

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31-Dec-2017 RM'000	Preceding year Corresponding Quarter 31-Dec-2016 RM'000	Changes %	Current Year To date 31-Dec-2017 RM'000	Preceding year Corresponding Period 31-Dec-2016 RM'000	Changes %
Revenue	40,693	23,917	70.14%	143,623	93,579	53.48%
Direct costs	(546)	(2,212)	-75.32%	(5,402)	(10,563)	-48.86%
Changes in inventories of finished goods and work in progress	760	1,796	57.68%	7,204	590	-1121.02%
Raw materials and consumable used	(32,810)	(14,839)	121.11%	(108,576)	(56,743)	91.35%
Changes in inventories of trading merchandise	(303)	395	-176.71%	(2,215)	(1,674)	32.32%
Staff costs	(2,932)	(663)	342.23%	(11,207)	(6,459)	73.51%
Other income	2,909	725	301.24%	2,281	1,142	99.74%
Depreciation and amortisation	(1,033)	(1,047)	-1.34%	(3,982)	(3,916)	1.69%
Other operating expenses	(2,907)	(4,769)	-39.04%	(10,015)	(12,757)	-21.49%
Finance cost	(234)	(24)	875.00%	(820)	(635)	29.13%
Profit before taxation	3,597	3,279	9.70%	10,891	2,564	324.77%
Taxation	(2,464)	(881)	179.68%	(2,494)	(505)	393.86%
Profit after taxation	1,133	2,398	-52.75%	8,397	2,059	307.82%
Other comprehensive income, net of tax	-	-		-	-	
Total comprehensive income for the period	1,133	2,398	-52.75%	8,397	2,059	307.82%
Profit attributable to:						
Owners of the Company	1,130	2,378		8,346	2,011	
Non-controlling interest	3	20		51	48	
	1,133	2,398		8,397	2,059	
Total comprehensive income attributable to:						
Owners of the Company	1,130	2,378		8,346	2,011	
Non-controlling interest	3	20		51	48	
	1,133	2,398		8,397	2,059	
Earning per share EPS attributable to owners of the Company (sen per share):						
Basic EPS	0.09	0.21		0.68	0.18	
Diluted EPS	0.06	0.16		0.52	0.13	

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 31-Dec-2017 RM'000	Audited As at preceding Financial Year Ended 31-Dec-2016 RM'000
ASSETS		
Non Current assets		
Property, plant and equipment	78,801	78,457
Land held for property development	-	14,059
Other investment	104	105
Deferred taxation	1,036	1,036
	79,941	93,657
Current Assets		
Property development expenditure	18,576	-
Inventories	46,930	33,695
Trade and other receivables	16,288	13,175
Tax recoverable	985	2,849
Other investment	812	4,464
Fixed deposits with licensed banks	2,190	2,135
Cash and bank balances	11,576	5,217
Derivative assets	321	-
	97,678	61,535
TOTAL ASSETS	177,619	155,192
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent		
Share capital	139,652	114,384
Share premium	9,141	19,162
Treasury shares	(100)	-
Revaluation reserve	23,379	23,379
Reverse acquisition reserve	(72,051)	(72,051)
Reserve - SIS	1,542	2,576
Retained profits	44,919	36,805
	146,482	124,255
Equity attributable to the owners of the Company	146,482	124,255
Non-controlling interest	105	54
Total equity	146,587	124,309
Long term liabilities		
Deferred taxation	4,394	1,926
Deferred income	1,008	1,148
Hire purchase liabilities	55	40
Term loan	9,105	10,131
	14,562	13,245
Current Liabilities		
Trade and other payables	8,254	11,511
Hire purchase liabilities	81	265
Short term borrowings	8,135	5,308
Derivative liabilities	-	552
Tax payable	-	2
	16,470	17,638
TOTAL LIABILITIES	31,032	30,883
TOTAL EQUITY AND LIABILITIES	177,619	155,192
Net assets per share (sen) attributable to owners of the Company	10.63	11.00

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial statements.

