

MMAG HOLDINGS BERHAD 200301007003 (609423-V)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
31 DECEMBER 2021**

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

Note	UNAUDITED AS AT 31.12.2021 RM'000	AUDITED AS AT 31.03.2021 RM'000
ASSETS		
Non-current assets		
	115,232	111,896
Property, plant and equipment		
	23,483	24,031
Investment properties		
	4,265	120
Intangible assets		
	77,220	66,218
Other investments		
	41,771	10,383
Goodwill on consolidation		
	880	880
Fixed deposits with a licensed bank		
Total non-current assets	262,851	213,528
Current assets		
	4,711	2,881
Inventories		
	2,982	1,968
Contract assets		
	38,687	26,633
Trade receivables		
	33,280	37,075
Other receivables		
	54	48
Tax recoverable		
	9,955	4,780
Fixed deposits with licensed banks		
	11,625	17,127
Cash and bank balances		
Total current assets	101,294	90,512
Non-current asset held for sale	-	2,000
TOTAL ASSETS	364,145	306,040
EQUITY AND LIABILITIES		
Equity		
	270,547	246,330
Share capital		
	754	1,453
Irredeemable convertible preference shares		
	(35,338)	(28,707)
Reserves		
	235,963	219,076
Non-controlling interests		
	9,120	6,324
TOTAL EQUITY	245,083	225,400
Non-current liabilities		
	2,936	3,234
Borrowings	B7	
	30,287	30,908
Lease liabilities		
	1,393	1,393
Deferred taxation		
Total non-current liabilities	34,616	35,535
Current liabilities		
	18,697	9,137
Trade payables		
	58,906	21,379
Other payables		
	396	3,899
Borrowings	B7	
	6,402	10,690
Lease liabilities		
	45	-
Tax payable		
Total current liabilities	84,446	45,105
TOTAL LIABILITIES	119,062	80,640
TOTAL EQUITY AND LIABILITIES	364,145	306,040
Net Assets per share attributable to Owners of the Company	0.1798	0.1934

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 31 DECEMBER 2021**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 31.12.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.12.2020 RM'000	CURRENT YEAR-TO-DATE ENDED 31.12.2021 RM'000	PRECEDING YEAR-TO-DATE ENDED 31.12.2020 RM'000
Revenue	83,097	66,211	316,824	173,365
Cost of sales	(83,921)	(64,374)	(312,100)	(167,399)
Gross (loss)/profit	(824)	1,837	4,724	5,966
Other income	2,008	(184)	3,818	11,446
Loss on foreign exchange	(45)	(13)	(190)	(27)
Depreciation and amortisation	(2,903)	(1,942)	(8,228)	(4,789)
Loss on disposal of property	-	(163)	-	(163)
Bad debts written off	(351)	-	(351)	(1)
Finance costs	(769)	(601)	(2,229)	(1,783)
Other expenses	(8,557)	(8,101)	(25,092)	(18,844)
Results from operating activities	(11,441)	(9,167)	(27,548)	(8,195)
Share of results of associates	-	65	-	63
Interest income	3	29	27	93
Loss before taxation for the period	(11,438)	(9,073)	(27,521)	(8,039)
Taxation	(92)	(28)	(106)	(36)
Loss after taxation for the period	(11,530)	(9,101)	(27,627)	(8,075)
Loss attributable to:				
Owners of the Company	(11,231)	(9,086)	(26,745)	(8,207)
Non-controlling interest	(299)	(15)	(882)	132
	(11,530)	(9,101)	(27,627)	(8,075)
Basic loss per share (sen)	(0.96)	(0.85)	(2.32)	(0.86)
Diluted loss per share (sen)	(1.13)	(0.78)	(2.54)	(0.78)
Loss after taxation for the period	(11,530)	(9,101)	(27,627)	(8,075)
Other comprehensive profit, net of tax	-	-	3	260
Total other comprehensive loss, net of tax	(11,530)	(9,101)	(27,624)	(7,815)
Total comprehensive loss, attributable to:				
Owners of the parent	(11,231)	(9,084)	(26,744)	(7,946)
Non-controlling interests	(299)	(17)	(880)	131
	(11,530)	(9,101)	(27,624)	(7,815)

