

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

|   | Individual Quarter                             |   |                | Cumulative Quarter                             |  |                |
|---|--|---|----------------|--|--|----------------|
|   | Current Year<br>Quarter<br>31-Mar-18<br>RM'000 | Preceding year<br>Corresponding<br>Quarter<br>31-Mar-17<br>RM'000 | Changes<br>%   | Current Year<br>To date<br>31-Mar-18<br>RM'000 | Preceding year<br>Corresponding<br>Period<br>31-Mar-17<br>RM'000 | Changes<br>%   |
| Revenue   | 35,738   | 27,950  | 27.86%         | 35,738   | 27,950   | 27.86%         |
| Direct costs  | (574)  | (3,268)   | -82.44%        | (574)  | (3,268)  | -82.44%        |
| Changes in inventories of finished goods<br>and work in progress                        | 1,002  | 3,050   | -67.15%        | 1,002  | 3,050  | -67.15%        |
| Raw materials and consumable used   | (29,857)                                       | (18,216)  | 63.91%         | (29,857)                                       | (18,216)   | 63.91%         |
| Changes in inventories of trading merchandise   | (188)  | (877)   | -78.56%        | (188)  | (877)  | -78.56%        |
| Staff costs   | (2,336)  | (2,914)   | -19.84%        | (2,336)  | (2,914)  | -19.84%        |
| Other income  | 1,086  | 943   | 15.16%         | 1,086  | 943  | 15.16%         |
| Depreciation and amortisation   | (1,051)  | (961)   | 9.37%          | (1,051)  | (961)  | 9.37%          |
| Other operating expenses  | (3,085)  | (3,106)   | -0.68%         | (3,085)  | (3,106)  | -0.68%         |
| Finance cost  | (248)  | (149)   | 66.44%         | (248)  | (149)  | 66.44%         |
| <b>Profit before taxation</b>   | <b>487</b>                                     | <b>2,452</b>  | <b>-80.14%</b> | <b>487</b>                                     | <b>2,452</b>   | <b>-80.14%</b> |
| Taxation  | -  | -   | 0.00%          | -  | -  | 0.00%          |
| <b>Profit after taxation</b>  | <b>487</b>                                     | <b>2,452</b>  | <b>-80.14%</b> | <b>487</b>                                     | <b>2,452</b>   | <b>-80.14%</b> |
| <b>Other comprehensive income, net of tax</b>   | <b>-</b>                                       | <b>-</b>  |                | <b>-</b>                                       | <b>-</b>   |                |
| <b>Total comprehensive income for the period</b>  | <b>487</b>                                     | <b>2,452</b>  | <b>-80.14%</b> | <b>487</b>                                     | <b>2,452</b>   | <b>-80.14%</b> |
| <b>Profit attributable to:</b>  |  |   |                |  |  |                |
| Owners of the Company   | 458  | 2,432   |                | 458  | 2,432  |                |
| Non-controlling interest  | 29   | 20  |                | 29   | 20   |                |
|   | <b>487</b>                                     | <b>2,452</b>  |                | <b>487</b>                                     | <b>2,452</b>   |                |
| <b>Total comprehensive income attributable to:</b>                                      |  |   |                |  |  |                |
| Owners of the Company   | 458  | 2,432   |                | 458  | 2,011  |                |
| Non-controlling interest  | 29   | 20  |                | 29   | 48   |                |
|   | <b>487</b>                                     | <b>2,452</b>  |                | <b>487</b>                                     | <b>2,452</b>   |                |
| <b>Earning per share EPS attributable to owners<br/>of the Company (sen per share):</b> |  |   |                |  |  |                |
| Basic EPS   | 0.03   | 0.21  |                | 0.03   | 0.21   |                |
| Diluted EPS   | 0.02   | 0.16  |                | 0.02   | 0.16   |                |

