

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30-Sep-18 RM'000	Preceding year Corresponding Quarter 30-Sep-17 RM'000	Changes %	Current Year To date 30-Sep-18 RM'000	Preceding year Corresponding Period 30-Sep-17 RM'000	Changes %
Revenue	36,972	38,291	-3.44%	109,655	102,932	6.53%
Direct costs	(232)	(181)	28.18%	(1,035)	(4,856)	-78.69%
Changes in inventories of finished goods and work in progress	3,873	6,130	-36.82%	11,759	6,445	82.45%
Raw materials and consumable used	(32,113)	(34,442)	-6.76%	(96,646)	(75,767)	27.56%
Changes in inventories of trading merchandise	(761)	(412)	84.71%	(1,134)	(1,912)	-40.69%
Staff costs	(2,103)	(2,814)	-25.27%	(8,693)	(8,275)	5.05%
Other income	242	671	-63.93%	909	508	78.94%
Depreciation and amortisation	(1,165)	(995)	17.09%	(3,322)	(2,950)	12.61%
Other operating expenses	(4,299)	(3,722)	15.50%	(9,335)	(8,245)	13.22%
Finance cost	(148)	(241)	-38.59%	(653)	(586)	11.43%
<b>Profit before taxation</b>	<b>266</b>	<b>2,285</b>	<b>-88.36%</b>	<b>1,505</b>	<b>7,294</b>	<b>-79.37%</b>
Taxation	12	12	0.00%	12	(30)	0.00%
<b>Profit after taxation</b>	<b>278</b>	<b>2,297</b>	<b>-87.90%</b>	<b>1,517</b>	<b>7,264</b>	<b>-79.12%</b>
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
<b>Total comprehensive income for the period</b>	<b>278</b>	<b>2,297</b>	<b>-87.90%</b>	<b>1,517</b>	<b>7,264</b>	<b>-79.12%</b>
<b>Profit attributable to:</b>						
Owners of the Company	249	2,277		1,430	7,217	
Non-controlling interest	29	20		87	47	
	<b>278</b>	<b>2,297</b>		<b>1,517</b>	<b>7,264</b>	
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	249	2,277		1,430	7,217	
Non-controlling interest	29	20		87	47	
	<b>278</b>	<b>2,297</b>		<b>1,517</b>	<b>7,264</b>	
<b>Earning per share EPS attributable to owners of the Company (sen per share):</b>						
Basic EPS	0.02	0.18		0.10	0.60	
Diluted EPS	0.01	0.14		0.07	0.47	

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 2017 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30-Sep-18 RM'000	Audited As at preceding Financial Year Ended 31-Dec-17 RM'000
<b>ASSETS</b>		
<b>Non Current assets</b>		
Property, plant and equipment	80,972	78,801
Other investment	103	104
	81,075	78,905
<b>Current Assets</b>		
Property development expenditure	21,640	18,576
Inventories	55,312	46,930
Trade and other receivables	14,080	18,556
Tax recoverable	706	965
Other investment	4,557	1,537
Fixed deposits with licensed banks	6,257	2,190
Cash and bank balances	7,228	10,852
Derivative assets	-	321
	109,780	99,927
<b>TOTAL ASSETS</b>	190,855	178,832
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to owners of the parent</b>		
Share capital	140,687	140,686
Share premium	9,107	9,141
Treasury shares	(100)	(100)
Revaluation reserve	23,379	23,379
Reverse acquisition reserve	(72,051)	(72,051)
Reserve - SIS	1,542	1,542
Retained profits	43,938	43,885
	146,502	146,482
Equity attributable to the owners of the Company	146,502	146,482
Non-controlling interest	192	105
<b>Total equity</b>	146,694	146,587
<b>Long term liabilities</b>		
Deferred taxation	3,338	3,338
Deferred income	903	1,008
Hire purchase liabilities	677	58
Term loan	8,946	8,976
	13,864	13,380
<b>Current Liabilities</b>		
Trade and other payables	22,137	10,524
Hire purchase liabilities	341	78
Short term borrowings	7,778	8,263
Derivative liabilities	41	-
	30,297	18,865
<b>TOTAL LIABILITIES</b>	44,161	32,245
<b>TOTAL EQUITY AND LIABILITIES</b>	190,855	178,832
Net assets per share (sen) attributable to owners of the Company	10.64	10.64

