

MMAG HOLDINGS BERHAD 200301007003 (609423-V)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
31 DECEMBER 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

Note	UNAUDITED AS AT 31.12.2020 RM'000	AUDITED AS AT 31.03.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	118,790	81,705
Investment properties	4,155	5,522
Investment in associate	(418)	20,167
Intangible assets	602	577
Other investments	3,160	-
Goodwill on consolidation	10,594	9,845
Fixed deposits with a licensed bank	580	580
Total non-current assets	137,463	118,396
Current assets		
Inventories	1,672	3,501
Trade receivables	30,420	27,422
Other receivables	39,477	7,938
Tax recoverable	44	56
Fixed deposits with licensed banks	12,077	2,277
Cash and bank balances	10,602	3,808
Total current assets	94,292	45,002
TOTAL ASSETS	231,755	163,398
EQUITY AND LIABILITIES		
Equity		
Share capital	238,687	141,774
Irredeemable convertible preference shares	1,482	17,253
Reserves	(71,189)	(58,261)
	168,980	100,766
Non-controlling interests	4,361	119
TOTAL EQUITY	173,341	100,885
Non-current liabilities		
Borrowings	B7 3,292	3,391
Lease liabilities	17,450	12,632
Deferred taxation	1,903	1,900
Total non-current liabilities	22,645	17,923
Current liabilities		
Trade payables	3,029	2,659
Other payables	18,051	21,733
Borrowings	B7 382	14,765
Lease liabilities	14,307	5,433
Total current liabilities	35,769	44,590
TOTAL LIABILITIES	58,414	62,513
TOTAL EQUITY AND LIABILITIES	231,755	163,398
Net Assets per share attributable to Owners of the Company	0.1518	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 31 DECEMBER 2020**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 31.12.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.12.2019 RM'000	CURRENT YEAR-TO-DATE ENDED 31.12.2020 RM'000	PRECEDING YEAR-TO-DATE ENDED 31.12.2019 RM'000
Revenue	66,211	59,813	173,365	138,225
Cost of Sales	<u>(64,374)</u>	<u>(59,238)</u>	<u>(167,399)</u>	<u>(138,904)</u>
Gross profit/(loss)	1,837	575	5,966	(679)
Other income	(184)	656	11,446	1,096
(Loss)/Gain on foreign exchange	(13)	5	(27)	6
Depreciation and amortisation	(1,942)	(791)	(4,789)	(2,285)
Loss on disposal of property	(163)	(44)	(163)	(44)
Bad debts written off	-	-	(1)	-
Finance costs	(601)	(681)	(1,783)	(1,289)
Other expenses	(8,101)	(6,198)	(18,844)	(15,137)
Results from operating activities	(9,167)	(6,478)	(8,195)	(18,332)
Share of results of associates	65	(543)	63	(139)
Interest income	29	40	93	229
Loss before taxation for the period	(9,073)	(6,981)	(8,039)	(18,242)
Taxation	(28)	-	(36)	-
Loss after taxation for the period	(9,101)	(6,981)	(8,075)	(18,242)
Loss attributable to:				
Owners of the Company	(9,086)	(6,923)	(8,207)	(18,094)
Non-controlling interest	(15)	(58)	132	(148)
	<u>(9,101)</u>	<u>(6,981)</u>	<u>(8,075)</u>	<u>(18,242)</u>
Basic loss per share (sen)	<u>(0.85)</u>	<u>(0.97)</u>	<u>(0.86)</u>	<u>(2.58)</u>
Diluted earning per share (sen)	<u>(0.78)</u>	<u>(0.97)</u>	<u>(0.78)</u>	<u>(2.58)</u>
Loss after taxation for the period	(9,101)	(6,981)	(8,075)	(18,242)
Other comprehensive profit for the period, net of tax	-	229	260	1,680
Total other comprehensive loss for the period, net of tax	(9,101)	(6,752)	(7,815)	(16,562)
Total comprehensive loss, attributable to:				
Owners of the parent	(9,084)	(6,695)	(7,946)	(16,474)
Non-controlling interests	(17)	(57)	131	(88)
	<u>(9,101)</u>	<u>(6,752)</u>	<u>(7,815)</u>	<u>(16,562)</u>

