

MMAG HOLDINGS BERHAD 200301007003 (609423-V)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED
31 MARCH 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	UNAUDITED AS AT 31.03.2021 RM'000	AUDITED AS AT 31.03.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	112,995	81,705
Investment properties	22,932	5,522
Investment in associate	-	20,167
Intangible assets	120	577
Other investments	66,218	-
Goodwill on consolidation	10,383	9,845
Fixed deposits with a licensed bank	880	580
Total non-current assets	213,528	118,396
Current assets		
Inventories	2,881	3,501
Contract assets	1,968	-
Trade receivables	26,633	27,422
Other receivables	37,075	7,938
Tax recoverable	48	56
Fixed deposits with licensed banks	4,780	2,277
Cash and bank balances	17,127	3,808
Total current assets	90,512	45,002
Non-current asset held for sale	2,000	-
TOTAL ASSETS	306,040	163,398
EQUITY AND LIABILITIES		
Equity		
Share capital	246,330	141,774
Irredeemable convertible preference shares	1,453	17,253
Reserves	(28,707)	(58,261)
	219,076	100,766
Non-controlling interests	6,324	119
TOTAL EQUITY	225,400	100,885
Non-current liabilities		
Borrowings	3,234	3,391
Lease liabilities	30,908	12,632
Deferred taxation	1,393	1,900
Total non-current liabilities	35,535	17,923
Current liabilities		
Trade payables	9,137	2,659
Other payables	21,379	21,733
Borrowings	3,899	14,765
Lease liabilities	10,690	5,433
Total current liabilities	45,105	44,590
TOTAL LIABILITIES	80,640	62,513
TOTAL EQUITY AND LIABILITIES	306,040	163,398
Net Assets per share attributable to Owners of the Company	0.1934	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 MARCH 2021**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 31.03.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.03.2020 RM'000	CURRENT YEAR-TO-DATE ENDED 31.03.2021 RM'000	PRECEDING YEAR-TO-DATE ENDED 31.03.2020 RM'000
Revenue	49,430	44,316	222,795	182,541
Cost of Sales	<u>(55,574)</u>	<u>(45,716)</u>	<u>(222,973)</u>	<u>(184,620)</u>
Gross loss	(6,144)	(1,400)	(178)	(2,079)
Other income	4,275	343	15,721	1,439
(Loss)/Gain on foreign exchange	(5)	2	(32)	8
Depreciation and amortisation	(2,280)	(2,858)	(7,069)	(5,143)
Loss on disposal of property	-	-	(163)	(44)
Bad debts recovered/(written off)	1	(10)	-	(10)
Impairment loss on receivables	(1,707)	(624)	(1,707)	(624)
Impairment loss on investment in an associate	-	(445)	-	(445)
Finance costs	(720)	(1,072)	(2,503)	(2,361)
Other expenses	(8,722)	(1,245)	(27,566)	(16,382)
Results from operating activities	(15,302)	(7,309)	(23,497)	(25,641)
Share of results of associates	418	(2,529)	481	(2,668)
Interest income	19	8	112	237
Loss before taxation	(14,865)	(9,830)	(22,904)	(28,072)
Taxation	(108)	(3)	(144)	(3)
Loss after taxation	(14,973)	(9,833)	(23,048)	(28,075)
Loss attributable to:				
Owners of the Company	(14,889)	(9,785)	(23,096)	(27,879)
Non-controlling interest	(84)	(48)	48	(196)
	<u>(14,973)</u>	<u>(9,833)</u>	<u>(23,048)</u>	<u>(28,075)</u>
Basic loss per share (sen)	<u>(1.33)</u>	<u>(1.36)</u>	<u>(2.31)</u>	<u>(3.96)</u>
Diluted loss per share (sen)	<u>(1.23)</u>	<u>(1.36)</u>	<u>(2.11)</u>	<u>(3.96)</u>
Loss after taxation	(14,973)	(9,833)	(23,048)	(28,075)
Other comprehensive profit/(loss), net of tax	55,670	(415)	55,930	1,265
Total other comprehensive profit/(loss), net of tax	40,697	(10,248)	32,882	(26,810)
Total comprehensive profit/(loss), attributable to:				
Owners of the parent	40,793	(10,199)	32,830	(26,616)
Non-controlling interests	(96)	(49)	52	(194)
	<u>40,697</u>	<u>(10,248)</u>	<u>32,882</u>	<u>(26,810)</u>