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|  | As at end of<br>Current Quarter<br>31-Mar-18<br>RM'000 | Audited<br>As at preceding<br>Financial Year<br>Ended<br>31-Dec-2017<br>RM'000 |
|--|--|--|
| <b>ASSETS</b>  |  |  |
| <b>Non Current assets</b>  |  |  |
| Property, plant and equipment                                    | 79,536   | 78,801   |
| Other investment   | 104  | 104  |
|  | 79,640   | 78,905   |
| <b>Current Assets</b>  |  |  |
| Property development expenditure                                 | 19,835   | 18,576   |
| Inventories  | 49,037   | 46,930   |
| Trade and other receivables                                      | 11,483   | 18,556   |
| Tax recoverable  | 281  | 965  |
| Other investment   | 3,579  | 1,537  |
| Fixed deposits with licensed banks                               | 2,217  | 2,190  |
| Cash and bank balances   | 15,208   | 10,852   |
| Derivative assets  | 364  | 321  |
|  | 102,004  | 99,927   |
| <b>TOTAL ASSETS</b>  | 181,644  | 178,832  |
| <b>EQUITY AND LIABILITIES</b>                                    |  |  |
| <b>Capital and reserves attributable to owners of the parent</b> |  |  |
| Share capital  | 140,687  | 140,686  |
| Share premium  | 9,141  | 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   | 44,343   | 43,885   |
|  | 146,941  | 146,482  |
| Equity attributable to the owners of the Company                 | 146,941  | 146,482  |
| Non-controlling interest   | 134  | 105  |
| <b>Total equity</b>  | 147,075  | 146,587  |
| <b>Long term liabilities</b>                                     |  |  |
| Deferred taxation  | 3,338  | 3,338  |
| Deferred income  | 973  | 1,008  |
| Hire purchase liabilities  | 366  | 58   |
| Term loan  | 8,695  | 8,976  |
|  | 13,372   | 13,380   |
| <b>Current Liabilities</b>                                       |  |  |
| Trade and other payables   | 13,001   | 10,524   |
| Hire purchase liabilities  | 151  | 78   |
| Short term borrowings  | 8,045  | 8,263  |
|  | 21,197   | 18,865   |
| <b>TOTAL LIABILITIES</b>   | 34,569   | 32,245   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                              | 181,644  | 178,832  |
| Net assets per share (sen) attributable to owners of the Company | 10.67  | 10.64  |

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statements.

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

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

|  | Share capital<br>RM'000 | Share premium<br>RM'000 | Tresury shares<br>RM'000 | Revaluation reserve<br>RM'000 | Reverse acquisition reserve<br>RM'000 | Reserve - SIS<br>RM'000 | Retained profits<br>RM'000 | Equity attributable to owners of the Company<br>RM'000 | Non-controlling interest<br>RM'000 | Total equity<br>RM'000 |
|--|-------------------------|-------------------------|--------------------------|-------------------------------|---------------------------------------|-------------------------|----------------------------|--|------------------------------------|------------------------|
| At 1 January 2017  | 114,384                 | 19,162                  | -                        | 23,379                        | (72,051)                              | 2,576                   | 36,805                     | 124,255  | 54                                 | 124,309                |
| Issuance of share in respect of private placement                | 3,003                   | -                       | -                        | -                             | -                                     | -                       | -                          | 3,003  | -                                  | 3,003                  |
| Net profit/Total comprehensive income for the period             | -                       | -                       | -                        | -                             | -                                     | -                       | 2,432                      | 2,432  | 20                                 | 2,452                  |
| At 31 March 2017   | <u>117,387</u>          | <u>19,162</u>           | <u>-</u>                 | <u>23,379</u>                 | <u>(72,051)</u>                       | <u>2,576</u>            | <u>39,237</u>              | <u>129,690</u>   | <u>74</u>                          | <u>129,764</u>         |
| At 1 January 2018  | 140,686                 | 9,141                   | (100)                    | 23,379                        | (72,051)                              | 1,542                   | 43,885                     | 146,482  | 105                                | 146,587                |
| Issuance of share in respect of exercised of Warrant (2017/2020) | 1                       | -                       | -                        | -                             | -                                     | -                       | -                          | 1  | -                                  | 1                      |
| Net profit / Total comprehensive income for the period           | -                       | -                       | -                        | -                             | -                                     | -                       | 458                        | 458  | 29                                 | 487                    |
| At 31 March 2018   | <u>140,687</u>          | <u>9,141</u>            | <u>(100)</u>             | <u>23,379</u>                 | <u>(72,051)</u>                       | <u>1,542</u>            | <u>44,343</u>              | <u>146,941</u>   | <u>134</u>                         | <u>147,075</u>         |

