

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31-Mar-16 RM'000	Preceding year Corresponding Quarter 31-Mar-15 RM'000	Current Year To date 31-Mar-16 RM'000	Preceding year Corresponding Period 31-Mar-15 RM'000
Revenue	17,711	20,540	17,711	20,540
Direct costs	(437)	(161)	(437)	(161)
Changes in inventories of finished goods and work in progress	(2,049)	1,719	(2,049)	1,719
Raw materials and consumable used	(12,093)	(15,079)	(12,093)	(15,079)
Changes in inventories of trading merchandise	(34)	(1,074)	(34)	(1,074)
Staff costs	(1,974)	(3,452)	(1,974)	(3,452)
Other income	407	673	407	673
Depreciation and amortisation	(863)	(802)	(863)	(802)
Other operating expenses	(2,363)	(1,951)	(2,363)	(1,951)
Finance cost	(187)	(152)	(187)	(152)
(Loss)/Profit before taxation	(1,882)	261	(1,882)	261
Taxation	(18)	(51)	(18)	(51)
(Loss)/Profit after taxation	(1,900)	210	(1,900)	210
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	(1,900)	210	(1,900)	210
Profit attributable to:				
Owners of the Company	(1,914)	210	(1,914)	210
Non-controlling interest	14	-	14	-
	(1,900)	210	(1,900)	210
Total comprehensive income attributable to:				
Owners of the Company	(1,914)	210	(1,914)	210
Non-controlling interest	14	-	14	-
	(1,900)	210	(1,900)	210
(Loss)/Earning per share (LPS)/EPS attributable to owners of the Company (sen per share):				
Basic (LPS)/EPS	(0.17)	0.02	(0.17)	0.02
Diluted (LPS)/EPS	N/A(*)	0.015	N/A(*)	0.015

* The fully diluted (loss)/ earning per share is not disclosed as the effects on the assumed exercise of the warrants is anti-dilutive.

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 2015 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 31-Mar-16 RM'000	Audited As at preceding Financial Year Ended 31-Dec-15 RM'000
ASSETS		
Non Current assets		
Property, plant and equipment	80,520	80,114
Intangible assets	105	106
Deferred taxation	-	1,486
	80,625	81,706
Current Assets		
Inventories	35,349	35,006
Trade and other receivables	16,939	22,156
Other investment	2,783	2,447
Fixed deposits with licensed banks	1,754	4,722
Cash and bank balances	5,444	3,919
Derivative assets	170	-
	62,439	68,250
TOTAL ASSETS	143,064	149,956
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent		
Share capital	114,384	114,384
Share premium	19,162	19,162
Revaluation reserve	23,379	23,379
Reverse acquisition reserve	(72,051)	(72,051)
Reserve - SIS	5,218	5,218
Retained profits	31,785	33,699
	121,877	123,791
Equity attributable to the owners of the Company	121,877	123,791
Non controlling interest	21	7
Total equity	121,898	123,798
Long term liabilities		
Deferred taxation	441	1,927
Deferred income	986	1,015
Hire purchase liabilities	235	309
Term loan	10,883	11,076
	12,545	14,327
Current Liabilities		
Trade and other payables	7,189	10,272
Hire purchase liabilities	472	587
Term loan	960	924
Derivative liabilities	-	48
	8,621	11,831
TOTAL LIABILITIES	21,166	26,158
TOTAL EQUITY AND LIABILITIES	143,064	149,956
Net assets per share (sen) attributable to owners of the Company	10.66	11.00

