

MMAG HOLDINGS BERHAD 200301007003 (609423-V)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
30 SEPTEMBER 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

Note	UNAUDITED AS AT 30.09.2023 RM'000	AUDITED AS AT 31.03.2023 RM'000
ASSETS		
Non-current assets		
	374,799	384,846
Property, plant and equipment		
	3,931	3,978
Investment properties		
	120	120
Intangible assets		
	-	59,371
Other investments		
	1,600	1,600
Deferred tax assets		
	37,226	37,226
Goodwill on consolidation		
	6,023	6,023
Fixed deposits with a licensed bank		
Total non-current assets	423,699	493,164
Current assets		
	13,398	8,275
Inventories		
	2,304	3,418
Contract assets		
	50,816	42,369
Trade receivables		
	71,738	38,195
Other receivables		
	53	41
Tax recoverable		
	205	1,705
Fixed deposits with licensed banks		
	16,480	11,326
Cash and bank balances		
Total current assets	154,994	105,329
Assets of disposal group	-	-
TOTAL ASSETS	578,693	598,493
EQUITY AND LIABILITIES		
Equity		
	340,920	340,920
Share capital		
	(170,268)	(170,296)
Reserves		
	170,652	170,624
Non-controlling interests		
	(24,029)	(22,328)
TOTAL EQUITY	146,623	148,296
Non-current liabilities		
	287,837	288,004
Lease liabilities	B7	
Total non-current liabilities	287,837	288,004
Current liabilities		
	49,562	27,983
Trade payables		
	66,296	69,520
Other payables		
	-	325
Contract liabilities		
	-	15,425
Borrowings	B7	
	28,372	48,937
Lease liabilities	B7	
	3	3
Tax payable		
Total current liabilities	144,233	162,193
Liabilities directly associated with disposal group classified as held for sale	-	-
TOTAL LIABILITIES	432,070	450,197
TOTAL EQUITY AND LIABILITIES	578,693	598,493
Net Assets per share attributable to Owners of the Company	0.0704	0.0704

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2023 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 30 SEPTEMBER 2023**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 30.09.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30.09.2022 RM'000	CURRENT YEAR-TO-DATE ENDED 30.09.2023 RM'000	PRECEDING YEAR-TO-DATE ENDED 30.09.2022 RM'000
Revenue	121,231	90,795	232,688	191,836
Cost of sales	<u>(107,653)</u>	<u>(84,686)</u>	<u>(213,210)</u>	<u>(181,320)</u>
Gross profit	13,578	6,109	19,478	10,516
Other income	11,427	6,534	12,094	9,365
Gain on foreign exchange	(36)	442	(293)	477
Depreciation and amortisation	(5,836)	(3,318)	(9,391)	(6,595)
Bad debts written off	-	-	(13)	(14)
Finance costs	(4,285)	(3,007)	(7,390)	(6,118)
Other expenses	(14,151)	(9,469)	(14,043)	(18,108)
Results from operating activities	697	(2,709)	442	(10,477)
Interest income	7	47	51	62
Profit/(Loss) before tax for the period	704	(2,662)	493	(10,415)
Tax expenses	(10)	(27)	(20)	(27)
Profit/(Loss) after tax for the period	694	(2,689)	473	(10,442)
Profit/(Loss) attributable to:				
Owners of the Company	2,307	(2,442)	2,174	(9,869)
Non-controlling interest	(1,613)	(247)	(1,701)	(573)
	<u>694</u>	<u>(2,689)</u>	<u>473</u>	<u>(10,442)</u>
Basic earnings/(loss) per share (sen)	<u>0.10</u>	<u>(0.14)</u>	<u>0.09</u>	<u>(0.65)</u>
Diluted earnings/(loss) per share (sen)	<u>0.10</u>	<u>(0.28)</u>	<u>0.09</u>	<u>(1.04)</u>
Profit/(Loss) after tax for the period	694	(2,689)	473	(10,442)
Other comprehensive loss, net of tax	(2,268)	(39)	(2,146)	(10,631)
Total other comprehensive loss, net of tax	(1,574)	(2,728)	(1,673)	(21,073)
Total comprehensive (loss)/income, attributable to:				
Owners of the parent	39	(2,481)	28	(20,500)
Non-controlling interests	(1,613)	(247)	(1,701)	(573)
	<u>(1,574)</u>	<u>(2,728)</u>	<u>(1,673)</u>	<u>(21,073)</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 2023 and the accompanying explanatory notes to these interim financial statements