The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

|  | Cumulative<br>Current Year<br>31-Mar-18<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31-Mar-17<br>RM'000 |
|--|---|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |   |  |
| Profit before taxation   | 487   | 2,452  |
| Adjustments for:   |   |  |
| Gain on hedging commodity  | -   | (273)  |
| Changes in fair value on derivative financial (asset)/liability      | (88)  | 28   |
| Depreciation of property, plant and equipment                        | 1,051   | 961  |
| Dividend income  | (29)  | (23)   |
| Fair value loss/(gain) on securities held for trading investments    | 239   | (187)  |
| Fixed assets written off   | 4   | -  |
| Gain on disposal of fixed assets                                     | (82)  | -  |
| Loss/(Gain) on foreign exchange - unrealised                         | 191   | (843)  |
| Government grant income  | (35)  | (35)   |
| Realised loss on foreign exchange - cash and cash equivalent         | 10  | 16   |
| Interest income  | 76  | (30)   |
| Interest expense   | 248   | 149  |
|  | <hr/>   | <hr/>  |
| Operating cash flows before working capital changes                  | 2,072   | 2,215  |
| Changes in working capital:  |   |  |
| Increase in inventories  | (2,107)   | (7,849)  |
| Decrease in trade and other receivables                              | 7,147   | 2,504  |
| Increase/(Decrease) in trade and other payables                      | 2,596   | (2,298)  |
| (Increase)/Decrease in investment held for trading                   | (1,916)   | 2,533  |
|  | <hr/>   | <hr/>  |
| Cash generated from/(used in) operations                             | 7,792   | (2,895)  |
| Income tax paid  | (63)  | (31)   |
| Income tax refunded  | 746   | 1,500  |
|  | <hr/>   | <hr/>  |
| <b>Net cash generated from/(used in) operating activities</b>        | <b>8,475</b>                                      | <b>(1,426)</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |   |  |
| Increase in fixed deposit pledged                                    | (10)  | (10)   |
| Increase in property development cost                                | (1,259)   | (76)   |
| Interest received  | (76)  | 30   |
| Dividend received  | 29  | 23   |
| Deposit paid for purchase of property, plant and equipment           | (201)   | -  |
| Proceed from disposal of fixed assets                                | 82  | -  |
| Purchase of property, plant and equipment                            | (1,500)   | (814)  |
| Purchase of other investment   | (365)   | (1,916)  |
|  | <hr/>   | <hr/>  |
| <b>Net cash used in investing activities</b>                         | <b>(3,300)</b>                                    | <b>(2,763)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                          |   |  |
| Interest paid  | (248)   | (149)  |
| Proceeds from issuance of shares                                     | 1   | 3,003  |
| Repayment of hire purchase liabilities                               | (44)  | (57)   |
| Repayment of term loan   | (268)   | (257)  |
|  | <hr/>   | <hr/>  |
| <b>Net cash (used in)/from financing activities</b>                  | <b>(559)</b>                                      | <b>2,540</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>          | <b>4,616</b>                                      | <b>(1,649)</b>   |
| Effect of exchange rate changes                                      | (10)  | (16)   |
| <b>Cash and cash equivalents at 1 January</b>                        | <b>4,546</b>                                      | <b>1,737</b>   |
|  | <hr/>   | <hr/>  |
| <b>Cash and cash equivalents at 31 December</b>                      | <b>9,152</b>                                      | <b>72</b>  |
|  | <hr/> <hr/>                                       | <hr/> <hr/>  |
| <b>Cash and cash equivalents at end of financial year comprised:</b> |   |  |
| Cash and bank balances   | 15,208  | 5,911  |
| Fixed deposits with licensed banks                                   | 2,217   | 2,145  |
| Bank overdraft   | (6,943)   | (6,692)  |
|  | <hr/>   | <hr/>  |
|  | 10,482  | 1,364  |
| Less: Fixed deposits pledged   | (1,330)   | (1,292)  |
|  | <hr/>   | <hr/>  |
|  | 9,152   | 72   |
|  | <hr/> <hr/>                                       | <hr/> <hr/>  |

The unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statements.

