

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30-Sep-19 RM'000	Preceding year Corresponding Quarter 30-Sep-18 RM'000	Changes %	Current Year To date 30-Sep-19 RM'000	Preceding year Corresponding year 30-Sep-18 RM'000	Changes %
Revenue	44,889	36,972	21.41%	103,432	109,655	-5.68%
Direct costs	(212)	(232)	-8.62%	(663)	(1,035)	-35.94%
Changes in inventories of finished goods and work in progress	(1,665)	3,873	-142.99%	1,631	11,759	-86.13%
Raw materials and consumable used	(33,633)	(32,113)	4.73%	(85,177)	(96,646)	-11.87%
Changes in inventories of trading merchandise	(177)	(761)	-76.74%	(2,548)	(1,134)	124.69%
Staff costs	(3,410)	(2,103)	62.15%	(9,366)	(8,693)	7.74%
Other income	99	242	-59.09%	870	909	-4.29%
Depreciation and amortisation	(1,292)	(1,165)	10.90%	(4,517)	(3,322)	35.97%
Other operating expenses	(8,122)	(4,299)	88.93%	(15,927)	(9,335)	70.62%
Finance cost	(316)	(148)	113.51%	(872)	(653)	33.54%
(Loss)/Profit before taxation	(3,839)	266	-1543.23%	(13,137)	1,505	-972.89%
Taxation	(655)	12	-5558.33%	(1,315)	12	-11058.33%
(Loss)/Profit after taxation/ Total comprehensive (loss)/income	(4,494)	278	-1716.55%	(14,452)	1,517	-1052.67%
(Loss)/Profit attributable to:						
Owners of the Company	(4,491)	249		(14,449)	1,430	
Non-controlling interest	(3)	29		(3)	87	
	(4,494)	278		(14,452)	1,517	
Total comprehensive (loss)/income attributable to:						
Owners of the Company	(4,491)	249		(14,449)	1,430	
Non-controlling interest	(3)	29		(3)	87	
	(4,494)	278		(14,452)	1,517	
(Loss)/Earning per share attributable to owners of the Company (sen per share):						
Basic (loss)/earning per share	(0.30)	0.02		(0.95)	0.10	
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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30-Sep-19 RM'000	Audited As at preceding Financial Year Ended 31-Dec-18 RM'000
ASSETS		
Non Current assets		
Property, plant and equipment	86,139	83,385
Land held for development	14,992	-
Investment properties	15,440	-
Intangible assets	102	103
	116,673	83,488
Current Assets		
Property development expenditure	322	19,588
Inventories	44,694	46,411
Trade and other receivables	8,114	16,847
Tax recoverable	78	242
Other investment	7,898	7,038
Fixed deposits with licensed banks	4,833	6,306
Cash and bank balances	4,396	9,167
	70,335	105,599
TOTAL ASSETS	187,008	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	29,754	44,203
Equity attributable to the owners of the Company	139,775	154,224
Non-controlling interest	165	168
Total equity	139,940	154,392
Long term liabilities		
Deferred taxation	4,320	3,600
Deferred income	763	868
Hire purchase liabilities	838	1,018
Term loan	16,893	8,591
	22,814	14,077
Current Liabilities		
Trade and other payables	12,662	12,151
Hire purchase liabilities	566	444
Short term borrowings	6,963	8,023
Lease Liabilities	3,979	-
Derivative liabilities	17	-
Tax payable	67	-
	24,254	20,618
TOTAL LIABILITIES	47,068	34,695
TOTAL EQUITY AND LIABILITIES	187,008	189,087
Net assets per share (sen) attributable to owners of the Company	9.23	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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
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>140,653</u>	<u>9,141</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>
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 / Total comprehensive loss for the period	-	-	-	-	-	-	(14,449)	(14,449)	(3)	(14,452)
At 30 September 2019	<u>157,251</u>	<u>-</u>	<u>(100)</u>	<u>23,379</u>	<u>(72,051)</u>	<u>1,542</u>	<u>29,754</u>	<u>139,775</u>	<u>165</u>	<u>139,940</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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Cumulative Current Year 30-Sep-19 RM'000	Preceding Year Corresponding Period 30-Sep-18 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(13,137)	1,505
Adjustments for:		
Allowance for doubtful debts	767	-
Amortisation of club memberships	1	-
Changes in fair value on derivative financial liability	17	317
Depreciation of property, plant and equipment	4,517	3,322
Dividend income	(145)	(72)
Fair value loss on investments held for trading	437	323
Fixed assets written off	1	-
Gain on disposal of fixed assets	(188)	(72)
Impairment loss on investment properties	4,005	-
Impairment loss on property, plant and equipments	1,891	-
Inventory written down	2,085	-
Loss on foreign exchange - unrealised	394	580
Government grant income	(105)	(105)
Realised loss on foreign exchange - cash and cash equivalent	(4)	(6)
Income distribution from quoted fund	(35)	-
Interest income	(162)	(275)
Interest expense	1,034	653
Operating cash flows before working capital changes	1,373	6,170
Changes in working capital:		
Increase in inventories	(368)	(8,381)
Decrease in trade and other receivables	7,541	4,388
Increase in trade and other payables	537	11,232
Increase in investment held for trading	(1,296)	(1,471)
Cash generated from operations	7,787	11,938
Income tax paid	(470)	(487)
Income tax refunded	106	759
Net cash generated from operating activities	7,423	12,210
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in fixed deposit pledged	(36)	(31)
Increase in property development expenditure	(179)	(3,064)
Income distribution from quoted fund	35	-
Interest received	162	275
Dividend received	145	72
Deposit paid for purchase of property, plant and equipment	(1,260)	(100)
Proceed from disposal of fixed assets	188	200
Purchase of property, plant and equipment	(2,939)	(3,588)
Purchase of land held for development	(6,392)	-
Purchase of other investment	-	(1,872)
Net cash used in investing activities	(10,276)	(8,108)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(865)	(653)
Cash payment for leases	(809)	-
Proceeds from issuance of shares	-	1
Proceeds from term loan	2,315	-
Dividend paid	-	(1,377)
Repayment of hire purchase liabilities	(400)	(183)
Repayment of term loan	(1,211)	(938)
Net cash used in financing activities	(970)	(3,150)
Net (decrease)/increase in cash and cash equivalents	(3,823)	952
Effect of exchange rate changes	4	6
Cash and cash equivalents at 1 January	7,406	4,546
Cash and cash equivalents at 30 September	3,587	5,504
Cash and cash equivalents at end of financial quarter comprised:		
Cash and bank balances	4,396	7,228
Fixed deposits with licensed banks	4,833	6,257
Bank overdraft	(4,244)	(6,630)
	4,985	6,855
Less: Fixed deposits pledged	(1,398)	(1,351)
	3,587	5,504

