

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

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED  
30 JUNE 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

Note	UNAUDITED AS AT 30.06.2021 RM'000	AUDITED AS AT 31.03.2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
	114,294	111,896
Property, plant and equipment		
	23,848	24,031
Investment properties		
	120	120
Intangible assets		
	73,543	66,218
Other investments		
	10,383	10,383
Goodwill on consolidation		
	880	880
Fixed deposits with a licensed bank		
<b>Total non-current assets</b>	<b>223,068</b>	<b>213,528</b>
<b>Current assets</b>		
	7,143	2,881
Inventories		
	3,930	1,968
Contract assets		
	25,964	26,633
Trade receivables		
	46,438	37,075
Other receivables		
	51	48
Tax recoverable		
	3,035	4,780
Fixed deposits with licensed banks		
	15,787	17,127
Cash and bank balances		
<b>Total current assets</b>	<b>102,348</b>	<b>90,512</b>
<b>Non-current asset held for sale</b>	<b>-</b>	<b>2,000</b>
<b>TOTAL ASSETS</b>	<b>325,416</b>	<b>306,040</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
	247,502	246,330
Share capital		
	1,437	1,453
Irredeemable convertible preference shares		
	(14,511)	(28,707)
Reserves		
	234,428	219,076
Non-controlling interests		
	6,872	6,324
<b>TOTAL EQUITY</b>	<b>241,300</b>	<b>225,400</b>
<b>Non-current liabilities</b>		
	3,136	3,234
Borrowings	B7	
	30,642	30,908
Lease liabilities		
	1,393	1,393
Deferred taxation		
<b>Total non-current liabilities</b>	<b>35,171</b>	<b>35,535</b>
<b>Current liabilities</b>		
	5,848	9,137
Trade payables		
	23,405	21,379
Other payables		
	11,344	3,899
Borrowings	B7	
	8,348	10,690
Lease liabilities		
<b>Total current liabilities</b>	<b>48,945</b>	<b>45,105</b>
<b>TOTAL LIABILITIES</b>	<b>84,116</b>	<b>80,640</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>325,416</b>	<b>306,040</b>
<b>Net Assets per share attributable to Owners of the Company</b>	<b>0.2063</b>	<b>0.1934</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 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 JUNE 2021**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.06.2020 RM'000	CURRENT YEAR-TO-DATE ENDED 30.06.2021 RM'000	PRECEDING YEAR-TO-DATE ENDED 30.06.2020 RM'000
Revenue	99,607	44,561	99,607	44,561
Cost of sales	<u>(97,679)</u>	<u>(43,209)</u>	<u>(97,679)</u>	<u>(43,209)</u>
<b>Gross profit</b>	<b>1,928</b>	<b>1,352</b>	<b>1,928</b>	<b>1,352</b>
Other income	1,634	461	1,634	461
Loss on foreign exchange	(10)	(3)	(10)	(3)
Depreciation and amortisation	(2,485)	(1,336)	(2,485)	(1,336)
Bad debts written off	-	(1)	-	(1)
Finance costs	(820)	(342)	(820)	(342)
Other expenses	(7,081)	(4,408)	(7,081)	(4,408)
<b>Results from operating activities</b>	<b>(6,834)</b>	<b>(4,277)</b>	<b>(6,834)</b>	<b>(4,277)</b>
Interest income	22	21	22	21
<b>Loss before taxation for the period</b>	<b>(6,812)</b>	<b>(4,256)</b>	<b>(6,812)</b>	<b>(4,256)</b>
Taxation	(14)	-	(14)	-
<b>Loss after taxation for the period</b>	<b>(6,826)</b>	<b>(4,256)</b>	<b>(6,826)</b>	<b>(4,256)</b>
<b>Loss attributable to:</b>				
Owners of the Company	(6,729)	(4,339)	(6,729)	(4,339)
Non-controlling interest	(97)	83	(97)	83
	<u>(6,826)</u>	<u>(4,256)</u>	<u>(6,826)</u>	<u>(4,256)</u>
Basic loss per share (sen)	<u>(0.59)</u>	<u>(0.55)</u>	<u>(0.59)</u>	<u>(0.55)</u>
Diluted loss per share (sen)	<u>(0.59)</u>	<u>(0.51)</u>	<u>(0.59)</u>	<u>(0.51)</u>
<b>Loss after taxation for the period</b>	<b>(6,826)</b>	<b>(4,256)</b>	<b>(6,826)</b>	<b>(4,256)</b>
<b>Other comprehensive profit, net of tax</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>6</b>
<b>Total other comprehensive loss, net of tax</b>	<b>(6,825)</b>	<b>(4,250)</b>	<b>(6,825)</b>	<b>(4,250)</b>
<b>Total comprehensive loss, attributable to:</b>				
Owners of the parent	(6,728)	(4,337)	(6,728)	(4,337)
Non-controlling interests	(97)	87	(97)	87
	<u>(6,825)</u>	<u>(4,250)</u>	<u>(6,825)</u>	<u>(4,250)</u>