**QUARTERLY REPORT**

**Notes on the quarterly report for the first quarter ended 31 March 2018**

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

**A1. BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134: Interim Financial Reporting, IAS 34: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“ACE LR”).

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted and as disclosed in the Group’s annual report for the financial year ended 31 December 2017.

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

**A3. AUDITORS REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

There was no audit qualification on the annual financial statements of JAG for the financial year ended 31 December 2017.

**A4. SEASONAL AND CYCLICAL FACTORS**

The Group’s business operations were mainly attributable (i.e., contributing approximately 96% of its total revenue) from its manufacturing and trading segments involving recycling and recovery activities, which are affected by the cyclicity of the semiconductor industry. The semiconductor industry, in turn, is cyclical and dependent on its end user industries, in particular the electrical & electronic industries. The demand for semiconductors typically mirrors the trend in the demand for personal computers, mobile phones and other electronic equipment.

As the availability of electrical and electronic waste (“E-waste”) for recycling and manufacturing services is dependent on the volume of E-waste discharged by semiconductor manufacturers, the E-waste recycling industry is also dependent on the trends in the semiconductor industry.

**A5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter and period under review.

**A6. MATERIAL CHANGES IN ESTIMATES**

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

**QUARTERLY REPORT**

**Notes on the quarterly report for the first quarter ended 31 March 2018**

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

On 28 February 2018, 6,839 new ordinary shares in JAG were issued at RM0.15 each and listed pursuant to the exercise of Warrants 2017/2020 by the warrant holder.

Save as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter ended 31 March 2018.

**A8. DIVIDEND**

A final single tier dividend of RM0.001 per ordinary share in JAG (single tier) amounting to RM1,376,930.57 has been recommended by the Directors in respect of the financial year ended 31 December 2017 and has been approved by the shareholders during the Annual General Meeting held on 21 May 2018. The said final dividend will be paid to the shareholders on 7 June 2018. The entitlement date for the dividend shall be 28 May 2018.

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

**A9. SEGMENT INFORMATION**

The Group’s segmental information is as follows:

|  | <b>Current Quarter Ended</b> |                    | <b>Year to date</b> |                    |
|--|------------------------------|--------------------|---------------------|--------------------|
|  | <b>31 Mar 2018</b>           | <b>31 Mar 2017</b> | <b>31 Mar 2018</b>  | <b>31 Mar 2017</b> |
|  | <b>RM’000</b>                | <b>RM’000</b>      | <b>RM’000</b>       | <b>RM’000</b>      |
| <b>Revenue by business segments</b>            |                              |                    |                     |                    |
| Manufacturing activities                       | 33,829                       | 21,502             | 33,829              | 21,502             |
| Trading activities                             | 484                          | 1,842              | 484                 | 1,842              |
| Proprietary solutions and software maintenance | 195                          | 170                | 195                 | 170                |
| Investment holding                             | 360                          | 3,809              | 360                 | 3,809              |
| Services                                       | 870                          | 627                | 870                 | 627                |
| Property development                           | -                            | -                  | -                   | -                  |
|  | <u>35,738</u>                | <u>27,950</u>      | <u>35,738</u>       | <u>27,950</u>      |
| Elimination of inter-segment sales             | -                            | -                  | -                   | -                  |
|  | <u>35,738</u>                | <u>27,950</u>      | <u>35,738</u>       | <u>27,950</u>      |

