

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30-Jun-18 RM'000	Preceding year Corresponding Quarter 30-Jun-17 RM'000	Changes %	Current Year To date 30-Jun-18 RM'000	Preceding year Corresponding Period 30-Jun-17 RM'000	Changes %
Revenue	36,945	36,691	0.69%	72,682	64,641	12.44%
Direct costs	(229)	(1,407)	-83.72%	(803)	(4,675)	-82.82%
Changes in inventories of finished goods and work in progress	6,883	(2,735)	-351.66%	7,886	315	2403.49%
Raw materials and consumable used	(34,675)	(23,108)	50.06%	(64,532)	(41,325)	56.16%
Changes in inventories of trading merchandise	(185)	(623)	-70.30%	(372)	(1,500)	-75.20%
Staff costs	(4,254)	(2,547)	67.02%	(6,590)	(5,461)	20.67%
Other income	1,072	55	1849.09%	1,865	1,243	50.04%
Depreciation and amortisation	(1,106)	(994)	11.27%	(2,157)	(1,955)	10.33%
Other operating expenses	(3,443)	(2,578)	33.55%	(6,236)	(5,929)	5.18%
Finance cost	(256)	(197)	29.95%	(504)	(345)	46.09%
Profit before taxation	752	2,557	-70.59%	1,239	5,009	-75.26%
Taxation	-	(42)	0.00%	-	(42)	0.00%
Profit after taxation	752	2,515	-70.10%	1,239	4,967	-75.06%
Other comprehensive income, net of tax	-	-		-	-	
Total comprehensive income for the period	752	2,515	-70.10%	1,239	4,967	-75.06%
Profit attributable to:						
Owners of the Company	722	2,507		1,180	4,939	
Non-controlling interest	30	8		59	28	
	752	2,515		1,239	4,967	
Total comprehensive income attributable to:						
Owners of the Company	722	2,507		1,180	4,939	
Non-controlling interest	30	8		59	28	
	752	2,515		1,239	4,967	
Earning per share EPS attributable to owners of the Company (sen per share):						
Basic EPS	0.05	0.21		0.09	0.42	
Diluted EPS	0.04	0.16		0.06	0.32	

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 SECOND QUARTER ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30-Jun-18 RM'000	Audited As at preceding Financial Year Ended 31-Dec-2017 RM'000
ASSETS		
Non Current assets		
Property, plant and equipment	79,872	78,801
Other investment	104	104
	79,976	78,905
Current Assets		
Property development expenditure	21,025	18,576
Inventories	50,813	46,930
Trade and other receivables	10,636	18,556
Tax recoverable	362	965
Other investment	3,688	1,537
Fixed deposits with licensed banks	2,233	2,190
Cash and bank balances	13,263	10,852
Derivative assets	-	321
	102,020	99,927
TOTAL ASSETS	181,996	178,832
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent		
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	43,688	43,885
	146,286	146,482
Equity attributable to the owners of the Company	146,286	146,482
Non-controlling interest	164	105
Total equity	146,450	146,587
Long term liabilities		
Deferred taxation	3,338	3,338
Deferred income	938	1,008
Hire purchase liabilities	492	58
Term loan	8,416	8,976
	13,184	13,380
Current Liabilities		
Trade and other payables	15,079	10,524
Hire purchase liabilities	225	78
Short term borrowings	6,949	8,263
Derivative liabilities	109	-
	22,362	18,865
TOTAL LIABILITIES	35,546	32,245
TOTAL EQUITY AND LIABILITIES	181,996	178,832
Net assets per share (sen) attributable to owners of the Company	10.62	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 SECOND QUARTER ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RM'000	Share premium RM'000	Tresury shares RM'000	Revaluation reserve RM'000	Reverse acquisition reserve RM'000	Reserve - SIS RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 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	1,142	-	-	-	-	(362)	-	780	-	780
Net profit/Total comprehensive income for the period	-	-	-	-	-	-	4,939	4,939	28	4,967
At 30 June 2017	<u>125,393</u>	<u>19,110</u>	<u>-</u>	<u>23,379</u>	<u>(72,051)</u>	<u>2,214</u>	<u>41,744</u>	<u>139,789</u>	<u>82</u>	<u>139,871</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
Dividend paid	-	-	-	-	-	-	(1,377)	(1,377)	-	(1,377)
Net profit / Total comprehensive income for the period	-	-	-	-	-	-	1,180	1,180	59	1,239
At 30 June 2018	<u>140,687</u>	<u>9,141</u>	<u>(100)</u>	<u>23,379</u>	<u>(72,051)</u>	<u>1,542</u>	<u>43,688</u>	<u>146,286</u>	<u>164</u>	<u>146,450</u>