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Cumulative Current Year 31-Mar-16 RM'000	Preceding Year Corresponding Period 31-Mar-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(1,882)	261
Adjustments for:		
Changes in fair value on derivative financial instrument	(218)	(63)
Depreciation of property, plant and equipment	863	802
(Gain)/Loss on disposal of property, plant and equipment	-	(14)
(Gain)/Loss on disposal of quoted securities	(315)	-
(Gain)/Loss on foreign exchange - unrealized	(1,287)	(141)
(Gain)/Loss on other investment	531	-
Government grant income	(29)	(23)
Interest income	(42)	(47)
Interest expense	187	152
Operating cash flows before working capital changes	(2,192)	927
Changes in working capital:		
(Increase)/Decrease in inventories	(343)	(1,452)
Decrease/(Increase) in trade and other receivables	5,702	5,041
(Decrease)/Increase in trade and other payables	(2,953)	(2,383)
Cash (used in)/generated from operations	214	2,133
Income tax paid	(165)	(486)
Net cash generated from operating activities	49	1,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposit paid for purchase of property, plant and equipment	-	(25)
Increase in fixed deposit pledged	(511)	(9)
Interest received	42	47
Proceeds from disposal of property, plant and equipment	-	33
Proceeds from disposal of quoted shares	3,093	-
Purchase of property, plant and equipment	(1,269)	(2,055)
Purchase of quoted shares	(3,660)	(1,483)
Net cash used in investing activities	(2,305)	(3,492)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(187)	(152)
Proceeds from hire purchase	-	50
Proceeds from issuance of shares	-	2,220
Repayment of hire purchase	(189)	(243)
Repayment of term loan	(157)	(122)
Repayment from trade finance	-	(5,519)
Net cash used in financing activities	(533)	(3,766)
Net decrease in cash and cash equivalents	(2,789)	(5,611)
Effect of exchange rate changes	836	168
Cash and cash equivalents at 1 January	7,397	14,925
Cash and cash equivalents at 31 March	5,444	9,482
Cash and cash equivalents at end of financial period comprised:		
Cash & bank balances	5,444	9,154
Fixed deposits with licensed banks	1,754	1,542
	7,198	10,696
Less: Fixed deposits pledged	(1,754)	(1,214)
	5,444	9,482

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 2015 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 FIRST QUARTER ENDED 31 MARCH 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RM'000	Share premium 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 2015	104,444	19,137	14,686	(72,051)	-	49,612	115,828	-	115,828
Issuance of shares in respect of exercise of warrants	2,220	-	-	-	-	-	2,220	-	2,220
Net profit / Total comprehensive profit	-	-	-	-	-	210	210	-	210
At 31 March 2015	<u>106,664</u>	<u>19,137</u>	<u>14,686</u>	<u>(72,051)</u>	<u>-</u>	<u>49,822</u>	<u>118,258</u>	<u>-</u>	<u>118,258</u>
At 1 January 2016	114,384	19,162	23,379	(72,051)	5,218	33,699	123,791	7	123,798
Net gain/(loss) / Total comprehensive gain/(loss)	-	-	-	-	-	(1,914)	(1,914)	14	(1,900)
At 31 March 2016	<u>114,384</u>	<u>19,162</u>	<u>23,379</u>	<u>(72,051)</u>	<u>5,218</u>	<u>31,785</u>	<u>121,877</u>	<u>21</u>	<u>121,898</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 2015 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2016

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 and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

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 as disclosed in the Group’s annual audited financial statements for the financial year ended 31 December 2015.

The Group has adopted the new and revised Malaysian Financial Reporting Standards (“MFRSs”) and IC Interpretations that became mandatory for the current reporting period. The adoption of these new and revised MFRSs 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 2015.

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 and are affected by the cyclicity of the semiconductor companies. The semiconductor industry 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 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 financial quarter and period under review.

A6. MATERIAL CHANGES IN ESTIMATES

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

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2016

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

Save as disclosed in Note B6, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial quarter and period under review.

A8. DIVIDEND

There was 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:

	Current Quarter Ended		Year to date	
	31 Mar 2016 RM’000	31 Mar 2015 RM’000	31 Mar 2016 RM’000	31 Mar 2015 RM’000
Revenue By Business Segments				
Manufacturing activities	15,812	18,412	15,812	18,412
Trading activities	1,229	1,798	1,229	1,798
Proprietary solutions and software maintenance	162	330	162	330
Services	508	-	508	-
	<u>17,711</u>	<u>20,540</u>	<u>17,711</u>	<u>20,540</u>
Elimination of inter-segment sales	-	-	-	-
	<u>17,711</u>	<u>20,540</u>	<u>17,711</u>	<u>20,540</u>
Segment results				
Manufacturing activities	(1,877)	235	(1,877)	235
Trading activities	876	378	876	378
Investment holding	(363)	(209)	(363)	(209)
Proprietary solutions and software maintenance	(462)	(38)	(462)	(38)
Services	89	-	89	-
Profit/(loss) from operations	<u>(1,737)</u>	<u>366</u>	<u>(1,737)</u>	<u>366</u>
Interest income	42	47	42	47
Finance cost	<u>(187)</u>	<u>(152)</u>	<u>(187)</u>	<u>(152)</u>
Profit before taxation	<u>(1,882)</u>	<u>261</u>	<u>(1,882)</u>	<u>261</u>
Taxation	<u>(18)</u>	<u>(51)</u>	<u>(18)</u>	<u>(51)</u>
Profit after taxation	<u>(1,900)</u>	<u>210</u>	<u>(1,900)</u>	<u>210</u>
Revenue By Geographical Segment				
Malaysia	5,521	5,357	5,521	5,357
Foreign countries	<u>12,190</u>	<u>15,183</u>	<u>12,190</u>	<u>15,183</u>
	<u>17,711</u>	<u>20,540</u>	<u>17,711</u>	<u>20,540</u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation or revaluation of property, plant and equipment during the 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.