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

**QUARTERLY REPORT**

Notes on the quarterly report for the first quarter ended 31 March 2018

**A9. SEGMENT INFORMATION (CONTINUED)**

|  | Current Quarter Ended |                       | Year to date                        |                                     |
|--|-----------------------|-----------------------|-------------------------------------|-------------------------------------|
|  | 31 Mar 2018<br>RM'000 | 31 Mar 2017<br>RM'000 | 31 Mar 2018<br>RM'000               | 31 Mar 2017<br>RM'000               |
| <b>Segment results</b>                         |                       |                       |                                     |                                     |
| Manufacturing activities                       | 940                   | 1,612                 | 940                                 | 1,612                               |
| Trading activities                             | 231                   | 498                   | 231                                 | 498                                 |
| Investment holding                             | (554)                 | 559                   | (554)                               | 559                                 |
| Proprietary solutions and software maintenance | (8)                   | (124)                 | (8)                                 | (124)                               |
| Services                                       | 141                   | 96                    | 141                                 | 96                                  |
| Property development                           | (91)                  | (70)                  | (91)                                | (70)                                |
| Profit from operations                         | 659                   | 2,571                 | 659                                 | 2,571                               |
| Interest income                                | 76                    | 30                    | 76                                  | 30                                  |
| Finance cost                                   | (248)                 | (149)                 | (248)                               | (149)                               |
| Profit before taxation                         | 487                   | 2,452                 | 487                                 | 2,452                               |
| Taxation                                       | -                     | -                     | -                                   | -                                   |
| Profit after taxation                          | 487                   | 2,452                 | 487                                 | 2,452                               |
| <b>Revenue By Geographical Segment</b>         |                       |                       |                                     |                                     |
| Malaysia                                       | 7,743                 | 10,661                | 7,743                               | 10,661                              |
| Foreign countries                              | 27,995                | 17,289                | 27,995                              | 17,289                              |
|  | 35,738                | 27,950                | 35,738                              | 27,950                              |
|  |                       |                       | <b>As at 31 Mar 2018<br/>RM'000</b> | <b>As at 31 Dec 2017<br/>RM'000</b> |
| <b>Segment assets</b>                          |                       |                       |                                     |                                     |
| Manufacturing and trading activities           |                       |                       | 154,899                             | 150,828                             |
| Investment holding                             |                       |                       | 156,554                             | 54,595                              |
| Proprietary solutions and software maintenance |                       |                       | 2,965                               | 1,028                               |
| Services                                       |                       |                       | 4,731                               | 4,972                               |
| Property development                           |                       |                       | 21,394                              | 21,801                              |
|  |                       |                       | 340,543                             | 233,224                             |
| Elimination                                    |                       |                       | (158,899)                           | (54,392)                            |
|  |                       |                       | 181,644                             | 178,832                             |
| <b>Segment liabilities</b>                     |                       |                       |                                     |                                     |
| Manufacturing and trading activities           |                       |                       | 62,992                              | 59,974                              |
| Investment holding                             |                       |                       | 4,543                               | 157                                 |
| Proprietary solutions and software maintenance |                       |                       | 4,808                               | 2,864                               |
| Services                                       |                       |                       | 4,064                               | 4,254                               |
| Property development                           |                       |                       | 21,440                              | 21,769                              |
|  |                       |                       | 97,847                              | 89,018                              |
| Elimination                                    |                       |                       | (63,278)                            | (56,773)                            |
|  |                       |                       | 34,569                              | 32,245                              |

**QUARTERLY REPORT**

**Notes on the quarterly report for the first quarter ended 31 March 2018**

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

There was no valuation or revaluation of property, plant and equipment during the current financial quarter and period under review and the valuation of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

**A11. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL QUARTER**

There were no material events subsequent to the current financial quarter ended 31 March 2018 up to the date of this report.

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

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

**A13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no changes in the contingent liabilities and contingent assets during the current financial quarter and period under review.

**A14. CAPITAL COMMITMENTS**

Save as disclosed below, as at 31 March 2018, the Board is not aware of any material commitment incurred or known to be incurred by the Company or the Group, which may have material impact on the financial position of the Group:

|                       | <b>Group level<br/>(RM'000)</b> |
|-----------------------|---------------------------------|
| Purchase of shop lot  | 1,009                           |
| Purchase of machinery | 45                              |
|                       | <hr/> <u>1,054</u> <hr/>        |

**A15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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



**QUARTERLY REPORT**

**Notes on the quarterly report for the first quarter ended 31 March 2018**

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

**B1. REVIEW OF PERFORMANCE**

The Group recorded revenue of approximately RM35.74million for the current financial quarter period ended 31 March 2018. Export sales accounted for about RM28 million, representing 80.59% of total revenue for the current financial quarter and period ended 31 March 2018.

The Group recorded higher revenue for the current financial quarter and period as compared to previous corresponding financial quarter and period by 27.86%. The said higher revenue was mainly contributed by the Group’s manufacturing and trading division. The higher revenue for the current financial quarter and period as compared to the previous year corresponding financial quarter and period was mainly due to higher sales of copper, nickel, and aluminium. There was also increase in average selling price of commodities sold by the Group especially gold, nickel, copper, aluminium and iron.