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

	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
At 1 April 2023	340,920	-	-	(30,315)	-	-	(146)	(139,835)	170,624	(22,328)	148,296
Transactions with owners:											
Change in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-	-	-
Realisation of fair value reserve upon disposal of shares	-	-	-	32,329	-	-	-	(32,329)	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	2,174	2,174	(1,701)	473
Other comprehensive loss for the period	-	-	-	(2,014)	-	-	(132)	-	(2,146)	-	(2,146)
Total comprehensive (loss)/income for the period	-	-	-	(2,014)	-	-	(132)	2,174	28	(1,701)	(1,673)
At 30 September 2023	340,920	-	-	-	-	-	(278)	(169,990)	170,652	(24,029)	146,623
At 1 April 2022	270,547	754	9,875	165,346	25,143	(7,900)	23	(87,537)	376,251	1,551	377,802
Transaction with owners:											
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	260	(65)	-	-	-	-	-	-	195	-	195
Total transaction with owners	24,014	(65)	(1,319)	-	-	7,900	-	(7,900)	22,630	(6,188)	16,442
Realisation of fair value reserve upon disposal of shares	-	-	-	(17,105)	-	-	-	17,105	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(9,869)	(9,869)	-	(9,869)
Other comprehensive loss for the period	-	-	-	(10,560)	-	-	(71)	-	(10,631)	(573)	(11,204)
Total comprehensive loss for the period	-	-	-	(10,560)	-	-	(71)	(9,869)	(20,500)	(573)	(21,073)
At 30 September 2022	294,561	689	8,556	137,681	25,143	-	(48)	(88,201)	378,381	(5,210)	373,171

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 2023 and the accompanying explanatory notes to these interim financial statements

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

	CURRENT YEAR-TO-DATE ENDED 30.09.2023 RM'000	PRECEDING YEAR-TO-DATE ENDED 30.09.2022 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before tax	493	(10,415)
Adjustments for:		
Non-cash items	21,371	21,075
Non-operating items	7,267	5,651
Operating profit before working capital changes	<u>29,131</u>	<u>16,311</u>
Changes in working capital		
Inventories	(5,123)	4,348
Contract customers	790	(5,963)
Receivables	(42,003)	(30,274)
Payables	40,569	29,317
Cash from operations	<u>23,364</u>	<u>13,739</u>
Tax paid	(33)	(44)
Tax refunded	1	-
Interest received	51	62
Net cash from operating activities	<u>23,383</u>	<u>13,757</u>
Investing Activities		
Net cash inflow from disposal of subsidiaries	-	17,600
Proceeds from disposal of property, plant and equipment	252	769
Proceeds from disposal of other investments	75,063	-
Purchase of other investment	(9,005)	(191)
Purchase of property, plant and equipment and investment properties	(16,511)	(11,657)
Purchase of right-of-use assets	-	-
Net cash from investing activities	<u>49,799</u>	<u>6,521</u>
Financing Activities		
Repayment to other payables	(22,215)	(25,176)
Drawdown of borrowings	33,450	17,932
Interest paid	(7,390)	(6,118)
Proceeds from issuance of shares	-	23,949
Repayment of borrowings	(48,874)	(22,253)
Repayment of lease liabilities	(24,380)	(15,893)
Termination of lease liabilities	-	(120)
Upliftment of fixed deposit with licensed banks	-	280
Net cash used in financing activities	<u>(69,409)</u>	<u>(27,399)</u>
Cash and cash equivalents		
Net changes	3,773	(7,121)
Effect of foreign currency translation differences	(119)	(79)
At beginning of period	13,031	22,389
At end of period	<u>16,685</u>	<u>15,189</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	16,480	11,189
Fixed deposits with licensed banks	6,228	6,760
	<u>22,708</u>	<u>17,949</u>
Less:		
Fixed deposits pledged to licensed banks	(6,023)	(2,760)
	<u>16,685</u>	<u>15,189</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 2023 and the accompanying explanatory notes to these interim financial statements