Note: N/A – Not applicable

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 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	63,086	(15,771)	-	-	-	-	-	47,315	-	47,315
Issuance of shares arising from conversion of warrants	8,678	-	-	(3,379)	-	-	-	5,299	-	5,299
Issuance of shares arising from private placement	25,149	-	-	-	-	-	-	25,149	-	25,149
Total transaction with owners	96,913	(15,771)	-	(3,379)	-	-	(1,603)	76,160	-	76,160
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	4,111	4,111
Net (loss)/profit for the period	-	-	-	-	-	-	(8,207)	(8,207)	132	(8,075)
Other comprehensive income/(loss) for the period	-	-	-	-	-	261	-	261	(1)	260
Total comprehensive income/(loss) for the period	-	-	-	-	-	261	(8,207)	(7,946)	131	(7,815)
Balance as at 31 December 2020	238,687	1,482	9,365	25,587	(7,900)	20	(98,261)	168,980	4,361	173,341
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	7,013	(1,755)	-	-	-	-	-	5,258	-	5,258
Issuance of shares arising from conversion of warrants	173	-	-	(67)	-	-	-	106	-	106
Total transaction with owners	7,186	(1,755)	-	(67)	-	-	-	5,364	-	5,364
Net loss for the period	-	-	-	-	-	-	(18,094)	(18,094)	(148)	(18,242)
Other comprehensive income for the period	-	-	1,583	-	-	94	-	1,677	3	1,680
Total comprehensive income/(loss) for the period	-	-	1,583	-	-	94	(18,094)	(16,417)	(145)	(16,562)
Balance as at 31 December 2019	141,714	17,268	9,629	28,966	(7,900)	(91)	(78,640)	110,946	168	111,114

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 31 DECEMBER 2020**

	CURRENT YEAR-TO-DATE ENDED 31.12.2020 RM'000	PRECEDING YEAR-TO-DATE ENDED 31.12.2019 RM'000
Cash Flows From Operating Activities		
Loss before tax	(8,039)	(18,242)
Adjustments for:		
Non-cash items	9,129	5,592
Non-operating items	(8,283)	1,056
Operating loss before working capital changes	<u>(7,193)</u>	<u>(11,594)</u>
Changes in working capital		
Inventories	1,828	(6,669)
Receivables	(33,969)	(191)
Payables	(4,082)	11,505
Cash used in operations	<u>(43,416)</u>	<u>(6,949)</u>
Tax paid	(47)	(24)
Tax refunded	23	930
Interest received	93	229
Net cash used in operating activities	<u>(43,347)</u>	<u>(5,814)</u>
Investing Activities		
Acquisition of subsidiaries	(532)	(13,049)
Investment in an associate	-	(16,764)
Other investment	(1,560)	-
Purchase of intangible asset	(25)	-
Purchase of property, plant and equipment and investment properties	(29,018)	(4,049)
Proceeds from disposal of an associate	29,411	-
Proceeds from disposal of property, plant and equipment	64	13,004
Proceeds from disposal of investment property	1,120	-
Net cash used in investing activities	<u>(540)</u>	<u>(20,858)</u>
Financing Activities		
Capital contribution from non-controlling interests	2,500	-
Interest paid	(1,783)	(1,289)
Proceeds from issuance of new shares	77,763	5,363
Repayment of finance lease payables	(3,510)	(2,494)
Repayment of term loan	(14,482)	(236)
Upliftment of fixed deposit with licensed banks	-	1,000
Net cash generated from financing activities	<u>60,488</u>	<u>2,344</u>
Cash and cash equivalents		
Net changes	16,601	(24,328)
Effect of foreign currency translation differences	(7)	101
At beginning of year	6,085	29,811
At end of year	<u>22,679</u>	<u>5,584</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	10,602	4,909
Fixed deposits with licensed banks	12,657	1,255
	<u>23,259</u>	<u>6,164</u>
Less:		
Fixed deposits pledged to licensed banks	(580)	(580)
	<u>22,679</u>	<u>5,584</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 THIRD QUARTER ENDED 31 DECEMBER 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 1 October 2020, 2 October 2020, 5 October 2020, 6 October 2020, 7 October 2020, 8 October 2020, 9 October 2020, 12 October 2020, 14 October 2020, 15 October 2020, 16 October 2020, 23 October 2020, 30 October 2020, 2 November 2020, 5 November 2020, 18 November 2020, 19 November 2020, 24 November 2020, 26 November 2020, 27 November 2020, 2 December 2020, 15 December 2020, 18 December 2020 and 21 December 2020, there are total of 5,513,700 new ordinary shares had been issued pursuant to the conversion of 5,513,700 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 1 October 2020, 2 October 2020, 5 October 2020, 6 October 2020, 7 October 2020, 8 October 2020, 9 October 2020, 12 October 2020, 13 October 2020, 14 October 2020, 15 October 2020, 19 October 2020, 20 October 2020, 22 October 2020, 23 October 2020, 27 October 2020, 28 October 2020, 2 November 2020, 5 November 2020, 24 November 2020, 25 November 2020, 26 November 2020, 1 December 2020, 7 December 2020, 11 December 2020, 18 December 2020 and 30 December 2020, 24,532,112 new ordinary shares had been issued pursuant to the conversion of 24,532,112 Warrant 2017/2022 (“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 THIRD QUARTER ENDED 31 DECEMBER 2020