Cost of sales increased in relation to the increase in revenue in the current financial quarter and period as compared to previous year corresponding financial quarter period. However, the Group incurred higher cost of sales in the current financial quarter. As such, lower profit after tax of RM0.49 million was generated in the current financial quarter as compared to previous year corresponding period of RM2.45 million.

The Group’s recorded lower direct costs in current financial quarter and period compared to previous year corresponding financial quarter and period mainly due to there are lesser disposal of trading investment from investment holding division.

Other income mainly consisted of interest income generated from current account and fixed deposit, grant income, dividend income, and gain on changes in fair value on derivative.

Other operating expenses mainly consisted of manufacturing overhead expenses, allowance for doubtful debts, procurement fees, unrealised loss on foreign exchange, fair value loss on securities held for trading investments, professional fees, entertainment expenses, rental expenses and travelling expenses.

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

|                                | <b>Current Quarter<br/>31 Mar 2018</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>31 Dec 2017</b> | <b>Changes</b> |
|--------------------------------|--|--|----------------|
|                                | <b>RM’000</b>                          | <b>RM’000</b>  | <b>%</b>       |
| Revenue                        | 35,738                                 | 40,693   | -12.17         |
| Other income                   | 1,086                                  | 2,909  | -62.67         |
| Profit before interest and tax | 735                                    | 3,831  | -80.82         |
| Interest expenses              | (248)                                  | (234)  | 5.98           |
| Taxation                       | -                                      | (2,464)  | -100           |
| Profit after taxation          | 487                                    | 1,133  | -57.02         |

The Group recorded revenue of approximately RM35.74 million and RM40.70 million for the current financial quarter ended 31 March 2018 and preceding financial quarter ended 31 December 2017, respectively. The decrease in revenue was mainly from manufacturing and trading division. There is lower quantity being sold in current financial quarter compared to immediate preceding quarter, as the result leading lower revenue in current financial quarter.

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**Notes on the quarterly report for the first quarter ended 31 March 2018**

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

There were higher other income in the immediate preceding quarter 31 December 2017 due to the recognition of allowance for doubtful debts no longer required amounting to RM1.39 million. Whereas, for current financial quarter, there was no such recognition leading to lower other income compared to the immediate preceding quarter.

The lower profit before interest and tax and profit after tax in the current financial quarter was mainly due to lower revenue from the manufacturing and trading division. In addition, higher cost of sales in the current financial quarter further contributed to lower profit margin to the Group financial results.

The Group recorded significant taxation expenses in the immediate preceding financial quarter, mainly due to the recognition of deferred tax liabilities as the Company has fully utilised the available tax allowance in the financial year 2017. For the current financial quarter, the management has not made the provision for taxation due to the profit before tax as at current financial quarter is able to be set off against the current year allowances.

**B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018**

Fluctuations in exchange rates and commodity prices will continue to have an impact on the Group's financial performance and position. Nevertheless, the Board believes that the Group's prospects will remain positive as procurement contracts had been secured by the total waste management division during the financial year.

As the part of the Group's strategy was to diversify its sources of revenue and earnings, the property development division was established in the financial year 2017. The property development division carried the Group's maiden project named “**ARCA**” which expected to contribute a gross development profit of between RM20 million to RM35 million to be achieved progressively over the development period of the project from the sales of the shop-offices, office suites and residential apartments. The Group expects to launch the Development Project in the third quarter in financial year 2018.

Barring any unforeseen circumstances and in view of the above, the Board is of the opinion that the prospects for the financial year ending 31 December 2018 will be 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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**QUARTERLY REPORT**

**Notes on the quarterly report for the first quarter ended 31 March 2018**

**B5. TAXATION**

|              | Current Quarter          |                          | Year to date             |                          |
|--------------|--------------------------|--------------------------|--------------------------|--------------------------|
|              | 31 Mar<br>2018<br>RM'000 | 31 Mar<br>2017<br>RM'000 | 31 Mar<br>2018<br>RM'000 | 31 Mar<br>2017<br>RM'000 |
| Income tax   | -                        | -                        | -                        | -                        |
| Deferred tax | -                        | -                        | -                        | -                        |
|              | <u>-</u>                 | <u>-</u>                 | <u>-</u>                 | <u>-</u>                 |
|              | <u>-</u>                 | <u>-</u>                 | <u>-</u>                 | <u>-</u>                 |

The effective tax rate of the Group for current financial quarter and period ended 31 March 2018 are lower than the statutory tax rate of 24% due to business losses allowance carried forward and availability of reinvestment allowance which arose from the capital expenditure of a subsidiary in the current financial quarter and period under review.