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.

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Notes on the quarterly report for the third quarter ended 30 September 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 of 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 have been accounted in this quarterly report as well as the Group’s financial statements for the year ended 31 December 2019.

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Notes on the quarterly report for the third quarter ended 30 September 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 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. 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 September 2019.

A8. DIVIDEND

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

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Notes on the quarterly report for the third quarter ended 30 September 2019

A9. SEGMENT INFORMATION (CONTINUED)

	As at 30 Sept 2019 RM'000	As at 31 Dec 2018 RM'000
Segment assets		
Manufacturing and trading activities	144,092	152,562
Investment holding	163,354	159,587
Proprietary solutions and software maintenance	2,666	2,752
Services	9,460	5,387
Property development	37,664	29,507
	<u>357,236</u>	<u>349,795</u>
Elimination	<u>(170,228)</u>	<u>(160,708)</u>
	<u>187,008</u>	<u>189,087</u>
Segment liabilities		
Manufacturing and trading activities	56,614	59,579
Investment holding	5,696	104
Proprietary solutions and software maintenance	4,758	4,766
Services	8,634	4,548
Property development	45,958	30,298
	<u>121,660</u>	<u>99,295</u>
Elimination	<u>(74,592)</u>	<u>(64,600)</u>
	<u>46,068</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 September 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.

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Notes on the quarterly report for the third quarter ended 30 September 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 September 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>2,106</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.

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Notes on the quarterly report for the third quarter ended 30 September 2019

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

B1. REVIEW OF PERFORMANCE

The Group recorded revenue of approximately RM44.89 million for the current financial quarter and RM103.43 million for the period ended 30 September 2019. Export sales accounted for about RM31.50 million and RM72.27 million or 70% of total revenue for the current financial quarter and period ended 30 September 2019, respectively.