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

**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 2023.

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 2023.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on and after 1 April 2023 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 2023.

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 SECOND QUARTER ENDED 30 SEPTEMBER 2023

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 30 September 2023	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	91,766	49,557	91,361	4	232,688	-	232,688
Inter-segment sales	311	2,532	11,908	61	14,812	(14,812)	-
Total sales	<u>92,077</u>	<u>52,089</u>	<u>103,269</u>	<u>65</u>	<u>247,500</u>	<u>(14,812)</u>	<u>232,688</u>
Profit/(Loss) before tax	<u>2,300</u>	<u>(1,023)</u>	<u>(7,838)</u>	<u>7,114</u>	<u>553</u>	<u>(60)</u>	<u>493</u>
Segment assets	82,540	108,142	316,336	36,686	543,704	(2,290)	541,414
Other unallocated assets							<u>37,279</u>
							<u>578,693</u>
Segment liabilities	28,928	65,300	336,857	3,198	434,283	(2,216)	432,067
Other unallocated liabilities							<u>3</u>
							<u>432,070</u>

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

A8 Segmental information (Cont'd)

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

For the financial period ended 30 September 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
Sales to external customer	63,658	38,092	89,954	132	191,836	-	191,836
Inter-segment sales	77	2,245	6,284	72	8,678	(8,678)	-
Total sales	63,735	40,337	96,238	204	200,514	(8,678)	191,836
Profit/(Loss) before tax	1,068	(11,721)	350	(1,712)	(12,015)	1,600	(10,415)
Segment assets	85,499	95,435	289,653	253,269	723,856	(2,582)	721,274
Other unallocated assets							37,265
							758,539
Segment liabilities	11,346	68,048	289,251	19,116	387,761	(3,369)	384,392
Other unallocated liabilities							976
							385,368

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

There was no significant event during the financial period ended 30 September 2023.

A11 Event subsequent to the end of the interim reporting period

The following was the material event subsequent to the financial period ended 30 September 2023:-

- (i) On 4 October 2023, the Board of Directors announced that a wholly-owned subsidiary, Line Clear Ventures Holdings Sdn Bhd ("LCVH"), had entered into a Shares Sale Agreement with CSH Alliance Berhad ("CSH"), for the acquisition of 5,400,000 ordinary shares in Line Clear Express & Logistics Sdn Bhd ("LCEL"), representing 5.34% of the equity interest in LCEL, for a total cash consideration of RM8,250,000.

LCEL is currently an 80.75% owned subsidiary of LCVH and upon completion of the acquisition, LCVH's equity interest in LCEL would be increased from 80.75% to 86.09%.

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

A12 Changes in the composition of the Group

During the financial period ended 30 September 2023, the board's approval for the acquisitions, disposal and incorporation of subsidiaries, associate and other investments were as below:-

- (i) On 31 May 2023, the Company subscribed further 230,000,000 ordinary shares in M Jets International Sdn Bhd ("MJets") by way of capitalisation of amount owing by MJets amounting to RM10,000,000;
- (ii) On 14 July 2023, the Board of Directors announced that within the past twelve (12) months, during the period from 22 March 2023 to 14 July 2023, the Company had disposed in aggregate 252,100,000 ordinary shares of Ingenieur Gudang Berhad ("IGB"), representing 18.22% of total equity interest in IGB for an aggregate sum of RM27,116,000 in cash ("Disposals").

