

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30-Jun-19 RM'000	Preceding year Corresponding Quarter 30-Jun-18 RM'000	Changes %	Current Year To date 30-Jun-19 RM'000	Preceding year Corresponding year 30-Jun-18 RM'000	Changes %
Revenue	32,988	36,945	-10.71%	58,543	72,682	-19.45%
Direct costs	(214)	(229)	-6.55%	(451)	(803)	-43.84%
Changes in inventories of finished goods and work in progress	18	6,883	-99.74%	3,297	7,886	-58.19%
Raw materials and consumable used	(25,429)	(34,675)	-26.66%	(51,544)	(64,532)	-20.13%
Changes in inventories of trading merchandise	(1,023)	(185)	452.97%	(2,371)	(372)	537.37%
Staff costs	(2,944)	(4,254)	-30.79%	(5,956)	(6,590)	-9.62%
Other income	436	1,072	-59.33%	947	1,865	-49.22%
Depreciation and amortisation	(1,623)	(1,106)	46.75%	(3,226)	(2,157)	49.56%
Other operating expenses	(5,339)	(3,443)	55.07%	(7,980)	(6,236)	27.97%
Finance cost	(290)	(256)	13.28%	(556)	(504)	10.32%
(Loss)/Profit before taxation	(3,420)	752	-554.79%	(9,297)	1,239	-850.36%
Taxation	(330)	-	100.00%	(660)	-	100.00%
(Loss)/Profit after taxation/ Total comprehensive (loss)/income	(3,750)	752	-598.67%	(9,957)	1,239	-903.63%
(Loss)/Profit attributable to:						
Owners of the Company	(3,741)	722		(9,958)	1,180	
Non-controlling interest	(9)	30		1	59	
	(3,750)	752		(9,957)	1,239	
Total comprehensive (loss)/income attributable to:						
Owners of the Company	(3,741)	722		(9,958)	1,180	
Non-controlling interest	(9)	30		1	59	
	(3,750)	752		(9,957)	1,239	
(Loss)/Earning per share attributable to owners of the Company (sen per share):						
Basic (loss)/earning per share	(0.25)	0.05		(0.66)	0.09	
Diluted EPS	N/A	N/A		N/A	N/A	

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 2018 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30-Jun-19 RM'000	Audited As at preceding Financial Year Ended 31-Dec-18 RM'000
ASSETS		
Non Current assets		
Property, plant and equipment	87,341	83,385
Land held for development	14,992	-
Investment properties	6,300	-
Intangible assets	103	103
	108,736	83,488
Current Assets		
Property development expenditure	12,209	19,588
Inventories	50,475	46,411
Trade and other receivables	7,625	16,847
Tax recoverable	22	242
Other investment	8,172	7,038
Fixed deposits with licensed banks	5,224	6,306
Cash and bank balances	2,068	9,167
	85,795	105,599
TOTAL ASSETS	194,531	189,087
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent		
Share capital	157,251	148,110
Share premium	-	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	34,245	44,203
	144,266	154,224
Equity attributable to the owners of the Company	144,266	154,224
Non-controlling interest	169	168
Total equity	144,435	154,392
Long term liabilities		
Deferred taxation	4,080	3,600
Deferred income	798	868
Hire purchase liabilities	1,098	1,018
Term loan	15,071	8,591
	21,047	14,077
Current Liabilities		
Trade and other payables	13,432	12,151
Hire purchase liabilities	444	444
Short term borrowings	10,933	8,023
Lease Liabilities	4,205	-
Derivative liabilities	4	-
Tax payable	31	-
	29,049	20,618
TOTAL LIABILITIES	50,096	34,695
TOTAL EQUITY AND LIABILITIES	194,531	189,087
Net assets per share (sen) attributable to owners of the Company	9.52	10.18

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 2018 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 SECOND QUARTER ENDED 30 JUNE 2019

