

MMAG HOLDINGS BERHAD 200301007003 (609423-V)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED
31 MARCH 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

Note	UNAUDITED AS AT 31.03.2022 RM'000	AUDITED AS AT 31.03.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	344,301	111,896
Investment properties	23,301	24,031
Intangible assets	120	120
Other investments	251,437	66,218
Goodwill on consolidation	40,460	10,383
Fixed deposits with a licensed bank	2,835	880
Total non-current assets	662,454	213,528
Current assets		
Inventories	10,536	2,881
Contract assets	2,901	1,968
Trade receivables	28,743	26,633
Other receivables	37,306	37,075
Tax recoverable	30	48
Fixed deposits with licensed banks	9,705	4,780
Cash and bank balances	12,840	17,127
Total current assets	102,061	90,512
Assets of disposal group/non-current asset held for sale	42,207	2,000
TOTAL ASSETS	806,722	306,040
EQUITY AND LIABILITIES		
Equity		
Share capital	270,547	246,330
Irredeemable convertible preference shares	754	1,453
Reserves	107,077	(28,707)
	378,378	219,076
Non-controlling interests	733	6,324
TOTAL EQUITY	379,111	225,400
Non-current liabilities		
Borrowings	2,806	3,234
Lease liabilities	251,590	30,908
Deferred taxation	961	1,393
Total non-current liabilities	255,357	35,535
Current liabilities		
Trade payables	28,719	9,137
Other payables	67,969	21,379
Contract liabilities	9,440	-
Borrowings	20,549	3,899
Lease liabilities	41,006	10,690
Tax payable	23	-
Total current liabilities	167,706	45,105
Liabilities directly associated with disposal group classified as held for sale	4,548	-
TOTAL LIABILITIES	427,611	80,640
TOTAL EQUITY AND LIABILITIES	806,722	306,040
Net Assets per share attributable to Owners of the Company	0.2883	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 MARCH 2022**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 31.03.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.03.2021 RM'000	CURRENT YEAR-TO-DATE ENDED 31.03.2022 RM'000	PRECEDING YEAR-TO-DATE ENDED 31.03.2021 RM'000
Revenue	67,886	49,430	384,710	222,795
Cost of sales	(81,980)	(55,574)	(394,080)	(222,973)
Gross loss	(14,094)	(6,144)	(9,370)	(178)
Other income	30,494	4,282	34,312	15,728
Loss on foreign exchange	(275)	(5)	(465)	(32)
Depreciation and amortisation	(2,827)	(2,280)	(11,055)	(7,069)
Loss on disposal of property	-	-	-	(163)
Bad debts written off	350	1	(1)	-
Impairment loss on receivables	(2,090)	(3,707)	(2,090)	(3,707)
Impairment loss on intangible asset	-	(602)	-	(602)
Finance costs	(4,367)	(720)	(6,596)	(2,503)
Other expenses	(9,332)	(6,120)	(34,424)	(24,964)
Results from operating activities	(2,141)	(15,295)	(29,689)	(23,490)
Share of results of associates	-	418	-	481
Interest income	17	12	44	105
Loss before taxation	(2,124)	(14,865)	(29,645)	(22,904)
Taxation	(99)	(108)	(205)	(144)
Loss after taxation	(2,223)	(14,973)	(29,850)	(23,048)
Profit/(Loss) attributable to:				
Owners of the Company	5,839	(14,889)	(20,906)	(23,096)
Non-controlling interest	(8,062)	(84)	(8,944)	48
	(2,223)	(14,973)	(29,850)	(23,048)
Basic earnings/(loss) per share (sen)	0.44	(1.33)	(1.68)	(2.31)
Diluted earnings/(loss) per share (sen)	0.60	(1.23)	(1.89)	(2.11)
Loss after taxation	(2,223)	(14,973)	(29,850)	(23,048)
Other comprehensive income, net of tax	136,616	55,670	136,619	55,930
Total other comprehensive income, net of tax	134,393	40,697	106,769	32,882
Total comprehensive income/(loss), attributable to:				
Owners of the parent	142,457	40,776	115,713	32,830
Non-controlling interests	(8,064)	(79)	(8,944)	52
	134,393	40,697	106,769	32,882