Included in the aforementioned Disposals, on 14 July 2023 the Company had disposed in aggregate 113,600,000 ordinary shares of IGB, representing 8.21% of total equity interest in IGB for an aggregate sum of RM12,496,000 in cash to Madam Chan Swee Ying ("CSY"), the Non-Independent Non-Executive Director and substantial shareholder of MMAG ("Disposal to CSY"). CSY is also an Executive Director of IGB. The Disposal to CSY is a related party transaction pursuant to the provisions under Rule 10.08 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad by virtue of the interests in IGB and MMAG held by CSY; and

- (iii) On 29 September 2023, the Board of Directors announced that the Company had:-
 - (a) disposed 229,500,000 ordinary shares of CSH Alliance Berhad ("CSH"), representing 16.61% equity interest in CSH for a total cash consideration of RM21,802,500 via off market; and
 - (b) disposed 194,500,000 Warrants B of CSH for a total cash consideration of RM15,560,000 via off market.

Following the above disposals, the Company does not hold any shares or warrants of CSH and has ceased as a major shareholder of CSH.

A13 Contingent liabilities

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

	As at 30.09.2023 RM'000
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiaries	202,323
	202,323

A14 Commitments

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

	As at 30.09.2023 RM'000
Commitments authorised but not provided for	
Lease of land	7,560
Construction of buildings	6,549
Acquisition of property, plant and equipment	5,891
	20,000

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 fifteen (15) years (included original three (3) years plus optional twelve (12) years).

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

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	Preceding year			Current	Preceding		
	quarter	corresponding			year-to-date	year-to-date		
	ended	quarter ended	ended	ended				
	30.09.2023	30.09.2022	RM'000	%	30.09.2023	30.09.2022	RM'000	%
	RM'000	RM'000			RM'000	RM'000		
Revenue	121,231	90,795	30,436	34%	232,688	191,836	40,852	21%
Operating profit/ (loss)	697	(2,709)	(3,406)	-126%	442	(10,477)	(10,919)	-104%
Profit/(Loss) before interest and tax	4,989	345	(4,644)	1346%	7,883	(4,297)	(12,180)	-283%
Profit/(Loss) before tax	704	(2,662)	(3,366)	-126%	493	(10,415)	(10,908)	-105%
Profit/(Loss) after tax	694	(2,689)	(3,383)	-126%	473	(10,442)	(10,915)	-105%
Profit/(Loss) attributable to owners of the company	2,307	(2,442)	(4,749)	-194%	2,174	(9,869)	(12,043)	-122%

The Group's revenue for current quarter ended 30 September 2023 was RM121.23 million, which is RM30.44 million or 34% higher as compared to RM90.80 million in the preceding year corresponding quarter ended 30 September 2022.

The Group registered a profit before tax (“PBT”) of RM0.71 million for the current quarter ended 30 September 2023 as compared to loss before tax (“LBT”) of RM2.66 million in the preceding year corresponding quarter ended 30 September 2022.

The Group's revenue for financial period ended 30 September 2023 was RM232.69 million, an increase of RM40.85 million or 21% as compared to RM191.84 million in the preceding year corresponding financial period ended 30 September 2022. The increase in revenue was mainly contributed by mobile and fulfillments segment due to higher demand from telecommunication companies.

In addition, the Group registered a PBT of RM0.49 million for the financial period ended 30 September 2023 as compared to LBT of RM10.42 million in the preceding year corresponding financial period ended 30 September 2022. The improvement in PBT was mainly due reversal of impairment on trade debtors of RM4.0 million due to subsequent collection and reversal of impairment on property, plant and equipment of RM5.11 million due to improvement to business of a subsidiary of our Company.