A6 Debt and equity securities (Cont'd)

On 21 December 2020, 52,944,700 new ordinary shares had been issued pursuant to the Proposed Private Placement I that was announced on 30 June 2020 by payment of RM0.475 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.

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 31 December 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	138,353	35,008	4	173,365	-	173,365
Inter-segment sales	-	2,191	-	2,191	(2,191)	-
Total sales	138,353	37,199	4	175,556	(2,191)	173,365
Profit/(Loss) before tax	2,529	(16,575)	6,693	(7,353)	(686)	(8,039)
Segment assets	86,332	69,686	64,992	221,010	584	221,594
Other unallocated assets						10,161
						231,755
Segment liabilities	11,401	32,611	3,577	47,589	10,825	58,414
Other unallocated liabilities						-
						58,414

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020

A8 Segmental information (Cont'd)

Segmental information for the Group is presented as follows (Cont'd):

For the financial period ended 31 December 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	119,941	18,285	-	138,226	(1)	138,225
Inter-segment sales	-	1,049	-	1,049	(1,049)	-
Total sales	119,941	19,334	-	139,275	(1,050)	138,225
Profit/(Loss) before tax	731	(16,042)	(3,170)	(18,481)	239	(18,242)
Segment assets	81,362	27,902	49,441	158,705	(3,506)	155,199
Other unallocated assets						9,413
						164,612
Segment liabilities	10,830	17,697	25,208	53,735	(237)	53,498
Other unallocated liabilities						-
						53,498

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 31 December 2020:

- (i) On 11 December 2020, the Board of Directors announced that the issue price for 52,944,700 Placement Shares were fixed at RM0.475 per Placement Share;
- (ii) On 28 December 2020, the Board of Directors announced that the Company's sub-subsidiary, Line Clear Express & Logistics Sdn. Bhd. ("LCEL") had entered into the League Agreement with SF Global Express (M) Sdn Bhd ("SF Express") for LCEL and SF Express to provide Express Delivery and Transportation Services solutions and to expand the diversity of the business operation network and business types in the territory of Malaysia except Sabah and Port Klang; and
- (iii) On 31 December 2020, with reference to the announcement on 23 September 2020, the Board of Directors announced the Company and the JR Resources Holdings Sdn Bhd ("JR") have mutually agreed to terminate the Head Of Agreement. The reason of the mutual termination is due to MMAG Group does not intend to participate in the business of Bestinet Technology Sdn Bhd ("BTSB") upon the proposed disposal of Maasdots Sdn Bhd ("MSB"), a wholly-owned subsidiary of MMAG as announced on 31 December 2020. MSB is mainly focus on management, integration and implementation of an end-to-end health screening system namely Travellers Advanced Health Screening System ("TAHSS") whilst BTSB is the registered owner of TAHSS. The Board had decided to re-focus on the existing core business.