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 SECOND QUARTER ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Cumulative Current Year 30-Jun-18 RM'000	Preceding Year Corresponding Period 30-Jun-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,239	5,009
Adjustments for:		
Changes in fair value on derivative financial liability	109	5
Depreciation of property, plant and equipment	2,157	1,955
Dividend income	(92)	(44)
Fair value loss/(gain) on hedging commodity	364	(244)
Fair value loss on securities held for trading investments	161	9
Gain on disposal of fixed assets	(82)	-
Loss/(Gain) on foreign exchange - unrealised	324	(808)
Government grant income	(70)	(70)
Realised loss on foreign exchange - cash and cash equivalent	12	83
Interest income	(178)	(76)
Interest expense	504	345
Operating cash flows before working capital changes	4,448	6,164
Changes in working capital:		
Increase in inventories	(3,883)	(6,777)
Decrease in trade and other receivables	7,263	3,961
Increase/(Decrease) in trade and other payables	4,946	(5,635)
(Increase)/Decrease in investment held for trading	(1,947)	2,338
Cash generated from operations	10,827	51
Income tax paid	(144)	(63)
Income tax refunded	746	1,500
Net cash generated from operating activities	11,429	1,488
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in fixed deposit pledged	(20)	(16)
Increase in property development cost	(2,449)	(2,612)
Interest received	178	76
Dividend received	92	44
Deposit paid for purchase of property, plant and equipment	(100)	-
Proceed from disposal of fixed assets	82	-
Purchase of property, plant and equipment	(2,553)	(1,715)
Purchase of other investment	(365)	(1,936)
Net cash used in investing activities	(5,135)	(6,159)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(504)	(345)
Proceeds from issuance of shares	1	10,647
Repayment of hire purchase liabilities	(94)	(143)
Repayment of term loan	(533)	(515)
Net cash (used in)/from financing activities	(2,507)	9,644
Net increase in cash and cash equivalents	3,787	4,973
Effect of exchange rate changes	(12)	(83)
Cash and cash equivalents at 1 January	4,546	1,737
Cash and cash equivalents at 30 June	8,321	6,627
Cash and cash equivalents at end of financial year comprised:		
Cash and bank balances	13,263	8,466
Fixed deposits with licensed banks	2,233	2,159
Bank overdraft	(5,834)	(2,700)
	9,662	7,925
Less: Fixed deposits pledged	(1,341)	(1,298)
	8,321	6,627

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 second quarter ended 30 June 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 97% of its total revenue) from its manufacturing and trading segments involving recycling and recovery activities, which are affected by the cyclicity of the semiconductor 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 second quarter ended 30 June 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 and period ended 30 June 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 has been paid to the shareholders on 7 June 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:

	Current Quarter Ended		Year to date	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM’000	RM’000	RM’000	RM’000
Revenue by business segments				
Manufacturing activities	35,278	33,511	69,106	55,013
Trading activities	589	917	1,073	2,759
Proprietary solutions and software maintenance	154	230	349	400
Investment holding	-	1,702	360	5,511
Services	924	684	1,794	1,311
	<u>36,945</u>	<u>37,044</u>	<u>72,682</u>	<u>64,994</u>
Elimination of inter-segment sales	-	(353)	-	(353)
	<u><u>36,945</u></u>	<u><u>36,691</u></u>	<u><u>72,682</u></u>	<u><u>64,641</u></u>

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2018

A9. SEGMENT INFORMATION (CONTINUED)

	Current Quarter Ended		Year to date	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Segment results				
Manufacturing activities	815	2,809	1,763	4,422
Trading activities	284	217	508	714
Investment holding	(253)	(343)	(807)	216
Proprietary solutions and software maintenance	(30)	2	(38)	(122)
Services	149	111	289	206
Property development	(60)	(88)	(151)	(158)
Profit from operations	905	2,708	1,564	5,278
Interest income	103	46	179	76
Finance cost	(256)	(197)	(504)	(345)
Profit before taxation	752	2,557	1,239	5,009
Taxation	-	(42)	-	(42)
Profit after taxation	752	2,515	1,239	4,967
Revenue By Geographical Segment				
Malaysia	3,286	4,719	11,029	15,380
Foreign countries	33,659	31,972	61,653	49,261
	36,945	36,691	72,682	64,641
			As at 30 June 2018	As at 31 Dec 2017
			RM'000	RM'000
Segment assets				
Manufacturing and trading activities			154,557	150,828
Investment holding			156,472	54,595
Proprietary solutions and software maintenance			2,942	1,028
Services			5,130	4,972
Property development			21,783	21,801
			340,884	233,224
Elimination			(158,888)	(54,392)
			181,996	178,832
Segment liabilities				
Manufacturing and trading activities			63,119	59,974
Investment holding			4,685	157
Proprietary solutions and software maintenance			4,815	2,864
Services			4,312	4,254
Property development			21,884	21,769
			98,815	89,018
Elimination			(63,269)	(56,773)
			35,546	32,245

QUARTERLY REPORT

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

	Group level (RM'000)
Purchase of shop lot	1,009
Purchase of machinery	412
	<hr/> <u>1,421</u>

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2018

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

B1. REVIEW OF PERFORMANCE

The Group recorded revenue of approximately RM36.95 million for the current financial quarter and RM72.68 million for the period ended 30 June 2018. Export sales accounted for about RM33.66 million and RM61.65 million or 91% and 85% of total revenue for the current financial quarter and period ended 30 June 2018, respectively.