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 2021 and the accompanying explanatory notes to this interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 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	Fair value 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 2021	246,330	1,453	9,875	55,148	25,575	(7,900)	27	(111,432)	219,076	6,324	225,400
<b>Transactions with owners:</b>											
Change in ownership interest in a subsidiary	-	-	-	-	-	-	-	21,356	21,356	645	22,001
Issuance of shares arising from conversion of ICPS	63	(16)	-	-	-	-	-	-	47	-	47
Issuance of shares arising from conversion of warrants	1,109	-	-	-	(432)	-	-	-	677	-	677
<b>Total transactions with owners</b>	<b>1,172</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>(432)</b>	<b>-</b>	<b>-</b>	<b>21,356</b>	<b>22,080</b>	<b>645</b>	<b>22,725</b>
<b>Net loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,729)</b>	<b>(6,729)</b>	<b>(97)</b>	<b>(6,826)</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(6,729)</b>	<b>(6,728)</b>	<b>(97)</b>	<b>(6,825)</b>
<b>Balance as at 30 June 2021</b>	<b>247,502</b>	<b>1,437</b>	<b>9,875</b>	<b>55,148</b>	<b>25,143</b>	<b>(7,900)</b>	<b>28</b>	<b>(96,805)</b>	<b>234,428</b>	<b>6,872</b>	<b>241,300</b>
Balance as at 1 April 2020	141,774	17,253	9,365	-	28,966	(7,900)	(241)	(88,451)	100,766	119	100,885
<b>Transaction with owners:</b>											
Issuance of shares arising from conversion of ICPS	51,851	(12,963)	-	-	-	-	-	-	38,888	-	38,888
<b>Total transaction with owners</b>	<b>51,851</b>	<b>(12,963)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,888</b>	<b>-</b>	<b>38,888</b>
<b>Net (loss)/profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,340)</b>	<b>(4,340)</b>	<b>84</b>	<b>(4,256)</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>2</b>	<b>6</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>(4,340)</b>	<b>(4,336)</b>	<b>86</b>	<b>(4,250)</b>
<b>Balance as at 30 June 2020</b>	<b>193,625</b>	<b>4,290</b>	<b>9,365</b>	<b>-</b>	<b>28,966</b>	<b>(7,900)</b>	<b>(237)</b>	<b>(92,791)</b>	<b>135,318</b>	<b>205</b>	<b>135,523</b>

The condensed consolidated statement of changes of equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes to this interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 JUNE 2021**

