

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Individual Quarter | | Cumulative Quarter | |
|--|--|---|---|--|
| | Current year Quarter 30-Jun-17 RM'000 | Preceding year Corresponding Quarter 30-Jun-16 RM'000 | Current Year To date 30-Jun-17 RM'000 | Preceding year Corresponding Period 30-Jun-16 RM'000 |
| Revenue | 36,691 | 22,026 | 64,641 | 42,839 |
| Direct costs | (1,407) | (2,389) | (4,675) | (5,619) |
| Changes in inventories of finished goods and work in progress | (2,735) | 4,052 | 315 | 2,003 |
| Raw materials and consumable used | (23,108) | (18,107) | (41,325) | (30,200) |
| Changes in inventories of trading merchandise | (623) | (908) | (1,500) | (941) |
| Staff costs | (2,547) | (1,860) | (5,461) | (3,834) |
| Other income | 55 | 59 | 1,243 | 158 |
| Depreciation and amortisation | (994) | (1,023) | (1,955) | (1,887) |
| Other operating expenses | (2,578) | (1,391) | (5,929) | (3,754) |
| Finance cost | (197) | (176) | (345) | (363) |
| Profit/(Loss) before taxation | 2,557 | 283 | 5,009 | (1,598) |
| Taxation | (42) | - | (42) | (18) |
| Profit/(Loss) after taxation | 2,515 | 283 | 4,967 | (1,616) |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income/(loss) for the period | 2,515 | 283 | 4,967 | (1,616) |
| Profit/(Loss) attributable to: | | | | |
| Owners of the Company | 2,507 | 272 | 4,939 | (1,642) |
| Non-controlling interest | 8 | 11 | 28 | 26 |
| | 2,515 | 283 | 4,967 | (1,616) |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of the Company | 2,507 | 272 | 4,939 | (1,642) |
| Non-controlling interest | 8 | 11 | 28 | 26 |
| | 2,515 | 283 | 4,967 | (1,616) |
| Earning/(Loss) per share EPS/(LPS) attributable to owners of the Company (sen per share): | | | | |
| Basic EPS/(LPS) | 0.21 | 0.02 | 0.42 | (0.14) |
| Diluted EPS | 0.16 | 0.02 | 0.32 | N/A(*) |

* The fully diluted earning/(loss) per share is not disclosed as the effects on the assumed exercised of the warrants and Share Issuance Scheme ("SIS") options 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 2016 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | As at end of Current Quarter 30-Jun-17 RM'000 | Audited As at preceding Financial Year Ended 31-Dec-16 RM'000 |
|--|--|--|
| ASSETS | | |
| Non Current assets | | |
| Property, plant and equipment | 78,217 | 78,457 |
| Land held for property development | 16,672 | 14,059 |
| Other investment | 104 | 105 |
| Deferred taxation | 1,036 | 1,036 |
| | 96,029 | 93,657 |
| Current Assets | | |
| Inventories | 40,471 | 33,695 |
| Trade and other receivables | 10,340 | 13,175 |
| Tax recoverable | 1,408 | 2,849 |
| Other investment | 4,053 | 4,464 |
| Fixed deposits with licensed banks | 2,159 | 2,135 |
| Cash and bank balances | 8,466 | 5,217 |
| | 66,897 | 61,535 |
| TOTAL ASSETS | 162,926 | 155,192 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves attributable to owners of the parent | | |
| Share capital | 125,031 | 114,384 |
| Share premium | 19,110 | 19,162 |
| Revaluation reserve | 23,379 | 23,379 |
| Reverse acquisition reserve | (72,051) | (72,051) |
| Reserve - SIS | 2,214 | 2,576 |
| Retained profits | 42,106 | 36,805 |
| | 139,789 | 124,255 |
| Equity attributable to the owners of the Company | 139,789 | 124,255 |
| Non controlling interest | 82 | 54 |
| Total equity | 139,871 | 124,309 |
| Long term liabilities | | |
| Deferred taxation | 1,926 | 1,926 |
| Deferred income | 1,078 | 1,148 |
| Hire purchase liabilities | 14 | 40 |
| Term loan | 9,631 | 10,131 |
| | 12,649 | 13,245 |
| Current Liabilities | | |
| Trade and other payables | 6,501 | 11,511 |
| Hire purchase liabilities | 149 | 265 |
| Short term borrowings | 3,660 | 5,308 |
| Derivative liabilities | 56 | 552 |
| Tax payable | 40 | 2 |
| | 10,406 | 17,638 |
| TOTAL LIABILITIES | 23,055 | 30,883 |
| TOTAL EQUITY AND LIABILITIES | 162,926 | 155,192 |
| Net assets per share (sen) attributable to owners of the Company | 11.04 | 11.00 |