JAG BERHAD ("JAG" OR "COMPANY")
(Company No. 439230 - A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Reverse acquisition reserve RM'000	Reserve - SIS RM'000	Retained profits RM'000	Equity attributable to owners Company RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2016	114,384	19,162	-	23,379	(72,051)	5,218	33,699	123,791	6	123,797
Reversal of unexercised SIS options granted	-	-	-	-	-	(2,642)	1,095	(1,547)	-	(1,547)
Net (loss)/profit/Total comprehensive (loss)/income for the year	-	-	-	-	-	-	2,011	2,011	48	2,059
At 31 December 2016	114,384	19,162	-	23,379	(72,051)	2,576	36,805	124,255	54	124,309
At 1 January 2017	114,384	19,162	-	23,379	(72,051)	2,576	36,805	124,255	54	124,309
Bonus issue	9,739	(9,739)	-	-	-	-	-	-	-	-
Issuance of share in respect of private placement	13,299	(282)	-	-	-	-	-	13,017	-	13,017
Issuance of share in respect of exercised of SIS options	2,229	-	-	-	-	(1,034)	1,034	2,229	-	2,229
Issuance of share in respect of exercised of Warrant	1	-	-	-	-	-	-	1	-	1
Dividend paid	-	-	-	-	-	-	(1,266)	(1,266)	-	(1,266)
Share buyback	-	-	(100)	-	-	-	-	(100)	-	(100)
Net profit / Total comprehensive income for the year	-	-	-	-	-	-	8,346	8,346	51	8,397
At 31 December 2017	139,652	9,141	(100)	23,379	(72,051)	1,542	44,919	146,482	105	146,587

The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Cumulative Current Year 31-Dec-2017 RM'000	Preceding Year Corresponding Period 31-Dec-2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,891	2,564
Adjustments for:		
Allowance for doubtful debts	224	1,985
Allowance for doubtful debts no longer required	(1,390)	-
Amortisation of club membership	1	1
Bad debt written off	-	25
Loss on hedging commodity	178	-
Changes in fair value on derivative financial (asset)/liability	(321)	504
Depreciation of property, plant and equipment	3,982	3,916
Dividend income	(83)	(75)
Fair value loss on securities held for trading investments	292	377
Fixed assets written off	1	-
(Gain)/loss on disposal of fixed assets	(105)	1
Loss/(Gain) on foreign exchange - unrealised	353	(739)
Government grant income	(140)	(131)
Over recognition of share options expenses in prior year	-	(1,547)
Realised loss/(gain) on foreign exchange - cash and cash equivalent	190	(23)
Interest income	(217)	(154)
Interest expense	820	635
Operating cash flows before working capital changes	14,676	7,339
Changes in working capital:		
(Increase)/Decrease in inventories	(13,235)	1,311
(Increase)/Decrease in trade and other receivables	(2,219)	5,061
(Decrease)/Increase in trade and other payables	(4,049)	2,115
Decrease/(Increase) in investment held for trading	5,298	(1,705)
Increase in property development cost	(4,517)	(13,650)
Cash generated from/(used in) operations	(4,046)	471
Income tax paid	(273)	(412)
Income tax refunded	2,110	169
Net cash generated (used in)/from operating activities	(2,209)	228
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in fixed deposit pledged	(38)	(39)
Interest received	217	154
Dividend received	83	36
Government grant received	-	265
Deposit paid for purchase of property, plant and equipment	(200)	(32)
Proceed from disposal of fixed assets	105	-
Purchase of property, plant and equipment	(4,327)	(3,316)
Purchase of other investment	(1,938)	(649)
Net cash used in investing activities	(6,098)	(3,581)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(820)	(846)
Dividend paid	(1,266)	-
Proceeds from issuance of shares	15,529	-
Proceeds from trade finance	-	4,000
Repayment of trade finance	-	(4,000)
Repayment of hire purchase liabilities	(270)	(590)
Repayment of term loan	(1,042)	(894)
Share buy back	(100)	-
Net cash from/(used in) financing activities	12,031	(2,330)
Net increase/(decrease) in cash and cash equivalents	3,724	(5,683)
Effect of exchange rate changes	(190)	23
Cash and cash equivalents at 1 January	1,737	7,397
Cash and cash equivalents at 31 December	5,271	1,737
Cash and cash equivalents at end of financial year comprised:		
Cash and bank balances	11,576	5,217
Fixed deposits with licensed banks	2,190	2,134
Bank overdraft	(7,175)	(4,332)
	6,591	3,019
Less: Fixed deposits pledged	(1,320)	(1,282)
	5,271	1,737

The unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT

Notes on the quarterly report for the fourth quarter ended 31 December 2017

Part 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 have been prepared in accordance with the requirements of MFRS134: Interim Financial Reporting, IAS 34: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("ACE LR").