	<b>CURRENT YEAR-TO-DATE ENDED 30.06.2021 RM'000</b>	<b>PRECEDING YEAR-TO-DATE ENDED 30.06.2020 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Loss before tax	(6,812)	(4,256)
<b>Adjustments for:</b>		
Non-cash items	4,910	2,389
Non-operating items	(404)	321
<b>Operating loss before working capital changes</b>	<u>(2,306)</u>	<u>(1,546)</u>
Changes in working capital		
Inventories	(4,262)	497
Contract assets	(1,962)	-
Receivables	(8,694)	(14,598)
Payables	(1,263)	13,076
<b>Cash used in operations</b>	<u>(18,487)</u>	<u>(2,571)</u>
Tax paid	(17)	(3)
Tax refunded	-	23
Interest received	22	21
<b>Net cash used in operating activities</b>	<u>(18,482)</u>	<u>(2,530)</u>
<b>Investing Activities</b>		
Other investment	(7,326)	(260)
Net cash outflow from disposal of a subsidiary	-	(55)
Purchase of intangible asset	-	(25)
Purchase of property, plant and equipment and investment properties	(7,069)	(1,402)
Proceeds from disposal of property, plant and equipment	3,207	-
Subscription of subsidiary's shares by non-controlling interests	22,000	-
<b>Net cash from/(used in) investing activities</b>	<u>10,812</u>	<u>(1,742)</u>
<b>Financing Activities</b>		
Interest paid	(820)	(342)
Proceeds from issuance of new shares	724	38,888
Repayment of finance lease payables	(2,667)	(579)
Repayment of term loan	7,347	90
<b>Net cash from financing activities</b>	<u>4,584</u>	<u>38,057</u>
<b>Cash and cash equivalents</b>		
Net changes	(3,086)	33,785
Effect of foreign currency translation differences	1	(8)
At beginning of year period	21,907	6,085
<b>At end of period</b>	<u>18,822</u>	<u>39,862</u>
<b>Cash and cash equivalents comprise of:</b>		
Cash and bank balances	15,787	19,385
Fixed deposits with licensed banks	3,915	21,057
	<u>19,702</u>	<u>40,442</u>
Less:		
Fixed deposits pledged to licensed banks	(880)	(580)
	<u>18,822</u>	<u>39,862</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 2021 and the accompanying explanatory notes to this interim financial statements

## NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 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 2021.

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 2021.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on and after 1 April 2021 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 2021.

**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 April 2021 and 12 May 2021, there are total of 313,900 new ordinary shares had been issued pursuant to the conversion of 313,900 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 2 April 2021, 5 April 2021, 6 April 2021, 8 April 2021, 9 April 2021, 12 April 2021, 21 April 2021 and 3 May 2021, 3,386,700 new ordinary shares had been issued pursuant to the conversion of 3,386,700 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.

## NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 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 30 June 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	86,388	13,205	47	99,640	(33)	99,607
Inter-segment sales	2	1,978	52	2,032	(2,032)	-
<b>Total sales</b>	<b>86,390</b>	<b>15,183</b>	<b>99</b>	<b>101,672</b>	<b>(2,065)</b>	<b>99,607</b>
<b>Profit/(Loss) before tax</b>	<b>2,427</b>	<b>(9,396)</b>	<b>7,757</b>	<b>788</b>	<b>(7,600)</b>	<b>(6,812)</b>
Segment assets	89,845	77,279	147,020	314,144	1,321	315,465
Other unallocated assets						9,951
						<u>325,416</u>
Segment liabilities	10,680	43,703	16,615	70,998	13,118	84,116
Other unallocated liabilities						-
						<u>84,116</u>

## NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2021

**A8 Segmental information (Cont'd)**

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

For the financial period ended 30 June 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	35,567	8,994	-	44,561	-	44,561
Inter-segment sales	-	295	-	295	(295)	-
Total sales	35,567	9,289	-	44,856	(295)	44,561
Profit/(Loss) before tax	75	(3,523)	(805)	(4,253)	(3)	(4,256)
Segment assets	82,757	40,539	77,237	200,533	674	201,207
Other unallocated assets						9,413
						210,620
Segment liabilities	12,547	19,610	38,601	70,758	4,339	75,097
Other unallocated liabilities						-
						75,097

**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 was the significant event during the financial period ended 30 June 2021:

- (i) 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.

