

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

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER ENDED  
31 DECEMBER 2022**

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

|  | <b>UNAUDITED<br/>AS AT<br/>31.12.2022<br/>RM'000</b> | <b>AUDITED<br/>AS AT<br/>31.03.2022<br/>RM'000</b> |
|--|--|--|
| <b>ASSETS</b>  |  |  |
| <b>Non-current assets</b>  |  |  |
| Property, plant and equipment  | 390,529  | 344,301  |
| Investment properties  | 4,002  | 23,301   |
| Intangible assets  | 120  | 120  |
| Other investments  | 242,243  | 251,437  |
| Deferred tax assets  | 1,600  | 1,600  |
| Goodwill on consolidation  | 37,226   | 37,226   |
| Fixed deposits with a licensed bank  | 2,555  | 2,835  |
| <b>Total non-current assets</b>  | <u>678,275</u>                                       | <u>660,820</u>                                     |
| <b>Current assets</b>  |  |  |
| Inventories  | 9,131  | 10,536   |
| Contract assets  | 2,478  | 2,901  |
| Trade receivables  | 47,438   | 29,771   |
| Other receivables  | 46,518   | 35,136   |
| Tax recoverable  | 46   | 30   |
| Fixed deposits with licensed banks   | 15,305   | 9,705  |
| Cash and bank balances   | 28,442   | 12,840   |
| <b>Total current assets</b>  | <u>149,358</u>                                       | <u>100,919</u>                                     |
| <b>Assets of disposal group</b>  | <u>-</u>   | <u>41,504</u>                                      |
| <b>TOTAL ASSETS</b>  | <u>827,633</u>                                       | <u>803,243</u>                                     |
| <b>EQUITY AND LIABILITIES</b>  |  |  |
| <b>Equity</b>  |  |  |
| Share capital  | 320,176  | 270,547  |
| Irredeemable convertible preference shares   | -  | 754  |
| Reserves   | 70,650   | 104,950  |
|  | <u>390,826</u>                                       | <u>376,251</u>                                     |
| Non-controlling interests  | (11,300)   | 1,551  |
| <b>TOTAL EQUITY</b>  | <u>379,526</u>                                       | <u>377,802</u>                                     |
| <b>Non-current liabilities</b>   |  |  |
| Borrowings   | B7 -   | 2,806  |
| Lease liabilities  | 252,101  | 252,079  |
| Deferred taxation  | 10   | 961  |
| <b>Total non-current liabilities</b>   | <u>252,111</u>                                       | <u>255,846</u>                                     |
| <b>Current liabilities</b>   |  |  |
| Trade payables   | 49,778   | 28,725   |
| Other payables   | 45,226   | 65,673   |
| Contract liabilities   | 3,264  | 9,440  |
| Borrowings   | B7 15,435  | 20,549   |
| Lease liabilities  | 82,290   | 40,637   |
| Tax payable  | 3  | 23   |
| <b>Total current liabilities</b>   | <u>195,996</u>                                       | <u>165,047</u>                                     |
| <b>Liabilities directly associated with disposal group classified as held for sale</b> | <u>-</u>   | <u>4,548</u>                                       |
| <b>TOTAL LIABILITIES</b>   | <u>448,107</u>                                       | <u>425,441</u>                                     |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>827,633</u>                                       | <u>803,243</u>                                     |
| <b>Net Assets per share attributable to Owners of the Company</b>                      | <u>0.1613</u>  | <u>0.2867</u>                                      |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes to these interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 DECEMBER 2022**