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

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	121,231	111,457	9,774	9%
Operating profit/(loss)	697	(255)	(952)	-373%
Profit before interest and tax	4,989	2,894	(2,095)	72%
Profit/(Loss) before tax	704	(211)	(915)	-434%
Profit/(Loss) after tax	694	(221)	(915)	-414%
Profit/(Loss) attributable to owners of the Company	2,307	(133)	(2,440)	-1835%

Revenue of the current quarter (Q2-2024) is RM121.23 million, which is an increase of RM9.77 million as compared to the immediate preceding quarter (Q1-2024). The PBT stood at RM0.71 million versus LBT of RM0.21 million in Q1-2024. The improvement in PBT was mainly due reversal of impairment on trade debtors of RM4.0 million due to subsequent collection and reversal of impairment on property, plant and equipment of RM5.11 million due to improvement to business of a subsidiary of our Company.

B3 Prospects

The Group provides a one-stop-shop supply chain solution to all B2B and B2C customers that includes first mile delivery (transportation of goods from manufacturers/retailers' warehouses to holding centres), middle mile delivery (delivery of goods from warehouses to fulfilment facilities) via road and air and also last mile delivery (movement of goods from a transportation hub to a final destination). The Group will provide end-to-end solutions through its experienced personnel, robust IT system and an extensive networks/facilities. With the well-planned air cargo routes, bonded warehouse facility and ground handling services, the Group will strive to be a key player in this field.

The Group will continue to work on revenue enhancement initiatives through higher capacity utilisation of its fleet of vehicles, cargo planes and warehouses. Cost optimisation tools and models will be implemented as well.

B4 Variance on profit forecast

There was no profit forecast issued by the Group.

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

B5 Corporate proposal

Save from the following, there were no corporate proposal announced but not completed as at 21 November 2023, being the last practicable date from the date of the issue of this report.

On-going Corporate Exercise

- (i) Proposed Share Consolidation and Proposed Right Issue
- (a) On 18 May 2023, the Board of Directors announced that the Company proposes to undertake the proposed consolidation of every 10 existing ordinary shares in MMAG (“MMAG Share(s)” or “Share(s)”) into 1 MMAG Share (“Consolidated Share(s)”) (“Proposed Share Consolidation”); and proposed renounceable rights issue of up to 1,453,434,942 new MMAG Shares (“Rights Shares”) on the basis of 6 Rights Shares for every 1 Consolidated Share held as at the close of business on an entitlement date to be determined later at an issue price of RM0.10 per Rights Share, together with up subscribed for (“Proposed Rights Issue”), to 726,717,471 free detachable warrants in MMAG on the basis of 1 Warrant for every 2 Rights Shares.
- (b) On 26 May 2023, the Board of Directors announced that the additional listing application in relation to the Proposals has been submitted to Bursa Securities.
- (c) On 29 August 2023, Bursa Securities had vide its letter dated 28 August 2023 to approve the following:-
- (i) Proposed Share Consolidation;
- (ii) listing and quotation of up to 242,239,157 Consolidated Shares arising from the Proposed Share Consolidation;
- (iii) admission to the Official List and listing and quotation of up to 726,717,471 Warrants to be issued pursuant to the Proposed Rights Issue;
- (iv) listing and quotation of up to 1,453,434,942 Rights Shares to be issued pursuant to the Proposed Rights Issue; and
- (v) listing and quotation of up to 726,717,471 new MMAG Shares to be issued arising from the exercise of the Warrants.
- (d) On 30 October 2023, the Board of Directors announced that based on the entitlement date for the Share Consolidation as at 5.00 p.m. on 30 October 2023 (“Entitlement Date”), the existing number of 2,422,391,577 MMAG Shares as at the Entitlement Date will be consolidated into 242,239,061 Consolidated Shares (after disregarding the fraction entitlement arising from the Share Consolidation) pursuant to the Share Consolidation.
- (e) On 31 October 2023, the Board of Directors announced the Share Consolidation has been completed following the listing of and quotation for 242,239,061 Consolidated Shares on the ACE Market of Bursa Securities with effect from 9.00 a.m. on 31 October 2023.