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

The following were the material events subsequent to the financial period ended 30 June 2021:

- (i) On 2 July 2021, the Board of Directors announced that the issue price for 34,765,300 Placement Shares were fixed at RM0.136 per Placement Share; and
- (ii) On 9 July 2021, 34,765,300 new ordinary shares had been issued pursuant to the Proposed Private Placement I that was announced on 30 June 2020 by payment of RM0.136 in cash for 1 new ordinary share.



## NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2021

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

During the financial period ended 30 June 2021, the board's approval for the acquisitions, disposal and incorporation of subsidiaries and associate were as below:

- (i) 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 to be satisfied via a combination of cash of RM534,900 and issuance of 180,157,290 new ordinary shares in DGB 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 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;
- (ii) On 20 May 2021, the Board of Directors announced that the Company had purchased in aggregate approximately 5.07% equity interest in KTG Berhad ("KTG") comprising 35,000,000 ordinary shares ("KTG Shares") for an aggregate cash consideration of RM7,325,500 or approximately at an average price RM0.209 per KTG Share. Upon completion of the acquisition, MMAG is a substantial shareholder of KTG; and
- (iii) On 8 June 2021, in relation to the proposed acquisition of 80% equity interest in M Jets International Sdn. Bhd. ("MJets"), the Board of Directors announced that MJets had on 8 June 2021 obtained the Air Operator Certificate ("AOC") from the Civil Aviation Authority of Malaysia. The AOC is a prerequisite certificate for MJets to operate commercial air transport in Malaysia. Upon obtaining the AOC, MJets will commence its business in airline charter flights and air cargo logistics services and will launch its inaugural air cargo flight in June 2021. This acquisition was completed on 21 July 2021.

**A13 Contingent liabilities**

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

	As at 30.06.2021 RM'000
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiaries	172,828
	<b>172,828</b>

**A14 Commitments**

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

	As at 30.06.2021 RM'000
<b>Commitments authorised but not provided for</b>	
Acquisition of freehold land with buildings	3,520
Lease of land	7,020
	<b>10,540</b>

The Company leased a land and the lease period is for three years with an option to renew after every three years for a further three (3) years up to total lease period of twelve (12) years.

## NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 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		Changes		Cumulative period		Changes	
	Current year	Preceding year			Current	Preceding		
	quarter	corresponding			year-to-date	year-to-date		
	ended	quarter ended	ended	ended				
	30.06.2021	30.06.2020	RM'000	%	30.06.2021	30.06.2020	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	99,607	44,561	55,046	124%	99,607	44,561	55,046	124%
Operating loss	(6,834)	(4,277)	2,557	60%	(6,834)	(4,277)	2,557	60%
Loss before interest and tax	(5,992)	(3,914)	2,078	53%	(5,992)	(3,914)	2,078	53%
Loss before tax	(6,812)	(4,256)	2,556	60%	(6,812)	(4,256)	2,556	60%
Loss after tax	(6,826)	(4,256)	2,570	60%	(6,826)	(4,256)	2,570	60%
Loss attributable to owner of the Company	(6,729)	(4,339)	2,390	55%	(6,729)	(4,339)	2,390	55%

The Group revenue for current quarter ended 30 June 2021 was RM99.61 million recorded an increase of RM55.05 million or 124% as compared to RM44.56 million in the preceding year corresponding quarter ended 30 June 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.

In addition, The Group registered a loss before tax (“LBT”) of RM6.81 million for the current quarter ended 30 June 2021 as compared to LBT of RM4.26 million in the preceding year corresponding quarter ending 30 June 2020. The increase of LBT was mainly due to higher operation expenses incurred for the expansion of new branches, purchased of additional new vehicles and recruitment of additional workforces which was in line with the expansion of logistics business activities throughout Peninsular Malaysia during the financial period under review.