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020**A11 Events subsequent to the end of the interim reporting period**

The following were the material events subsequent to the financial period ended 31 December 2020:

- (i) On 6 January 2021, total of 63,000 ordinary shares have been issued pursuant to the conversion of 63,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share;
- (ii) On 8 January 2021, the Board of Directors announced that an application for an extension of time of 6 months (i.e., from 22 January 2021 until 22 July 2021) for MMAG to complete the implementation of the Proposed Private Placement has been submitted to Bursa Securities;
- (iii) On 11 January 2021, 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 share;
- (iv) On 15 January 2021, total of 20,050 new ordinary shares had been issued pursuant to the conversion of 20,050 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (v) On 18 January 2021, total of 251,900 ordinary shares have been issued pursuant to the conversion of 251,900 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share;
- (vi) On 26 January 2021, the Board of Directors announced that Bursa Securities had vide its letter dated 26 January 2021, granted the Company an extension of time of 6 months (i.e., from 22 January 2021 until 22 July 2021) to complete the implementation of the Proposed Private Place;
- (vii) On 27 January 2021, the Board of Directors announced that the Company proposes to undertake the Proposed Private Placement of new ordinary shares in MMAG, representing not more than 20% of the number of MMAG shares in issue (excluding treasury shares) (“Proposed Private Placement II);
- (viii) On 29 January 2021, the Board of Directors announced that the additional listing application in relation to the Proposed Private Placement II has been submitted to Bursa Securities;
- (ix) On 11 February 2021, the Board of Directors announced that the issue price for 18,750,000 Placement Shares were fixed at RM0.40 per Placement Share; and
- (x) On 11 February 2021, with reference to the announcement on 15 September 2020, the Board of Directors announced that the Company and JR had mutually agreed to terminate the Exclusive Partnership Agreement (“EPS”). The reason of the mutual termination is JR has secured its own financing to implement and execute its obligations in the EPA. Moreover, in view of the recent development of the business expansion plan undertaken by MMAG Group, the Board intends to allocate its funding resources on the existing core business. Nevertheless, MMAG Group will continue to act as a service provider to JR for the logistics and transportation of its workers to the designated sites as and when required.

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020

A12 Changes in the composition of the Group

During the financial period ended 31 December 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 Hong Seng Consolidated Berhad (formerly known as MSCM Holdings Berhad) ("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, 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;
- (vi) On 5 August 2020, the Board of Directors announced that the Company had on 4 August 2020 entered into a Shares Sale Agreement ("SSA") with Hong Seng Assembly Sdn Bhd to dispose 95,207,300 ordinary shares in HSCB for a cash consideration of RM18,089,387.00 and a SSA with Landasan Simfoni Sdn Bhd to dispose 75,168,000 warrants in HSCB 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 RM2.00, RM2.00, RM2.00 and RM898,230.00 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 ("KESB") for a consideration of RM550,000.00 only;
- (x) On 11 August 2020, the Company's wholly-owned subsidiary, United ICT Consortium Sdn Bhd ("UICSB") entered into a SSA with HSCB to acquire 49,000 ordinary shares in HS Bio Supplies Sdn Bhd (formerly known as HC MSC Sdn Bhd) ("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 ("LEKT") 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;
- (xii) On 11 September 2020, the Board of Directors announced that the Company had entered into a SSA with Brilliantid Sdn Bhd ("BSB") for the proposed acquisition of 100% equity interest in MSB at a total cash consideration of RM100,000.00;

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020

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

During the financial period ended 31 December 2020, the board's approval for the acquisitions, disposal and incorporation of subsidiaries and associate were as below (Cont'd):

- (xiii) On 12 October 2020, the Board of Directors announced that UICSB had entered into a SSA with HSCB for the proposed disposal of UICSB's 49% equity interest representing 1,029,000 ordinary shares in HBSSB to HSCB for a cash consideration of RM980,001.00 only;
- (xiv) On 16 November 2020, the Board of Directors announced that the Company had entered into a SSA with JT Aerotech Solutions Sdn Bhd ("JTAS" or "the Vendor") 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. Pursuant to the SSA, the Unconditional Date is 15 February 2021 for the completion of the Proposed Acquisition. Hence, the Vendor had requested to extend further the Unconditional Date to 15 April 2021 and the Board had on 15 February 2021 agreed to grant an extension of time to the Vendor.
- (xv) On 31 December 2020, the Board of Directors announced that the Company had entered into a SSA with BSB to dispose the entire equity interest in MSB comprising 2,500 ordinary shares for a total cash consideration of RM100,000.00 only;
- (xvi) On 31 December 2020, the Company's wholly-owned subsidiary, LCVH entered into a SSA to acquired 40,000 ordinary shares representing 40% of equity interest in KESB for a consideration of RM240,000.00 only; and
- (xvii) On 31 December 2020, the Company's wholly-owned subsidiary, LCVH entered into a SSA to acquired 4 ordinary shares representing 40% of equity interest in LEKT for a consideration of RM4.00 only.