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 31 DECEMBER 2021**

	← Atributable to Equity Holders of the Company →									Non-controlling interests	Total equity
	← 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
Transactions with owners:											
Change in ownership interest in a subsidiary	-	-	-	-	-	-	-	20,544	20,544	3,677	24,221
Issuance of shares arising from conversion of ICPS	2,794	(699)	-	-	-	-	-	-	2,095	-	2,095
Issuance of shares arising from conversion of warrants	1,109	-	-	-	(432)	-	-	-	677	-	677
Issuance of shares arising from private placements	20,314	-	-	-	-	-	-	-	20,314	-	20,314
Arising from subscription of shares in a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	24,217	(699)	-	-	(432)	-	-	20,544	43,630	3,677	47,307
Net loss for the period	-	-	-	-	-	-	-	(26,745)	(26,745)	(882)	(27,627)
Other comprehensive income for the period	-	-	-	-	-	-	2	-	2	1	3
Total comprehensive loss for the period	-	-	-	-	-	-	2	(26,745)	(26,743)	(881)	(27,624)
Balance as at 31 December 2021	270,547	754	9,875	55,148	25,143	(7,900)	29	(117,633)	235,963	9,120	245,083
Balance as at 1 April 2020	141,774	17,253	9,365	-	28,966	(7,900)	(241)	(88,451)	100,766	119	100,885
Transaction with owners:											
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	(1,603)	(1,603)	4,111	2,508
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	4,111	80,271
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

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 31 DECEMBER 2021**

	CURRENT YEAR-TO-DATE ENDED 31.12.2021 RM'000	PRECEDING YEAR-TO-DATE ENDED 31.12.2020 RM'000
Cash Flows From Operating Activities		
Loss before tax	(27,521)	(8,039)
Adjustments for:		
Non-cash items	15,517	9,129
Non-operating items	949	(8,283)
Operating loss before working capital changes	<u>(11,055)</u>	<u>(7,193)</u>
Changes in working capital		
Inventories	(1,553)	1,828
Contract assets	(1,015)	-
Receivables	(1,655)	(33,969)
Payables	22,171	(4,082)
Cash from/(used) in operations	<u>6,893</u>	<u>(43,416)</u>
Tax paid	(70)	(47)
Tax refunded	3	23
Interest received	27	93
Net cash from/(used in) operating activities	<u>6,853</u>	<u>(43,347)</u>
Investing Activities		
Acquisition of subsidiaries	(20,410)	(532)
Other investment	(11,002)	(1,560)
Purchase of intangible asset	(1,805)	(25)
Purchase of property, plant and equipment and investment properties	(12,709)	(29,018)
Proceeds from disposal of an associate	-	29,411
Proceeds from disposal of property, plant and equipment	3,338	64
Proceeds from disposal of investment property	-	1,120
Subscription of subsidiary's shares by non-controlling interests	26,726	2,500
Net cash (used in)/from investing activities	<u>(15,862)</u>	<u>1,960</u>
Financing Activities		
Interest paid	(2,229)	(1,783)
Proceeds from issuance of new shares	23,087	77,763
Repayment of finance lease payables	(8,379)	(3,510)
Repayment of term loan	(3,801)	(14,482)
Net cash from financing activities	<u>8,678</u>	<u>57,988</u>
Cash and cash equivalents		
Net changes	(331)	16,601
Effect of foreign currency translation differences	4	(7)
At beginning of year period	21,907	6,085
At end of period	<u>21,580</u>	<u>22,679</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	11,625	10,602
Fixed deposits with licensed banks	10,835	12,657
	<u>22,460</u>	<u>23,259</u>
Less:		
Fixed deposits pledged to licensed banks	(880)	(580)
	<u>21,580</u>	<u>22,679</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 THIRD QUARTER ENDED 31 DECEMBER 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

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter.

A7 Dividend

There was no dividend paid during the current quarter under review.

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

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 and air cargo services.

Segmental information for the Group is presented as follows:-

For the financial period ended 31 December 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	236,595	80,097	286	316,978	(154)	316,824
Inter-segment sales	7	6,142	325	6,474	(6,474)	-
Total sales	236,602	86,239	611	323,452	(6,628)	316,824
Profit/(Loss) before tax	8,727	(32,738)	4,091	(19,920)	(7,601)	(27,521)
Segment assets	96,340	81,469	143,674	321,483	1,324	322,807
Other unallocated assets						41,338
						364,145
Segment liabilities	13,643	60,089	25,915	99,647	19,415	119,062
Other unallocated liabilities						-
						119,062

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 2021

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 31 December 2021:-

- (i) On 28 October 2021, the Board of Directors announced that the that the Company's 80% owned subsidiary, M Jets International Sdn. Bhd. ("MJets") received the notification from Malaysian Aviation Commission ("MAVCOM") that M Jets has obtained both the Air Service Licence ("ASL") and Ground Handling Licence ("GHL") granted by MAVCOM. The ASL is for MJets to provide scheduled air transport services in accordance with the Malaysian Aviation Commission Act 2015 [Act 771] whilst GHL is for MJets to carry out ground handling services for air craft and cargo in Malaysia. The validity period for both ASL and GHL is for a period of twelve (12) months with effective from 1 November 2021 to 31 October 2022.