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 MARCH 2022**

	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
Transactions with owners:											
Change in ownership interest in a subsidiary	-	-	-	-	-	-	-	20,503	20,503	3,353	23,856
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
Total transactions with owners	24,217	(699)	-	-	(432)	-	-	20,503	43,589	3,353	46,942
Net loss	-	-	-	-	-	-	-	(20,906)	(20,906)	(8,944)	(29,850)
Other comprehensive income/(loss)	-	-	-	136,624	-	-	(5)	-	136,619	-	136,619
Realisation of fair value reserve upon disposal	-	-	-	(26,425)	-	-	-	26,425	-	-	-
Total comprehensive income/(loss)	-	-	-	110,199	-	-	(5)	5,519	115,713	(8,944)	106,769
Balance as at 31 March 2022	270,547	754	9,875	165,347	25,143	(7,900)	22	(85,410)	378,378	733	379,111
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	-	-	-	-	-	-	-	115	115	6,145	6,260
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
Arising from subscription of shares in a subsidiary	-	-	-	-	-	-	-	-	-	8	8
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	-	-	510	55,148	-	-	268	-	55,926	4	55,930
Total comprehensive income/(loss)	-	-	510	55,148	-	-	268	(23,096)	32,830	52	32,882
Balance as at 31 March 2021	246,330	1,453	9,875	55,148	25,575	(7,900)	27	(111,432)	219,076	6,324	225,400

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 MARCH 2022**

	CURRENT YEAR-TO-DATE ENDED 31.03.2022 RM'000	PRECEDING YEAR-TO-DATE ENDED 31.03.2021 RM'000
Cash Flows From Operating Activities		
Loss before tax	(29,645)	(22,904)
Adjustments for:		
Non-cash items	33,485	17,906
Non-operating items	5,295	(10,404)
Operating loss before working capital changes	<u>9,135</u>	<u>(15,402)</u>
Changes in working capital		
Inventories	(7,378)	595
Contract assets	(933)	(1,968)
Receivables	(4,750)	(33,656)
Payables	45,787	6,668
Contract liabilities	9,440	-
Cash from/(used) in operations	<u>51,301</u>	<u>(43,763)</u>
Tax paid	(160)	(49)
Tax refunded	38	22
Interest received	44	105
Net cash from/(used in) operating activities	<u>51,223</u>	<u>(43,685)</u>
Investing Activities		
Acquisition of subsidiaries	(18,368)	(532)
Acquisition of non-controlling interests	-	(240)
Other investment	(48,595)	(9,470)
Net cash outflow from disposal of a subsidiary	-	3,087
Purchase of intangible asset	-	(145)
Purchase of property, plant and equipment and investment properties	(22,650)	(36,287)
Proceeds from disposal of an associate	-	29,411
Proceeds from disposal of property, plant and equipment	3,347	290
Proceeds from disposal of investment property	-	1,120
Subscription of subsidiary's shares by non-controlling interests	26,727	6,500
Net cash used in investing activities	<u>(59,539)</u>	<u>(6,266)</u>
Financing Activities		
Interest paid	(6,596)	(2,503)
Proceeds from issuance of new shares	23,087	85,366
Repayment of finance lease payables	(21,750)	(5,798)
Repayment of term loan	16,221	(11,023)
Upliftment of fixed deposit with licensed banks	(1,955)	(300)
Net cash from financing activities	<u>9,007</u>	<u>65,742</u>
Cash and cash equivalents		
Net changes	691	15,791
Effect of foreign currency translation differences	(4)	31
At beginning of year period	21,907	6,085
At end of period	<u>22,594</u>	<u>21,907</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	12,840	17,127
Fixed deposits with licensed banks	12,540	5,660
	<u>25,380</u>	<u>22,787</u>
Less:		
Fixed deposits pledged to licensed banks	(2,835)	(880)
Cash and cash equivalents classified as held for sale	49	-
	<u>22,594</u>	<u>21,907</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 FOURTH QUARTER ENDED 31 MARCH 2022

**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 FOURTH QUARTER ENDED 31 MARCH 2022

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.
- (iii) **Air freight**
Provision of air cargo services.