A13 Contingent liabilities

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

	As at 31.12.2020 RM'000
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiaries	171,439
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
	208,689

A14 Commitments

	As at 31.12.2020 RM'000
Commitments authorised but not provided for	
Acquisition of freehold land with buildings	50,774
Lease of land	7,380
	58,154

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 THIRD QUARTER ENDED 31 DECEMBER 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		Changes		Cumulative period		Changes	
	Current year	Preceding year			Current	Preceding		
	quarter	corresponding			year-to-date	year-to-date		
	ended	quarter ended	ended	ended				
	31.12.2020	31.12.2019	RM'000	%	31.12.2020	31.12.2019	RM'000	%
	RM'000	RM'000			RM'000	RM'000		
Revenue	66,211	59,813	6,398	11%	173,365	138,225	35,140	25%
Operating loss	(9,167)	(6,478)	2,689	42%	(8,195)	(18,332)	(10,137)	-55%
Loss before interest and tax	(8,472)	(6,300)	2,172	34%	(6,256)	(16,953)	(10,697)	-63%
Loss before tax	(9,073)	(6,981)	2,092	30%	(8,039)	(18,242)	(10,203)	-56%
Loss after tax	(9,101)	(6,981)	2,120	30%	(8,075)	(18,242)	(10,167)	-56%
Loss attributable to owner of the company	(9,086)	(6,923)	2,163	31%	(8,207)	(18,094)	(9,887)	-55%

The Group revenue for current quarter ended 31 December 2020 was RM66.21 million recorded an increase of RM6.40 million or 11% as compared to RM59.81 million in the preceding year corresponding quarter ended 31 December 2019.

In addition, The Group registered a loss before tax (“LBT”) of RM9.07 million for the current quarter ended 31 December 2020 as compared to LBT of RM6.98 million in the preceding year corresponding quarter ending 31 December 2019.

The Group revenue for financial period ended 31 December 2020 was RM173.37 million represents an increase of RM35.14 million or 25% as compared to RM138.23 million in the preceding year corresponding financial period ended 31 December 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 LBT of RM8.04 million for the financial period ended 31 December 2020 as compared to LBT of RM18.24 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 RM10.10 million as well as higher revenue generated in the current quarter under review.

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 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	66,211	62,593	3,618	6%
Operating (loss)/profit	(9,167)	5,249	(14,416)	-275%
(Loss)/Profit before interest and tax	(8,472)	6,130	(14,602)	-238%
(Loss)/Profit before tax	(9,073)	5,290	(14,363)	-272%
(Loss)/Profit after tax	(9,101)	5,282	(14,383)	-272%
(Loss)/Profit attributable to owners of the company	(9,086)	5,218	(14,304)	-274%

Revenue of the current quarter (Q3-2021) is RM66.21 million, which is an increase of RM3.62 million compared to the immediate preceding quarter (Q2-2021). The LBT of RM9.07 million is higher by 272% of the immediate preceding quarter (PBT of RM5.29 million in Q2-2021). The higher LBT recorded for current quarter ending 31 December 2020 is mainly due to there was a gain on disposal of an associate of RM10.10 million recorded in the immediate preceding 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.

Following the COVID-19 pandemic, online shopping has become a new normal which has accelerated the growth in the e-commerce industry. With the increase in e-commerce transactions, efficient logistics services is important to ensure timely delivery of e-commerce products to meet customers' satisfactions. Logistics companies usually rely on belly space of commercial planes for air cargo logistic services for deliveries of products. However, the COVID-19 has dampened the aviation industry wherein the significant decline in passenger flights had caused shortage of belly cargo space and delays in deliveries. This in turn had increased the demand for charter flights for cargo space and capacity.

M Jet's air cargo logistics business complements the Group's courier and logistics business undertaken by LCEL. The Group is able to provides integrated courier and logistic services with wider coverage of end-to-end services and shorter timeframe of delivery services, allowing the Group to further strengthen and expand its network and connectivity domestically and globally. The Board believes that with the positive prospects on the growth of e-commerce, there is a potential growth in the air cargo industry which will provide opportunity to grow M Jets' air cargo logistics business.

B4 Variance on profit forecast

There were no profit forecast issued by the Group.

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020

B5 Corporate proposal

Save from the following, there were no corporate proposal announced but not completed as at 19 February 2021, being the last practicable date from the date of the issue of this report.