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 2017 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share capital RM'000	Share premium RM'000	Tresury shares RM'000	Revaluation reserve RM'000	Reverse acquisition reserve RM'000	Reserve - SIS RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2017	114,384	19,162	-	23,379	(72,051)	2,576	36,805	124,255	54	124,309
Issuance of share in respect of private placement	13,299	(54)	-	-	-	-	-	13,245	-	13,245
Issuance of share in respect of exercised of SIS options	1,142	-	-	-	-	(362)	-	780	-	780
Dividend paid	-	-	-	-	-	-	(1,266)	(1,266)	-	(1,266)
Net profit/Total comprehensive income for the period	-	-	-	-	-	-	7,217	7,217	47	7,264
At 30 September 2017	<u>128,825</u>	<u>19,108</u>	<u>-</u>	<u>23,379</u>	<u>(72,051)</u>	<u>2,214</u>	<u>42,756</u>	<u>144,231</u>	<u>101</u>	<u>144,332</u>
At 1 January 2018	140,686	9,141	(100)	23,379	(72,051)	1,542	43,885	146,482	105	146,587
Issuance of share in respect of exercised of Warrant (2017/2020)	1	-	-	-	-	-	-	1	-	1
Shares issue expenses in respect of private placement	-	(34)	-	-	-	-	-	(34)	-	(34)
Dividend paid	-	-	-	-	-	-	(1,377)	(1,377)	-	(1,377)
Net profit / Total comprehensive income for the period	-	-	-	-	-	-	1,430	1,430	87	1,517
At 30 September 2018	<u>140,687</u>	<u>9,107</u>	<u>(100)</u>	<u>23,379</u>	<u>(72,051)</u>	<u>1,542</u>	<u>43,938</u>	<u>146,502</u>	<u>192</u>	<u>146,694</u>

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 2017 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Cumulative Current Year 30-Sep-18 RM'000	Preceding Year Corresponding Period 30-Sep-17 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,505	7,294
Adjustments for:		
Changes in fair value on derivative financial liability	317	-
Depreciation of property, plant and equipment	3,322	2,950
Dividend income	(72)	(65)
Fair value loss on hedging commodity	-	573
Fair value loss on securities held for trading investments	323	148
Fixed assets written off	-	-
Gain on disposal of fixed assets	(72)	-
Loss/(Gain) on foreign exchange - unrealised	580	(162)
Government grant income	(105)	(105)
Realised loss on foreign exchange - cash and cash equivalent	(6)	112
Interest income	(275)	(156)
Interest expense	653	586
Operating cash flows before working capital changes	6,170	11,175
Changes in working capital:		
Increase in inventories	(8,381)	(13,316)
Decrease/(Increase) in trade and other receivables	4,388	(443)
Increase/(Decrease) in trade and other payables	11,232	(1,583)
(Increase)/Decrease in investment held for trading	(1,471)	2,317
Cash generated from/(used in) operations	11,938	(1,850)
Income tax paid	(487)	(167)
Income tax refunded	759	1,608
<b>Net cash generated from/(used in) operating activities</b>	12,210	(409)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in fixed deposit pledged	(31)	(29)
Increase in property development cost	(3,064)	(3,460)
Interest received	275	156
Dividend received	72	65
Deposit paid for purchase of property, plant and equipment	(100)	(1,300)
Proceed from disposal of fixed assets	200	-
Purchase of property, plant and equipment	(3,588)	(1,855)
Purchase of other investment	(1,872)	(1,936)
<b>Net cash used in investing activities</b>	(8,108)	(8,359)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(653)	(586)
Dividend paid	(1,377)	(1,266)
Proceeds from issuance of shares	1	14,079
Repayment of hire purchase liabilities	(183)	(220)
Repayment of term loan	(938)	(776)
<b>Net cash (used in)/from financing activities</b>	(3,150)	11,231
<b>Net increase in cash and cash equivalents</b>	952	2,463
Effect of exchange rate changes	6	(112)
<b>Cash and cash equivalents at 1 January</b>	4,546	1,737
<b>Cash and cash equivalents at 30 September</b>	5,504	4,088
<b>Cash and cash equivalents at end of financial year comprised:</b>		
Cash and bank balances	7,228	9,470
Fixed deposits with licensed banks	6,257	2,176
Bank overdraft	(6,630)	(6,246)
	6,855	5,400
Less: Fixed deposits pledged	(1,351)	(1,312)
	5,504	4,088

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 2017 and the accompanying explanatory notes attached to this interim financial statements.

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 2018**

**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 2017.

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 2017.

**A4. SEASONAL AND CYCLICAL FACTORS**

The Group’s business operations were mainly attributable (i.e., contributing approximately 97% 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 period under review.