|  | INDIVIDUAL PERIOD                                     |  | CUMULATIVE PERIOD  |  |
|--|---|--|--|--|
|  | CURRENT YEAR<br>QUARTER ENDED<br>31.12.2022<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER ENDED<br>31.12.2021<br>RM'000 | CURRENT<br>YEAR-TO-DATE<br>ENDED<br>31.12.2022<br>RM'000 | PRECEDING<br>YEAR-TO-DATE<br>ENDED<br>31.12.2021<br>RM'000 |
| Revenue  | 127,889   | 83,097   | 319,725  | 316,824  |
| Cost of sales  | <u>(126,409)</u>                                      | <u>(83,921)</u>  | <u>(307,729)</u>   | <u>(312,100)</u>   |
| <b>Gross profit/(loss)</b>                               | <b>1,480</b>  | <b>(824)</b>   | <b>11,996</b>  | <b>4,724</b>   |
| Other income   | 1,936   | 2,008  | 11,301   | 3,818  |
| Loss on foreign exchange                                 | (500)   | (45)   | (23)   | (190)  |
| Depreciation and amortisation                            | (3,429)   | (2,903)  | (10,024)   | (8,228)  |
| Bad debts written off                                    | -   | (351)  | (14)   | (351)  |
| Finance costs  | (3,675)   | (769)  | (9,793)  | (2,229)  |
| Other expenses   | (11,987)  | (8,557)  | (30,095)   | (25,092)   |
| <b>Results from operating activities</b>                 | <b>(16,175)</b>                                       | <b>(11,441)</b>  | <b>(26,652)</b>  | <b>(27,548)</b>  |
| Interest income  | 85  | 3  | 147  | 27   |
| <b>Loss before tax for the period</b>                    | <b>(16,090)</b>                                       | <b>(11,438)</b>  | <b>(26,505)</b>  | <b>(27,521)</b>  |
| Tax expenses   | 942   | (92)   | 915  | (106)  |
| <b>Loss after tax for the period</b>                     | <b>(15,148)</b>                                       | <b>(11,530)</b>  | <b>(25,590)</b>  | <b>(27,627)</b>  |
| <b>Loss attributable to:</b>                             |   |  |  |  |
| Owners of the Company                                    | (11,182)  | (11,231)   | (21,051)   | (26,745)   |
| Non-controlling interest                                 | (3,966)   | (299)  | (4,539)  | (882)  |
|  | <u>(15,148)</u>                                       | <u>(11,530)</u>  | <u>(25,590)</u>  | <u>(27,627)</u>  |
| Basic loss per share (sen)                               | <u>(0.50)</u>   | <u>(0.86)</u>  | <u>(1.20)</u>  | <u>(2.19)</u>  |
| Diluted loss per share (sen)                             | <u>(0.50)</u>   | <u>(1.06)</u>  | <u>(1.20)</u>  | <u>(2.38)</u>  |
| <b>Loss after tax for the period</b>                     | <b>(15,148)</b>                                       | <b>(11,530)</b>  | <b>(25,590)</b>  | <b>(27,627)</b>  |
| <b>Other comprehensive (loss)/income,<br/>net of tax</b> | <b>(24)</b>   | <b>-</b>   | <b>(10,655)</b>  | <b>3</b>   |
| <b>Total other comprehensive loss,<br/>net of tax</b>    | <b>(15,172)</b>                                       | <b>(11,530)</b>  | <b>(36,245)</b>  | <b>(27,624)</b>  |
| <b>Total comprehensive loss, attributable to:</b>        |   |  |  |  |
| Owners of the parent                                     | (11,206)  | (11,231)   | (31,706)   | (26,744)   |
| Non-controlling interests                                | (3,966)   | (299)  | (4,539)  | (880)  |
|  | <u>(15,172)</u>                                       | <u>(11,530)</u>  | <u>(36,245)</u>  | <u>(27,624)</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 2022 and the accompanying explanatory notes to these interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2022**