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted and as disclosed in the Group's annual report for the financial year ended 31 December 2016.

The Group has adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs"), amendments to published standards and IC Interpretations that became mandatory for the current reporting period. The adoption of these new and revised MFRSs, amendments to published standards and IC Interpretations does not result in significant changes in the accounting policies of the Group.

A3. AUDITORS REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no audit qualification on the annual financial statements of JAG for the financial year ended 31 December 2016.

A4. SEASONAL AND CYCLICAL FACTORS

The Group's business operations were mainly attributable (i.e., contributing approximately 93.76% of its total revenue) from its manufacturing and trading segments involving recycling and recovery activities, which are affected by the cyclicity of the semiconductor industry. The semiconductor industry, in turn, is cyclical and dependent on its end user industries, in particular the electrical & electronic industries. The demand for semiconductors typically mirrors the trend in the demand for personal computers, mobile phones and other electronic equipment.

As the availability of electrical and electronic waste ("E-waste") for recycling and manufacturing services is dependent on the volume of E-waste discharged by semiconductor manufacturers, the E-waste recycling industry is also dependent on the trends in the semiconductor industry.

A5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter and year under review.

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have had effect on the current financial quarter and year under review.

QUARTERLY REPORT

Notes on the quarterly report for the fourth quarter ended 31 December 2017

A7. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter ended 31 December 2017:

On 3 November 2017, 7,500 new ordinary shares in JAG were issued at RM0.100 each and listed pursuant to the exercise of warrants 2014/2019 by the warrant holder.

On 15 November 2017, 97,385,881 Bonus Shares (as defined in Note B6) and 22,667,858 adjustment warrants were issued and listed pursuant to the Bonus Issue of Shares (as defined in Note B6).

On 23 November 2017, 194,771,762 Warrants 2017/2020 (as defined in Note B6) were issued and listed pursuant to the Free Warrants Issue (as defined in Note B6).

On 8 December 2017, 14,496,300 new ordinary shares were issued at RM0.10 each and listed under the Share Issuance Scheme (“SIS”).

On 19 December 2017, the Company repurchased 1,000,000 ordinary shares of its issued share capital from the open market at cost of RM0.10 per share. The total consideration paid for the share buyback during the financial quarter and year amounted to RM100,000 were financed by internally generated funds. The shares bought back are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

A8. DIVIDEND

The first interim dividend of RM0.001 per ordinary share in JAG (single tier) amounting to RM1,266,040.89 for the financial year ended 31 December 2017 was declared and paid to the entitled shareholders on 16 August 2017 and 6 October 2017, respectively.

A final single tier dividend of RM0.001 per ordinary share in JAG (single tier) amounting to RM1,376,930.57 has been recommended by the Directors in respect of the financial year ended 31 December 2017 and subject to shareholders' approval at the forthcoming Annual General Meeting, will be paid to the shareholders on 7 June 2018. The entitlement date for the dividend shall be 28 May 2018.

The total dividend for the current financial year to-date is single tier dividend of RM0.002 per ordinary share in JAG.

There were no dividends paid or declared for the previous corresponding year.

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Notes on the quarterly report for the fourth quarter ended 31 December 2017

A9. SEGMENT INFORMATION

The Group’s segmental information is as follows:

	Current Quarter		Year to date	
	Ended			
	31 Dec 2017 RM’000	31 Dec 2016 RM’000	31 Dec 2017 RM’000	31 Dec 2016 RM’000
Revenue by business segments				
Manufacturing activities	38,368	19,527	129,520	75,820
Trading activities	1,024	806	5,137	3,402
Proprietary solutions and software maintenance	180	410	706	1,235
Investment holding	733	2,886	6,244	11,158
Services	738	653	2,719	2,329
Property development	-	105	-	105
	<u>41,043</u>	<u>24,387</u>	<u>144,326</u>	<u>94,049</u>
Elimination of inter-segment sales	<u>(350)</u>	<u>(470)</u>	<u>(703)</u>	<u>(470)</u>
	<u>40,693</u>	<u>23,917</u>	<u>143,623</u>	<u>93,579</u>