**A6. MATERIAL CHANGES IN ESTIMATES**

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

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 2018**

**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 and period ended 30 September 2018:

- (i) 6,839 new ordinary shares in JAG were issued at RM0.15 each pursuant to the exercise of Warrants 2017/2020 by the warrant holder were listed on 28 February 2018; and
- (ii) 137,793,700 new ordinary shares in JAG were issued pursuant to the Private Placement (as defined in B6), were listed on 11 October 2018 at RM0.0555 each.

**A8. DIVIDEND**

There were no dividend being declared, recommended or paid during the financial quarter and period under review.

**A9. SEGMENT INFORMATION**

The Group’s segmental information is as follows:

	<b>Current Quarter Ended</b>		<b>Year to date</b>	
	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>	<b>30 Sept 2018</b>	<b>30 Sept 2017</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
<b>Revenue by business segments</b>				
Manufacturing activities	34,454	36,141	103,561	91,154
Trading activities	1,505	1,354	2,578	4,113
Proprietary solutions and software maintenance	97	126	446	526
Investment holding	-	-	360	5,511
Services	916	670	2,710	1,981
	<u>36,972</u>	<u>38,291</u>	<u>109,655</u>	<u>103,285</u>
Elimination of inter-segment sales	-	-	-	(353)
	<u>36,972</u>	<u>38,291</u>	<u>109,655</u>	<u>102,932</u>

**QUARTERLY REPORT**

Notes on the quarterly report for the third quarter ended 30 September 2018

**A9. SEGMENT INFORMATION (CONTINUED)**

	Current Quarter Ended		Year to date	
	30 Sept 2018 RM'000	30 Sept 2017 RM'000	30 Sept 2018 RM'000	30 Sept 2017 RM'000
<b>Segment results</b>				
Manufacturing activities	195	2,139	1,956	6,739
Trading activities	503	785	1,011	1,500
Investment holding	(345)	(577)	(1,151)	(361)
Proprietary solutions and software maintenance	(78)	(88)	(116)	(210)
Services	141	95	431	302
Property development	(98)	(88)	(249)	(246)
Profit from operations	<u>318</u>	<u>2,446</u>	<u>1,882</u>	<u>7,724</u>
Interest income	96	80	275	156
Finance cost	(148)	(241)	(652)	(586)
Profit before taxation	<u>266</u>	<u>2,285</u>	<u>1,505</u>	<u>7,294</u>
Taxation	12	12	12	(30)
Profit after taxation	<u>278</u>	<u>2,297</u>	<u>1,517</u>	<u>7,264</u>
<b>Revenue By Geographical Segment</b>				
Malaysia	9,990	5,418	21,020	20,798
Foreign countries	26,982	32,873	88,635	82,134
	<u>36,972</u>	<u>38,291</u>	<u>109,655</u>	<u>102,932</u>
			<b>As at 30 Sept 2018 RM'000</b>	<b>As at 31 Dec 2017 RM'000</b>
<b>Segment assets</b>				
Manufacturing and trading activities			162,688	150,828
Investment holding			157,043	54,595
Proprietary solutions and software maintenance			2,832	1,028
Services			5,137	4,972
Property development			22,575	21,801
			<u>350,275</u>	<u>233,224</u>
Elimination			(159,420)	(54,392)
			<u>190,855</u>	<u>178,832</u>
<b>Segment liabilities</b>				
Manufacturing and trading activities			70,615	59,974
Investment holding			5,615	157
Proprietary solutions and software maintenance			4,783	2,864
Services			4,176	4,254
Property development			22,771	21,769
			<u>107,960</u>	<u>89,018</u>
Elimination			(63,799)	(56,773)
			<u>44,161</u>	<u>32,245</u>

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 2018**

**A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There was no valuation or revaluation of property, plant and equipment during the current financial quarter and period 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 30 September 2018 up to the date of this report.

**A12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no other changes and/or intended changes in the composition of the Group during the current financial quarter and period 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 period under review.

**A14. CAPITAL COMMITMENTS**

As at 30 September 2018, 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.

**A15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 2018**

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

**B1. REVIEW OF PERFORMANCE**

The Group recorded revenue of approximately RM36.97 million for the current financial quarter and RM109.66 million for the financial period ended 30 September 2018. Export sales accounted for about RM26.98 million and RM88.64 million or 73% and 81% of total revenue for the current financial quarter and period ended 30 September 2018, respectively.

The Group recorded lower revenue for the current financial quarter as compared to previous corresponding financial quarter mainly due to lower sales of copper and nickel during current financial quarter. However, the sales for the current financial period is higher as compared to the previous year corresponding financial period were mainly due to higher sales of copper, gold, silver and nickel.