|   | Attributable to Equity Holders of the Company |  |                                  |                                 |                              |                             |  |                                 | Non-controlling interests<br>RM'000 | Total equity<br>RM'000 |                 |
|---|---|--|----------------------------------|---------------------------------|------------------------------|-----------------------------|--|---------------------------------|-------------------------------------|------------------------|-----------------|
|   | Non-distributable                             |  |                                  |                                 |                              |                             |  |                                 |                                     |                        |                 |
|   | Share capital<br>RM'000                       | Irredeemable<br>convertible<br>preference shares<br>RM'000 | Revaluation<br>reserve<br>RM'000 | Fair value<br>reserve<br>RM'000 | Warrant<br>reserve<br>RM'000 | Merger<br>deficit<br>RM'000 | Exchange<br>translation<br>reserve<br>RM'000 | Accumulated<br>losses<br>RM'000 |                                     |                        | Total<br>RM'000 |
| At 1 April 2022   | 270,547                                       | 754  | 9,875                            | 165,346                         | 25,143                       | (7,900)                     | 23   | (87,537)                        | 376,251                             | 1,551                  | 377,802         |
| <b>Transactions with owners:</b>  |   |  |                                  |                                 |                              |                             |  |                                 |                                     |                        |                 |
| Change in ownership interest in subsidiaries                                  | -   | -  | -                                | -                               | -                            | -                           | -  | 3,124                           | 3,124                               | (2,124)                | 1,000           |
| Disposal of subsidiaries  | 23,754  | -  | (1,319)                          | -                               | -                            | 7,900                       | -  | (7,900)                         | 22,435                              | (6,188)                | 16,247          |
| Issuance of shares arising from conversion of ICPS                            | 950   | (754)  | -                                | -                               | -                            | -                           | -  | -                               | 196                                 | -                      | 196             |
| Issuance of shares arising from conversion of warrants                        | 11,300  | -  | -                                | -                               | (4,399)                      | -                           | -  | -                               | 6,901                               | -                      | 6,901           |
| Issuance of shares arising from private placements                            | 13,625  | -  | -                                | -                               | -                            | -                           | -  | -                               | 13,625                              | -                      | 13,625          |
| Warrants expired  | -   | -  | -                                | -                               | (20,744)                     | -                           | -  | 20,744                          | -                                   | -                      | -               |
| <b>Total transactions with owners</b>   | <b>49,629</b>                                 | <b>(754)</b>   | <b>(1,319)</b>                   | <b>-</b>                        | <b>(25,143)</b>              | <b>7,900</b>                | <b>-</b>                                     | <b>15,968</b>                   | <b>46,281</b>                       | <b>(8,312)</b>         | <b>37,969</b>   |
| Realisation of fair value reserve upon disposal of shares                     | -   | -  | -                                | (17,105)                        | -                            | -                           | -  | 17,105                          | -                                   | -                      | -               |
| Realisation of revaluation value reserve upon disposal of investment property | -   | -  | (8,556)                          | -                               | -                            | -                           | -  | 8,556                           | -                                   | -                      | -               |
| <b>Net loss for the period</b>  | <b>-</b>                                      | <b>-</b>   | <b>-</b>                         | <b>-</b>                        | <b>-</b>                     | <b>-</b>                    | <b>-</b>                                     | <b>(21,051)</b>                 | <b>(21,051)</b>                     | <b>(4,539)</b>         | <b>(25,590)</b> |
| <b>Other comprehensive loss for the period</b>                                | <b>-</b>                                      | <b>-</b>   | <b>-</b>                         | <b>(10,559)</b>                 | <b>-</b>                     | <b>-</b>                    | <b>(96)</b>                                  | <b>-</b>                        | <b>(10,655)</b>                     | <b>-</b>               | <b>(10,655)</b> |
| <b>Total comprehensive loss for the period</b>                                | <b>-</b>                                      | <b>-</b>   | <b>-</b>                         | <b>(10,559)</b>                 | <b>-</b>                     | <b>-</b>                    | <b>(96)</b>                                  | <b>(21,051)</b>                 | <b>(31,706)</b>                     | <b>(4,539)</b>         | <b>(36,245)</b> |
| <b>At 31 December 2022</b>  | <b>320,176</b>                                | <b>-</b>   | <b>-</b>                         | <b>137,682</b>                  | <b>-</b>                     | <b>-</b>                    | <b>(73)</b>                                  | <b>(66,959)</b>                 | <b>390,826</b>                      | <b>(11,300)</b>        | <b>379,526</b>  |
| 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>Transaction with owners:</b>   |   |  |                                  |                                 |                              |                             |  |                                 |                                     |                        |                 |
| 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 placement                             | 20,314  | -  | -                                | -                               | -                            | -                           | -  | -                               | 20,314                              | -                      | 20,314          |
| <b>Total transaction with owners</b>  | <b>24,217</b>                                 | <b>(699)</b>   | <b>-</b>                         | <b>-</b>                        | <b>(432)</b>                 | <b>-</b>                    | <b>-</b>                                     | <b>20,544</b>                   | <b>43,630</b>                       | <b>3,677</b>           | <b>47,307</b>   |
| <b>Net loss for the period</b>  | <b>-</b>                                      | <b>-</b>   | <b>-</b>                         | <b>-</b>                        | <b>-</b>                     | <b>-</b>                    | <b>-</b>                                     | <b>(26,745)</b>                 | <b>(26,745)</b>                     | <b>(882)</b>           | <b>(27,627)</b> |
| <b>Other comprehensive income for the period</b>                              | <b>-</b>                                      | <b>-</b>   | <b>-</b>                         | <b>-</b>                        | <b>-</b>                     | <b>-</b>                    | <b>2</b>                                     | <b>-</b>                        | <b>2</b>                            | <b>1</b>               | <b>3</b>        |
| <b>Total comprehensive income/(loss) for the period</b>                       | <b>-</b>                                      | <b>-</b>   | <b>-</b>                         | <b>-</b>                        | <b>-</b>                     | <b>-</b>                    | <b>2</b>                                     | <b>(26,745)</b>                 | <b>(26,743)</b>                     | <b>(881)</b>           | <b>(27,624)</b> |
| <b>At 31 December 2021</b>  | <b>270,547</b>                                | <b>754</b>   | <b>9,875</b>                     | <b>55,148</b>                   | <b>25,143</b>                | <b>(7,900)</b>              | <b>29</b>                                    | <b>(117,633)</b>                | <b>235,963</b>                      | <b>9,120</b>           | <b>245,083</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 2022 and the accompanying explanatory notes to these interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 DECEMBER 2022**