**B6. STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals announced but not complete as at 24 May 2018, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarter report.

**B7. GROUP BORROWINGS**

The Group's borrowings as at 31 March 2018 (all denominated in Ringgit Malaysia) are as follows:-

|                                       | As at<br>31 Mar 2018<br>RM'000 | As at<br>31 Dec 2017<br>RM'000 |
|---------------------------------------|--------------------------------|--------------------------------|
| <b>Short term borrowing (secured)</b> |                                |                                |
| Term loan                             | 1,102                          | 1,088                          |
| Overdraft                             | 6,943                          | 7,175                          |
| Hire purchase                         | 151                            | 78                             |
|                                       | 8,196                          | 8,341                          |
| <b>Long term borrowing (secured)</b>  |                                |                                |
| Term loan                             | 8,695                          | 8,976                          |
| Hire purchase                         | 366                            | 58                             |
|                                       | 9,061                          | 9,034                          |
| <b>Total</b>                          | <u>17,257</u>                  | <u>17,375</u>                  |

**QUARTERLY REPORT**

**Notes on the quarterly report for the first quarter ended 31 March 2018**

**B7. GROUP BORROWINGS (CONTINUED)**

|   | <b>As at<br/>31 Mar 2018<br/>%</b> | <b>As at<br/>31 Dec 2017<br/>%</b> |
|---|------------------------------------|------------------------------------|
| The effective interest rate are as follows:                               |                                    |                                    |
| Term loan   | 4.93                               | 4.93                               |
| Overdraft   | 10.20                              | 10.20                              |
| Hire purchase   | 5.58                               | 5.14                               |
| <br>Proportion of borrowings between fixed and floating<br>interest rates | <br>3.00 : 97.00                   | <br>0.78 : 99.22                   |

**B8. DERIVATIVE FINANCIAL INSTRUMENTS**

(i) Disclosure of derivatives

As at 31 March 2018, the Group has the following derivative financial instrument:

| <b>Type of derivative</b>          | <b>Contract<br/>value<br/>RM'000</b> | <b>Fair Value<br/>RM'000</b> | <b>Fair Value<br/>Gain<br/>RM'000</b> |
|------------------------------------|--------------------------------------|------------------------------|---------------------------------------|
| Forward foreign exchange contracts |                                      |                              |                                       |
| - Less than 1 year                 | 5,119                                | 5,207                        | 88                                    |

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

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

There have been no significant changes to the Group's exposure to credit risk, market risk, and liquidity risk from the previous financial year. Since the previous financial year, there have been no changes to the Group's management objectives, accounting policies and processes.

(ii) Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group determines the fair values of the derivative financial instruments relating to the forward foreign exchange contracts by using the difference between the contracted foreign exchange rates and the market forward rates. The basis of fair value measurement is the difference between the contracted value and the market forward rates. This resulted the Group recorded a gain when the rates and commodity price moved favourable against the Group or recorded a loss when the rates and commodity price moved unfavourable against the Group.

**B9. MATERIAL LITIGATION**

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

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**B10. DIVIDEND**

A final single tier dividend of RM0.001 per ordinary share in JAG (single tier) amounting to RM1,376,930.57 has been recommended by the Directors in respect of the financial year ended 31 December 2017 and has been approved by the shareholders during the Annual General Meeting held on 21 May 2018. The said final dividend will be paid to the shareholders on 7 June 2018. The entitlement date for the dividend shall be 28 May 2018.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) shares transferred to the depositor’s securities account before 4.00 pm on 28 May 2018 in respect of transfers; and
- (ii) shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