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 2018	140,686	9,141	(100)	23,379	(72,051)	1,542	43,885	146,482	105	146,587
Issue of share pursuant to:- - exercise of warrants	1	-	-	-	-	-	-	1	-	1
Dividend paid	-	-	-	-	-	-	(1,377)	(1,377)	-	(1,377)
Net profit/Total comprehensive income for the period	-	-	-	-	-	-	1,180	1,180	59	1,239
At 30 June 2018	<u>140,687</u>	<u>9,141</u>	<u>(100)</u>	<u>23,379</u>	<u>(72,051)</u>	<u>1,542</u>	<u>43,688</u>	<u>146,286</u>	<u>164</u>	<u>146,450</u>
At 1 January 2019	148,110	9,141	(100)	23,379	(72,051)	1,542	44,203	154,224	168	154,392
Capitalisation of share premium in pursuant to CA 2016	9,141	(9,141)	-	-	-	-	-	-	-	-
Net (loss)/profit / Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(9,958)	(9,958)	1	(9,957)
At 30 June 2019	<u>157,251</u>	<u>-</u>	<u>(100)</u>	<u>23,379</u>	<u>(72,051)</u>	<u>1,542</u>	<u>34,245</u>	<u>144,266</u>	<u>169</u>	<u>144,435</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 2018 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Cumulative Current Year 30-Jun-19 RM'000	Preceding Year Corresponding Period 30-Jun-18 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(9,297)	1,239
Adjustments for:		
Allowance for doubtful debts	767	-
Changes in fair value on derivative financial liability	4	109
Depreciation of property, plant and equipment	3,226	2,157
Dividend income	(124)	(92)
Fair value loss on hedging commodity	-	364
Fair value loss on investments held for trading	141	161
Fixed assets written off	-	-
Gain on disposal of fixed assets	(183)	(82)
Impairment loss on investment properties	950	-
Inventory written down	479	-
Loss on foreign exchange - unrealised	422	324
Government grant income	(70)	(70)
Realised loss on foreign exchange - cash and cash equivalent	-	12
Income distribution from quoted fund	(35)	-
Interest income	(124)	(178)
Interest expense	680	504
Operating cash flows before working capital changes	(3,164)	4,448
Changes in working capital:		
Increase in inventories	(4,543)	(3,883)
Decrease in trade and other receivables	8,017	7,263
Increase in trade and other payables	1,294	4,946
Increase in investment held for trading	(1,275)	(1,947)
Cash generated from operations	329	10,827
Income tax paid	(18)	(144)
Income tax refunded	88	746
Net cash generated from operating activities	399	11,429
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in fixed deposit pledged	(37)	(20)
Decrease/(Increase) in property development expenditure	129	(2,449)
Income distribution from quoted fund	35	-
Interest received	124	178
Dividend received	124	92
Deposit paid for purchase of property, plant and equipment	(792)	(100)
Proceed from disposal of fixed assets	183	82
Purchase of property, plant and equipment	(1,435)	(2,553)
Purchase of land held for development	(6,392)	-
Purchase of other investment	-	(365)
Net cash used in investing activities	(8,061)	(5,135)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(565)	(504)
Cash payment for leases	(529)	-
Proceeds from issuance of shares	-	1
Dividend paid	-	(1,377)
Repayment of hire purchase liabilities	(252)	(94)
Repayment of term loan	(649)	(533)
Net cash used in financing activities	(1,995)	(2,507)
Net (decrease)/increase in cash and cash equivalents	(9,657)	3,787
Effect of exchange rate changes	-	(12)
Cash and cash equivalents at 1 January	7,406	4,546
Cash and cash equivalents at 30 June	(2,251)	8,321
Cash and cash equivalents at end of financial quarter comprised:		
Cash and bank balances	2,068	13,263
Fixed deposits with licensed banks	5,224	2,233
Bank overdraft	(8,144)	(5,834)
	(852)	9,662
Less: Fixed deposits pledged	(1,399)	(1,341)
	(2,251)	8,321

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 2018 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2019

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 2018.

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 other than the following:

MFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019)

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right of use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 require lessees to account for all leases under a single on-balance sheet model in a similar way to finance lease under MFRS 117. The standard includes two recognition exemption for lessees – leases of low value assets and short term leases (i.e. leases with lease term of 12 months or less). At the commencement date of a lease, a lease will recognize a liability to make lease payments (i.e. lease liability) and an asset representing the right of use the underlying asset during the lease term (i.e. the right of use asset).

Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right of use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change of lease term, change in payments). The lessee will generally recognize the amount of remeasurement of the lease liability as an adjustment to the right of use asset.

Lessor accounting is substantially unchanged. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of lease which is operating and finance leases.

The Group adopted the modified retrospective application approach. The Group has completed its assessment on the financial impact on the adoption of standards. All relevant adjustments has been accounted in this quarterly report as well as the Group’s financial statements for the year ended 31 December 2019.

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2019

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 2018.

A4. SEASONAL AND CYCLICAL FACTORS

The Group’s business operations were mainly attributable (i.e., contributing approximately 96% of its total revenue) from its manufacturing and trading segments involving recycling and recovery activities, which are affected by the cyclicity of the semiconductor. 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.

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

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and period ended 30 June 2019.