B6 Utilisation of proceeds

Proceeds raised from corporate proposals (Private Placement III) had been fully utilised on 31 March 2023.

B7 Borrowing and debt securities

The Group’s borrowings as at 30 September 2023 are as follows:-

	Quarter ended 30.09.2023 RM'000	Quarter ended 30.09.2022 RM'000
<u>Secured</u>		
Borrowings		
- Short term	28,372	41,421
- Long term	287,837	254,694
	316,209	296,115

During the financial period under review, the total finance costs (inclusive of lease liabilities) for the financial period ended 30 September 2023 was RM7.12 million as compared to RM5.48 million in the corresponding financial period ended 30 September 2022.

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

B8 Material litigations

Save as disclosed below, as at 21 November 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, MJets (“Defendant”) had been served a Writ and Statement of Claim dated 13 April 2022 by Comone International Logistics Co Limited (“Comone”) (“Plaintiff”).

The claimed against MJets is due to the cancellation of the proposed joint venture agreement by the previous management in year 2022 before MJets was a subsidiary of MMAG Holdings Berhad.

On 25 May 2022, this 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.

On 6 March 2023, MJets (“Defendant”) had been served a Writ and Statement of Claim dated 23 February 2023 and 28 February 2023 by Comone (“Plaintiff”).

MJets fails to make the full payment towards the monthly repayment instalments agreed by the Plaintiff as full and final settlement of the claim.

On 11 May 2023, the Court has given the following directions:-

- (a) any interlocutory applications, if any, to be filed on or before 31 May 2023;
- (b) Case Management is fixed on the same day, 31 May 2023 for parties to update the Court as to the status of the matter

The case management was subsequently postponed till 8 June 2023, and further postponed till 21 June 2023.

During the case management on 21 June 2023, the Court directed for the Defendant/Company to file an affidavit in reply for Enclosure 9 on or before 27 June 2023.

During the case management on 27 June 2023, the Court directed for the Plaintiff to file an affidavit in reply for Enclosure 9 on or before 11 July 2023.

During the latest case management on 11 July 2023, the parties updated the Court as to the status of the suit. The Court gave no directions as to the filing of submissions and did not fix a hearing date for Enclosure 9.

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

B8 Material litigations (Cont'd)

Save as disclosed below, as at 21 November 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 (Cont'd):-

- (ii) On 6 March 2023, MJets (“Defendant”) had been served a Writ and Statement of Claim dated 23 February 2023 and 28 February 2023 by Comone International Logistics Co Limited (“Comone”) (“Plaintiff”).

MJets fails to make the full payment towards the monthly repayment instalments agreed by the Plaintiff as full and final settlement of the claim for the cancellation of the proposed joint venture agreement by the previous management in year 2020 before MJets was a subsidiary of MMAG.

The first Case Management is fixed on 10 March 2023 by way of e-Review.

On 11 May 2023, the Court has given the following directions:-

- (a) Any interlocutory applications (if any) to be filed on or before 31 May 2023.
- (b) Case Management is fixed on the same day, 31 May 2023 for parties to update the court as to the status of the matter.

The case management was subsequently postponed till 8 June 2023, and further postponed till 21 June 2023.

During the case management on 21 June 2023, the Court directed for the Defendant/Company to file an affidavit in reply for Enclosure 9 on or before 27 June 2023.

During the case management on 27 June 2023, the Court directed for the Plaintiff to file an affidavit in reply for Enclosure 9 on or before 11 July 2023.

During the case management on 11 July 2023, the parties updated the Court as to the status of the suit. The Court gave no directions as to the filing of submissions and did not fix a hearing date for Enclosure 9.