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

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

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 2016 | 114,384 | 19,162 | 23,379 | (72,051) | 5,218 | 33,699 | 123,791 | 7 | 123,798 |
| Reversal of unexercised SIS options granted | - | - | - | - | (2,642) | 2,642 | - | - | - |
| Net (loss)/profit/Total comprehensive (loss)/income for the year | - | - | - | - | - | (1,642) | (1,642) | 26 | (1,616) |
| At 30 June 2016 | 114,384 | 19,162 | 23,379 | (72,051) | 2,576 | 34,699 | 122,149 | 33 | 122,182 |
| 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 | 9,867 | (52) | - | - | - | - | 9,815 | - | 9,815 |
| Issuance of share in respect of exercised of SIS options | 780 | - | - | - | (362) | 362 | 780 | - | 780 |
| Net profit / Total comprehensive income for the period | - | - | - | - | - | 4,939 | 4,939 | 28 | 4,967 |
| At 30 June 2017 | 125,031 | 19,110 | 23,379 | (72,051) | 2,214 | 42,106 | 139,789 | 82 | 139,871 |

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

| | Cumulative Current Year 30-Jun-17 RM'000 | Preceding Year Corresponding Period 30-Jun-16 RM'000 |
|--|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before taxation | 5,009 | (1,598) |
| Adjustments for: | | |
| Gain on hedging commodity | (244) | - |
| Changes in fair value on derivative financial instrument | 5 | 184 |
| Depreciation of property, plant and equipment | 1,955 | 1,887 |
| Dividend income | (44) | (14) |
| Fair value loss on securities held for trading investments | 9 | 419 |
| Gain on foreign exchange - unrealised | (808) | (1,668) |
| Government grant income | (70) | (61) |
| Realised loss on foreign exchange - cash and cash equivalent | 83 | - |
| Interest income | (76) | (73) |
| Interest expense | 345 | 363 |
| Operating cash flows before working capital changes | 6,164 | (561) |
| Changes in working capital: | | |
| (Increase)/Decrease in inventories | (6,777) | 1,234 |
| Decrease in trade and other receivables | 3,961 | 5,911 |
| Decrease in trade and other payables | (5,635) | (3,330) |
| Decrease in investment held for trading | 2,338 | (405) |
| Increase in property development cost | (2,612) | - |
| Cash generated from/(used in) operations | (2,561) | 2,849 |
| Income tax paid | (63) | (307) |
| Income tax refunded | 1,500 | 169 |
| Net cash generated (used in)/from operating activities | (1,124) | 2,711 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Increase in fixed deposit pledged | (16) | (515) |
| Interest received | 76 | 73 |
| Dividend received | 44 | 14 |
| Government grant received | - | 264 |
| Purchase of property, plant and equipment | (1,715) | (1,632) |
| Purchase of other investment | (1,936) | - |
| Net cash used in investing activities | (3,547) | (1,796) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (345) | (363) |
| Proceeds from issuance of shares | 10,647 | - |
| Repayment of hire purchase | (143) | (345) |
| Repayment of term loan | (515) | (395) |
| Net cash from/(used in) financing activities | 9,644 | (1,103) |
| Net decrease in cash and cash equivalents | 4,973 | (188) |
| Effect of exchange rate changes | (83) | 1,230 |
| Cash and cash equivalents at 1 January | 1,737 | 7,397 |
| Cash and cash equivalents at 30 June | 6,627 | 8,439 |
| Cash and cash equivalents at end of financial period comprised: | | |
| Cash & bank balances | 8,466 | 8,111 |
| Fixed deposits with licensed banks | 2,159 | 2,086 |
| Bank overdraft | (2,700) | - |
| | 7,925 | 10,197 |
| Less: Fixed deposits pledged | (1,298) | (1,758) |
| | 6,627 | 8,439 |

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

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2017

Part A - Explanatory notes pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") Interim Financial Reporting

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134: Interim Financial Reporting 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 as disclosed in the Group's annual report for the financial year ended 31 December 2016.