- (i) Propose Private Placement of new ordinary shares in MMAG, representing not more than 10% of the number of MMAG shares in issue (excluding treasury shares) (“Private Placement I”)
- (a) 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).
- (b) 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.
- (c) On 11 December 2020, the Board of Directors announced that the issue price for 52,944,700 Placement Shares were fixed at RM0.475 per Placement Share;
- (d) On 8 January 2021, the Board of Directors announced that an application for an extension of time of 6 months (i.e., from 22 January 2021 until 22 July 2021) for MMAG to complete the implementation of the Proposed Private Placement has been submitted to Bursa Securities;
- (e) On 26 January 2021, the Board of Directors announced that Bursa Securities had vide its letter dated 26 January 2021, granted the Company an extension of time of 6 months (i.e., from 22 January 2021 until 22 July 2021) to complete the implementation of the Proposed Private Place; and
- (f) On 11 February 2021, the Board of Directors announced that the issue price for 18,750,000 Placement Shares were fixed at RM0.40 per Placement Share.
- (ii) Propose Private Placement of new ordinary shares in MMAG, representing not more than 20% of the number of MMAG shares in issue (excluding treasury shares) (“Private Placement II”)
- (a) On 27 January 2021, the Board of Directors announced that the Company proposes to undertake the Proposed Private Placement of new ordinary shares in MMAG, representing not more than 20% of the number of MMAG shares in issue (excluding treasury shares); and
- (b) On 29 January 2021, the Board of Directors announced that the additional listing application in relation to the Proposed Private Placement II has been submitted to Bursa Securities.

B6 Utilisation of proceeds

Proceeds raised from corporate proposals (Special Bumiputera Issue, Rights Issue of Shares with Warrants and Rights Issue of Irredeemable Convertible Preference Shares) had been fully utilised as at 31 December 2020.

Status of utilisation of proceeds raised from corporate proposals (Private Placement I) as at 31 December 2020 are as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation
Expenses for courier and logistic business	7,500	5,386	Within 24 months
Purchase of land in Johor	8,450	8,450	Within 6 months
Working capital	8,979	6,868	Within 24 months
Estimated expenses for the Private Placement I	220	115	Within 1 month
	25,149	20,819	

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020

B7 Borrowing and debt securities

The Group's borrowings as at 31 December 2020 are as follows:

	Quarter ended 31.12.2020 RM'000	Quarter ended 31.12.2019 RM'000
Secured		
Borrowings		
- Short term	382	329
- Long term	3,292	3,505
	3,674	3,834

During the financial period under review, the total finance costs (inclusive of lease liabilities) for the financial period ended 31 December 2020 was RM0.78 million as compared to RM0.90 million in the corresponding financial period ended 31 December 2019.

B8 Material litigations

As at 19 February 2021 (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 Loss per share**10.1 Basic earning per share**

The basis earning per share is calculated by dividing the net profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period.

	Current year quarter ended 31.12.2020 RM'000	Preceding year corresponding quarter ended 31.12.2019 RM'000	Current year-to-date ended 31.12.2020 RM'000	Current year-to-date ended 31.12.2019 RM'000
Loss attributable to Owners of the Company	(9,086)	(6,923)	(8,207)	(18,094)
Weighted average number of shares in issue ('000)	1,063,592	715,763	959,354	700,444
Basic loss per share (sen)	(0.85)	(0.97)	(0.86)	(2.58)

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2020

B10 Loss per share (Cont'd)**10.2 Diluted earning per share**

The diluted earning per share is calculated by dividing the net profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would have been issued upon full conversion of Warrant 2017/2022.

	Current year quarter ended 31.12.2020 RM'000	Preceding year corresponding quarter ended 31.12.2019 RM'000	Current year-to-date ended 31.12.2020 RM'000	Current year-to-date ended 31.12.2019 RM'000
Loss attributable to Owners of the Company	(9,086)	(6,923)	(8,207)	(18,094)
Weighted average number of shares in issue ('000)	1,063,592	715,763	959,354	700,444
Effect of dilution:				
Exercise of warrants	106,980	^	94,906	^
Adjusted weighted average number of ordinary shares in issue ('000)	1,170,572	715,763	1,054,260	700,444
Diluted loss per share (sen)	(0.78)	(0.97)	(0.78)	(2.58)

^ Not applicable.

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 25 February 2021.