	Current Quarter		Year to date	
	Ended			
	31 Dec 2017 RM’000	31 Dec 2016 RM’000	31 Dec 2017 RM’000	31 Dec 2016 RM’000
Segment results				
Manufacturing activities	3,167	1,897	9,906	2,459
Trading activities	610	748	2,110	1,028
Investment holding	(10)	71	(371)	(385)
Proprietary solutions and software maintenance	25	(43)	(185)	(148)
Services	112	117	414	411
Property development	<u>(134)</u>	<u>476</u>	<u>(380)</u>	<u>(320)</u>
Profit/(loss) from operations	<u>3,770</u>	<u>3,266</u>	<u>11,494</u>	<u>3,045</u>
Interest income	61	37	217	154
Finance cost	<u>(234)</u>	<u>(24)</u>	<u>(820)</u>	<u>(635)</u>
Profit before taxation	<u>3,597</u>	<u>3,279</u>	<u>10,891</u>	<u>2,564</u>
Taxation	<u>(2,464)</u>	<u>(881)</u>	<u>(2,494)</u>	<u>(505)</u>
Profit after taxation	<u>1,133</u>	<u>2,398</u>	<u>8,397</u>	<u>2,059</u>

Revenue By Geographical Segment

Malaysia	9,982	6,488	30,779	30,303
Foreign countries	30,711	17,429	112,844	63,276
	<u>40,693</u>	<u>23,917</u>	<u>143,623</u>	<u>93,579</u>

JAG BERHAD (“JAG” OR “COMPANY”)
(Company No: 439230 - A)

QUARTERLY REPORT

Notes on the quarterly report for the fourth quarter ended 31 December 2017

A9. SEGMENT INFORMATION (CONTINUED)

	As at 31 Dec 2017 RM'000	As at 31 Dec 2016 RM'000
Segment assets		
Manufacturing and trading activities	149,692	147,774
Investment holding	156,961	36,035
Proprietary solutions and software maintenance	1,028	1,320
Services	4,972	4,021
Property development	21,801	14,350
	<u>334,454</u>	<u>203,500</u>
Elimination	<u>(156,835)</u>	<u>(48,308)</u>
	<u>177,619</u>	<u>155,192</u>
Segment liabilities		
Manufacturing and trading activities	58,760	55,718
Investment holding	4,408	2,924
Proprietary solutions and software maintenance	2,864	4,264
Services	4,447	3,654
Property development	21,769	15,207
	<u>92,248</u>	<u>81,767</u>
Elimination	<u>(61,216)</u>	<u>(50,884)</u>
	<u>31,032</u>	<u>30,883</u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation or revaluation of property, plant and equipment during the current financial quarter and year under review and the valuation of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A11. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL QUARTER

There were no material events subsequent to the current financial quarter ended 31 December 2017 up to the date of this report.

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Notes on the quarterly report for the fourth quarter ended 31 December 2017

A12. CHANGES IN THE COMPOSITION OF THE GROUP

The Board of Directors of JAG (“Board”) announced:

- (i) On 24 May 2017, the Company has subscribed for additional 999,998 new ordinary shares in its wholly-owned subsidiary, JAG Land Sdn Bhd for a consideration of RM999,998 by way of setting-off against part of the amount owing by JAG Land Sdn Bhd to the Company to the extent of RM999,998.
- (ii) On 4 October 2017, the Company has incorporated a wholly-owned subsidiary, JAG Development (Perak) Sdn Bhd (“JAG Development”). JAG Development is a private limited company with an issued share capital of RM250,000 comprising 250,000 ordinary shares.

JAG Development has not commenced business since its operation. The intended activity of JAG Development is to carry out the principal activity of property developer, real estate project development, building constructor and property investment.

Save as disclosed above, there were no other changes and/or intended changes in the composition of the Group during the current financial quarter and year under review.

A13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no changes in the contingent liabilities and contingent assets during the current financial quarter and year under review.

A14. CAPITAL COMMITMENTS

Save as disclosed below, as at 31 December 2017, the Board is not aware of any material commitment incurred or known to be incurred by the Company or the Group, which may have material impact on the financial position of the Group:

	Group level (RM'000)
Professional fees to the external consultants (i.e., architect, engineers, quantity surveyors, land surveyors, sales and marketing agents, solicitors and contractors) and construction of sales gallery in relation to the Development Project (as defined in Note B3)	6,140
Purchase of shop lot	1,009
Purchase of machinery	594
	<u>7,743</u>

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the current financial quarter and year under review.