On 15 November 2021, the Board of Directors clarified that MAVCOM granted MJets the Conditional Approval ("CA") of the GHL in which the conditions to the CA are to be fulfilled within the twelve (12) months' period from 1 November 2021 to 31 October 2022 before the GHL is granted by MAVCOM. Pursuant to condition of the CA of the GHL, MJets is only permitted to carry out ground handling services upon the issuance of the GHL by MAVCOM. The CA of the GHL is to allow M Jets to initiate its Technical Approval Certificate process with the Civil Aviation Authority Malaysia.

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 2021:-

- (i) On 20 January 2022, the Board of Directors announced that the that the Company's had subscribed 35,000,000 new ordinary shares in CSH Alliance Berhad (formerly known as KTG Berhad) ("CSH") on the basis of 1 rights share for every 1 existing CSH Shares held of its entitled rights shares and 159,500,000 excess shares of CSH at an issue price of RM0.15 each for a total cash consideration of RM29,175,000 arising from the rights issue with warrants of CSH. The total new ordinary shares subscribed by MMAG is 194,500,000 new ordinary shares in CSH together with 194,500,000 free detachable warrants ("Warrants") on the basis of 1 Warrant for every 1 Rights Share subscribed.

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

A12 Changes in the composition of the Group

During the financial period ended 31 December 2021, the board's approval for the acquisitions, disposal and incorporation of subsidiaries and associate were as below:-

- (i) On 21 April 2021, the Company had entered into a Shares Sale Agreement with Liew Wai Yang (the "Vendor"), to undertake the proposed acquisition of 30,000 ordinary shares in Line Clear Courier & Logistics (S) Pte Ltd ("LCELS"), representing 40% of the equity interest in LCELS, from the Vendors for a total cash purchase consideration of SGD250,000. Subsequently, LCELS becomes 100% wholly-owned sub-subsidiary of the Group;
- (ii) 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.

Further to the Announcement, the Board of Directors announced that the Company had on 28 September 2021 entered into a Supplemental Agreement with DGB to amend and vary certain provisions of the SSA;

- (iii) On 20 May 2021, the Board of Directors announced that the Company had purchased in aggregate approximately 5.07% equity interest in CSH comprising 35,000,000 ordinary shares ("CSH Shares") for an aggregate cash consideration of RM7,325,500 or approximately at an average price RM0.209 per CSH Share. Upon completion of the acquisition, MMAG is a substantial shareholder of CSH; and
- (iv) On 8 June 2021, in relation to the proposed acquisition of 80% equity interest in MJets, the Board of Directors announced that MJets had 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 31.12.2021 RM'000
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiaries	178,406
	178,406

A14 Commitments

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

	As at 31.12.2021 RM'000
Commitments authorised but not provided for	
Acquisition of freehold land with buildings	2,620
Lease of land	6,660
	9,280

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 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				
	31.12.2021	31.12.2020	Changes		31.12.2021	31.12.2020	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	83,097	66,211	16,886	26%	316,824	173,365	143,459	83%
Operating loss	(11,441)	(9,167)	2,274	25%	(27,548)	(8,195)	19,353	236%
Loss before interest and tax	(10,669)	(8,472)	2,197	26%	(25,292)	(6,256)	19,036	304%
Loss before tax	(11,438)	(9,073)	2,365	26%	(27,521)	(8,039)	19,482	242%
Loss after tax	(11,530)	(9,101)	2,429	27%	(27,627)	(8,075)	19,552	242%
Loss attributable to owners of the company	(11,231)	(9,086)	2,145	24%	(26,745)	(8,207)	18,538	226%

The Group revenue for current quarter ended 31 December 2021 was RM83.10 million recorded an increase of RM16.89 million or 26% as compared to RM66.21 million in the preceding year corresponding quarter ended 31 December 2020.