A8. DIVIDEND

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

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

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2019

A9. SEGMENT INFORMATION

The Group’s segmental information is as follows:

	Current Quarter Ended		Year to date	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM’000	RM’000	RM’000	RM’000
Revenue by business segments				
Manufacturing and trading activities	31,877	35,867	56,354	70,179
Proprietary solutions and software maintenance	165	154	343	349
Investment holding	-	-	59	360
Services	946	924	1,787	1,794
	<u>32,988</u>	<u>36,945</u>	<u>58,543</u>	<u>72,682</u>
Elimination of inter-segment sales	-	-	-	-
	<u>32,988</u>	<u>36,945</u>	<u>58,543</u>	<u>72,682</u>

	Current Quarter Ended		Year to date	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM’000	RM’000	RM’000	RM’000
Segment results				
Manufacturing and trading activities	(1,242)	1,099	(6,124)	2,271
Investment holding	(341)	(253)	(784)	(807)
Proprietary solutions and software maintenance	20	(30)	(6)	(38)
Services	113	149	102	289
Property development	(1,680)	(60)	(1,929)	(151)
(Loss)/Profit from operations	<u>(3,130)</u>	<u>905</u>	<u>(8,741)</u>	<u>1,564</u>
Interest income	55	103	124	179
Finance cost	(345)	(256)	(680)	(504)
(Loss)/Profit before taxation	<u>(3,420)</u>	<u>752</u>	<u>(9,297)</u>	<u>1,239</u>
Taxation	(330)	-	(660)	-
(Loss)/Profit after taxation	<u><u>(3,750)</u></u>	<u><u>752</u></u>	<u><u>(9,957)</u></u>	<u><u>1,239</u></u>

Revenue By Geographical Segment

Malaysia	9,332	3,286	17,811	11,029
Foreign countries	<u>23,656</u>	<u>33,659</u>	<u>40,732</u>	<u>61,653</u>
	<u>32,988</u>	<u>36,945</u>	<u>58,543</u>	<u>72,682</u>

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2019

A9. SEGMENT INFORMATION (CONTINUED)

	As at 30 June 2019 RM'000	As at 31 Dec 2018 RM'000
Segment assets		
Manufacturing and trading activities	146,058	152,562
Investment holding	163,944	159,587
Proprietary solutions and software maintenance	2,737	2,752
Services	9,658	5,387
Property development	42,164	29,507
	<u>364,561</u>	<u>349,795</u>
Elimination	<u>(170,031)</u>	<u>(160,708)</u>
	<u>194,530</u>	<u>189,087</u>
Segment liabilities		
Manufacturing and trading activities	60,313	59,579
Investment holding	4,755	104
Proprietary solutions and software maintenance	5,708	4,766
Services	8,816	4,548
Property development	44,817	30,298
	<u>124,463</u>	<u>99,295</u>
Elimination	<u>(74,367)</u>	<u>(64,600)</u>
	<u>50,096</u>	<u>34,695</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 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 and period ended 30 June 2019 up to the date of this report.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

On 5 August 2019, the Company has incorporated a wholly-owned subsidiary, JAG Prop Sdn Bhd (“JAG Prop”). JAG Prop is a private limited company with an issued share capital of RM250,000 comprising 250,000 ordinary shares.

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

Save as 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.

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

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2019

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

Save as disclosed below, as at 30 June 2019, 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:

Purchase of machinery	RM'000 <u>2,880</u>
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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 second quarter ended 30 June 2019

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

B1. REVIEW OF PERFORMANCE

The Group recorded revenue of approximately RM32.99 million for the current financial quarter and RM58.54 million for the period ended 30 June 2019. Export sales accounted for about RM23.66 million and RM40.73 million or 72% and 70% of total revenue for the current financial quarter and period ended 30 June 2019, respectively.

The Group recorded 10.71% and 19.45% decreased in revenue as compared to previous corresponding quarter and period ended 30 June 2019, respectively. The said lower revenue mainly resulted from lower sales of copper, silver, aluminum and gold from manufacturing and trading division.

Cost of sales of the Group decreased in overall in relation to decrease in revenue as compared to previous corresponding quarter and period. In addition, the Group experienced lower profit margin mainly due to higher cost of sales compared to previous corresponding quarter and period. This is mainly due to higher purchase cost resulted from stiff competition during tendering process of E-waste from vendor. Furthermore, continuing decrease in major commodities prices such as copper and tin also contributed to the lower margin of the Group.

Increase in depreciation mainly resulted from application of MFRS 16 in which, depreciation of right of use asset has been accounted since the adoption of the said standards as well as addition of assets in the Group.