|  | <b>CURRENT<br/>YEAR-TO-DATE<br/>ENDED<br/>31.12.2022<br/>RM'000</b> | <b>PRECEDING<br/>YEAR-TO-DATE<br/>ENDED<br/>31.12.2021<br/>RM'000</b> |
|--|---|---|
| <b>Cash Flows From Operating Activities</b>                          |   |   |
| Loss before tax  | (26,505)  | (27,521)  |
| <b>Adjustments for:</b>  |   |   |
| Non-cash items   | 34,293  | 15,517  |
| Non-operating items  | 7,851   | 949   |
| <b>Operating profit/(loss) before working capital changes</b>        | <u>15,639</u>   | <u>(11,055)</u>   |
| Changes in working capital   |   |   |
| Inventories  | 1,582   | (1,553)   |
| Contract customers   | (5,753)   | (1,015)   |
| Receivables  | (29,462)  | (1,655)   |
| Payables   | 43,440  | 22,171  |
| <b>Cash from operations</b>  | <u>25,446</u>   | <u>6,893</u>  |
| Tax paid   | (72)  | (70)  |
| Tax refunded   | -   | 3   |
| Interest received  | 147   | 27  |
| <b>Net cash from operating activities</b>                            | <u>25,521</u>   | <u>6,853</u>  |
| <b>Investing Activities</b>  |   |   |
| Acquisition of subsidiaries  | -   | (20,410)  |
| Net cash inflow from disposal of subsidiaries                        | 17,600  | -   |
| Proceeds from disposal of property, plant and equipment              | 831   | 3,338   |
| Proceeds from disposal of partial stake to non-controlling interests | 1,000   | 26,726  |
| Purchase of intangible asset   | -   | (1,805)   |
| Purchase of other investment   | (191)   | (11,002)  |
| Purchase of property, plant and equipment and investment properties  | (16,461)  | (12,709)  |
| <b>Net cash from/(used in) investing activities</b>                  | <u>22,979</u>   | <u>(15,862)</u>   |
| <b>Financing Activities</b>  |   |   |
| Repayment to other payables  | (28,185)  | -   |
| Drawdown of borrowings   | 17,932  | -   |
| Interest paid  | (9,793)   | (2,229)   |
| Proceeds from issuance of shares                                     | 44,475  | 23,087  |
| Repayment of borrowings  | (25,851)  | (3,801)   |
| Repayment of lease liabilities                                       | (25,979)  | (8,379)   |
| Termination of lease liabilities                                     | (120)   | -   |
| Upliftment of fixed deposit with licensed banks                      | 280   | -   |
| <b>Net cash (used in)/from financing activities</b>                  | <u>(27,241)</u>   | <u>8,678</u>  |
| <b>Cash and cash equivalents</b>                                     |   |   |
| Net changes  | 21,259  | (331)   |
| Effect of foreign currency translation differences                   | (106)   | 4   |
| At beginning of period   | 22,389  | 21,907  |
| <b>At end of period</b>  | <u>43,542</u>   | <u>21,580</u>   |
| <b>Cash and cash equivalents comprise of:</b>                        |   |   |
| Cash and bank balances   | 28,442  | 11,625  |
| Fixed deposits with licensed banks                                   | 17,860  | 10,835  |
|  | <u>46,302</u>   | <u>22,460</u>   |
| Less:  |   |   |
| Fixed deposits pledged to licensed banks                             | (2,760)   | (880)   |
|  | <u>43,542</u>   | <u>21,580</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 2022 and the accompanying explanatory notes to these interim financial statements

## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

**A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (“MFRS 134”)**  
**- INTERIM FINANCIAL REPORTING**

**A1 Basis of preparation**

The interim financial statements are 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 2022.

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 2022.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on and after 1 April 2022 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 2022.

**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 23 November 2022, there are total of 100 new ordinary shares had been issued pursuant to the conversion of 100 Irredeemable Convertible Preference Shares (“ICPS”) by conversion of 1 unit ICPS and payment of RM0.15 in cash for 1 new ordinary share. On 30 November 2022, 3,445,725 new ordinary shares had been issued pursuant to the mandatory conversion of 13,782,918 ICPS by conversion of 4 units ICPS for 1 new ordinary share.