The Group recorded lower profit before tax of RM266,000 and RM1.51 million in the current financial quarter and period respectively as compared to previous year corresponding financial quarter and period of RM2.29 million and RM7.30 million respectively. This is mainly due to higher cost of sales incurred in the manufacturing and trading division.

In respect of staff costs, the Group recorded lower staff costs in current financial quarter due to lower outsourced wages incurred as compared to the previous correspondence financial quarter. On the other hand, the staff cost for current financial period is higher as compared to previous corresponding financial period mainly due to revision of salary, bonus payments and increase in outsourced wages.

Other income mainly consists of gain on hedging commodities, interest income generated from current account and fixed deposit, grant income and dividend income.

Other operating expenses mainly consists of manufacturing overhead expenses, unrealised and realised loss on foreign exchange, procurement fees, fair value loss on securities held for trading investments, fair value loss on derivative liabilities, professional fees, entertainment expenses, rental expenses and travelling expenses.

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

	<b>Current Quarter 30 Sept 2018</b>	<b>Immediate Preceding Quarter 30 June 2018</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	36,972	36,945	0.07
Staff costs	2,103	4,254	-50.56
Other income	242	1,072	-77.43
Other operating expenses	4,299	3,443	24.86
Profit before interest and tax	414	1,008	-58.93
Profit after taxation	278	752	-63.03

The Group recorded constant revenue of approximately RM36.97 million and RM36.95 million for the current financial quarter ended 30 September 2018 and preceding financial quarter ended 30 June 2018, respectively.

There was lower staff costs incurred during the current financial quarter as compared to immediate preceding quarter. The said decrease was mainly due to lower outsourced wages expenses and absence of bonus payments incurred during the current financial quarter.

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 2018**

**B2. COMPARISON OF CURRENT FINANCIAL QUARTER RESULTS WITH THE PRECEDING QUARTER (CONTINUED)**

The lower other income in the current financial quarter resulted from absence of gain on hedging of commodity and gain on fair value adjustment on securities held for trading investment.

The higher other operating expenses mainly due to higher waste disposal charges, unrealised loss on foreign exchange, loss on fair value adjustment on securities held for trading and loss on hedging of commodity.

The Group's recorded lower profit before interest and tax and profit after tax in the current financial quarter mainly due to higher cost of sales in current financial quarter

**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 part of the Group's strategy to diversify its sources of revenue and earnings, the property development division was established in the financial year 2017. The property development division carried the Group's maiden project named “**ARCA**” which 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 project from the sales of the shop-offices, office suites and residential apartments. The project sales gallery has been open to public in July 2018 and the Group expects to launch the Development Project in the first quarter of financial year 2019.

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 favourable.

**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.

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 2018**

**B5. TAXATION**

	Current Quarter		Year to date	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
Income tax	12	12	12	(30)
Deferred tax	-	-	-	-
	<u>12</u>	<u>12</u>	<u>12</u>	<u>(30)</u>

The effective tax rate of the Group for current financial quarter and period ended 30 September 2018 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 and period under review.

**B6. STATUS OF CORPORATE PROPOSALS**

On 21 June 2018, M&A Securities Sdn Bhd (“M&A”) had on behalf of the Board announced that the Company proposes to undertake a proposed private placement of up to 10% of the total number of issued shares in JAG (excluding treasury shares) (“Private Placement”) to independent third party investor(s). The listing application for the Private Placement was submitted to Bursa Securities on 12 July 2018.

The Company had on 17 July 2018 obtained Bursa Securities’ approval for the listing and quotation of up to 192,186,600 Placement Shares to be issued pursuant to the Private Placement. The approval granted by Bursa Securities for the Private Placement, is subjected to the following conditions:

- i. JAG and M&A must fully comply with the relevant provisions under the ACE LR pertaining to the implementation of the Private Placement;
- ii. JAG and M&A to inform Bursa Securities upon the completion of the Private Placement; and
- iii. JAG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Private Placement is complete.

On 11 October 2018, the Company completed the issuance of 137,793,700 new ordinary shares at RM0.0555 each and raised gross proceeds of RM7,647,550.

Save as above, there were no corporate proposals announced but not complete as at 14 November 2018, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarter report.

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 2018**

**B7. STATUS OF UTILISATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENT**

The actual utilisation of the total gross proceeds of RM7,647,550 raised from the Private Placement (as detailed in Note B6) are as follows:

	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance proceeds RM'000</b>	<b>Deviation amount RM'000</b>	<b>Intended timeframe for utilisation</b>
Property Development Expenditure	7,048	1,755	5,293 <sup>(1)</sup>	-	12 months
Working capital	300	7	293 <sup>(1)</sup>	60 <sup>(2)</sup>	12 months
Estimated expenses in relation to the Private Placement*	300	240	60	(60) <sup>(2)</sup>	Within 1 month
<b>Total</b>	<b>7,648</b>	<b>2,002</b>	<b>5,646</b>	<b>-</b>	

Note:-

<sup>(1)</sup> The balance proceeds is expected to be fully utilised within the intended timeframe.