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Notes on the quarterly report for the fourth quarter ended 31 December 2017

Part B - Explanatory Notes Pursuant to Appendix 9B of the ACE LR

B1. REVIEW OF PERFORMANCE

The Group recorded revenue of approximately RM40.70 million for the current financial quarter and RM143.62 million for the financial year ended 31 December 2017, respectively. Export sales accounted for about RM30.71 million and RM112.84 million or 75.47% and 78.57% of total revenue for the current financial quarter and financial year ended 31 December 2017, respectively.

The Group recorded higher revenue for the current financial quarter and financial year as compared to previous year corresponding financial quarter and previous financial year by 70.14% and 53.48%, respectively. The said higher revenue was mainly contributed from the Group's manufacturing and trading activities. The higher revenue for the current financial quarter as compared to the previous year corresponding financial quarter was mainly due to higher sales of copper, gold, aluminium, nickel and silver. There was also increase in average selling price of commodities sold by the Group especially silver, copper, gold, and nickel. The higher revenue for the current financial year compared to the previous year was mainly due to higher sales of copper, tin, nickel, aluminium and gold.

Cost of sales increased simultaneously with the increase in sales in current financial quarter and financial year as compared to previous year corresponding financial quarter and previous financial year. The increase in staff cost in current financial quarter and financial year as compared to previous year corresponding financial quarter and previous financial year was mainly due to salary adjustment, increase in headcount, accrual for bonus for the year 2017 as well as absent of adjustment on over recognition of share options expenses in financial year 2017. The said adjustment on over recognition of share options expenses had reduced the total staff cost in financial year 2016 by RM1.55 million. The adjustment was arising from the share options exercise in the Group in financial year 2015.

Other income mainly consisted of interest income generated from current account and fixed deposit, grant income, dividend income, gain on changes in fair value on derivative and allowance for doubtful debts no longer required. Higher other income in current financial year as compared to previous year corresponding financial year is due to the recognition of allowance for doubtful debts no longer required as a result from the recoverability of doubtful debts in the current financial year.

The Group reported a profit after tax of RM1.13 million for the current financial quarter and RM8.40 million for current financial year ended 31 December 2017. The lower profit after tax of the Group for the current financial quarter compared to the previous year corresponding financial quarter mainly due to the recognition of deferred tax liabilities of RM2.47 million, arising from the improved performance of manufacturing and trading segment as well as the coin operated laundry segment where the Company have fully utilised the available tax allowance in the financial year 2017. The Group's improved performance was mainly attributable to the higher revenue from manufacturing and trading activities as well as strengthening of commodities prices in the financial year ended 31 December 2017 compared to previous year.

Other operating expenses mainly consisted of manufacturing overhead expenses, allowance for doubtful debts, procurement fees, unrealised loss on foreign exchange, loss on hedging commodities, fair value loss on securities held for trading investments, professional fees, entertainment expenses, rental expenses and travelling expenses. The decrease of other operating expenses for the current financial quarter and financial year ended 31 December 2017 as compared to the previous year corresponding financial quarter and previous financial year ended 31 December 2016 was mainly due to lower allowance for doubtful debts has been provided in 2017.

QUARTERLY REPORT

Notes on the quarterly report for the fourth quarter ended 31 December 2017

B2. COMPARISON OF CURRENT FINANCIAL QUARTER RESULTS WITH THE PRECEDING QUARTER

	Current Quarter 31 Dec 2017	Immediate Preceding Quarter 30 Sept 2017	Changes
	RM'000	RM'000	%
Revenue	40,693	38,291	6.27
Other operating expenses	(2,907)	(3,722)	-21.90
Profit before interest and tax	3,831	2,526	51.67
Interest expenses	(234)	(241)	-2.90
Taxation	(2,464)	12	>-100
Profit after taxation	1,133	2,297	-50.67
Profit attributable to Owners of the Company	1,130	2,277	-50.37

The Group recorded revenue of approximately RM40.70 million and RM38.29 million for the current financial quarter ended 31 December 2017 and preceding financial quarter ended 30 September 2017, respectively. The increase in revenue was mainly from manufacturing activities. The higher revenue was mainly due to higher sales of silver, tin and aluminium as well as higher average selling price of silver in current financial quarter.