Segmental information for the Group is presented as follows:-

For the financial year ended 31 March 2022	Mobile & fulfilment RM'000	Courier & logistic services RM'000	Air freight RM'000	Other segment RM'000	Total RM'000	Adjustments and eliminations RM'000	Total RM'000
Sales to external customer	269,087	63,448	51,940	235	384,710	-	384,710
Inter-segment sales	567	7,456	7,967	511	16,501	(16,501)	-
Total sales	269,654	70,904	59,907	746	401,211	(16,501)	384,710
Profit/(Loss) before tax	6,954	(48,831)	(14,393)	19,533	(36,737)	7,092	(29,645)
Segment assets	92,233	91,530	288,433	294,151	766,347	(85)	766,262
Other unallocated assets							40,460
							806,722
Segment liabilities	13,672	85,599	288,436	38,946	426,653	(508)	426,145
Other unallocated liabilities							1,466
							427,611

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2022

A8 Segmental information (Cont'd)

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

For the financial year ended 31 March 2021	Mobile & fulfilment RM'000	Courier & logistic services RM'000	Air freight RM'000	Other segment RM'000	Total RM'000	Adjustments and eliminations RM'000	Total RM'000
Sales to external customer	180,372	42,377	-	46	222,795	-	222,795
Inter-segment sales	328	6,750	-	88	7,166	(7,166)	-
Total sales	180,700	49,127	-	134	229,961	(7,166)	222,795
Profit/(Loss) before tax	3,227	(34,302)	-	7,124	(23,951)	1,047	(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

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 2022:-

- (i) On 10 March 2022, the Board of Directors announced that the Company proposes to undertake the following:-
 - (a) proposed settlement of amount owing to certain creditors of MMAG and its subsidiary of an aggregate sum of RM22,803,456.71 to be fully satisfied via issuance of a total of 373,827,157 new ordinary shares in MMAG ("MMAG Shares") at an issue price of RM0.0610 each ("Proposed Debt Settlement to Creditors");
 - (b) proposed settlement of amount owing to Kenny Khoo Chuan Wah (an Executive Director of the Company) of RM950,000 to be fully satisfied via issuance of 15,573,770 new MMAG Shares at an issue price of RM0.0610 each (Proposed Debt Settlement to Director"); and
 - (c) proposed private placement of up to 765,665,400 new MMAG Shares, representing up to 40% of MMAG Shares in issue (excluding treasury shares, if any) ("Proposed Private Placement III")

(collectively referred to as "Proposals")
- (ii) On 18 March 2022, the additional listing application in relation to the Proposals has been submitted to Bursa Securities.

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2022

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 2022:-

- (i) On 10 May 2022, Bursa Securities had, vide its letter dated 10 May 2022, resolved the followings:-
 - (a) listing and quotation of 373,827,157 new MMAG Shares to be issued pursuant to the Proposed Debt Settlement to Creditors;
 - (b) listing and quotation of 15,573,770 new MMAG Shares to be issued pursuant to the Proposed Debt Settlement to Director; and
 - (c) listing and quotation of up to 765,665,400 Placement Shares to be issued pursuant to the Proposed 40% Private Placement.
- (ii) On 12 May 2022, total of 1,302,200 ordinary shares have been issued pursuant to the conversion of 1,302,200 ICPS by the way of conversion of 1 unit ICPS with payment of RM0.15 in cash for 1 new ordinary share; and

A12 Changes in the composition of the Group

During the financial year ended 31 March 2022, the board's approval for the acquisitions, disposal and incorporation of subsidiaries, associate and other investments 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.

On 4 April 2022, the Board of Directors announced that, DGB had allotted to the Company 180,157,290 new DGB shares at an issue price of RM0.096 per share in satisfaction of the Disposal Consideration of RM17,830,000 whereby the remaining consideration of RM534,900 was satisfied by cash;

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2022

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

During the financial year ended 31 March 2022, the board's approval for the acquisitions, disposal and incorporation of subsidiaries, associate and other investments were as below (Cont'd):-

- (iii) On 20 May 2021, the Board of Directors announced that the Company had purchased in aggregate approximately 5.07% equity interest in CSH Alliance Berhad (formerly known as KTG Berhad) ("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 M Jets International Sdn Bhd ("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; and
- (v) 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 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.