Note: N/A – Not applicable

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 2020 and the accompanying explanatory notes to this interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2021**

	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:										
Capital reduction	-	-	-	-	-	-	115	115	6,153	6,268
Issuance of shares arising from conversion of ICPS	63,200	(15,800)	-	-	-	-	-	47,400	-	47,400
Issuance of shares arising from conversion of warrants	8,708	-	-	(3,391)	-	-	-	5,317	-	5,317
Issuance of shares arising from private placement	32,648	-	-	-	-	-	-	32,648	-	32,648
Total transaction with owners	104,556	(15,800)	-	(3,391)	-	-	115	85,480	6,153	91,633
Net (loss)/profit	-	-	-	-	-	-	(23,096)	(23,096)	48	(23,048)
Other comprehensive income	-	-	55,658	-	-	268	-	55,926	4	55,930
Total comprehensive income/(loss)	-	-	55,658	-	-	268	(23,096)	32,830	52	32,882
Balance as at 31 March 2021	246,330	1,453	65,023	25,575	(7,900)	27	(111,432)	219,076	6,324	225,400
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	7,073	(1,770)	-	-	-	-	-	5,303	-	5,303
Issuance of shares arising from conversion of warrants	173	-	-	(67)	-	-	-	106	-	106
Total transaction with owners	7,246	(1,770)	-	(67)	-	-	-	5,409	-	5,409
Effect on adoption of MFRS 16	-	-	-	-	-	-	(26)	(26)	-	(26)
Net loss	-	-	-	-	-	-	(27,879)	(27,879)	(196)	(28,075)
Other comprehensive income/(loss)	-	-	1,319	-	-	(56)	-	1,263	2	1,265
Total comprehensive income/(loss)	-	-	1,319	-	-	(56)	(27,905)	(26,642)	(194)	(26,836)
Balance as at 31 March 2020	141,774	17,253	9,365	28,966	(7,900)	(241)	(88,451)	100,766	119	100,885

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 MARCH 2021**

	CURRENT YEAR-TO-DATE ENDED 31.03.2021 RM'000	PRECEDING YEAR-TO-DATE ENDED 31.03.2020 RM'000
Cash Flows From Operating Activities		
Loss before tax	(22,904)	(28,072)
Adjustments for:		
Non-cash items	69,948	13,334
Non-operating items	(10,149)	2,110
Operating profit/(loss) before working capital changes	36,895	(12,628)
Changes in working capital		
Inventories	619	(2,332)
Contract assets	(1,968)	-
Receivables	(31,080)	(6,833)
Payables	6,165	1,942
Cash generated from/(used in) operations	10,631	(19,851)
Tax paid	(49)	(26)
Tax refunded	23	930
Interest received	112	237
Net cash generated from/(used in) operating activities	10,717	(18,710)
Investing Activities		
Acquisition of subsidiaries	(772)	(8,866)
Investment in an associate	-	(17,034)
Other investment	(64,618)	-
Net cash inflow from disposal of a subsidiary	3,253	-
Purchase of intangible asset	457	-
Purchase of property, plant and equipment and investment properties	(36,288)	(4,049)
Purchase of right-of-use assets	-	(938)
Proceeds from disposal of an associate	29,411	-
Proceeds from disposal of property, plant and equipment	290	13,005
Proceeds from disposal of investment property	1,120	-
Net cash used in investing activities	(67,147)	(17,882)
Financing Activities		
Capital contribution from non-controlling interests	6,500	-
Interest paid	(2,503)	(2,361)
Proceeds from issuance of new shares	85,366	5,408
Repayment of finance lease payables	(5,784)	(5,275)
Drawdown of borrowings	-	14,404
Repayment of term loan	(11,023)	(317)
Upliftment of fixed deposit with licensed banks	-	1,000
Net cash generated from financing activities	72,556	12,859
Cash and cash equivalents		
Net changes	16,126	(23,733)
Effect of foreign currency translation differences	(4)	7
At beginning of year	6,085	29,811
At end of year	22,207	6,085
Cash and cash equivalents comprise of:		
Cash and bank balances	17,127	3,808
Fixed deposits with licensed banks	5,660	2,857
	22,787	6,665
Less:		
Fixed deposits pledged to licensed banks	(580)	(580)
	22,207	6,085

