

MMAG HOLDINGS BERHAD 200301007003 (609423-V)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED
31 MARCH 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

Note	UNAUDITED AS AT 31.03.2023 RM'000	AUDITED AS AT 31.03.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	377,180	344,301
Investment properties	3,978	23,301
Intangible assets	120	120
Other investments	59,371	251,437
Deferred tax assets	1,600	1,600
Goodwill on consolidation	37,226	37,226
Fixed deposits with a licensed bank	6,023	2,835
Total non-current assets	485,498	660,820
Current assets		
Inventories	8,275	10,536
Contract assets	3,418	2,901
Trade receivables	42,369	29,771
Other receivables	38,195	35,136
Tax recoverable	41	30
Fixed deposits with licensed banks	1,705	9,705
Cash and bank balances	11,326	12,840
Total current assets	105,329	100,919
Assets of disposal group	-	41,504
TOTAL ASSETS	590,827	803,243
EQUITY AND LIABILITIES		
Equity		
Share capital	340,920	270,547
Irredeemable convertible preference shares	-	754
Reserves	(167,674)	104,950
	173,246	376,251
Non-controlling interests	(21,664)	1,551
TOTAL EQUITY	151,582	377,802
Non-current liabilities		
Borrowings	-	2,806
Lease liabilities	277,902	252,079
Deferred taxation	-	961
Total non-current liabilities	277,902	255,846
Current liabilities		
Trade payables	27,983	28,725
Other payables	69,520	65,673
Contract liabilities	325	9,440
Borrowings	15,425	20,549
Lease liabilities	48,087	40,637
Tax payable	3	23
Total current liabilities	161,343	165,047
Liabilities directly associated with disposal group classified as held for sale	-	4,548
TOTAL LIABILITIES	439,245	425,441
TOTAL EQUITY AND LIABILITIES	590,827	803,243
Net Assets per share attributable to Owners of the Company	0.0715	0.2867

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 MARCH 2023**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER ENDED 31.03.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31.03.2022 RM'000	CURRENT YEAR-TO-DATE ENDED 31.03.2023 RM'000	PRECEDING YEAR-TO-DATE ENDED 31.03.2022 RM'000
Revenue	102,371	69,054	422,096	385,878
Cost of sales	<u>(119,504)</u>	<u>(85,759)</u>	<u>(427,233)</u>	<u>(397,859)</u>
Gross loss	(17,133)	(16,705)	(5,137)	(11,981)
Other income	(2,654)	30,493	8,647	34,311
Loss on foreign exchange	(1,392)	(416)	(1,415)	(606)
Depreciation and amortisation	(3,882)	(2,790)	(13,906)	(11,018)
Bad debts written off	(2,729)	350	(2,743)	(1)
Impairment loss on receivables	(5,047)	(1,062)	(5,047)	(1,062)
Impairment loss on property, plant and equipme	(6,578)	(534)	(6,578)	(534)
Finance costs	(6,087)	(4,732)	(15,880)	(6,961)
Other expenses	(13,355)	(10,753)	(43,450)	(35,845)
Results from operating activities	(58,857)	(6,149)	(85,509)	(33,697)
Interest income	283	17	430	44
Loss before tax	(58,574)	(6,132)	(85,079)	(33,653)
Tax expenses	(443)	1,501	472	1,395
Loss after tax	(59,017)	(4,631)	(84,607)	(32,258)
Loss attributable to:				
Owners of the Company	(48,653)	4,090	(69,704)	(22,655)
Non-controlling interest	(10,364)	(8,721)	(14,903)	(9,603)
	<u>(59,017)</u>	<u>(4,631)</u>	<u>(84,607)</u>	<u>(32,258)</u>
Basic (loss)/earning per share (sen)	<u>(2.01)</u>	0.31	<u>(3.62)</u>	(1.82)
Diluted (loss)/earning per share (sen)	<u>(2.01)</u>	0.42	<u>(3.62)</u>	(2.05)
Loss after tax	(59,017)	(4,631)	(84,607)	(32,258)
Other comprehensive (loss)/income, net of tax	(168,927)	136,616	(179,582)	136,619
Total other comprehensive (loss)/income, net of tax	(227,944)	131,985	(264,189)	104,361
Total comprehensive (loss)/income, attributable to:				
Owners of the parent	(217,580)	140,709	(249,286)	113,965
Non-controlling interests	(10,364)	(8,724)	(14,903)	(9,604)
	<u>(227,944)</u>	<u>131,985</u>	<u>(264,189)</u>	<u>104,361</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 MARCH 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 2022	270,547	754	9,875	165,346	25,143	(7,900)	23	(87,537)	376,251	1,551	377,802
Transactions with owners:											
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)	-	-	-	-	-	-
Total transactions with owners	70,373	(754)	(1,319)	-	(25,143)	7,900	-	(4,776)	46,281	(8,312)	37,969
Realisation of fair value reserve upon disposal of shares	-	-	-	(16,428)	-	-	-	16,428	-	-	-
Realisation of revaluation value reserve upon disposal of investment property	-	-	(8,556)	-	-	-	-	8,556	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(69,704)	(69,704)	(14,903)	(84,607)
Other comprehensive loss for the period	-	-	-	(179,413)	-	-	(169)	-	(179,582)	-	(179,582)
Total comprehensive loss for the period	-	-	-	(179,413)	-	-	(169)	(69,704)	(249,286)	(14,903)	(264,189)
At 31 March 2023	340,920	-	-	(30,495)	-	-	(146)	(137,033)	173,246	(21,664)	151,582
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
Transaction with owners:											
Change in ownership interest in a subsidiary	-	-	-	-	-	-	-	20,125	20,125	4,300	24,425
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	530	530
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
Total transaction with owners	24,217	(699)	-	-	(432)	-	-	20,125	43,211	4,830	48,041
Realisation of fair value reserve upon disposal of shares	-	-	-	(26,425)	-	-	-	26,425	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(22,655)	(22,655)	(9,603)	(32,258)
Other comprehensive income for the period	-	-	-	136,623	-	-	(4)	-	136,619	-	136,619
Total comprehensive income/(loss) for the period	-	-	-	136,623	-	-	(4)	(22,655)	113,964	(9,603)	104,361
At 31 March 2022	270,547	754	9,875	165,346	25,143	(7,900)	23	(87,537)	376,251	1,551	377,802