The Group recorded a lower other operating expenses in the current financial quarter mainly due to the lower loss on hedging commodities and unrealised loss on foreign exchange.

The higher profit before interest and tax in the current financial quarter was mainly due to higher revenue in the current financial quarter as well as recognition of allowance for doubtful debts no longer required in the current financial quarter.

The Group recorded higher taxation in the current financial quarter, mainly due to the recognition of deferred tax liabilities in the current financial quarter resulted from improved performance of manufacturing and trading segment as well as coin operated laundry business in the Group where the Company has fully utilised the available tax allowance in the financial year 2017.

The Group recorded a lower profit after tax for the current financial quarter mainly due to higher taxation expenses incurred resulted from deferred taxation.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018

Fluctuations in exchange rates and commodity prices will continue to have an impact on the Group's financial performance and position. Nevertheless, the Board believes that the Group's prospects will remain positive as procurement contracts had been secured by the total waste management division during the financial year as well as the strengthening of commodity price in the current financial year.

As part of the Group's strategy to diversify its sources of revenue and earnings, the Group's business has diversified to include property development and property investment (“Diversification”). The Diversification was approved by the shareholders of JAG at an extraordinary general meeting (“EGM”) held on 3 March 2017. The Diversification is consequential to the proposed mixed development on parcel of freehold land held under H.S. (D) 137367, PT 133653, Mukim Klang, District of Klang, State of Selangor (measuring approximately 13,489.5 square meters in an area bearing postal address Lot No. 10428, Jalan Sg Jati/KS7, Kg Jawa, 41000 Klang, Selangor Darul Ehsan) which comprise the development of shop-offices, office suites and residential apartments (“Development Project”). JAG Land Sdn Bhd, a wholly-owned subsidiary of JAG, is the owner of the said land.

QUARTERLY REPORT

Notes on the quarterly report for the fourth quarter ended 31 December 2017

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018 (CONTINUED)

The proposed Development Project is expected to contribute a gross development profit of between RM20 million to RM35 million to be achieved progressively over the development period of the proposed Development Project from the sales of the shop-offices, office suites and residential apartments. The Group expects to launch the Development Project in the second quarter in financial year 2018.

Barring any unforeseen circumstances and in view of the above, the Board is of the opinion that the prospects for the financial year ending 31 December 2018 will be favorable.

B4. VARIANCE OF FORECAST PROFIT AND PROFIT GUARANTEE

The Group has not provided any profit forecast or profit guarantee and thus this is not applicable to the Group.

B5. TAXATION

	Current Quarter Ended		Year to date	
	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Current income tax				
- current year	4	(33)	(36)	(53)
- over/(under) provision in prior years	-	(3)	10	(3)
	4	(36)	(26)	(56)
Deferred tax				
- current year	(2,373)	(845)	(2,373)	(532)
- (under)/over provision in prior years	(95)	-	(95)	83
	(2,468)	(845)	(2,468)	(449)
	<u>(2,464)</u>	<u>(881)</u>	<u>(2,494)</u>	<u>(505)</u>

The effective tax rate of the Group for current financial quarter and financial year ended 31 December 2017 are lower than the statutory tax rate of 24% due to business losses allowance carried forward and availability of reinvestment allowance which arose from the capital expenditure of a subsidiary in the current financial quarter under review and previous financial year.

B6. STATUS OF CORPORATE PROPOSALS

(a) Bonus Issue of Shares and Free Warrants Issue

On 23 August 2017, TA Securities Holdings Berhad (“TA Securities”) had on behalf of the Board announced the following:

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B6. STATUS OF CORPORATE PROPOSALS (CONTINUED)

(a) Bonus Issue of Shares and Free Warrants Issue (continued)

- (i) Bonus issue of up to 123,364,158 new ordinary shares in JAG (“Bonus Shares”) on the basis of 1 Bonus Share for every 13 existing JAG shares held on an entitlement date to be determined and announced later (“Bonus Issue of Shares”); and
- (ii) Free warrants issue of up to 246,728,316 warrants (“Warrants 2017/2020”) on the basis of 2 Warrants 2017/2020 for every 13 existing JAG shares held on the same entitlement date as the Bonus Issue of Shares (“Free Warrants Issue”).