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 FOURTH QUARTER ENDED 31 MARCH 2021

**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 6 January 2021, 11 January 2021, 18 January 2021, 3 March 2021 and 23 March 2021, there are total of 570,100 new ordinary shares had been issued pursuant to the conversion of 570,100 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 15 January 2021, 3 March 2021 and 25 March 2021, 90,050 new ordinary shares had been issued pursuant to the conversion of 90,050 Warrant 2017/2022 (“Warrant”) by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share.

On 18 February 2021, 18,750,000 new ordinary shares had been issued pursuant to the Proposed Private Placement I that was announced on 30 June 2020 by payment of RM0.40 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.

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

A7 Dividend

There was 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 March 2021	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	180,700	39,366	46	220,112	2,683	222,795
Inter-segment sales	328	6,750	88	7,166	(7,166)	-
Total sales	181,028	46,116	134	227,278	(4,483)	222,795
Profit/(Loss) before tax	3,227	(34,302)	8,332	(22,743)	(161)	(22,904)
Segment assets	89,132	74,898	130,741	294,771	1,318	296,089
Other unallocated assets						9,951
						306,040
Segment liabilities	14,722	40,877	10,940	66,539	14,101	80,640
Other unallocated liabilities						-
						80,640

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

A8 Segmental information (Cont'd)

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

For the financial period ended 31 March 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	156,193	26,349	-	182,542	(1)	182,541
Inter-segment sales	-	1,259	-	1,259	(1,259)	-
Total sales	156,193	27,608	-	183,801	(1,260)	182,541
Profit/(Loss) before tax	432	(21,434)	(11,462)	(32,464)	4,392	(28,072)
Segment assets	82,798	28,816	41,838	153,452	533	153,985
Other unallocated assets						9,413
						163,398
Segment liabilities	11,588	17,787	28,281	57,656	4,857	62,513
Other unallocated liabilities						-
						62,513

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 March 2021:

- (i) 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;
- (ii) On 15 January 2021, the Board of Directors announced that the Company intends to seek approval from its shareholders for the proposed shareholders' mandate in relation to the recurrent related party transactions of a revenue or trading nature at the Extraordinary General Meeting to be determined later;
- (iii) 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 Placement;
- (iv) 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);
- (v) 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;
- (vi) On 5 February 2021, the Company announced that MMAG's Extraordinary General Meeting ("EGM") will be held on 25 February 2021 and conducted fully virtual through live streaming via a remote participation;
- (vii) 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;

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

A10 Significant event during the interim reporting period (Cont'd)

The following were the significant events during the financial period ended 31 March 2021 (Cont'd):

- (viii) 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;
- (ix) On 25 February 2021, the Board announced the resolutions as prescribed in the notice convening the EGM of the Company dated 8 February 2021 was duly passed by way of poll at the EGM held on 25 February 2021; and
- (x) On 9 March 2021, the Board of Directors announced that the Company had subscribed 65,885,500 new ordinary shares of DGB for a total cash consideration of RM8,169,802.00 pursuant to a private placement exercise as announced by DGB on 17 November 2020. The Company is now a substantial shareholder of DGB with holding 9.92% of the equity interest in DGB.