The Group experienced higher operating expenses in current quarter compared to previous year correspondence quarter and period mainly due to recognition of impairment loss of investment properties in the property development division and allowance for doubtful debt in manufacturing division.

The Group recorded loss before tax of RM3.42 million and RM9.30 million in current financial quarter and period respectively. The loss registered mainly due to lower revenue recorded, lower profit margin as well as higher cost of sales recorded during the financial quarter and period.

Other operating expenses mainly consists of manufacturing overhead expenses, allowance for doubtful debt, impairment loss on investment properties, unrealised loss on foreign exchange, loss on fair value adjustment on investment held for trading, procurement fees, professional fees, entertainment expenses and travelling expenses.

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2019

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

	Current Quarter 30 June 2019	Immediate Preceding Quarter 31 Mar 2019	Changes
	RM'000	RM'000	%
Revenue	32,988	25,554	29.09%
Staff costs	2,944	3,013	-2.29%
Other income	436	702	-37.89%
Depreciation	1,623	1,603	1.25%
Other operating expenses	5,149	2,831	81.88%
Loss before interest and tax	(3,421)	(5,878)	-41.80%
Loss after taxation	(3,751)	(6,208)	-65.50%

The Group recorded higher revenue of RM32.99 million for the current financial quarter ended 30 June 2019 compared to preceding financial quarter ended 31 March 2019 of RM25.55 million. The said increase in revenue mainly due to higher sales of copper, gold, tin and aluminium in current financial quarter.

The higher other operating expenses mainly due to the Group had recognised allowance for doubtful debt for uncollected debts as well as impairment loss on investment properties in current financial quarter.

The Group's recorded lower loss before interest and tax in the current financial quarter mainly due to higher revenue in the manufacturing and trading division.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

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 residential project named “**ARCA**” located in Klang, Selangor. The said project sales gallery was open to public in July 2018 and ongoing sales and marketing activities has being carried out throughout the financial period.

Upon the completion of land acquisition by JAG Development Sdn Bhd, the project team has commenced the development planning and relevant authority application submission.

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 2019 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.

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Notes on the quarterly report for the second quarter ended 30 June 2019

B5. TAXATION

	Current Quarter		Year to date	
	Ended		30 June	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income tax	(90)	-	(180)	-
Deferred tax	(240)	-	(480)	-
	<u>(330)</u>	<u>-</u>	<u>(660)</u>	<u>-</u>

The effective tax rate of the Group for current financial quarter and year ended 31 December 2019 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 year under review.

B6. STATUS OF CORPORATE PROPOSALS

On 19 December 2018, the Company announced that JAG Development Sdn. Bhd. (“JAG Development”), a wholly-owned subsidiary of JAG, entered into a Sale and Purchase Agreement (“SPA”) with Hwee Seng & Co. Sdn. Bhd. (Company No. 11313-W) for the purchase of a parcel of freehold land held under GM 20871, Mukim Klang, District of Klang, State of Selangor, measuring approximately 16,720 square metres in an area bearing address Lot 171449, Sungei Rasau Ulu, Mukim Klang, Klang, Selangor Darul Ehsan (hereinafter referred to as “the Land”) by JAG Development, for a total purchase consideration of RM14,397,806.40 (“Proposed Acquisition of Land”). On 19 June 2019, the Board announced that all terms and conditions as stipulated in the SPA have been fulfilled and the Proposed Acquisition of Land has been completed on the same date.

On 19 March 2019, the Company announced that had entered into a Memorandum of Understanding (“MOU”) with Empire Mining Sdn Bhd (“Empire Mining”) to set out their intentions and mutual understanding in connection with the possible joint venture where the JAG or its nominated subsidiary enters into joint venture with Empire Mining to extract, process and produce bauxite in Pulau Langkawi, Kedah (“Proposed Joint Venture”). However, the Company announced that the Company and Empire Mining had on 19 June 2019 mutually agreed to terminate the MOU with immediate effect (“Termination”). Upon the Termination, the MOU shall have no further force or effect and neither party shall have any claim whatsoever against the other, whether directly or indirectly in respect of the MOU.

On 31 May 2019, 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 20% 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 21 June 2019.

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2019

B6. STATUS OF CORPORATE PROPOSALS (CONTINUED)

The Company had on 1 July 2019 obtained Bursa Securities’ approval for the listing and quotation of up to 411,932,000 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 Market Listing Requirement of Bursa Securities 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.

The Company had on 25 July 2019 obtained approval by the shareholders of JAG during the Extraordinary General Meeting held on same date.