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 MARCH 2023**

	CURRENT YEAR-TO-DATE ENDED 31.03.2023 RM'000	PRECEDING YEAR-TO-DATE ENDED 31.03.2022 RM'000
Cash Flows From Operating Activities		
Loss before tax	(85,079)	(33,653)
Adjustments for:		
Non-cash items	76,358	6,767
Non-operating items	13,793	5,669
Operating profit/(loss) before working capital changes	<u>5,072</u>	<u>(21,217)</u>
Changes in working capital		
Inventories	2,490	(7,449)
Contract customers	(9,633)	8,507
Receivables	(23,893)	(7,267)
Payables	40,188	39,081
Cash from operations	<u>14,224</u>	<u>11,655</u>
Tax paid	(519)	(160)
Tax refunded	-	38
Interest received	430	44
Net cash from operating activities	<u>14,135</u>	<u>11,577</u>
Investing Activities		
Acquisition of subsidiaries	-	(29,012)
Acquisition of non-controlling interests	-	(780)
Net cash inflow from disposal of subsidiaries	17,600	-
Proceeds from disposal of property, plant and equipment	907	3,357
Proceeds from disposal of investment property	20,200	-
Proceeds from disposal of partial stake to non-controlling interests	1,000	25,204
Purchase of other investment	11,402	(20,760)
Purchase of property, plant and equipment and investment properties	(25,902)	(24,031)
Net cash from/(used in) investing activities	<u>25,207</u>	<u>(46,022)</u>
Financing Activities		
Repayment to other payables	(22,434)	25,784
Drawdown of borrowings	44,899	50,227
Interest paid	(15,880)	(6,961)
Proceeds from issuance of shares	44,475	23,087
Repayment of borrowings	(52,829)	(34,006)
Repayment of lease liabilities	(43,660)	(21,001)
Termination of lease liabilities	(120)	-
Upliftment of fixed deposit with licensed banks	(3,188)	(2,160)
Net cash (used in)/from financing activities	<u>(48,737)</u>	<u>34,970</u>
Cash and cash equivalents		
Net changes	(9,395)	525
Effect of foreign currency translation differences	(168)	(43)
At beginning of year	22,389	21,907
At end of year	<u>12,826</u>	<u>22,389</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	11,326	12,840
Fixed deposits with licensed banks	7,728	12,540
	<u>19,054</u>	<u>25,380</u>
Less:		
Fixed deposits pledged to licensed banks	(6,228)	(3,040)
Cash and cash equivalents classified as held for sale	-	49
	<u>12,826</u>	<u>22,389</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 FOURTH QUARTER ENDED 31 MARCH 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 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

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

A7 Dividend

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

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 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 31 March 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	195,689	77,134	149,048	225	422,096	-	422,096
Inter-segment sales	284	5,404	15,762	139	21,589	(21,589)	-
Total sales	195,973	82,538	164,810	364	443,685	(21,589)	422,096
Profit/(Loss) before tax	2,615	(45,599)	(37,021)	(7,342)	(87,347)	2,268	(85,079)
Segment assets	79,999	82,914	321,671	71,558	556,142	(2,582)	553,560
Other unallocated assets							37,267
							590,827
Segment liabilities	20,117	59,384	340,013	22,367	441,881	(2,639)	439,242
Other unallocated liabilities							3
							439,245