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2016

A11. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL QUARTER

There were no material events subsequent to the current financial quarter ended 31 March 2016 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 financial quarter and period under review.

A14. CAPITAL COMMITMENTS

The outstanding capital commitments as at 31 March 2016 was approximately RM93,043.

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QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2016

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities for the ACE Market

B1. REVIEW OF PERFORMANCE

The Group recorded revenue of approximately RM17.71 million for the current financial quarter and period ended 31 March 2016. Export sales accounted for about RM12.19 million or 68.83% of total revenue for the current financial quarter and period ended 31 March 2016.

The Group recorded lower revenue for the current financial quarter and period compared to the previous corresponding financial quarter and period. The said lower revenue was mainly due to relatively lower commodity prices, particularly copper in the current quarter and period.

Other income mainly consisted of gain on disposal of quoted securities and interest received.

The loss after tax of RM1.90 million for the current financial quarter and period ended 31 March 2016, respectively, was mainly due to lower margin sales of recovered metals, particularly copper. This was due to the fluctuations in commodity prices and the timing of purchase and sales i.e., the cost of raw materials and consumables used were relatively higher at the time the E-waste was procured, particularly copper while the sales were made when the copper prices were lower.

Other operating expenses mainly consisted of manufacturing overhead expenses, loss on foreign exchange, unrealized loss on quoted securities, professional and consultation fees, rental expenses, commission and marketing fees and travelling expenses. The increase in other operating expenses in the current financial quarter and period compared to the previous corresponding financial quarter and period was mainly due to unrealized loss on quoted shares, higher loss on foreign exchange and increase in rental expense.

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

The Group recorded revenue of approximately RM17.71 million and RM23.91 million for the current financial quarter ended 31 March 2016 and preceding financial quarter ended 31 December 2015, respectively. The decrease in revenue was mainly due to the relatively lower commodity prices, particularly copper and nickel. Nevertheless, the Group recorded an improved gross profit margin as substantially of its sales were transacted in March 2016 when the commodity prices, particularly copper, were higher.

The increase in other income was mainly due to the gain on disposal of quoted shares.

The Group incurred lower other operating expenses in the current quarter mainly due to the absence of provision for doubtful debts and lower manufacturing overhead expenses as well as professional and consultation fees.

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2016

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

The Group recorded a lower loss after tax for the current financial quarter mainly due to reduced staff costs.

B3. PROSPECTS FOR CURRENT FINANCIAL YEAR

The Group foresees the current financial year to be challenging amid the relatively lower commodity prices, particularly copper compared to prior years.

B4. VARIANCE OF FORECAST PROFIT AND PROFIT GUARANTEE

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

B5. TAXATION

	Current Quarter Ended		Year to date	
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Current income tax	(18)	(51)	(18)	(51)
Deferred tax	-	-	-	-
	<u>(18)</u>	<u>(51)</u>	<u>(18)</u>	<u>(51)</u>

The effective tax rate of the Group for current quarter and financial period ended 31 March 2016 are lower than the statutory tax rate of 25% due to business losses allowance carried forward and availability of reinvestment allowance which arose from the capital expenditure of a subsidiary in the current financial quarter under review and previous financial year.

B6. STATUS OF CORPORATE PROPOSALS

The Board announced that JAG Land Sdn Bhd had on 28 January 2016, entered into a Sale and Purchase Agreement with Chewway Heavy Machinery Sdn. Bhd., for the purpose of purchasing a parcel of freehold land held under H.S. (D) 137367, PT 133653 Mukim Klang, District of Klang, State of Selangor measuring approximately 13,489.5 square meters in an area bearing postal address Lot No. 10428, Jalan Sg Jati/KS7, Kg Jawa, 41000 Klang, Selangor Darul Ehsan for a total purchase consideration of RM9,873,668.00. As at the date of this announcement, the terms and conditions have yet to be fulfilled and the balance purchase consideration has yet to be paid, as such the acquisition of land is pending completion.