The Group recorded increased in revenue of 21.41% in current financial quarter as compared to third quarter 2018. This was mainly due to higher revenue from sales of gold, nickel, platinum silver and tin in current financial quarter. On the other hand, revenue decreased of 5.68% in current financial period ended 30 September 2019 as compared to previous corresponding period ended 30 September 2018. The said lower revenue mainly resulted from lower revenue generated from sales of copper, 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 period. In addition, the Group experienced lower profit margin mainly due to higher cost of sales compared to previous corresponding quarter and period. This was mainly due to higher purchase cost resulted from stiff competition during tendering process of E-waste from vendor. Furthermore, lower commodities prices of copper and tin as compared to previous financial period also contributed to the lower margin, in which these commodities were main product 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 as compared to previous year correspondence quarter and period mainly due to recognition of impairment loss of investment properties and property, plant and equipment in the property development division. The said recognition of impairment loss was recommended by the management as prudence approach after taking into consideration of various external and internal factors which may not be favourable to the outlook of the Company such as market outlook of property development industry, respond of product and others.

The Group recorded loss before tax of RM3.84 million due to exceptional recognition of impairment loss in property development division of RM4.95 million in current financial quarter. However, via the disclosure in note A9 Segmental Information, the manufacturing and trading division has turnaround with profit before interest and tax of RM2.68 million. This was mainly due to high purity products such as nickel, gold and silver which were sold during current financial quarter where the said commodities' prices were on the increasing trend. In addition, RM13.14 million of loss before tax has been recorded in the current financial period mainly due to exceptional recognition of impairment loss in property development division, lower revenue recorded, lower profit margin as well as higher cost of sales during the financial period.

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

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Notes on the quarterly report for the third quarter ended 30 September 2019

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

	Current Quarter 30 Sept 2019	Immediate Preceding Quarter 30 June 2019	Changes
	RM'000	RM'000	%
Revenue	44,889	32,988	36%
Staff costs	3,410	2,944	16%
Other income	99	436	-77%
Depreciation	1,292	1,623	-20%
Other operating expenses	8,122	5,149	58%
Loss before interest and tax	(3,523)	(3,421)	3%
Loss after taxation	(4,494)	(3,751)	20%

The Group recorded higher revenue of RM44.89 million for the current financial quarter ended 30 September 2019 compared to preceding financial quarter ended 30 June 2019 of RM32.99 million. The said increased in revenue mainly due to higher sales of silver, copper, gold and nickel in current financial quarter.

Higher staff cost recorded mainly due to the increase in overtime incurred to boost production in third quarter 2019 and accrual for bonus for the financial year.

Decrease in other income mainly due to absence of gain on disposal of motor vehicle and absence of gain on fair value adjustment on investment held for trading in the current financial quarter.

The higher other operating expenses mainly due to the Group had recognised impairment loss of investment properties and property, plant and equipment in the property development division. The said recognition of impairment loss was recommended by the management as prudence approach after taking into consideration of various external and internal factors which may not be favourable to the future outlook of the Company

The Group's recorded higher loss before interest and tax in the current financial quarter mainly due to exceptional impairment loss of investment properties and property, plant and equipment.

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 opened to public in July 2018.

However, due to slow market response to the said project after years of observations as well as softening outlook of property market surrounding Jalan Sungai Jati, Klang area, the Group has ceased the ARCA project during the quarter under review to conserve the cash flow for better usage. The financial impact in relation such decision has been reflected in the quarterly report as at 30 September 2019.

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Notes on the quarterly report for the third quarter ended 30 September 2019

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019 (CONTINUED)

In line with Group’s sustainability approach, the Board has regularly reviewed the property development market conditions, in particular, the selected hotspot areas in Klang Valley to ensure the products to be rolled out would cater to the market demand therein.

As part of the Group’s business and risk aversion strategy, the Group has identified an upcoming area in Kemuning Utama for a landed property project that has a better prospect and market demand for new landed property development projects.

A variation in the unutilised proceeds raised from the earlier private placement to the above project has been made by the Group. The development planning and relevant authority application have been submitted to the authority for approval.