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

A3. AUDITORS REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

A4. SEASONAL AND CYCLICAL FACTORS

The Group's business operations were mainly attributable (i.e., contributing approximately 89.37% 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 second quarter ended 30 June 2017

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

During the financial period ended 30 June 2017:

- (i) 28,600,000 new ordinary shares in JAG (“Placement Shares”) being the 1st tranche of the Placement Shares issued pursuant to the Private Placement (as defined in Note B6), were listed on 29 March 2017 at RM0.105 each;
- (ii) 7,796,300 new ordinary shares were issued and listed on 28 April 2017 at RM0.100 each under the Share Issuance Scheme (“SIS”);
- (iii) 28,600,000 Placement Shares being the 2nd tranche of the Placement Shares issued pursuant to the Private Placement (as defined in Note B6), were listed on 3 May 2017 at RM0.115 each; and
- (iv) 28,600,000 Placement Shares being the 3rd tranche of the Placement Shares issued pursuant to the Private Placement (as defined in Note B6), were listed on 12 May 2017 at RM0.125 each.

Subsequently, 28,600,000 Placement Shares being the 4th and final tranche of the Placement Shares issued pursuant to the Private Placement (as defined in Note B6), were listed on 19 July 2017 at RM0.120 each. The listing of the 4th and final tranche of Placement Shares marked the completion of the Private Placement (as defined in Note B6).

A8. DIVIDEND

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

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

A9. SEGMENT INFORMATION

The Group’s segmental information is as follows:

| | Current Quarter Ended | | Year to date | |
|--|-----------------------|---------------|---------------|---------------|
| | 30 June 2017 | 30 June 2016 | 30 June 2017 | 30 June 2016 |
| | RM’000 | RM’000 | RM’000 | RM’000 |
| Revenue by business segments | | | | |
| Manufacturing activities | 33,511 | 18,883 | 55,013 | 34,694 |
| Trading activities | 917 | 521 | 2,759 | 1,752 |
| Proprietary solutions and software maintenance | 230 | 395 | 400 | 557 |
| Investment holding | 1,702 | 1,674 | 5,511 | 4,776 |
| Services | 684 | 553 | 1,311 | 1,060 |
| | <u>37,044</u> | <u>22,026</u> | <u>64,994</u> | <u>42,839</u> |
| Elimination of inter-segment sales | (353) | - | (353) | - |
| | <u>36,691</u> | <u>22,026</u> | <u>64,641</u> | <u>42,839</u> |

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Notes on the quarterly report for the second quarter ended 30 June 2017

A9. SEGMENT INFORMATION (CONTINUED)

The Group’s segmental information is as follows: (continued)

| | Current Quarter Ended | | Year to date | |
|--|-----------------------|--------------|--------------|--------------|
| | 30 June 2017 | 30 June 2016 | 30 June 2017 | 30 June 2016 |
| | RM’000 | RM’000 | RM’000 | RM’000 |
| Segment results | | | | |
| Manufacturing activities | 2,809 | 1,238 | 4,422 | (639) |
| Trading activities | 217 | (485) | 714 | 392 |
| Investment holding | (343) | (424) | 216 | (787) |
| Proprietary solutions and software maintenance | 2 | 145 | (122) | (317) |
| Services | 111 | 83 | 206 | 172 |
| Property development | (88) | (129) | (158) | (129) |
| Profit/(loss) from operations | 2,708 | 428 | 5,278 | (1,308) |
| Interest income | 46 | 31 | 76 | 73 |
| Finance cost | (197) | (176) | (345) | (363) |
| Profit before taxation | 2,557 | 283 | 5,009 | (1,598) |
| Taxation | (42) | - | (42) | (18) |
| Profit after taxation | 2,515 | 283 | 4,967 | (1,616) |
| Revenue By Geographical Segment | | | | |
| Malaysia | 4,719 | 6,053 | 15,380 | 14,676 |
| Foreign countries | 31,972 | 15,972 | 49,261 | 28,163 |
| | 36,691 | 22,025 | 64,641 | 42,839 |

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.

A11. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL QUARTER

There were no material events subsequent to the current financial quarter ended 30 June 2017 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, other than on 24 May 2017, the Company has subscribed for additional 999,998 new ordinary shares in its wholly-owned subsidiary, JAG Land Sdn Bhd at a consideration of RM999,998 by way of setting-off against the part of the amount owing by JAG Land Sdn Bhd to the Company to the extent of RM999,998.