On 9 November 2022, 10 November 2022 and 16 November 2022, 34,503,500 new ordinary shares had been issued pursuant to the conversion of 34,503,500 Warrant 2017/2022 (“Warrant”) by conversion of 1 unit Warrant and payment of RM0.20 in cash for 1 new ordinary share.

On 25 October 2022, 681,269,200 new ordinary shares had been issued pursuant to the Proposed Private Placement III that was announced on 10 March 2022 by payment of RM0.02 in cash for 1 new ordinary share.

Other than above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter.

**A7 Dividend**

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

## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 and fulfilment ("Mobile & Fulfilment")**  
Mobile operators' 3PL & 4PL contract, fulfilment business and physical and online sale of smart devices and IT related products.
- (ii) **Courier and logistics services**  
Express delivery or last mile delivery services business to business ("B2B"), business to customers ("B2C") and customers to customers ("C2C"), warehousing, fulfilment services and freight forwarding.
- (iii) **Air freight**  
Provision of air cargo services.

Segmental information for the Group is presented as follows:-

| For the financial period ended 31 December 2022 | Mobile & fulfilments RM'000 | Courier & logistic services RM'000 | Air freight RM'000 | Others RM'000  | Total RM'000    | Adjustments and eliminations RM'000 | Total RM'000    |
|---|-----------------------------|------------------------------------|--------------------|----------------|-----------------|-------------------------------------|-----------------|
| <b>Sales to external customer</b>               | 137,592                     | 57,694                             | 124,251            | 186            | 319,723         | 2                                   | 319,725         |
| <b>Inter-segment sales</b>                      | 80                          | 3,900                              | 10,959             | 105            | 15,044          | (15,044)                            | -               |
| <b>Total sales</b>                              | <u>137,672</u>              | <u>61,594</u>                      | <u>135,210</u>     | <u>291</u>     | <u>334,767</u>  | <u>(15,042)</u>                     | <u>319,725</u>  |
| <b>Profit/(Loss) before tax</b>                 | <u>2,517</u>                | <u>(22,280)</u>                    | <u>(5,704)</u>     | <u>(2,639)</u> | <u>(28,106)</u> | <u>1,601</u>                        | <u>(26,505)</u> |
| <b>Segment assets</b>                           | 95,310                      | 95,095                             | 347,756            | 254,782        | 792,943         | (2,582)                             | 790,361         |
| <b>Other unallocated assets</b>                 |                             |                                    |                    |                |                 |                                     | <u>37,272</u>   |
|   |                             |                                    |                    |                |                 |                                     | <u>827,633</u>  |
| <b>Segment liabilities</b>                      | 23,026                      | 56,680                             | 353,523            | 18,219         | 451,448         | (3,354)                             | 448,094         |
| <b>Other unallocated liabilities</b>            |                             |                                    |                    |                |                 |                                     | <u>13</u>       |
|   |                             |                                    |                    |                |                 |                                     | <u>448,107</u>  |

## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

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

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

| For the financial period ended 31 December 2021 | Mobile & fulfilments RM'000 | Courier & logistic services RM'000 | Air freight RM'000 | Others RM'000 | Total RM'000   | Adjustments and eliminations RM'000 | Total RM'000   |
|---|-----------------------------|------------------------------------|--------------------|---------------|----------------|-------------------------------------|----------------|
| Sales to external customer                      | 236,595                     | 51,594                             | 28,503             | 286           | 316,978        | (154)                               | 316,824        |
| Inter-segment sales                             | 7                           | 6,142                              | -                  | 325           | 6,474          | (6,474)                             | -              |
| <b>Total sales</b>                              | <b>236,602</b>              | <b>57,736</b>                      | <b>28,503</b>      | <b>611</b>    | <b>323,452</b> | <b>(6,628)</b>                      | <b>316,824</b> |
| Profit/(Loss) before tax                        | 8,727                       | (32,738)                           | (2,500)            | 6,591         | (19,920)       | (7,601)                             | (27,521)       |
| Segment assets                                  | 96,340                      | 81,469                             | 24,495             | 119,179       | 321,483        | 1,324                               | 322,807        |
| Other unallocated assets                        |                             |                                    |                    |               |                |                                     | 41,338         |
|   |                             |                                    |                    |               |                |                                     | <b>364,145</b> |
| Segment liabilities                             | 13,643                      | 60,089                             | 10,407             | 15,508        | 99,647         | 19,415                              | 119,062        |
| Other unallocated liabilities                   |                             |                                    |                    |               |                |                                     | -              |
|   |                             |                                    |                    |               |                |                                     | <b>119,062</b> |