In addition, The Group registered a loss before tax (“LBT”) of RM11.44 million for the current quarter ended 31 December 2021 as compared to LBT of RM9.07 million in the preceding year corresponding quarter ending 31 December 2020.

The Group’s revenue for financial period ended 31 December 2021 was RM316.82 million recorded an increase of RM143.46 million or 83% as compared to RM173.37 million in the preceding year corresponding financial period ended 31 December 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. Additionally, courier and logistics services division also contributed to the growth of revenue due to high demand of logistics services during Recovery Movement Control Order. Moreover, the newly acquired subsidiary also had contributed a revenue of RM28.50 million from its air cargo services.

In addition, The Group registered a LBT of RM27.52 million for the financial period ended 31 December 2021 as compared to LBT of RM8.04 million in the preceding year corresponding financial period ended 31 December 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.

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) FOR THE ACE MARKET**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	83,097	134,120	(51,023)	-38%
Operating loss	(11,441)	(9,273)	2,168	23%
Loss before interest and tax	(10,669)	(8,631)	2,038	24%
Loss before tax	(11,438)	(9,271)	2,167	23%
Loss after tax	(11,530)	(9,271)	2,259	24%
Loss attributable to owners of the Company	(11,231)	(8,785)	2,446	28%

Revenue of the current quarter (Q3-2022) is RM83.10 million, which is a decrease of RM51.02 million compared to the immediate preceding quarter (Q2-2022). The LBT of RM11.44 million is higher by 23% of the immediate preceding quarter (LBT of RM9.27 million in Q2-2022). The higher LBT recorded for current quarter ending 31 December 2021 is 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.

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 Line Clear Express & Logistics Sdn Bhd. 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.

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

B4 Variance on profit forecast

There was no profit forecast issued by the Group.

B5 Corporate proposal

Save from the following, there were no corporate proposal announced but not completed as at 17 February 2022, 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;
 - (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; and
 - (d) On 19 August 2021, the Board of Directors announced that the issue price for 127,752,100 Placement Shares were fixed at RM0.122 per Placement Share.

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

B6 Utilisation of proceeds

Proceeds raised from corporate proposals (Private Placement I) had been fully utilised on 30 September 2021.

Status of utilisation of proceeds raised from corporate proposals (Private Placement II) as at 31 December 2021 are as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation
Setting-up and expansion of air cargo logistics business	7,593	5,447	Within 24 months
Working capital for air cargo logistics business	7,947	4,479	Within 24 months
Future acquisitions	-	-	Within 36 months
Estimated expenses for the Private Placement II	46	46	Within 1 month
	15,586	9,972	

B7 Borrowing and debt securities

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

	Quarter ended 31.12.2021 RM'000	Quarter ended 31.12.2020 RM'000
<u>Secured</u>		
Borrowings		
- Short term	396	382
- Long term	2,936	3,292
	3,332	3,674

During the financial period under review, the total finance costs (inclusive of lease liabilities) for the financial period ended 31 December 2021 was RM1.91 million as compared to RM0.78 million in the corresponding financial period ended 31 December 2020.

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

B8 Material litigations

As at 17 February 2022 (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 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 31.12.2021 RM'000	Preceding year corresponding quarter ended 31.12.2020 RM'000	Current year-to-date ended 31.12.2021 RM'000	Preceding year year-to-date ended 31.12.2020 RM'000
Loss attributable to Owners of the Company	(11,231)	(9,086)	(26,745)	(8,207)
Weighted average number of shares in issue ('000)	1,170,266	1,063,592	1,151,429	959,354
Basic loss per share (sen)	(0.96)	(0.85)	(2.32)	(0.86)

NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021

B10 Loss per share (Cont'd)**10.2 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 31.12.2021 RM'000	Preceding year corresponding quarter ended 31.12.2020 RM'000	Current year-to-date ended 31.12.2021 RM'000	Preceding year year-to-date ended 31.12.2020 RM'000
Loss attributable to Owners of the Company	(11,231)	(9,086)	(26,745)	(8,207)
Weighted average number of shares in issue ('000)	1,170,266	1,063,592	1,151,429	959,354
Effect of dilution:				
Exercise of warrants	(178,426)	106,980	(98,604)	94,906
Adjusted weighted average number of ordinary shares in issue ('000)	991,840	1,170,572	1,052,825	1,054,260
Diluted loss per share (sen)	(1.13)	(0.78)	(2.54)	(0.78)

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 24 February 2022.