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Notes on the quarterly report for the second quarter ended 30 June 2017

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

Save as disclosed below, as at 30 June 2017, the Board is not aware of any material commitment incurred or known to be incurred by the Company or the Group, which may have material impact on the financial position of the Group:

| | Group level (RM'000) |
|---|---------------------------------|
| Professional fees to the external consultants (i.e., architect, engineers, quantity surveyors, land surveyors, sales and marketing agents, solicitors and contractors) in relation to the Development Project (as defined in Note B3) | 6,170 |
| Purchase of machinery | <u>1,950</u> |
| | <u>8,120</u> |

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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Notes on the quarterly report for the second quarter ended 30 June 2017

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 RM36.69 million for the current financial quarter and RM64.64 million for the period ended 30 June 2017, respectively. Export sales accounted for about RM31.97 million and RM49.26 million or 87.14% and 76.21% of total revenue for the current financial quarter and period ended 30 June 2017, respectively.

The Group recorded higher revenue for the current financial quarter and period compared to previous corresponding financial quarter and period by 66.58% and 50.89%, respectively. The said higher revenue was mainly from the Group's manufacturing and trading activities. The higher revenue for the current financial quarter compared to the previous corresponding financial quarter was mainly due to higher sales volume and higher average selling prices of copper, iron and aluminium. The sales volume of tin was also higher but the average selling price was slightly lower compared to the previous corresponding financial quarter. The higher revenue for the current financial period was mainly due to higher sales volume and higher average selling prices for copper, tin, iron and aluminium.

Cost of sales increased simultaneously with the increase in sales in current financial quarter and period compared to previous corresponding financial quarter and period. The increase in staff cost in current financial quarter and period compared to previous financial quarter and period mainly due to bonus payments to staff and increase in headcount.

Other income for the current financial quarter is fairly consistent with the previous corresponding quarter. The higher other income for the current financial period mainly consisted of unrealised gain on foreign exchange, gain on hedging of commodity and fair value gain on securities held for trading investments.

The Group reported a profit after tax of RM2.52 million for the current financial quarter and RM4.97 million for financial period ended 30 June 2017. The Group's improved performance was mainly attributable to the higher revenue from manufacturing and trading activities. The improved performance were also contributed by JAG Capital Equity Sdn Bhd, the investment trading company of the Group with loss after tax of RM0.28 million for the current financial quarter and profit after tax of RM0.59 million for financial period ended 30 June 2017 compared to previous corresponding quarter and period.

Other operating expenses mainly consisted of manufacturing overhead expenses, procurement fees, realised loss on foreign exchange, professional fees, entertainment expenses, rental expenses and travelling expenses. The increase of other operating expenses for the current financial quarter and period ended 30 June 2017 compared to the previous corresponding financial quarter and period ended 30 June 2016 was mainly due to higher level of operations which led to higher manufacturing overhead in financial quarter and period ended 30 June 2017. Besides, the higher procurement fees, rental expenses, entertainment expenses, travelling expenses, realised loss on foreign exchange and higher professional fees incurred during the current financial quarter and period also contributed to the increased other operating expenses.

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Notes on the quarterly report for the second quarter ended 30 June 2017

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

The Group recorded revenue of approximately RM36.69 million and RM27.95 million for the current financial quarter ended 30 June 2017 and preceding financial quarter ended 31 March 2017, respectively. The increase in revenue was mainly from manufacturing activities. The higher revenue was mainly due to higher sales volume of copper, iron and aluminum as well as higher average selling price of these metals in current financial quarter.

The decrease of other income was mainly due to the absence of unrealised gain on foreign exchange, absence of gain on fair value adjustment on hedging contract and absence of gain on fair value adjustment on quoted shares during the current financial quarter compared to preceding quarter.

The Group accounted lower operating expenses in the current quarter mainly due to the lower procurement fees and lower realised loss on foreign exchange in the current quarter compared to the preceding quarter.

The Group recorded higher profit after tax for the current financial quarter mainly due to higher revenue from manufacturing activities as mentioned above.

B3. PROSPECTS FOR CURRENT FINANCIAL YEAR

Fluctuations in exchange rates and commodity prices will continue to have an impact on the Group’s financial performance and position. Nevertheless, the Board of Directors of JAG (“Board”) believes that the Group’s prospects will remain positive.

In view of the above and as part of the Group’s strategy to diversify its sources of revenue and earnings, the Group’s business has diversified to include property development and property investment (“Diversification”). The Diversification was approved by the shareholders of JAG at an extraordinary general meeting held on 3 March 2017. The Diversification is consequential to the proposed mixed development on JAG’s wholly-owned subsidiary JAG Land Sdn Bhd’s parcel of freehold land held under H.S. (D) 137367, PT 133653, Mukim Klang, District of Klang, State of Selangor measuring approximately 13,489.5 square meters in an area bearing postal address Lot No. 10428, Jalan Sg Jati/KS7, Kg Jawa, 41000 Klang, Selangor Darul Ehsan which comprise the development of shop-offices, office suites and residential apartments (“Development Project”). The proposed Development Project is expected to contribute gross development profit of between RM20 million to RM35 million to be achieved progressively over the development period of the proposed Development Project from the sales of the shop-offices, office suites and residential apartments. The Group expects to launch the Development Project in the 4th quarter of the current financial year.