**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 events during the interim reporting period**

The following were the significant events during the financial period ended 31 December 2022:-

- (i) On 17 October 2022, the Board of Directors announced that the issue price was fixed at RM0.02 per Placement Share; and
- (ii) On 19 October 2022, the Board of Directors announced that a total of 681,269,200 Placement Shares based on the issue price of RM0.0200 each as announced on 17 October 2022 will be allotted to the placee in due course. This exercise was completed on 26 October 2022.



## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

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

There was no material eventssubsequent to the end of the current quarter up to 16 February 2023, being the last practicable date from the date of the issue of this report (“LPD”) that are expected to have an operational or financial impact on the Group.

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

During the financial period ended 31 December 2022, the board’s approval for the acquisitions, disposal and incorporation of subsidiaries, associate and other investments 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 MGudang Sdn Bhd (“MGSB”), representing 74.51% equity interest in MGSB, to Ingenieur Gudang Berhad (formerly known as Dynaciate Group Berhad) (“IGB”) 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 IGB 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 IGB 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 IGB to amend and vary certain provisions of the SSA.

On 4 April 2022, the Board of Directors announced that, IGB 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.

- (ii) On 27 December 2022, Line Clear Express & Logistics Sdn Bhd (“LCEL”) entered into a subscription agreement with a third party for the issuance and allotment of 5,052,632 new ordinary shares (representing 5% of the enlarged total number of issued shares) for a cash subscription price of RM1,000,000. As a result, the Company’s effective equity interest in LCEL has diluted from 85.00% to 80.75%.

## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

**A13 Contingent liabilities**

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

|  | <b>As at<br/>31.12.2022<br/>RM'000</b> |
|--|--|
| Corporate guarantees given to certain suppliers and financial institutions of certain subsidiaries | 197,551                                |
|  | <b>197,551</b>                         |

**A14 Commitments**

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

|  | <b>As at<br/>31.12.2022<br/>RM'000</b> |
|--|--|
| <b>Commitments authorised but not provided for</b> |  |
| Lease of land                                      | 5,940                                  |
|  | <b>5,940</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 THIRD QUARTER ENDED 31 DECEMBER 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 period-to-date**

|  | Individual period                     |   | Changes |     | Cumulative period                     |   | Changes |      |
|--|---------------------------------------|---|---------|-----|---------------------------------------|---|---------|------|
|  | Current year quarter ended 31.12.2022 | Preceding year corresponding quarter ended 31.12.2021 |         |     | Current year-to-date ended 31.12.2022 | Preceding year-to-date ended 31.12.2021 |         |      |
|  | RM'000                                | RM'000  | RM'000  | %   | RM'000                                | RM'000                                  | RM'000  | %    |
| Revenue                                    | 127,889                               | 83,097  | 44,792  | 54% | 319,725                               | 316,824                                 | 2,901   | 1%   |
| Operating loss                             | (16,175)                              | (11,441)  | 4,734   | 41% | (26,652)                              | (27,548)                                | (896)   | -3%  |
| Loss before interest and tax               | (12,415)                              | (10,669)  | 1,746   | 16% | (16,712)                              | (25,292)                                | (8,580) | -34% |
| Loss before tax                            | (16,090)                              | (11,438)  | 4,652   | 41% | (26,505)                              | (27,521)                                | (1,016) | -4%  |
| Loss after tax                             | (15,148)                              | (11,530)  | 3,618   | 31% | (25,590)                              | (27,627)                                | (2,037) | -7%  |
| Loss attributable to owners of the company | (11,182)                              | (11,231)  | (49)    | 0%  | (21,051)                              | (26,745)                                | (5,694) | -21% |

The Group revenue for current quarter ended 31 December 2022 was RM127.80 million, an increase of RM44.79 million or 54% as compared to RM83.10 million in the preceding year corresponding quarter ended 31 December 2021. This increase was mainly contributed by the growth in revenue of mobile and fulfillment division (RM21.25 million) and air freight division (RM17.94 million).

In addition, the Group registered a loss before tax (“LBT”) of RM16.09 million for the current quarter ended 31 December 2022 as compared to LBT of RM11.44 million in the preceding year corresponding quarter ending 31 December 2021. This is mainly due to the rise in the operating costs of air freight division in parallel with the rise in revenue in the current quarter.