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023

A8 Segmental information (Cont'd)

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

For the financial period ended 31 March 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	269,053	63,448	53,142	235	385,878	-	385,878
Inter-segment sales	567	7,456	7,967	511	16,501	(16,501)	-
Total sales	269,620	70,904	61,109	746	402,379	(16,501)	385,878
Profit/(Loss) before tax	6,954	(47,802)	(18,463)	15,981	(43,330)	9,677	(33,653)
Segment assets	93,833	92,678	288,433	311,981	786,925	(20,947)	765,978
Other unallocated assets							37,265
							803,243
Segment liabilities	13,672	85,724	288,436	38,946	426,778	(2,803)	423,975
Other unallocated liabilities							1,466
							425,441

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 year ended 31 March 2023.

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023

A11 Event subsequent to the end of the interim reporting period

The following was the material event subsequent to the financial year ended 31 March 2023:-

- (i) On 18 May 2023, the Board of Directors announced that the Company proposes to undertake the following:-
 - (a) 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
 - (b) 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 (“Rights Issue Entitlement Date”) at an issue price of RM0.10 per Rights Share (“Issue Price”), together with up to 726,717,471 free detachable warrants in MMAG (“Warrant(s)”) on the basis of 1 Warrant for every 2 Rights Shares subscribed for (“Proposed Rights Issue”).

A12 Changes in the composition of the Group

During the financial year ended 31 March 2023, 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 FOURTH QUARTER ENDED 31 MARCH 2023

A13 Contingent liabilities

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

	As at 31.03.2023 RM'000
Corporate guarantees given to certain suppliers and financial institutions of certain subsidiaries	195,611
	195,611

A14 Commitments

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

	As at 31.03.2023 RM'000
Commitments authorised but not provided for	
Lease of land	7,920
Construction of buildings	6,450
Acquisition of property, plant and equipment	1,300
	15,670

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 FOURTH QUARTER ENDED 31 MARCH 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 year-to-date**

	Individual period				Cumulative period			
	Current year quarter ended 31.03.2023 RM'000	Preceding year corresponding quarter ended 31.03.2022 RM'000			Current year-to-date ended 31.03.2023 RM'000	Preceding year-to-date ended 31.03.2022 RM'000		
			Changes				Changes	
			RM'000	%	RM'000	RM'000	RM'000	%
Revenue	102,371	69,054	33,317	48%	422,096	385,878	36,218	9%
Operating loss	(58,857)	(6,149)	52,708	857%	(85,509)	(33,697)	51,812	154%
Loss before interest and tax	(52,487)	(1,400)	51,087	3649%	(69,199)	(26,692)	42,507	159%
Loss before tax	(58,574)	(6,132)	52,442	855%	(85,079)	(33,653)	51,426	153%
Loss after tax	(59,017)	(4,631)	54,386	1174%	(84,607)	(32,258)	52,349	162%
Loss attributable to owners of the company	(48,653)	4,090	52,743	-1290%	(69,704)	(22,655)	47,049	208%

The Group's revenue for current quarter ended 31 March 2023 was RM102.37 million, which is RM33.32 million or 48% higher as compared to RM69.05 million in the preceding year corresponding quarter ended 31 March 2022. The higher revenue contribution was mainly contributed from the three main revenue streams, i.e.: mobile and fulfilment, courier & logistics and air freight segments. These 3 segments have started to contribute positive top line revenue consistently.

However, the Group registered a loss before tax (“LBT”) of RM58.57 million for the current quarter ended 31 March 2023 as compared to LBT of RM6.13 million in the preceding year corresponding quarter ended 31 March 2022. This amount is higher compared to the previous quarter due to the lower capacity utilisation in the courier & logistics and air freight segments.

The Group's revenue for financial year ended 31 March 2023 was RM422.10 million, an increase of RM36.22 million or 9% higher than the RM385.88 million in the previous financial year ended 31 March 2022. Courier and logistics services and air freight segments have revenue increase of 22% and 180% in this financial year.

However, the Group registered a LBT of RM85.08 million in the financial year ended 31 March 2023 as compared to LBT of RM33.65 million in the previous financial year ended 31 March 2022 due to lower capacity utilisation of vehicles and cargo planes, impairment provided for trade and other receivables (RM5.05 million), and impairment provided for property, plant and equipment (RM6.58 million).