Barring any unforeseen circumstances, the Board is of the opinion that the prospects for the financial year ending 31 December 2017 will be favorable.

B4. VARIANCE OF FORECAST PROFIT AND PROFIT GUARANTEE

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

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Notes on the quarterly report for the second quarter ended 30 June 2017

B5. TAXATION

| | Current Quarter Ended | | Year to date | |
|--------------------|-----------------------|--------------|--------------|--------------|
| | 30 June 2017 | 30 June 2016 | 30 June 2017 | 30 June 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current income tax | (42) | - | (42) | (18) |
| Deferred tax | - | - | - | - |
| | <u>(42)</u> | <u>-</u> | <u>(42)</u> | <u>(18)</u> |

The effective tax rate of the Group for current quarter and period ended 30 June 2017 are lower than the statutory tax rate of 24% due to business losses allowance carried forward and availability of reinvestment allowance which arose from the capital expenditure of a subsidiary in the current financial quarter under review and previous financial year.

B6. STATUS OF CORPORATE PROPOSALS

On 4 March 2016, TA Securities had on behalf of the Board announced that the Company proposes to undertake a proposed private placement of new ordinary shares in JAG, representing not more than ten percent (10%) of the total number of issued shares of JAG (excluding treasury shares, if any) (“Private Placement”). The listing application for the Private Placement was submitted to Bursa Securities on 16 March 2016.

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 Private Placement. The approval granted by Bursa Securities for the Private Placement, is subjected to the following conditions:

- i. JAG and TA Securities must fully comply with the relevant provisions under the ACE LR pertaining to the implementation of the Private Placement;
- ii. JAG and TA Securities to inform Bursa Securities upon the completion of the 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 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 Private Placement as provided under the ACE LR at all times. On 2 September 2016, TA Securities had on behalf of the Board announced the revision of utilisation of proceeds from the Private Placement.

On 6 September 2016, the Company submitted an application to Bursa Securities for an extension of time of approximately six (6) months (i.e., from 22 September 2016 until 21 March 2017) to complete the implementation of the Private Placement (“Extension of Time”). On 13 September 2016, TA Securities on behalf of the Board announced that Bursa Securities had, vide its letter dated 9 September 2016 granted the Company the Extension of Time.

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Notes on the quarterly report for the second quarter ended 30 June 2017

B6. STATUS OF CORPORATE PROPOSALS (CONTINUED)

On 7 March 2017, the Company submitted an application to Bursa Securities for a further extension of time of 6 months (i.e., from 22 March 2017 until 21 September 2017) (“Further Extension of Time”) for JAG to complete the implementation of the Private Placement. On 7 March 2017, TA Securities on behalf of the Board announced that Bursa Securities had, vide its letter dated 7 March 2017 granted the Company the Further Extension of Time.

On 29 March 2017, the Company completed the issuance of the 1st tranche of 28,600,000 Placement Shares at RM0.105 each and raised gross proceeds of RM3,003,000.

On 3 May 2017, the Company completed the issuance of the 2nd tranche of 28,600,000 Placement Shares at RM0.115 each and raised gross proceeds of RM3,289,000.

On 12 May 2017, the Company completed the issuance of the 3rd tranche of 28,600,000 Placement Shares at RM0.125 each and raised gross proceeds of RM3,575,000.

On 19 July 2017, the Company completed the issuance of the 4th and final tranche of 28,600,000 Placement Shares at RM0.120 each and raised gross proceeds of RM3,432,000. The listing of the 4th and final tranche of Placement Shares marked the completion of the Private Placement.

On 7 February 2017, the Company announced that it proposes to seek shareholders’ approval for the Company to undertake the Proposed Share Buy-Back. The approval from the shareholders’ has been obtained during the extraordinary general meeting held on 14 June 2017.