On 28 September 2017, TA Securities announced on behalf the Company that Bursa Securities had, vide its letter dated 28 September 2017, approved the following:

- (i) listing of and quotation of up to 123,364,158 JAG shares to be issued pursuant to the Bonus Issue of Shares;
- (ii) admission to the Official List and listing and quotation of up to 246,728,316 Warrants 2017/2020 to be issued pursuant to the Free Warrants Issue;
- (iii) listing of and quotation of up to 246,728,316 new JAG shares to be issued arising from the exercise of the Warrants 2017/2020;
- (iv) listing of and quotation of up to 22,669,559 adjustment warrants pursuant to the adjustment arising from the Bonus Issue of Shares; and
- (v) listing of and quotation of up to 22,669,559 new ordinary shares arising from the exercise of the adjustment warrants.

The said approval granted by Bursa Securities is subject to the following conditions:

- (i) JAG and TA Securities must fully comply with the relevant provisions under the ACE LR pertaining to the implementation of the Bonus Issue of Shares and Free Warrants Issue;
- (ii) JAG and TA Securities to inform Bursa Securities upon the completion of the Bonus Issue of Shares and Free Warrants Issue;
- (iii) JAG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Bonus Issue of Shares and Free Warrants Issues is completed;
- (iv) JAG and TA Securities are required to make the relevant announcements for Bonus Issue of Shares pursuant to Rule 6.36(2)(a) & (b) and 6.36(4) of the ACE LR; and
- (v) JAG to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants 2017/2020 as at the end of each quarter together with a detailed computation of listing fees payable.

On 26 October 2017, the Company obtained its shareholders’ approval for the Bonus Issue of Shares and Free Warrants Issue.

The Bonus Issue of Shares and Free Warrants Issue were completed on 15 November 2017 and 23 November 2017, respectively.

JAG BERHAD (“JAG” OR “COMPANY”)
(Company No: 439230 - A)

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B7. GROUP BORROWINGS

The Group’s borrowings as at 31 December 2017 (all denominated in Ringgit Malaysia) are as follows:-

	As at 31 Dec 2017 RM’000	As at 31 Dec 2016 RM’000
Short term borrowing (secured)		
Term loan	960	976
Overdraft	7,175	4,332
Hire purchase	81	265
	8,216	5,573
Long term borrowing (secured)		
Term loan	9,105	10,131
Hire purchase	55	40
	9,160	10,171
Total	17,376	15,744

	As at 31 Dec 2017 %	As at 31 Dec 2016 %
The effective interest rate are as follows:		
Term loan	4.93	5.48
Overdraft	10.20	10.15
Hire purchase	5.14	5.08
Proportion of borrowings between fixed and floating interest rates	0.78 : 99.22	1.94 : 98.06

B8. DERIVATIVE FINANCIAL INSTRUMENTS

(i) Disclosure of derivatives

As at 31 December 2017, the Group has the following derivative financial instrument:

Type of derivative	Contract value RM’000	Fair Value RM’000	Fair Value Gain RM’000
Forward foreign exchange contracts			
- Less than 1 year	1,668	1,622	46
Commodity future contracts			
- Less than 1 year	9,161	9,436	275

The Group uses forward foreign exchange contracts (USD/RM) and commodity future contracts to manage some of the transaction exposure associate with trade receivables and trade payables in the year.

There are no cash requirement risks as the Group only uses forward foreign currency contracts and commodity future contracts as its hedging instruments.

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B8. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

- (i) Disclosure of derivatives (continued)

There have been no significant changes to the Group’s exposure to credit risk, market risk, and liquidity risk from the previous financial year. Since the previous financial year, there have been no changes to the Group’s management objectives, accounting policies and processes.

- (ii) Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group determines the fair values of the derivative financial instruments relating to the forward foreign exchange contracts and commodity future contracts by using the difference between the contracted foreign exchange rates and commodity price and the market forward rates and commodity price. The basis of fair value measurement is the difference between the contracted value and the market forward rates and market price. This resulted the Group recorded a gain when the rates and commodity price moved favourable against the Group or recorded a loss when the rates and commodity price moved unfavourable against the Group.

B9. MATERIAL LITIGATION

There was no pending material litigation as at the date of this announcement.