**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	99,607	49,430	50,177	102%
Operating loss	(6,834)	(15,295)	(8,461)	-55%
Loss before interest and tax	(5,992)	(14,145)	(8,153)	-58%
Loss before tax	(6,812)	(14,865)	(8,053)	-54%
Loss after tax	(6,826)	(14,973)	(8,147)	-54%
Loss attributable to owners of the Company	(6,729)	(14,889)	(8,160)	-55%

Revenue of the current quarter (Q1-2022) is RM99.61 million, which is an increase of RM50.18 million compared to the immediate preceding quarter (Q4-2021). The LBT of RM6.81 million is lower by 54% of the immediate preceding quarter (LBT of RM14.87 million in Q4-2021). The lower LBT recorded for current quarter ending 30 June 2021 is mainly due to improvement on revenue generated in current quarter under review. In addition, there were impairment loss on trade receivables and other receivable of RM1.71 million and RM2.00 million respectively and impairment loss on intangible assets of RM0.60 million recorded in the immediate preceding quarter, which none was noted for current quarter under review.

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2021

**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.

MJet’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 MJets’ 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 FIRST QUARTER ENDED 30 JUNE 2021

**B5 Corporate proposal**

Save from the following, there were no corporate proposal announced but not completed as at 24 August 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;
  - (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; and
  - (g) On 2 July 2021, the Board of Directors announced that the issue price for 34,765,300 Placement Shares were fixed at RM0.136 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 FIRST QUARTER ENDED 30 JUNE 2021

**B6 Utilisation of proceeds**

Status of utilisation of proceeds raised from corporate proposals (Private Placement I) as at 30 June 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	13,948	Fully utilised
Purchase of land in Johor	8,450	8,450	Fully utilised
Working capital	10,121	10,121	Fully utilised
Estimated expenses for the Private Placement I	130	130	Fully utilised
	32,649	32,649	

**B7 Borrowing and debt securities**

The Group's borrowings as at 30 June 2021 are as follows:

	Quarter ended 30.06.2021 RM'000	Quarter ended 30.06.2020 RM'000
<b><u>Secured</u></b>		
Borrowings		
- Short term	11,344	14,948
- Long term	3,136	3,299
	14,480	18,247

During the financial period under review, the total finance costs (inclusive of lease liabilities) for the financial period ended 30 June 2021 was RM0.65 million as compared to RM0.14 million in the corresponding financial period ended 30 June 2020.

**B8 Material litigations**

As at 24 August 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 FIRST QUARTER ENDED 30 JUNE 2021

**B10 Related party transaction**

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

	Quarter ended 30.06.2021 RM'000	Year ended 30.06.2020 RM'000
Logistics services provided to a related party in which certain directors are common directors	8	8

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

The basis loss per share is calculated by dividing the net 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 30.06.2021 RM'000	Preceding year corresponding quarter ended 30.06.2020 RM'000	Current year-to-date ended 30.06.2021 RM'000	Preceding year year-to-date ended 30.06.2020 RM'000
Loss attributable to Owners of the Company	(6,729)	(4,339)	(6,729)	(4,339)
Weighted average number of shares in issue ('000)	1,136,082	787,308	1,136,082	787,308
Basic loss per share (sen)	(0.59)	(0.55)	(0.59)	(0.55)

## NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 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 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 30.06.2021 RM'000	Preceding year corresponding quarter ended 30.06.2020 RM'000	Current year-to-date ended 30.06.2021 RM'000	Preceding year year-to-date ended 30.06.2020 RM'000
Loss attributable to Owners of the Company	(6,729)	(4,339)	(6,729)	(4,339)
Weighted average number of shares in issue ('000)	1,136,082	787,308	1,136,082	787,308
Effect of dilution:				
Exercise of warrants	6,362	71,400	6,362	71,400
Adjusted weighted average number of ordinary shares in issue ('000)	1,142,444	858,708	1,142,444	858,708
Diluted loss per share (sen)	(0.59)	(0.51)	(0.59)	(0.51)

## 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 30 August 2021.