On 28 July 2023, the parties had been informed by the Court that the subsequent case management will be fixed on 17 August 2023.

During the case management on 17 August 2023, the Court directed (with respect to the Plaintiff’s summary judgement application):-

- (a) Parties to file Written Submissions on 11 September 2023;
- (b) Parties to file Reply Submissions on 25 September 2023; and
- (c) The subsequent case management is fixed on 25 September 2023

During the case management on 25 September 2023, the Sessions Court has fixed the hearing date on 20 October 2023.

During the hearing on 20 October 2023, the Sessions Court had fixed another hearing date on 23 November 2023 for further submission by both parties in relation to the summary judgement.

The suit is not expected to have any material operational impact on MJets for the current financial period ended 30 June 2023. If the claim is allowed, there is no financial impact as the amount had already been fully provided in the accounts except for any additional cost or interest granted, if any.

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

B8 Material litigations (Cont'd)

Save as disclosed below, as at 21 November 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 (Cont'd):-

- (iii) On 24 May 2022, 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”) (NCI with 20% shareholdings in MJets). The Originating Summons concerned an action for alleged minority oppression.

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

- (a) Declaratory reliefs pursuant to sections 105, 199, 200, 346 and 351 of the Company Act 2016;
 (b) Orders pursuant to sections 41, 51 and 53 of the Specific Relief Act 1950

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.

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 the Company and MJets.

- (iv) On 17 January 2023, MJets (“Defendant”) had been served a Writ of Summons and Statement of Claim by AeroControl Group DWC-LLC (“Plaintiff”).

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

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

MJets filed its Statement of Defence on 16 March 2023 and the Plaintiff’s Reply to Defence was subsequently filed on 31 March 2023.

On 14 April 2023, the Plaintiff has filed an application for summary judgement against MJets, for the reliefs pleaded in Writ and Statement of Claim. MJets has filed its Affidavit in Reply on 9 May 2023 and the Plaintiff is due to file its Affidavit in Reply on or before 30 May 2023. Subsequently on 24 May 2023, the Plaintiff has requested for an extension of time to file the Affidavit in Reply until 6 June 2023.

On 31 May 2023, the Court has provided the following directions where the parties are required to file written submission on or before 4 July 2023, written submission in reply on or before 31 July 2023 and the hearing for the summary judgement application has been fixed on 25 August 2023.

At the hearing on 25 August 2023, the the Court has allowed the Plaintiff’s Summary Judgment application against the Defendant. Pursuant thereto, the Defendant is required to pay the sum of RM2,312,902.64 as pleaded in the Plaintiff’s statement of claim together with the costs of RM7,000.00 subject to 4% Court allocatur fees, to the Plaintiff.

The Suit is not expected to have any material operational impact on MJets for the financial year ending 31 March 2024 and there is no financial impact as the amount had already been fully provided in the accounts except for any additional cost or interest granted, if any.

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

B8 Material litigations (Cont'd)

Save as disclosed below, as at 21 November 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 (Cont'd):-

- (v) On 14 April 2023, the Board of Directors announced that MJets (“Plaintiff”), had commenced a legal suit against Gunasekar A/L Mariappan and Philip Phang King Ming (“Defendants”), former directors of MJets for breach of fiduciary duties due and owing to the Plaintiff.

The estimated potential liability to MMAG is minimal because MJets is the claimant against the Defendants for breach of fiduciary duties due and owing to the Plaintiff.

The potential liability arising from the Suit is the Plaintiff’s legal fees and any costs awarded by the court if the Suit is dismissed.

On 2 May 2023, the Board of Directors announced that this day was fixed for hearing of MJets’ application for an ex-parte interlocutory injunction restraining the Defendants from acting and/or holding themselves as directors of MJets for a period of 21 days.

The Court has granted the abovesaid ex-parte interlocutory injunction and has fixed for inter-partes hearing on 23 May 2023.