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

**B11. REALISED AND UNREALISED PROFITS DISCLOSURE**

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

|   | <b>As at<br/>31 Mar<br/>2018<br/>RM’000</b> | <b>As at<br/>31 Mar<br/>2017<br/>RM’000</b> |
|---|---|---|
| Total accumulated profits of the Group                                  |   |   |
| - Realised  | 48,023                                      | 38,851                                      |
| - Unrealised  | (3,680)                                     | 386   |
| <b>Total before consolidation adjustments</b>                           | <b>44,343</b>                               | <b>39,237</b>                               |
| Less: Consolidation adjustments   | -   | -   |
| <b>Total accumulated profits as per statement of financial position</b> | <b>44,343</b>                               | <b>39,237</b>                               |

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**QUARTERLY REPORT**

**Notes on the quarterly report for the first quarter ended 31 March 2018**

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

|   | Current Quarter          |                          | Year to date             |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 31 Mar<br>2018<br>RM'000 | 31 Mar<br>2017<br>RM'000 | 31 Mar<br>2018<br>RM'000 | 31 Mar<br>2017<br>RM'000 |
| Changes in fair value of derivative<br>(assets) / liabilities | (88)                     | 28                       | (88)                     | 28                       |
| Depreciation of property, plant and<br>equipment              | 1,051                    | 961                      | 1,051                    | 961                      |
| Dividend income   | (29)                     | (23)                     | (29)                     | (23)                     |
| Fixed asset written off                                       | 4                        | -                        | 4                        | -                        |
| Gain on disposal of fixed assets                              | (82)                     | -                        | (82)                     | -                        |
| Gain on hedging commodity                                     | -                        | (273)                    | -                        | (273)                    |
| Loss/(Gain) on foreign exchange –<br>unrealised               | 191                      | (843)                    | 191                      | (843)                    |
| (Gain)/Loss on foreign exchange –<br>realised                 | (126)                    | 653                      | (126)                    | 653                      |
| Fair value loss on securities held for<br>trading investments | 239                      | (187)                    | 239                      | (187)                    |
| Government grant income                                       | (35)                     | (35)                     | (35)                     | (35)                     |
| Interest income   | (76)                     | (30)                     | (76)                     | (30)                     |
| Interest expenses   | 248                      | 149                      | 248                      | 149                      |

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

**QUARTERLY REPORT**

**Notes on the quarterly report for the first quarter ended 31 March 2018**

**B13. EARNINGS PER SHARE**

(i) Basic earnings per share

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

|  | Current Quarter Ended |                      | Year to date         |                      |
|--|-----------------------|----------------------|----------------------|----------------------|
|  | 31 Mar<br>2018<br>RM  | 31 Mar<br>2017<br>RM | 31 Mar<br>2018<br>RM | 31 Mar<br>2017<br>RM |
| Net profit attributable to owners of the Company (RM'000)  | 458                   | 2,432                | 458                  | 2,432                |
| Weighted average number of ordinary shares in issue ('000) | 1,376,932             | 1,144,797            | 1,376,932            | 1,144,797            |
| Basic earnings per share (sen)                             | 0.03                  | 0.21                 | 0.03                 | 0.21                 |

(ii) Diluted earnings per share

The diluted earnings per share was calculated by dividing the net profit for the current financial quarter and period by the weighted average number of ordinary shares based on the assumption that the warrants issued and SIS Options granted are fully exercised and converted into ordinary shares:

|  | Current Quarter Ended |                      | Year to date         |                      |
|--|-----------------------|----------------------|----------------------|----------------------|
|  | 31 Mar<br>2018<br>RM  | 31 Mar<br>2017<br>RM | 31 Mar<br>2018<br>RM | 31 Mar<br>2017<br>RM |
| Net profit attributable to owners of the Company (RM'000)  | 458                   | 2,432                | 458                  | 2,432                |
| Weighted average number of ordinary shares in issue ('000) | 1,920,866             | 1,490,287            | 1,920,866            | 1,490,287            |
| Diluted earnings per share (sen)                           | 0.02                  | 0.16                 | 0.02                 | 0.16                 |

**B14. AUTHORISED FOR ISSUE**

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 30 May 2018.

BY ORDER OF THE BOARD,

CHENG CHIA PING  
(MAICSA 1032514 PRACTITIONER)  
COMPANY SECRETARY

30 May 2018