The Group’s revenue for financial period ended 31 December 2022 was RM319.73 million, an increase of RM2.90 million or 1% as compared to RM316.82 million in the preceding year corresponding financial period ended 31 December 2021. In the current financial period, revenue derived from air freight division and courier and logistics services division had been increased by RM95.75 million or 336% and RM6.10 million or 12% respectively.

However, the Group registered a LBT of RM26.51 million for the financial period ended 31 December 2022 as compared to LBT of RM27.52 million in the preceding year corresponding financial period ended 31 December 2021. The marginal improvement of LBT was due to lower losses generated from courier and logistic services division in the current financial period.

D

**NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022****B2. Change in the quarterly results compared to the results of the immediate preceding quarter**

|  | Current<br>quarter<br>RM'000 | Immediate<br>preceding<br>quarter<br>RM'000 | Changes |        |
|--|------------------------------|---|---------|--------|
|  |                              |   | RM'000  | %      |
| Revenue                                    | <b>127,889</b>               | 90,795                                      | 37,094  | 41%    |
| Operating loss                             | <b>(16,175)</b>              | (2,709)                                     | 13,466  | 497%   |
| Profit/(Loss) before interest and tax      | <b>(12,415)</b>              | 345   | 12,760  | -3699% |
| Loss before tax                            | <b>(16,090)</b>              | (2,662)                                     | 13,428  | 504%   |
| Loss after tax                             | <b>(15,148)</b>              | (2,689)                                     | 12,459  | 463%   |
| Loss attributable to owners of the Company | <b>(11,182)</b>              | (2,442)                                     | 8,740   | 358%   |

Revenue of the current quarter (Q3-2023) is RM127.89 million, which is an increase of RM37.09 million as compared to the immediate preceding quarter (Q2-2023). The increase is contributed by the growth in revenue derived from mobile and fulfilment division. However, the LBT stood at RM16.09 million versus RM2.66 million in Q2-2023. High operating expenditure and capital expenditure cost of the courier and logistics business, and depreciation charges, leasing interest of the aircrafts and warehouse rental of the cargo business are the two main segments contributing to the overall LBT.

**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.

As approaching the third anniversary of the COVID-19 pandemic, Malaysia’s e-commerce spending has exploded since the COVID pandemic first struck in 2020 and has now become the norm in Malaysia. With growing internet penetration, greater processing power and smart devices, consumers are increasingly flocking to buy products and services online. The COVID-19 pandemic has led to a permanent shift in digital adoption and consumption in Malaysia. Digital consumption is now a way of life for most Malaysians.

To complement the above trend towards convenience, transportation and logistics - the backbone of this new ecosystem, is playing a greater role as e-commerce expands. Businesses are taking advantage of these trends by connecting with customers via business-to-business (B2B) e-commerce platforms and selling products online both domestically and internationally. Improved cross-border logistics, broader network coverage, and ease of connectivity are the few principal criteria that e-commerce businesses use to choose their logistics partners to support the increasing demands in the Malaysian digital sphere.

Air cargo logistics business of M Jets International Sdn Bhd (“MJet”) complements the Group’s courier and logistics business undertaken by Line Clear Express & Logistics Sdn Bhd. The Group can 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 Group will continue to work on revenue enhancement and cost optimisation initiatives as the performance parameters. Margin will continue to be a challenge in the courier and logistics service division and air freight division as industry players will compete indirectly in the price game to get a bigger slice of the pie.

**B4 Variance on profit forecast**

There was no profit forecast issued by the Group.

## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

**B5 Corporate proposal**

Save from the following, there were no corporate proposal announced but not completed as at 16 February 2023, being the last practicable date from the date of the issue of this report.

**Completed 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;
- (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;
- (d) On 17 October 2022, the Board of Directors announced that the issue price was fixed at RM0.0200 per Placement Share; and
- (e) On 19 October 2022, the Board of Directors announced that a total of 681,269,200 Placement Shares based on the issue price of RM0.0200 each as announced on 17 October 2022 will be allotted to the placee in due course. This exercise was completed on 26 October 2022.