<sup>(2)</sup> The balance of unutilised proceeds will be utilised for working capital.

**B8. GROUP BORROWINGS**

The Group's borrowings as at 30 September 2018 (all denominated in Ringgit Malaysia) are as follows:-

	<b>As at 30 Sept 2018 RM'000</b>	<b>As at 31 Dec 2017 RM'000</b>
<b>Short term borrowing (secured)</b>		
Term loan	1,148	1,088
Overdraft	6,630	7,175
Hire purchase	341	78
	<u>8,119</u>	<u>8,341</u>
<b>Long term borrowing (secured)</b>		
Term loan	8,946	8,976
Hire purchase	677	58
	<u>9,623</u>	<u>9,034</u>
<b>Total</b>	<u><u>17,742</u></u>	<u><u>17,375</u></u>

	<b>As at 30 Sept 2018 %</b>	<b>As at 31 Dec 2017 %</b>
The effective interest rate are as follows:		
Term loan	5.36	4.93
Overdraft	10.20	10.20
Hire purchase	5.37	5.14

Proportion of borrowings between fixed and floating interest rates	5.74 : 94.26	0.78 : 99.22
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**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 2018**

**B9. DERIVATIVE FINANCIAL INSTRUMENTS**

(i) Disclosure of derivatives

As at 30 September 2018, the Group has the following derivative financial instrument:

<b>Type of derivative</b>	<b>Contract value RM'000</b>	<b>Fair Value RM'000</b>	<b>Fair Value Loss RM'000</b>
Forward foreign exchange contracts - Less than 1 year	1,118	1,159	41

The Group uses forward foreign exchange contracts to manage some of the transactions exposure of the Group's sales denominated in USD.

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

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 by using the difference between the contracted foreign exchange rates and the market forward rates. The basis of fair value measurement is the difference between the contracted value and the market forward rates and market price. This resulted in 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.

**B10. MATERIAL LITIGATION**

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

**B11. DIVIDEND**

There were no dividend being declared, recommended or paid during the financial quarter and period under review.

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 2018**

**B12. NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME**

	Current Quarter Ended		Year to date	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
Changes in fair value of derivative liabilities	207	-	317	-
Depreciation of property, plant and equipment	1,165	995	3,322	2,950
Dividend income	(19)	(21)	(72)	(65)
Fair value loss on hedging commodity	-	817	-	573
Loss/(Gain) on disposal of fixed assets	10	-	(72)	-
Loss/(Gain) on foreign exchange – unrealised	256	646	580	(162)
(Gain)/Loss on foreign exchange – realised	(175)	(516)	19	(45)
Fair value loss on securities held for trading investments	162	148	323	148
Government grant income	(35)	(35)	(105)	(105)
Interest income	(96)	(80)	(275)	(156)
Interest expenses	148	241	653	586

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

**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 period by the weighted average number of ordinary shares in issue:

	Current Quarter Ended		Year to date	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM	RM	RM	RM
Net profit attributable to owners of the Company (RM'000)	249	2,277	1,430	7,217
Weighted average number of ordinary shares in issue ('000)	1,376,937	1,260,384	1,376,935	1,206,013
Basic earnings per share (sen)	0.02	0.18	0.10	0.60

**QUARTERLY REPORT**

**Notes on the quarterly report for the third quarter ended 30 September 2018**

**B13. EARNINGS PER SHARE (CONTINUED)**

(ii) Diluted earnings per share

The diluted earnings per share was calculated by dividing the net profit for the current financial quarter and period 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:

	<b>Current Quarter Ended</b>		<b>Year to date</b>	
	<b>30 Sept</b>	<b>30 Sept</b>	<b>30 Sept</b>	<b>30 Sept</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net profit attributable to owners of the Company (RM'000)	249	2,277	1,430	7,217
Weighted average number of ordinary shares in issue ('000)	1,920,866	1,598,077	1,920,866	1,547,060
Diluted earnings per share (sen)	0.01	0.14	0.07	0.47

**B14. AUTHORISED FOR ISSUE**

The interim financial statements were authorised for issuance on 16 November 2018 by the Board in accordance with a resolution passed by the directors.

BY ORDER OF THE BOARD,

CHENG CHIA PING  
(MAICSA 1032514 PRACTITIONER)  
COMPANY SECRETARY

16 November 2018