The following were the material events subsequent to the financial period ended 30 September 2020 (Cont'd):

- (vi) On 8 October 2020, total of 410,000 ordinary shares have been issued pursuant to the conversion of 410,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 1,976,000 new ordinary shares had been issued pursuant to the conversion of 1,976,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (vii) On 9 October 2020, total of 320,000 ordinary shares have been issued pursuant to the conversion of 320,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 863,500 new ordinary shares had been issued pursuant to the conversion of 863,500 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (viii) On 12 October 2020, total of 54,000 ordinary shares have been issued pursuant to the conversion of 54,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 431,000 new ordinary shares had been issued pursuant to the conversion of 431,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (ix) On 12 October 2020, The Board of Directors announced that United ICT Consortium Sdn Bhd (“UICSB”), a wholly-owned subsidiary of the Company, had entered into a Share Sale Agreement (“SSA”) with Hong Seng Consolidated Berhad (formerly known as MSCM Holdings Berhad) (“HSCB”) for the proposed disposal of UICSB’s 49% equity interest representing 1,029,000 ordinary shares in HS Bio Supplies Sdn Bhd (formerly known as HC MSC Sdn Bhd) (“HBSSB”) to HSCB for a cash consideration of RM980,001.00 only;
- (x) On 13 October 2020, total of 590,300 new ordinary shares had been issued pursuant to the conversion of 590,300 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (xi) On 14 October 2020, total of 40,100 ordinary shares have been issued pursuant to the conversion of 40,100 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 20,000 new ordinary shares had been issued pursuant to the conversion of 20,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (xii) On 15 October 2020, total of 15,000 ordinary shares have been issued pursuant to the conversion of 15,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 72,000 new ordinary shares had been issued pursuant to the conversion of 72,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (xiii) On 16 October 2020, total of 110,000 ordinary shares have been issued pursuant to the conversion of 110,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share;
- (xiv) On 19 October 2020, total of 2,000 new ordinary shares had been issued pursuant to the conversion of 2,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (xv) On 20 October 2020, total of 17,000 new ordinary shares had been issued pursuant to the conversion of 17,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (xvi) On 22 October 2020, total of 80,000 new ordinary shares had been issued pursuant to the conversion of 80,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (xvii) On 23 October 2020, total of 443,400 ordinary shares have been issued pursuant to the conversion of 443,400 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 500,000 new ordinary shares had been issued pursuant to the conversion of 500,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (xviii) On 27 October 2020, total of 90,000 new ordinary shares had been issued pursuant to the conversion of 90,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (xix) On 28 October 2020, total of 27,500 new ordinary shares had been issued pursuant to the conversion of 27,500 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

A11 Events subsequent to the end of the interim reporting period (Cont'd)

- (xx) On 30 October 2020, total of 171,200 ordinary shares have been issued pursuant to the conversion of 171,200 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share;
- (xxi) On 2 November 2020, total of 13,500 ordinary shares have been issued pursuant to the conversion of 13,500 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 30,000 new ordinary shares had been issued pursuant to the conversion of 30,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (xxii) On 5 November 2020, total of 50,000 ordinary shares have been issued pursuant to the conversion of 50,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 100,000 new ordinary shares had been issued pursuant to the conversion of 100,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (xxiii) On 16 November 2020, the Board of Directors announced that the Company had entered into a SSA with JT Aerotech Solutions Sdn Bhd (“JTAS”) to acquire 5,688,888 ordinary shares in M Jets International Sdn. Bhd. (“MJETS”), representing 80% equity interest of the total issued and paid-up capital of MJETS from JTAS, for a total cash consideration of RM21,357,000.00 only;
- (xxiv) On 18 November 2020, total of 40,000 ordinary shares have been issued pursuant to the conversion of 40,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary; and
- (xxv) On 19 November 2020, total of 105,000 ordinary shares have been issued pursuant to the conversion of 105,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary .

A12 Changes in the composition of the Group

During the financial period ended 30 September 2020, the board’s approval for the acquisitions, disposal and incorporation of subsidiaries and associate were as below:

- (i) On 27 April 2020, the Company disposed partial of the equity interest in HSCB comprising of 2,848,700 ordinary shares for a consideration of RM373,892.00. The total number of ordinary shares held by the Company in HSCB after the disposal are 95,207,300 shares representing 29.89% of the total number of issued shares of HSCB;
- (ii) On 28 May 2020, the Company allotted 35,000,000 ordinary shares in its wholly-owned subsidiary, Line Clear Express & Logistics Sdn Bhd (“LCEL”) by way of capitalisation of amount due by LCEL amounting to RM35,000,000.00;
- (iii) On 2 July 2020, the Company incorporated a wholly-owned subsidiary company, Line Clear Logistics Holdings Sdn. Bhd. (“LCLH”) with a paid-up capital of RM2.00. The intended business activity is investment holding. Subsequently, on 16 July 2020, LCLH has changed its name to Line Clear Ventures Holdings Sdn Bhd (“LCVH”);
- (iv) On 15 July 2020, the Company allotted 17,900,000 ordinary shares in its wholly-owned subsidiary, MGudang Sdn Bhd (“MGSB”) by way of capitalisation of amount due by MGSB amounting to RM17,900,000.00;
- (v) On 3 August 2020, the Board of Directors announced that MGSB, had entered into a Subscription Agreement with Vortex Consolidated Berhad for the proposed issuance and allotment of 2,500,000 new ordinary shares at the price of RM1.00 per share (representing 11.63% of the enlarged total number of issued shares) in MGSB for a cash subscription price of RM2.5 million;