A11 Events subsequent to the end of the interim reporting period

The following were the material events subsequent to the financial year ended 31 March 2021:

- (i) On 2 April 2021, total of 258,900 ordinary shares have been issued pursuant to the conversion of 258,900 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share and 175,000 new ordinary shares had been issued pursuant to the conversion of 175,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (ii) On 5 April 2021, total of 455,000 new ordinary shares had been issued pursuant to the conversion of 455,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (iii) On 6 April 2021, total of 1,300,000 new ordinary shares had been issued pursuant to the conversion of 1,300,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (iv) On 8 April 2021, total of 556,700 new ordinary shares had been issued pursuant to the conversion of 556,700 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (v) On 9 April 2021, total of 740,000 new ordinary shares had been issued pursuant to the conversion of 740,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (vi) On 12 April 2021, total of 12,000 new ordinary shares had been issued pursuant to the conversion of 12,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (vii) On 16 April 2021, the Board of Directors announced that MGudang Sdn. Bhd. (“MGSB”), a 74.51% owned subsidiary of the Company, had entered into a Deed of Mutual Termination with the Vendor, Dynaciate SPI Sdn. Bhd. (“DSPI”), upon which MGSB and DSPI have mutually agreed to terminate the Sales and Purchase Agreement dated 18 October 2019 and the Supplemental Agreement dated 22 April 2020 in relation to the acquisition of two (2) parcels of contiguous freehold land together with all buildings erected thereon at Ladang Valdor, Mukim 12, Sungai Jawi, Daerah Seberang Perai Selatan, Pulau Pinang;
- (viii) On 21 April 2021, total of 50,000 new ordinary shares had been issued pursuant to the conversion of 50,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share;
- (ix) On 3 May 2021, total of 60,000 new ordinary shares had been issued pursuant to the conversion of 60,000 Warrant by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share; and

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

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

- (x) On 4 March 2021, Bursa Securities had, vide its letter dated 4 March 2021, resolved to approve the listing of up to 173,260,900 new MMAG Shares to be issued pursuant to the Proposed Private Placement II. Proposed Private Placement II 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;
- (xi) On 4 May 2021, the Board of Directors announced that the Company proposes to undertake the following:
 - (a) Proposed disposal of 19,000,000 ordinary shares in MGSB, representing 74.51% equity interest in MGSB, to Dynaciate Group Berhad (“DGB”) for a total disposal consideration of RM17,830,000.00 to be satisfied via a combination of cash of RM534,900.00 and issuance of 180,157,290 new ordinary shares in DGB (“Consideration Shares”) at an issue price of RM0.0960 per Consideration Share; and
 - (b) Proposed settlement of an amount owing by MGSB to MMAG of RM4,500,000.00 via issuance of 46,875,000 new DGB Shares at an issue price of RM0.0960 per Settlement Share upon completion of the Proposed Disposal of MGSB;
- (xii) On 12 May 2021, total of 55,000 ordinary shares have been issued pursuant to the conversion of 55,000 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share; and
- (xiii) On 20 May 2021, the Board of Directors announced that the Company had purchased in aggregate approximately 5.07% equity interest in KTG Berhad (Formerly known as DWL Resources Berhad) (“KTG”) comprising 35,000,000 ordinary shares (“KTG Shares”) for an aggregate cash consideration of RM7,325,500.00 or approximately at an average price RM0.209 per KTG Share. Upon completion of the acquisition, MMAG is a substantial shareholder of KTG.