B10. DIVIDEND

The first interim dividend of RM0.001 per ordinary share (single tier) amounting to RM1,266,040.89 for the financial year ended 31 December 2017 were declared and paid to the entitled shareholders on 16 August 2017 and 6 October 2017, respectively.

A final single tier dividend of RM0.001 per ordinary share in JAG (single tier) amounting to RM1,376,930.57 has been recommended by the Directors in respect of the financial year ended 31 December 2017 and subject to shareholders' approval at the forthcoming Annual General Meeting, will be paid to the shareholders on 7 June 2018. The entitlement date for the dividend shall be 28 May 2018.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) shares transferred to the depositor’s securities account before 5.00 pm on 28 May 2018 in respect of transfers; and
- (ii) shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

The total dividend for the current financial year to-date is single tier dividend of RM0.002 per ordinary share in JAG.

There were no dividends paid or declared for the previous corresponding financial quarter and year.

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B11. REALISED AND UNREALISED PROFITS DISCLOSURE

The accumulated profits of the Group may be analysed as follows:

	As at 31 Dec 2017 RM'000	As at 31 Dec 2016 RM'000
Total accumulated profits of the Group		
- Realised	47,895	36,956
- Unrealised	(2,976)	(151)
Total before consolidation adjustments	44,919	36,805
Less: Consolidation adjustments	-	-
Total accumulated profits as per statement of financial position	<u>44,919</u>	<u>36,805</u>

B12. NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

	Current Quarter Ended		Year to date	
	31 Dec 2017 RM'000	31 Dec 2016 RM'000	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Allowance for doubtful debts	224	1,586	224	1,985
Allowance for doubtful debts no longer required	(1,390)	-	(1,390)	-
Changes in fair value of derivative (assets) / liabilities	(321)	504	(321)	504
Depreciation of property, plant and equipment	1,033	1,047	3,982	3,916
Dividend income	(18)	(23)	(83)	(75)
Fixed asset written off	1	-	1	-
(Gain)/Loss on disposal of fixed assets	(105)	-	(105)	1
(Gain)/Loss on hedging commodity	(395)	-	178	-
Loss/(Gain) on foreign exchange – unrealised	353	(739)	353	(739)
(Gain)/Loss on foreign exchange – realised	(578)	404	7	534
Fair value loss on securities held for trading investments	144	190	292	377
Government grant income	(35)	(35)	(140)	(131)
Interest income	(61)	(37)	(217)	(154)
Interest expenses	234	24	820	635

Other than as disclosed above, the Group does not have other material items (such as provision for and write-off of inventories, gain or loss on disposal of quoted or unquoted investment or properties, impairment of assets and exception items) that are recognised as profit/(loss) in the Statements of Comprehensive Income.

QUARTERLY REPORT

Notes on the quarterly report for the fourth quarter ended 31 December 2017

B13. EARNINGS PER SHARE

(i) Basic earnings per share

The basic earnings per share was calculated by dividing the net profit for the current financial quarter and the financial year by the weighted average number of ordinary shares in issue:

	Current Quarter Ended		Year to date	
	31 Dec 2017 RM	31 Dec 2016 RM	31 Dec 2017 RM	31 Dec 2016 RM
Net profit attributable to owners of the Company (RM'000)	1,130	2,378	8,346	2,011
Weighted average number of ordinary shares in issue ('000)	1,318,938	1,143,845	1,234,802	1,143,845
Basic earnings per share (sen)	0.09	0.21	0.68	0.18

(ii) Diluted earnings per share

The diluted earnings per share was calculated by dividing the net profit for the current financial quarter and year by the weighted average number of ordinary shares based on the assumption that the warrants issued and SIS Options granted are fully exercised and converted into ordinary shares:

	Current Quarter Ended		Year to date	
	31 Dec 2017 RM	31 Dec 2016 RM	31 Dec 2017 RM	31 Dec 2016 RM
Net profit / (loss) attributable to owners of the Company (RM'000)	1,130	2,378	8,346	2,011
Weighted average number of ordinary shares in issue ('000)	1,764,543	1,513,685	1,602,464	1,513,685
Diluted earnings / (loss) per share (sen)	0.06	0.16	0.52	0.13

B14. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 26 February 2018.

BY ORDER OF THE BOARD,

CHENG CHIA PING
(MAICSA 1032514 PRACTITIONER)
COMPANY SECRETARY

26 February 2018