On 4 March 2016, TA Securities Holdings Berhad (“TA Securities”) had on behalf of the Board of JAG Berhad (“JAG” or the “Company”) announced that the Company proposes to undertake the proposed private placement of new ordinary shares of RM0.10 each in JAG (“Placement Shares”), representing not more than ten percent (10%) of the issued and paid-up share capital of JAG (excluding treasury shares, if any) (“Proposed Private Placement”). The listing application for the Proposed Private Placement was submitted to Bursa Malaysia Securities Berhad (“Bursa Securities”) on 16 March 2016.

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2016

B6. STATUS OF CORPORATE PROPOSALS (CONTINUED)

The Company had on 22 March 2016 obtained Bursa Securities’ approval for the listing and quotation of up to 153,844,000 Placement Shares to be issued pursuant to the Proposed Private Placement. The approval granted by Bursa Securities for the Proposed Private Placement, is subjected to the following conditions:

- i. JAG and TA Securities must fully comply with the relevant provisions under the ACE Market Listing Requirements (“**ACE LR**”) pertaining to the implementation of the Proposed Private Placement;
- ii. JAG and TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement;
- iii. JAG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Private Placement is completed; and
- iv. TA Securities to furnish Bursa Securities with details of the placees as per Rule 6.16 of the ACE LR for Bursa Securities’ review, prior to the issuance/allotment of the Placement Shares.

JAG is required to ensure full compliance of all the requirements pertaining to the Proposed Private Placement as provided under the ACE LR at all times.

B7. GROUP BORROWINGS

The Group’s borrowings as at 31 March 2016 are as follows:-

	Short term (Secured) RM’000	Long Term (Secured) RM’000	Total RM’000
Term loan	960	10,883	11,843
Hire purchase liabilities	472	235	707
Total	<u>1,432</u>	<u>11,118</u>	<u>12,550</u>

B8. MATERIAL LITIGATION

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

B9. DIVIDEND

There was no dividend declared, recommended or paid during the current financial quarter under review.

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2016

B10. REALISED AND UNREALISED PROFITS DISCLOSURE

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

	As at 31 Mar 2016 RM'000	As at 31 Mar 2015 RM'000
Total accumulated profits of the Group		
- Realized	30,498	49,681
- Unrealized	1,287	141
Total before consolidation adjustments	31,785	49,822
Less: Consolidation adjustments	-	-
Total accumulated profits as per statement of financial position	31,785	49,822

B11. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter Ended		Year to date	
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Changes in fair value on derivative financial instrument	(218)	(63)	(218)	(63)
Depreciation of property, plant and equipment	863	802	863	802
(Gain)/Loss on disposal of property, plant and equipment	-	(14)	-	(14)
(Gain)/Loss on disposal of quoted securities	(315)	-	(315)	-
(Gain)/Loss on foreign exchange – Unrealized	(1,287)	(141)	(1,287)	(141)
(Gain)/Loss on other investment – unrealized	531	-	531	-
Government grant income	(29)	(23)	(29)	(23)
Interest income	(42)	(47)	(42)	(47)
Interest expenses	187	152	187	152

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 recognized as profit/(loss) in the Statement of Comprehensive Income.

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QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2016

B12. (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 the current financial year to date by the weighted average number of ordinary shares in issue:

	Current Quarter Ended		Year to date	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM	RM	RM	RM
Net (loss) / profit attributable to owners of the Company (RM'000)	(1,914)	210	(1,914)	210
Weighted average number of ordinary shares in issue ('000)	1,143,845	1,057,178	1,143,845	1,057,178
Basic (loss) / earnings per share (sen)	(0.17)	0.02	(0.17)	0.02

(ii) Diluted (loss) / earnings per share

The diluted (loss) / earnings per share was calculated by dividing the net (loss) / profit for the current financial quarter and year to date by the weighted average number of ordinary shares based on the assumption that the warrants issued are fully exercised and converted into ordinary shares.

	Current Quarter Ended		Year to date	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM	RM	RM	RM
Net (loss) / profit attributable to owners of the Company (RM'000)	(1,914)	210	(1,914)	210
Weighted average number of ordinary shares in issue ('000)	1,361,349	1,361,349	1,361,349	1,361,349
Diluted (loss) / earnings per share (sen)	N/A(*)	0.015	N/A(*)	0.015

Note:

* The fully diluted (loss)/earnings per share is not disclosed as the effects on the assumed exercise of the warrants is anti-dilutive.

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