A12 Changes in the composition of the Group

During the financial year ended 31 March 2021, 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 increased its investment in LECL by 35,000,000 ordinary shares, by way of capitalisation of amount due by LCEL amounting to RM35,000,000.00;
- (iii) On 2 July 2020, the Company incorporated a new 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 increased its investment in MGSB by 17,900,000 ordinary shares, 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 MGSB 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 HCSB for a cash consideration of RM751,680.00;
- (vii) On 5 August 2020, the Company’s wholly-owned sub-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;

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

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

During the financial year ended 31 March 2021, the board's approval for the acquisitions, disposal and incorporation of subsidiaries and associate were as below (Cont'd):

- (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 ("LCEKT") 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 Maasdots Sdn. Bhd. ("MSB") at a total cash consideration of RM100,000.00;
- (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 balance 40,000 ordinary shares representing 40% of equity interest in KESB for a consideration of RM240,000.00 only. Subsequently, KESB becomes 100% owned sub-subsidiary company of the Company;
- (xvii) On 31 December 2020, the Company's wholly-owned subsidiary, LCVH entered into a SSA to acquired balance 4 ordinary shares representing 40% of equity interest in LCEKT for a consideration of RM4.00 only. Subsequently, LCEKT becomes 100% owned sub-subsidiary company of the Company;
- (xviii) On 24 February 2021, the Board of Directors announced that MGSB, had entered into a Subscription Agreement with DGB for the proposed issuance and allotment of 4,000,000 new MGSB ordinary shares at the price of RM1.00 per share (representing 15.69% of the enlarged total number of issued shares) in MGSB for a cash subscription price of RM4,000,000.00 only. Subsequently, MGSB becomes 74.51% owned subsidiary company of the Company; and

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

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

- (xix) On 22 March 2021, the Board of Directors announced that LCVH entered into a SSA with KTG for the proposed disposal of 15% equity interest in LCEL, comprising 14,400,000 ordinary shares in LCEL for a total cash consideration of RM22,000,000.00 only.

A13 Contingent liabilities

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

	As at 31.03.2021 RM'000
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiaries	172,828
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
	210,078

A14 Commitments

The amounts of commitments of the Company as at the end of the current financial year as follows:

	As at 31.03.2021 RM'000
Commitments authorised but not provided for	
Acquisition of freehold land with buildings	50,674
Lease of land	7,200
	57,874

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 FOURTH QUARTER ENDED 31 MARCH 2021

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				
	31.03.2021	31.03.2020	Changes		31.03.2021	31.03.2020	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	49,430	44,316	5,114	12%	222,795	182,541	40,254	22%
Operating loss	(15,302)	(7,309)	7,993	109%	(23,497)	(25,641)	(2,144)	-8%
Loss before interest and tax	(14,145)	(8,758)	5,387	62%	(20,401)	(25,711)	(5,310)	-21%
Loss before tax	(14,865)	(9,830)	5,035	51%	(22,904)	(28,072)	(5,168)	-18%
Loss after tax	(14,973)	(9,833)	5,140	52%	(23,048)	(28,075)	(5,027)	-18%
Loss attributable to owner of the company	(14,889)	(9,785)	5,104	52%	(23,096)	(27,879)	(4,783)	-17%

The Group revenue for current quarter ended 31 March 2021 was RM49.43 million recorded an increase of RM5.11 million or 12% as compared to RM44.32 million in the preceding year corresponding quarter ended 31 March 2020.

In addition, The Group registered a loss before tax (“LBT”) of RM14.87 million for the current quarter ended 31 March 2021 as compared to LBT of RM9.83 million in the preceding year corresponding quarter ending 31 March 2020.

The Group revenue for financial year ended 31 March 2021 was RM222.80 million represents an increase of RM40.25 million or 22% as compared to RM182.54 million in the preceding year corresponding financial year ended 31 March 2020. 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 RM22.90 million for the financial year ended 31 March 2021 as compared to LBT of RM28.07 million in the preceding year corresponding financial year of 2020. The improvement for the current quarter under review mainly attributed to the gain on disposal of an associate as well as higher profit generated from Mobile Devices and Fulfillment division in the current quarter under review.