**B6 Utilisation of proceeds**

Status of utilisation of proceeds raised from corporate proposals (Private Placement III) as at 31 December 2022 are as follows:-

| Purpose   | Proposed utilisation<br>RM'000 | Actual utilisation<br>RM'000 | Intended timeframe for utilisation |
|---|--------------------------------|------------------------------|------------------------------------|
| Purchase of ICT products for mobile and fulfillment segment | 3,600                          | 3,600                        | Fully utilised                     |
| Operating expenditures of courier and logistics segment     | 4,000                          | 4,000                        | Fully utilised                     |
| Administrative and general expenses                         | 5,813                          | 5,813                        | Fully utilised                     |
| Estimated expenses for the Private Placement III            | 180                            | 180                          | Fully utilised                     |
|   | 13,593                         | 13,593                       |                                    |

**B7 Borrowing and debt securities**

The Group’s borrowings as at 31 December 2022 are as follows:-

|                       | Quarter ended<br>31.12.2022<br>RM'000 | Quarter ended<br>31.12.2021<br>RM'000 |
|-----------------------|---------------------------------------|---------------------------------------|
| <b><u>Secured</u></b> |                                       |                                       |
| Borrowings            |                                       |                                       |
| - Short term          | 15,435                                | 396                                   |
| - Long term           | -                                     | 2,936                                 |
|                       | 15,435                                | 3,332                                 |

During the financial period under review, the total finance costs (inclusive of lease liabilities) for the financial period ended 31 December 2022 was RM8.85 million as compared to RM1.91 million in the corresponding financial period ended 31 December 2021.

## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

**B8 Material litigations**

Save as disclosed below, as at 16 February 2023 (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 18 April 2022, the Board of Directors announced that MJets (“Defendant”) had been served a Writ and Statement of Claim dated 13 April 2022 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.

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).

On 25 May 2022, the Board of Directors announced that the aforesaid dispute has been amicably settled out of court and accordingly, a Notice of Discontinuance was filed by the plaintiff’s solicitors to the Shah Alam High Court.

- (ii) On 24 May 2022, the Board of Directors announced that the Company and MJets (“Defendants”) had 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.

On 19 August 2022, the Board of Directors announced that the Originating Summons was heard on 5 August 2022 with continued hearing on 19 August 2022. The Plaintiff’s Originating Summons was dismissed by the High Court, with costs, on 19 August 2022.

- (iii) On 18 January 2023, the Board of Directors announced that MJets (“Defendant”), had on late evening, 17 January 2023 been served a Writ of Summons and Statement of Claim both dated 16 January 2023 by AeroControl Group DWC-LLC (“Plaintiff”).

The claimed against MJets is due to fails to make the full payment towards the outstanding invoices issued by the Plaintiff for the fuel uplift services provided by the Plaintiff.

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).

The first Case Management is fixed on 16 February 2023 by way of e-Review.

**B9 Dividends**

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

## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

**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.

|   | <b>Current year<br/>quarter<br/>ended<br/>31.12.2022<br/>RM'000</b> | <b>Preceding year<br/>corresponding<br/>quarter ended<br/>31.12.2021<br/>RM'000</b> | <b>Current<br/>year-to-date<br/>ended<br/>31.12.2022<br/>RM'000</b> | <b>Preceding year<br/>year-to-date<br/>ended<br/>31.12.2021<br/>RM'000</b> |
|---|---|---|---|--|
| Loss attributable to Owners of the Company        | (11,182)  | (11,231)  | (21,051)  | (26,745)   |
| Weighted average number of shares in issue ('000) | 2,220,509   | 1,312,470   | 1,760,042   | 1,220,902  |
| Basic loss per share (sen)                        | (0.50)  | (0.86)  | (1.20)  | (2.19)   |

**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. There is no diluted loss per share for current financial period as warrants had been expired.

|   | <b>Current year<br/>quarter<br/>ended<br/>31.12.2022<br/>RM'000</b> | <b>Preceding year<br/>corresponding<br/>quarter ended<br/>31.12.2021<br/>RM'000</b> | <b>Current<br/>year-to-date<br/>ended<br/>31.12.2022<br/>RM'000</b> | <b>Preceding year<br/>year-to-date<br/>ended<br/>31.12.2021<br/>RM'000</b> |
|---|---|---|---|--|
| Loss attributable to Owners of the Company                          | (11,182)  | (11,231)  | (21,051)  | (26,745)   |
| Weighted average number of shares in issue ('000)                   | 2,220,509   | 1,312,470   | 1,760,042   | 1,220,902  |
| Effect of dilution:   |   |   |   |  |
| Exercise of warrants  | -   | (249,300)   | -   | (98,604)   |
| Adjusted weighted average number of ordinary shares in issue ('000) | 2,220,509   | 1,063,170   | 1,760,042   | 1,122,298  |
| Diluted loss per share (sen)  | (0.50)  | (1.06)  | (1.20)  | (2.38)   |

**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 23 February 2023.