As at date of this announcement, the Private Placement is still pending implementation and completion.

Save as above, there were no corporate proposals announced but not completed as at 19 August 2019, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarter report.

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 in financial year 11 October 2018 are as follows:

	Proposed utilisation RM’000	Actual utilisation RM’000	Balance proceeds RM’000	Deviation amount RM’000	Intended timeframe for utilisation
Property Development Expenditure	7,048	2,231	4,817 ⁽¹⁾	-	12 months
Working capital	300	114	186 ⁽¹⁾	60 ⁽²⁾	12 months
Estimated expenses in relation to the Private Placement	300	240	60	(60) ⁽²⁾	Within 1 month
Total	7,648	2,585	5,063	-	

Note:-

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

⁽²⁾ The balance of unutilised proceeds will be utilised for working capital.

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Notes on the quarterly report for the second quarter ended 30 June 2019

B8. GROUP BORROWINGS

The Group’s borrowings as at 30 June 2019 (all denominated in Ringgit Malaysia) are as follows:-

	As at 30 June 2019 RM’000	As at 31 Dec 2018 RM’000
Short term borrowing (secured)		
Term loan	2,789	1,317
Overdraft	8,144	6,706
Hire purchase	444	444
	11,377	8,467
Long term borrowing (secured)		
Term loan	15,071	8,591
Hire purchase	1,098	1,018
	16,169	9,609
Total	27,546	18,076

	As at 30 June 2019 %	As at 31 Dec 2018 %
The effective interest rate are as follows:		
Term loan	6.39	5.00
Overdraft	10.45	10.45
Hire purchase	6.25	6.23
Proportion of borrowings between fixed and floating interest rates	5.60 : 94.40	8.08 : 91.92

B9. DERIVATIVE FINANCIAL INSTRUMENTS

(l) Disclosure of derivatives

As at 30 June 2019, the Group has the following derivative financial instrument:

Type of derivative	Contract value RM’000	Fair value RM’000	Fair value loss RM’000
Forward foreign exchange contracts			
- Less than 1 year	2,477	2,473	4

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.

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Notes on the quarterly report for the second quarter ended 30 June 2019

B9. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(II) Disclosure of gains/losses arising from fair value changes of financial asset/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 moved favourable against the Group or recorded a loss when the rates 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.

B12. NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

	Current Quarter Ended		Year to date	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
Allowance for doubtful debts	720	-	767	-
Changes in fair value of derivative liabilities	4	88	4	109
Depreciation of property, plant and equipment	1,623	1,106	3,226	2,157
Dividend income	(23)	(24)	(124)	(92)
Gain on disposal of fixed assets	(93)	-	(183)	(82)
Loss on foreign exchange – unrealised	67	133	422	324
Gain on foreign exchange – realised	68	320	69	194
Fair value (gain)/loss on investments held for trading	(178)	(78)	141	161
Fair value loss on hedging commodity	-	364	-	364
Government grant income	(35)	(35)	(70)	(70)
Impairment loss on investment properties	950	-	950	-
Inventory written down	479	-	479	-
Income distribution from quoted fund	(14)	-	(35)	-
Interest income	(55)	(103)	(124)	(179)
Interest expenses				
- Hire purchase	22	11	45	17
- Short term borrowing	138	120	258	240
- Term loan	127	125	262	247
- Unwinding interest	1	-	2	-
- Implicit interest of lease liabilities	57	-	113	-

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Notes on the quarterly report for the second quarter ended 30 June 2019

B13. (LOSS)/EARNINGS PER SHARE

- (i) Basic (loss)/earnings per share

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

	Current Quarter Ended		Year to date	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM	RM	RM	RM
Net (loss)/profit attributable to owners of the Company (RM'000)	(3,742)	722	(9,958)	1,180
Weighted average number of ordinary shares in issue ('000)	1,514,731	1,376,937	1,514,731	1,376,935
Basic (loss)/earnings per share (sen)	(0.25)	0.05	(0.66)	0.09

- (ii) Diluted earnings per share

Diluted earnings per share are not presented in the quarterly report as at 30 June 2019 as the fair value of the ordinary shares of the Company during the reporting period is lower than the exercise price of the outstanding warrants and options under the employee Share Issue Scheme. These potential ordinary shares have a dilutive effect only if the fair value of the ordinary shares during the reporting period exceeds the exercise price of these potential ordinary shares.

B14. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 23 August 2019.

BY ORDER OF THE BOARD,

CHENG CHIA PING
(MAICSA 1032514 PRACTITIONER)
COMPANY SECRETARY

23 August 2019