On 23 May 2023, a consent order was recorded before the Court for an ad-interim interlocutory injunction restraining the Defendants from acting and/or holding themselves as directors of MJets pending the interpartes hearing fixed on 16 August 2023.

The Court has given directions for the filing of Defence and Reply to Defence and fixed the next case management on 20 July 2023. However, MJets has served their amended Writ and amended Statement of Claim (duly endorsed by the Court) on 17 July 2023. The Defendants are to file their Defence within 2 weeks from the date of service of the amended Writ and Statement of Claim.

- (vi) On 12 July 2023, MJets, JT Aerotech, the Company and its Directors, Kenny Khoo Chuan Wah and Chong Koon Meng (“Defendants”), had been served a Writ of Summons and Statement of Claim by Gunasekar A/L Mariappan and Philip Phang Kin Ming (“Plaintiff”).

The claim against the Company is connected to legal suits which have been mentioned in (v) for inter alia, breach of their fiduciary duties towards MJets as announced on 14 April 2023, and the Plaintiffs’ earlier minority oppression claim against the Company as previously announced in Bursa on 19 August 2022.

The Board of Directors foresee there is no material financial and operational impact arising from the Plaintiffs’ claim on the Company and the first case management for the Claim is fixed on 30 October 2023 by way of e-Review.

The Company has filed and served their memorandum of appearance on 25 July 2023. By consent, the Company is to file its Defence on or before 11 September 2023.

On 5 September 2023, the Defendants’s solicitor has submitted a letter (“Defendants’s Letter”) to request for an extension of time for the filing of the defence.

On 6 September 2023, the High Court in response to the Defendant’s Letter, directed as follows:-

- (a) granted the extension allowing the Defendants to file their defence on or before 2 October 2023;
- (b) the Plaintiffs to file their reply to defence on or before 2 November 2023;
- (c) the parties to file any interlocutory applications on or before 16 November 2023;
- (d) the case management has been rescheduled from 30 October 2023 to 20 November 2023 at 9:00 a.m. by way of e-review.

During the case management on 30 October 2023, the High Court gave the following directions:

- (a) the Plaintiff to file reply to Defence on or before 8 December 2023;
- (b) any interlocutory application to file by the parties on or before 15 December 2023; and
- (c) fixed the next case management date on 8 January 2024.

NOTES TO THE QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2023

B9 Dividends

There was no dividend has been proposed nor declared during the financial period 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 period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period.

	Current year quarter ended 30.09.2023 RM'000	Preceding year corresponding quarter ended 30.09.2022 RM'000	Current year-to-date ended 30.09.2023 RM'000	Preceding year year-to-date ended 30.09.2022 RM'000
Profit/(Loss) attributable to Owners of the Company	2,307	(2,442)	2,174	(9,869)
Weighted average number of shares in issue ('000)	2,422,392	1,703,173	2,422,392	1,528,403
Basic earnings/(loss) per share (sen)	0.10	(0.14)	0.09	(0.65)

10.2 Diluted loss per share

The diluted earnings/(loss) per share is calculated by dividing the net profit/(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 earnings/(loss) per share for current financial period as warrants had been expired.

	Current year quarter ended 30.09.2023 RM'000	Preceding year corresponding quarter ended 30.09.2022 RM'000	Current year-to-date ended 30.09.2023 RM'000	Preceding year year-to-date ended 30.09.2022 RM'000
Profit/(Loss) attributable to Owners of the Company	2,307	(2,442)	2,174	(9,869)
Weighted average number of shares in issue ('000)	2,422,392	1,703,173	2,422,392	1,528,403
Effect of dilution:				
Exercise of warrants	-	(831,701)	-	(578,691)
Adjusted weighted average number of ordinary shares in issue ('000)	2,422,392	871,472	2,422,392	949,712
Diluted earnings/(loss) per share (sen)	0.10	(0.28)	0.09	(1.04)

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 28 November 2023.