A13 Contingent liabilities

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

	As at 31.03.2022 RM'000
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiaries	178,036
	178,036

A14 Commitments

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

	As at 31.03.2022 RM'000
Commitments authorised but not provided for	
Acquisition of freehold land with buildings	2,420
Construction of buildings	503
Lease of aircrafts	237,210
Lease of land	6,480
	246,613

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 2022

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				
	31.03.2022	31.03.2021	Changes		31.03.2022	31.03.2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	67,886	49,430	18,456	37%	384,710	222,795	161,915	73%
Operating loss	(2,141)	(15,295)	(13,154)	-86%	(29,689)	(23,490)	6,199	26%
Loss before interest and tax	2,243	(14,145)	(16,388)	-116%	(23,049)	(20,401)	2,648	13%
Loss before tax	(2,124)	(14,865)	(12,741)	-86%	(29,645)	(22,904)	6,741	29%
Loss after tax	(2,223)	(14,973)	(12,750)	-85%	(29,850)	(23,048)	6,802	30%
Profit/(Loss) attributable to owners of the company	5,839	(14,889)	(20,728)	-139%	(20,906)	(23,096)	(2,190)	-9%

The Group revenue for current quarter ended 31 March 2022 was RM67.89 million, an increase of RM18.46 million or 37% as compared to RM49.43 million in the preceding year corresponding quarter ended 31 March 2021.

In addition, the Group registered a loss before tax (“LBT”) of RM2.12 million for the current quarter ended 31 March 2022 as compared to LBT of RM14.87 million in the preceding year corresponding quarter ending 31 March 2021.

The Group’s revenue for financial year ended 31 March 2022 was RM384.71 million, an increase of RM161.91 million or 73% as compared to RM222.80 million in the preceding year corresponding financial year ended 31 March 2021. 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 RM51.94 million from its air cargo services.

In addition, the Group registered a LBT of RM29.65 million for the financial year ended 31 March 2022 as compared to LBT of RM22.90 million in the preceding year corresponding financial year ended 31 March 2021. 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 year under review.

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2022

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	67,886	83,097	(15,211)	-18%
Operating loss	(2,141)	(11,441)	(9,300)	-81%
Loss before interest and tax	2,243	(10,669)	(12,912)	-121%
Loss before tax	(2,124)	(11,438)	(9,314)	-81%
Loss after tax	(2,223)	(11,530)	(9,307)	-81%
Profit/(Loss) attributable to owners of the Company	5,839	(11,231)	(17,070)	-152%

Revenue of the current quarter (Q4-2022) is RM67.89 million, which is a decrease of RM15.21 million compared to the immediate preceding quarter (Q3-2022). The LBT of RM2.12 million is lower by 81% of the immediate preceding quarter (LBT of RM11.44 million in Q3-2022). The lower LBT recorded for current quarter ending 31 March 2022 is mainly due to revenue generated in current quarter under review was lower by RM15.21 million and this reduction is net off with gain of RM5.78 million derived from disposal of quoted equity instrument and fair value gain of RM23.35 million derived from revaluation of quoted equity investment carried at fair value through profit or loss.

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 FOURTH QUARTER ENDED 31 MARCH 2022

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 24 May 2022, being the last practicable date from the date of the issue of this report.

Completed Corporate Exercises

- (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.

On-going Corporate Exercise

- (i) Proposed Private Placement of new ordinary shares in MMAG, representing up to 40% of the number of MMAG shares in issue (excluding treasury shares) (“Private Placement III”)
 - (a) On 10 March 2022, the Board of Directors announced that the Company proposes to undertake the Proposed Private Placement of new ordinary shares in MMAG, representing up to 40% of the number of MMAG shares in issue (excluding treasury shares);
 - (b) On 18 March 2022, the Board of Directors announced that the additional listing application in relation to the Proposed Private Placement III has been submitted to Bursa Securities; and
 - (c) On 10 May 2022, Bursa Securities had, vide its letter dated 10 May 2022, resolved the listing and quotation of up to 765,665,400 Placement Shares to be issued pursuant to the Proposed Private Placement III.