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

A12 Changes in the composition of the Group (Cont'd)

During the financial period ended 30 September 2020, the board's approval for the acquisitions, disposal and incorporation of subsidiaries and associate were as below (Cont'd):

- (vi) On 5 August 2020, the Board of Directors announced that the Company had on 4 August 2020 entered into a SSA with Hong Seng Assembly Sdn Bhd to dispose 95,207,300 ordinary shares in MSCM Holdings Berhad ("MSCM") for a cash consideration of RM18,089,387.00 and a SSA with Landasan Simfoni Sdn Bhd to dispose 75,168,000 warrants in MSCM for a cash consideration of RM751,680.00;
- (vii) On 5 August 2020, the Company's wholly-owned subsidiary company, LCEL had disposed its 100% equity interest of its four subsidiary companies, Line Clear Freight Forwarding Sdn Bhd, Line Shield Sdn Bhd, Line Haul Sdn Bhd and Line Clear Express & Logistics (S) Pte Ltd (formerly known as Koli Express Pte Ltd) to the Company's wholly-owned subsidiary company, LCVH for consideration of RM2, RM2, RM2 and RM898,230 respectively;
- (viii) On 5 August 2020, the Company disposed 100% equity interest of its wholly-owned subsidiary company, LCEL to LCVH for a consideration of RM55,000,000.00 which satisfied by way of issuance 55,000,000 new ordinary shares of LCVH to the Company;
- (ix) On 10 August 2020, the Company's wholly-owned subsidiary, LCVH entered into a SSA to acquired 60,000 ordinary shares representing 60% of equity interest in KMN Express Sdn Bhd for a consideration of RM550,000.00;
- (x) On 11 August 2020, the Company's wholly-owned subsidiary, UICSB entered into a SSA with HSCB to acquire 49,000 ordinary shares in HBSSB for a cash consideration of RM1.00;
- (xi) On 14 August 2020, the Company's wholly-owned subsidiary, LCVH incorporated a subsidiary company, Line Clear Express (KT) Sdn Bhd with a paid-up capital of RM6.00 for 6 ordinary shares representing 60% of equity interest. The intended business activity of such subsidiary company is engaged in courier service; and
- (xii) On 11 September 2020, the Board of Directors announced that the Company had entered into a SSA with Brilliantid Sdn. Bhd. for the proposed acquisition of 100% equity interest in Maasdots Sdn Bhd at a total cash consideration of RM100,000.00;

A13 Contingent liabilities

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

	As at 30.09.2020 RM'000
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiaries	169,019
Corporate guarantee given to vendor as a security for due payment of the balance purchase price on acquisition of 2 parcels of freehold land with buildings	37,250
	206,269

A14 Commitments

	As at 30.09.2020 RM'000
Commitments authorised but not provided for	
Acquisition of freehold land with buildings	45,562
Lease of land	7,560
	53,122

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 2020

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				Cumulative period			
	Current year	Preceding year			Current	Preceding		
	quarter	corresponding	year-to-date	year-to-date				
	ended	quarter ended	ended	ended				
	30.09.2020	30.09.2019	Changes		30.09.2020	30.09.2019	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	62,593	44,026	18,567	42%	107,154	78,412	28,742	37%
Operating profit/ (loss)	5,249	(5,607)	10,856	194%	972	(11,854)	12,826	108%
Profit/(Loss) before interest and tax	6,130	(4,968)	11,098	223%	2,216	(10,653)	12,869	121%
Profit/(Loss) before tax	5,290	(5,274)	10,564	200%	1,034	(11,261)	12,295	109%
Profit/(Loss) after tax	5,282	(5,274)	10,556	200%	1,026	(11,261)	12,287	109%
Profit/(Loss) attributable to owner of the company	5,218	(5,247)	10,465	199%	879	(11,171)	12,050	108%

The Group revenue for current quarter ended 30 September 2020 was RM62.59 million recorded an increase of RM18.56 million or 42% as compared to RM44.03 million in the preceding year corresponding quarter ended 30 September 2019.