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 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	102,371	127,889	(25,518)	-20%
Operating loss	(58,857)	(16,175)	42,682	264%
Profit/(Loss) before interest and tax	(52,487)	(12,415)	40,072	323%
Loss before tax	(58,574)	(16,090)	42,484	264%
Loss after tax	(59,017)	(15,148)	43,869	290%
Loss attributable to owners of the Company	(48,653)	(11,182)	37,471	335%

Revenue of the current quarter (Q4-2023) is RM102.37 million, which is a decrease of RM25.52 million as compared to the immediate preceding quarter (Q3-2023). The LBT stood at RM58.57 million versus RM16.09 million in Q3-2023. 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. Additionally, higher LBT also caused by the impairment provided on trade and other receivables (RM5.05 million), and impairment on property, plant and equipment (RM6.58 million) in current quarter.

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 FOURTH QUARTER ENDED 31 MARCH 2023

B5 Corporate proposal

Save from the following, there were no corporate proposal announced but not completed as at 23 May 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.

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 (“Rights Issue Entitlement Date”) at an issue price of RM0.10 per Rights Share (“Issue Price”), together with up to 726,717,471 free detachable warrants in MMAG (“Warrant(s)”) on the basis of 1 Warrant for every 2 Rights Shares subscribed for (“Proposed Rights Issue”).

B6 Utilisation of proceeds

Status of utilisation of proceeds raised from corporate proposals (Private Placement III) as at 31 March 2023 are as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation 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	5,845	5,845	Fully utilised
Estimated expenses for the Private Placement III	180	180	Fully utilised
	13,625	13,625	

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023

B7 Borrowing and debt securities

The Group's borrowings as at 31 March 2023 are as follows:-

	Quarter ended 31.03.2023 RM'000	Quarter ended 31.03.2022 RM'000
Secured		
Borrowings		
- Short term	63,512	61,186
- Long term	277,902	254,885
	341,414	316,071

During the financial year under review, the total finance costs (inclusive of lease liabilities) for the financial year ended 31 March 2023 was RM14.15 million as compared to RM6.51 million in the corresponding financial year ended 31 March 2022.

B8 Material litigations

Save as disclosed below, as at 23 May 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 claim 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.

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023

B8 Material litigations (Cont'd)

Save as disclosed below, as at 23 May 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 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 was fixed on 16 February 2023 by way of e-Review.

The Defendant 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 judgment against the Defendant, for the reliefs pleaded in Writ and Statement of Claim. The Defendant 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.

The next case management is fixed on 31 May 2023.

- (iv) On 6 March 2023, the Board of Directors announced that MJets (“Defendant”), had been served a Statement of Claim and Writ of Summons dated 23 February 2023 and 28 February 2023 respectively by Comone International Logistics Co Limited (“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.

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 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.

In the meantime, the Plaintiff’s solicitors mentioned to the Court that they will seek instructions from the client on whether to file a summary judgment application against the Defendant.

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023

B8 Material litigations (Cont'd)

Save as disclosed below, as at 23 May 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 Kin 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 inter-partes 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.

B9 Dividends

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

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2023

B10 (Loss)/Earning per share**10.1 Basic (loss)/earning per share**

The basis (loss)/earning per share is calculated by dividing the net (loss)/profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Current year quarter ended 31.03.2023 RM'000	Preceding year corresponding quarter ended 31.03.2022 RM'000	Current year-to-date ended 31.03.2023 RM'000	Preceding year year-to-date ended 31.03.2022 RM'000
(Loss)/Profit attributable to Owners of the Company	(48,653)	4,090	(69,704)	(22,655)
Weighted average number of shares in issue ('000)	2,422,392	1,312,470	1,923,361	1,243,480
Basic (loss)/earning per share (sen)	(2.01)	0.31	(3.62)	(1.82)

10.2 Diluted (loss)/earning per share

The diluted (loss)/earning per share is calculated by dividing the net (loss)/earning for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would have been issued upon full conversion of Warrant 2017/2022. There is no diluted loss per share for current financial year as warrants had been expired.

	Current year quarter ended 31.03.2023 RM'000	Preceding year corresponding quarter ended 31.03.2022 RM'000	Current year-to-date ended 31.03.2023 RM'000	Preceding year year-to-date ended 31.03.2022 RM'000
(Loss)/Profit attributable to Owners of the Company	(48,653)	4,090	(69,704)	(22,655)
Weighted average number of shares in issue ('000)	2,422,392	1,312,470	1,923,361	1,243,480
Effect of dilution:				
Exercise of warrants	-	(340,631)	-	(136,101)
Adjusted weighted average number of ordinary shares in issue ('000)	2,422,392	971,839	1,923,361	1,107,379
Diluted (loss)/earning per share (sen)	(2.01)	0.42	(3.62)	(2.05)

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 30 May 2023.