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2022

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 March 2022 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	7,593	Fully utilised
Working capital for air cargo logistics business	7,885	7,885	Fully utilised
Future acquisitions	-	-	Fully utilised
Estimated expenses for the Private Placement II	108	108	Fully utilised
	15,586	15,586	

B7 Borrowing and debt securities

The Group's borrowings as at 31 March 2022 are as follows:-

	Quarter ended 31.03.2022 RM'000	Quarter ended 31.03.2021 RM'000
<u>Secured</u>		
Borrowings		
- Short term	20,549	3,899
- Long term	2,806	3,234
	23,355	7,133

During the financial year under review, the total finance costs (inclusive of lease liabilities) for the financial year ended 31 March 2022 was RM6.14 million as compared to RM1.46 million in the corresponding financial year ended 31 March 2021.

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2022

B8 Material litigations

Save as disclosed below, as at 24 May 2022 (being the latest practicable 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:

- (i) On 13 April 2022, the Board of Directors announced that MJets (“Defendant”) had on 18 April 2022 been served a Writ and Statement of Claim by Comone International Logistics Co Limited (“Plaintiff”).

The claimed against MJets is due to the cancellation of the proposed joint venture agreement by the previous management in year 2020 before MJets was a subsidiary of the Company. The suit is not expected to have any material operational impact on MMAG Group for the financial year ended 31 March 2022.

If the claim is allowed, there is no material financial impact as the amount had already been fully provided in the accounts except for any additional cost or interest granted (if any).

- (ii) On 24 May 2022, the Board of Directors announced that the Company and MJets (“Defendants”) had on today been served with Originating Summons dated 19 May 2022 (“Originating Summons”) from the solicitors acting for JT Aerotech Solutions Sdn Bhd (“JT Aerotech”). The shareholders of MJets are MMAG (80%) and JT Aerotech (20%).

In the Originating Summons, JT Aerotech is seeking for, inter-alia, the following:-

- (a) declaratory reliefs pursuant to sections 105, 199, 200, 346 and 351 of the Companies Act 2016; and
(b) orders pursuant to sections 41, 51 and 53 of the Specific Relief Act 1950.

The financial impact of the legal suit, if any, can only be ascertained pending the legal review by the defendants’ solicitors. There is no operational impact of the legal suit on MMAG Group and MJets.

B9 Dividends

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

B10 Earnings/(Loss) per share**10.1 Basic earnings/(loss) per share**

The basis earnings/(loss) per share is calculated by dividing the net profit/(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 31.03.2022 RM'000	Preceding year corresponding quarter ended 31.03.2021 RM'000	Current year-to-date ended 31.03.2022 RM'000	Preceding year year-to-date ended 31.03.2021 RM'000
Profit/(Loss) attributable to Owners of the Company	5,839	(14,889)	(20,906)	(23,096)
Weighted average number of shares in issue ('000)	1,312,470	1,117,071	1,243,480	999,223
Basic earnings/(loss) per share (sen)	0.44	(1.33)	(1.68)	(2.31)

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

B10 Earnings/(Loss) per share (Cont'd)**10.2 Diluted earnings/(loss) per share**

The diluted earnings/(loss) per share is calculated by dividing the net profit/(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 31.03.2022 RM'000	Preceding year corresponding quarter ended 31.03.2021 RM'000	Current year-to-date ended 31.03.2022 RM'000	Preceding year year-to-date ended 31.03.2021 RM'000
Profit/(Loss) attributable to Owners of the Company	5,839	(14,889)	(20,906)	(23,096)
Weighted average number of shares in issue ('000)	1,312,470	1,117,071	1,243,480	999,223
Effect of dilution:				
Exercise of warrants	(340,631)	106,980	(136,101)	94,906
Adjusted weighted average number of ordinary shares in issue ('000)	971,839	1,224,051	1,107,379	1,094,129
Diluted earnings/(loss) per share (sen)	0.60	(1.23)	(1.89)	(2.11)

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 31 May 2022.