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	
	30 Sept 2019 RM’000	30 Sept 2018 RM’000	30 Sept 2019 RM’000	30 Sept 2018 RM’000
Income tax	(415)	12	(595)	12
Deferred tax	(240)	-	(720)	-
	<u>(655)</u>	<u>12</u>	<u>(1,315)</u>	<u>12</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 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.

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

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Notes on the quarterly report for the third quarter ended 30 September 2019

- 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.

B6. STATUS OF CORPORATE PROPOSALS

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 13 November 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 gross proceeds of RM7,647,550 raised from the Private Placement on 11 October 2018 is for the Group’s development project, “Arca”. As at date of this announcement, the Group has yet to fully utilised the proceeds from the said private placement within the intended timeframe.

As part of the Group’s business and risk aversion strategy, the Board had on 15 November 2019 resolved to extend the timeframe for utilisation of proceeds, while simultaneously re-allocating the unutilised proceeds to another project with better prospect and market demand.

	Proposed utilisation RM’000	Actual utilisation RM’000	Unutilised proceeds RM’000	Revised utilisation of proceeds RM’000	Revised unutilised proceeds RM’000	Intended timeframe for utilisation	Revised timeframe for utilisation
Property Development Expenditure *	7,048	2,782	4,266	(3,266)	1,000	12 months	24 months
Property Development expenditure (“New project”)#	-	-	-	3,266	3,266	-	24 months
Working capital	360	114	246	-	246	12 months	24 months
Estimated expenses in relation to the Private Placement	240	240	-	-	-	Within 1 month	-
Total	7,648	3,136	4,512	-	4,512		

Notes:

* for ARCA project in Klang

refer to an upcoming landed development project in Shah Alam

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Notes on the quarterly report for the third quarter ended 30 September 2019

B8. GROUP BORROWINGS

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

	As at 30 Sept 2019 RM’000	As at 31 Dec 2018 RM’000
Short term borrowing (secured)		
Term loan	2,719	1,317
Overdraft	4,244	6,706
Hire purchase	566	444
	7,529	8,467
Long term borrowing (secured)		
Term loan	16,893	8,591
Hire purchase	838	1,018
	17,731	9,609
Total	25,260	18,076

	As at 30 Sept 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	5.68	6.23
Proportion of borrowings between fixed and floating interest rates	5.56 : 94.44	8.08 : 91.92

B9. DERIVATIVE FINANCIAL INSTRUMENTS

(l) Disclosure of derivatives

As at 30 September 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	1,660	1,643	17

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.

QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 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 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
Allowance for doubtful debts	-	-	767	-
Changes in fair value of derivative liabilities	13	207	17	317
Depreciation of property, plant and equipment	1,292	1,165	4,517	3,322
Dividend income	(22)	(19)	(145)	(72)
(Gain)/Loss on disposal of fixed assets	(5)	10	(188)	(72)
(Gain)/Loss on foreign exchange – unrealised	(28)	256	394	580
Loss/(Gain) on foreign exchange – realised	79	(175)	1	19
Fair value loss on investments held for trading	296	162	437	323
Government grant income	(35)	(35)	(105)	(105)
Impairment loss on investment properties	3,055	-	4,005	-
Impairment loss on property, plant and equipment	1,891	-	1,891	-
Inventory written down	1,606	-	2,085	-
Income distribution from quoted fund	-	-	(35)	-
Interest income	(38)	(96)	(162)	(275)
Interest expenses				
- Hire purchase	22	14	67	32
- Short term borrowing	141	130	393	370
- Term loan	130	4	398	251
- Banker acceptance	-	-	6	-
- Unwinding interest	1	-	3	-
- Implicit interest of lease liabilities	57	-	166	-

QUARTERLY REPORT

Notes on the quarterly report for the third quarter ended 30 September 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 Sept	30 Sept	30 Sept	30 Sept
	2019	2018	2019	2018
	RM	RM	RM	RM
Net (loss)/profit attributable to owners of the Company (RM'000)	(4,491)	249	(14,449)	1,430
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)	(0.30)	0.02	(0.95)	0.10

- (ii) Diluted earnings per share

Diluted earnings per share are not presented in the quarterly report as at 30 September 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 on 15 November 2019 by the Board in accordance with a resolution of the Directors.

BY ORDER OF THE BOARD,

CHENG CHIA PING
(MAICSA 1032514 PRACTITIONER)
COMPANY SECRETARY

15 November 2019