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

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	49,430	66,211	(16,781)	-25%
Operating loss	(15,302)	(9,167)	(6,135)	67%
Loss before interest and tax	(14,145)	(8,472)	(5,673)	67%
Loss before tax	(14,865)	(9,073)	(5,792)	64%
Loss after tax	(14,973)	(9,101)	(5,872)	65%
Loss attributable to owners of the company	(14,889)	(9,086)	(5,803)	64%

Revenue of the current quarter (Q4-2021) is RM49.43 million, which is a decrease of RM16.78 million compared to the immediate preceding quarter (Q3-2021). The LBT of RM14.87 million is higher by 64% of the immediate preceding quarter (LBT of RM9.07 million in Q3-2021). The higher LBT recorded for current quarter ending 31 March 2021 is mainly due to there were impairment loss on trade receivables and other receivable of RM1.71 million and RM2.00 million respectively 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.

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 was no profit forecast issued by the Group.

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

B5 Corporate proposal

Save from the following, there were no corporate proposal announced but not completed as at 21 May 2021, being the last practicable date from the date of the issue of this report.

- (i) 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) (“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 Placement; 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) 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) (“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);
 - (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; and
 - (c) On 4 March 2021, Bursa Securities had, vide its letter dated 4 March 2021, resolved to approve the listing of up to 173,260,900 new MMAG Shares to be issued pursuant to the Proposed Private Placement II. Proposed Private Placement II 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

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

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.

On-going proposal

Status of utilisation of proceeds raised from corporate proposals (Private Placement I) as at 31 March 2021 are as follows:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation
Expenses for courier and logistic business	13,948	11,616	Within 24 months
Purchase of land in Johor	8,450	8,450	Within 6 months
Working capital	10,121	10,121	Within 24 months
Estimated expenses for the Private Placement I	130	130	Within 1 month
	32,649	30,317	

B7 Borrowing and debt securities

The Group's borrowings as at 31 March 2021 are as follows:

	Quarter ended 31.03.2021 RM'000	Year ended 31.03.2020 RM'000
<u>Secured</u>		
Borrowings		
- Short term	3,899	14,765
- Long term	3,234	3,391
	7,133	18,156

During the financial period under review, the total finance costs (inclusive of lease liabilities) for the financial period ended 31 March 2021 was RM1.46 million as compared to RM1.43 million in the corresponding financial period ended 31 March 2020.

B8 Material litigations

As at 22 May 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.

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

B10 Related party transaction

The related party transactions during the quarter under review as below:

	Quarter ended 31.03.2021 RM'000	Year ended 31.03.2020 RM'000
Logistics services provided to a related party in which certain directors are common directors	1	1

B11 Loss per share**11.1 Basic loss per share**

The basic loss per share is calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Current year quarter ended 31.03.2021 RM'000	Preceding year corresponding quarter ended 31.03.2020 RM'000	Current year-to-date ended 31.03.2021 RM'000	Preceding year year-to-date ended 31.03.2020 RM'000
Loss attributable to Owners of the Company	(14,889)	(9,785)	(23,096)	(27,879)
Weighted average number of shares in issue ('000)	1,117,071	718,220	999,223	704,863
Basic loss per share (sen)	(1.33)	(1.36)	(2.31)	(3.96)

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021

B11 Loss per share (Cont'd)

11.2 Diluted loss per share

The diluted loss per share is calculated by dividing the net loss for the year 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 31.03.2021 RM'000	Preceding year corresponding quarter ended 31.03.2020 RM'000	Current year-to-date ended 31.03.2021 RM'000	Preceding year year-to-date ended 31.03.2020 RM'000
Loss attributable to Owners of the Company	(14,889)	(9,785)	(23,096)	(27,879)
Weighted average number of shares in issue ('000)	1,117,071	718,220	999,223	704,863
Effect of dilution:				
Exercise of warrants	92,651	^	94,084	^
Adjusted weighted average number of ordinary shares in issue ('000)	1,209,722	718,220	1,093,307	704,863
Diluted loss per share (sen)	(1.23)	(1.36)	(2.11)	(3.96)

^ Not applicable.

B12 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 27 May 2021.