B7. STATUS OF UTILISATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENT

The proposed and actual utilisation of the total gross proceeds of RM13,299,000 raised from the Private Placement (as detailed in Note B6) are as follows:

| | Proposed utilisation RM’000 | Actual utilisation as at 4 August 2017 RM’000 | Intended timeframe for utilisation | Remaining balance RM’000 | Explanation |
|---|--|--|---|---|--------------------|
| Repayment of bank borrowings | 12,500 | 12,500 | 12 months | - | - |
| Working capital | 691 | 691 | 12 months | - | - |
| Estimated expenses in relation to the Private Placement | 108 | 108 | Within 2 weeks | - | - |
| Total | 13,299 | 13,299 | | - | |

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

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2017

B8. GROUP BORROWINGS

The Group's borrowings as at 30 June 2017 are as follows:-

| | Short term (Secured) RM'000 | Long Term (Secured) RM'000 | Total RM'000 |
|---------------------------|--|---|-------------------------|
| Term loan | 960 | 9,631 | 10,591 |
| Overdraft | 2,700 | - | 2,700 |
| Hire purchase liabilities | 149 | 14 | 163 |
| Total | <u>3,809</u> | <u>9,645</u> | <u>13,454</u> |

B9. MATERIAL LITIGATION

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

B10. DIVIDEND

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

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

B11. REALISED AND UNREALISED PROFITS DISCLOSURE

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

| | As at 30 June 2017 RM'000 | As at 30 June 2016 RM'000 |
|---|--|--|
| Total accumulated profits of the Group | | |
| - Realised | 41,958 | 33,031 |
| - Unrealised | 148 | 1,668 |
| Total before consolidation adjustments | <u>42,106</u> | <u>34,699</u> |
| Less: Consolidation adjustments | - | - |
| Total accumulated profits as per statement of financial position | <u>42,106</u> | <u>34,699</u> |

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2017

B12. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

| | Current Quarter Ended | | Year to date | |
|---|-----------------------|--------------|--------------|--------------|
| | 30 June 2017 | 30 June 2016 | 30 June 2017 | 30 June 2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Changes in fair value on derivative financial instrument | (23) | (34) | 5 | 184 |
| Depreciation of property, plant and equipment | 994 | 1,024 | 1,955 | 1,887 |
| Dividend income | (21) | (14) | (44) | (14) |
| Loss/(Gain) on hedging commodity | 29 | - | (244) | - |
| Loss/(Gain) on foreign exchange – unrealised | 35 | (129) | (808) | (1,668) |
| Fair value loss/(gain) on securities held for trading investments | 196 | (112) | 9 | 419 |
| Government grant income | (35) | (33) | (70) | (61) |
| Interest income | (46) | (31) | (76) | (73) |
| Interest expenses | 197 | 176 | 345 | 363 |

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 Statement of Comprehensive Income.

B13. EARNINGS / (LOSS) PER SHARE

(i) Basic earnings / (loss) per share

The basic earnings / (loss) per share was calculated by dividing the net profit / (loss) 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 | |
|--|-----------------------|--------------|--------------|--------------|
| | 30 June 2017 | 30 June 2016 | 30 June 2017 | 30 June 2016 |
| | RM | RM | RM | RM |
| Net profit / (loss) attributable to owners of the Company (RM'000) | 2,507 | 272 | 4,939 | (1,642) |
| Weighted average number of ordinary shares in issue ('000) | 1,212,184 | 1,143,845 | 1,178,678 | 1,143,845 |
| Basic earnings / (loss) per share (sen) | 0.21 | 0.02 | 0.42 | (0.14) |

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2017

B13. EARNINGS / (LOSS) PER SHARE (CONTINUED)

(ii) Diluted earnings / (loss) per share

The diluted earnings / (loss) per share was calculated by dividing the net profit / (loss) 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 and SIS Options granted are fully exercised and converted into ordinary shares.

| | Current Quarter Ended | | Year to date | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30 June 2017 RM | 30 June 2016 RM | 30 June 2017 RM | 30 June 2016 RM |
| Net profit / (loss) attributable to owners of the Company (RM'000) | 2,507 | 272 | 4,939 | (1,642) |
| Weighted average number of ordinary shares in issue ('000) | 1,552,191 | 1,538,440 | 1,521,410 | 1,538,440 |
| Diluted earnings / (loss) per share (sen) | 0.16 | 0.02 | 0.32 | N/A(*) |

Note:

* The fully diluted loss per share is not disclosed as the effects on the assumed exercised of the warrants and SIS Options is anti-dilutive.

B14. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 16 August 2017.

BY ORDER OF THE BOARD,

CHENG CHIA PING
(MAICSA 1032514 PRACTITIONER)
COMPANY SECRETARY

16 August 2017