In addition, The Group registered a profit before tax (“PBT”) of RM5.29 million for the current quarter ended 30 September 2020 as compared to loss before tax (“LBT”) of RM5.27 million in the preceding year corresponding quarter ending 30 September 2019.

The Group revenue for financial period ended 30 September 2020 was RM107.15 million represents an increase of RM28.74 million or 37% as compared to RM78.41 million in the preceding year corresponding financial period ended 30 September 2019. This was mainly due to mobile devices and fulfilment division had contributed an improvement on revenue, which was high demand generated from 3PL and 4PL contracts with mobile operators. In addition, courier and logistics services division also contributed to the growth of revenue due to high demand of logistics services during Recovery Movement Control Order.

The Group registered a PBT of RM1.03 million for the financial period ended 30 September 2020 as compared to LBT of RM11.26 million in the preceding year corresponding financial period of 2020. The improvement for the current quarter under review mainly attributed to the gain on disposal of an associate of RM10.58 million as well as cost saving practices undertaking by management in the current quarter under review.

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

B2. Change in the quarterly results compared to the results of the immediate preceding quarter

	Current quarter RM'000	Immediate preceding quarter RM'000	Changes	
			RM'000	%
Revenue	62,593	44,561	18,032	40%
Operating profit/(loss)	5,249	(4,277)	9,526	223%
Profit/(Loss) before interest and tax	6,130	(3,914)	10,044	257%
Profit/(Loss) before tax	5,290	(4,256)	9,546	224%
Profit/(Loss) after tax	5,282	(4,256)	9,538	224%
Profit/(Loss) attributable to owners of the company	5,218	(4,339)	9,557	220%

Revenue of the current quarter (Q2-2021) is RM62.59 million, which is an increase of RM18.03 million compared to the immediate preceding quarter (Q1-2021). The PBT of RM5.29 million is higher by 224% of the immediate preceding quarter (LBT of RM4.26 million in Q1-2021). The higher PBT recorded for current quarter ending 30 September 2020 is mainly due to gain on disposal of an associate of RM10.58 million recorded in the current quarter.

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) develop electronic platform to link up the functions of provision of real time delivery schedule information, price quotations and transaction confirmation;
- (ii) teaming with PT Lion Express to provide a wide range of supply chain management services (e.g. logistics, warehousing facilities, last mile deliveries, insurance coverage etc.) for consumers in Malaysia and Indonesia. These partnerships are expected to contribute positively to the financial results of the Group in long term; and
- (iii) the courier and logistics division currently has 45 branches/depot including a headquarter-cum-warehouse in Subang Jaya, will set up 20 new depots branches throughout Malaysia in a year.

B4 Variance on profit forecast

There were no profit forecast issued by the Group.

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

B5 Corporate proposal

Save from the following, there were no corporate proposal announced but not completed as at 20 November 2020, being the last practicable date from the date of the issue of this report.

On 30 June 2020, the Board of Director announced that the Company proposes to undertake the Proposed Private Placement of new ordinary shares in MMAG, representing not more than 10% of the number of MMAG shares in issue (excluding treasury shares) (“Proposed Private Placement”). On 23 July 2020, Bursa Securities had, vide its letter dated 22 July 2020, resolved to approve the listing of up to 129,055,000 new MMAG Shares to be issued pursuant to the Proposed Private Placement. Proposed Private Placement to be completed within 6 months from the date of approval from Bursa Securities or any extended period as may be approved by Bursa Securities.

B6 Utilisation of proceeds

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 2020 are as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation
Expansion of Line Clear Express & Logistic Sdn Bhd	40,390	39,310	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	1,000	Within 2 weeks
	74,096	73,016	

B7 Borrowing and debt securities

The Group’s borrowings as at 30 September 2020 are as follows:

	Quarter ended 30.09.2020 RM'000	Quarter ended 30.09.2019 RM'000
Secured		
Borrowings		
- Short term	379	325
- Long term	3,389	3,589
	3,768	3,914

During the financial period under review, the total finance costs (inclusive of lease liabilities) for the financial period ended 30 September 2020 was RM0.29 million as compared to RM0.61 million in the corresponding financial period ended 30 September 2019.

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2020

B8 Material litigations

As at 20 November 2020 (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

There was no dividend has been proposed nor declared during the financial period under review.

B10 Profit/(Loss) per share

	Current year quarter ended 30.09.2020 RM'000	Preceding year corresponding quarter ended 30.09.2019 RM'000	Current year-to-date ended 30.09.2020 RM'000	Current year-to-date ended 30.09.2019 RM'000
Profit/(Loss) attributable to Owners of the Company	5,218	(5,247)	879	(11,171)
Weighted average number of shares in issue ('000)	835,032	702,952	906,950	692,742
Basic earning/(loss) per share (sen)	0.62	(0.75)	0.10	(1.61)

B11 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 26 November 2020.