The Group recorded higher revenue for the current financial quarter and period as compared to previous corresponding financial quarter and period. The said higher revenue was mainly contributed by the Group's manufacturing and trading division. The higher revenue for the current financial period as compared to the previous year corresponding financial period was mainly due to higher sales of copper, gold, silver, and nickel.

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 and period. However, the Group incurred higher cost of sales in the current financial quarter and period. As such, lower profit after tax of RM0.75 million and RM1.24 million was generated in the current financial quarter and period respectively as compared to previous year corresponding quarter and period of RM2.52 million and RM4.97 million respectively.

The Group's lower direct costs in current financial quarter and period compared to previous year corresponding financial quarter and period was mainly due to lower trading investment activity from investment holding division.

In respect of staff costs, the Group recorded higher staff costs in current financial quarter and period. It was mainly due to revision of salary, bonus payments and increase in outsourced wages in the current financial period ended 30 June 2018.

Other income mainly consists of gain on hedging commodities, interest income generated from current account and fixed deposit, grant income, and dividend income.

Other operating expenses mainly consists of manufacturing overhead expenses, unrealised and realised loss on foreign exchange, procurement fees, fair value loss on securities held for trading investments, fair value loss on derivative liabilities, professional fees, entertainment expenses, rental expenses and travelling expenses.

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2018

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

	Current Quarter 30 June 2018	Immediate Preceding Quarter 31 Mar 2018	Changes
	RM'000	RM'000	%
Revenue	36,945	35,738	3.38
Staff costs	(4,254)	(2,336)	82.11
Profit before interest and tax	1,008	735	37.14
Interest expenses	(256)	(248)	3.23
Profit after taxation	752	487	54.41

The Group recorded revenue of approximately RM36.95 million and RM35.74 million for the current financial quarter ended 30 June 2018 and preceding financial quarter ended 31 March 2018, respectively. The increase in revenue was mainly from manufacturing and trading division as a result from higher sales of copper and silver in current financial quarter compared to immediate preceding quarter.

There was higher staff costs incurred during the current financial quarter as compared to immediate preceding quarter. The increase was mainly due to higher outsourced wage expenses and bonus payments incurred during the current financial quarter.

The Group's higher profit before interest and tax and profit after tax in the current financial quarter was mainly due to higher revenue from sales of gold and silver in current financial quarter

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 part of the Group's strategy to diversify its sources of revenue and earnings, the property development division was established in the financial year 2017. The property development division carried the Group's maiden project named “**ARCA**” which is 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 project sales gallery has been open to public in July 2018 and the Group expects to launch the Development Project in the third quarter of 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.

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2018

B5. TAXATION

	Current Quarter Ended		Year to date	
	30 June 2018 RM'000	30 June 2017 RM'000	30 June 2018 RM'000	30 June 2017 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 30 June 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

On 21 June 2018, M&A Securities Sdn Bhd (“M&A”) had on behalf of the Board announced that the Company proposes to undertake a proposed private placement of up to 10% of the total number of issued shares in JAG (excluding treasury shares) (“Private Placement”) to independent third party investor(s). The listing application for the Private Placement was submitted to Bursa Securities on 12 July 2018.

The Company had on 17 July 2018 obtained Bursa Securities’ approval for the listing and quotation of up to 192,186,600 Placement Shares to be issued pursuant to the Private Placement. The approval granted by Bursa Securities for the Private Placement, is subjected to the following conditions:

- i. JAG and M&A must fully comply with the relevant provisions under the ACE LR pertaining to the implementation of the Private Placement;
- ii. JAG and M&A to inform Bursa Securities upon the completion of the Private Placement; and
- iii. JAG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Private Placement is complete.

Save as above, there were no corporate proposals announced but not complete as at 15 August 2018, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarter report.

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Notes on the quarterly report for the second quarter ended 30 June 2018

B7. GROUP BORROWINGS

The Group’s borrowings as at 30 June 2018 (all denominated in Ringgit Malaysia) are as follows:-

	As at 30 June 2018 RM’000	As at 31 Dec 2017 RM’000
Short term borrowing (secured)		
Term loan	1,115	1,088
Overdraft	5,834	7,175
Hire purchase	225	78
	7,174	8,341
Long term borrowing (secured)		
Term loan	8,416	8,976
Hire purchase	492	58
	8,908	9,034
Total	16,082	17,375

	As at 30 June 2018 %	As at 31 Dec 2017 %
The effective interest rate are as follows:		
Term loan	4.93	4.93
Overdraft	10.20	10.20
Hire purchase	5.68	5.14
Proportion of borrowings between fixed and floating interest rates	4.46 : 95.54	0.78 : 99.22

B8. DERIVATIVE FINANCIAL INSTRUMENTS

(i) Disclosure of derivatives

As at 30 June 2018, the Group has the following derivative financial instrument:

Type of derivative	Contract value RM’000	Fair Value RM’000	Fair Value Loss RM’000
Forward foreign exchange contracts			
- Less than 1 year	3,953	3,844	109
Commodity future purchase contracts			
- Less than 1 year	18,829	18,465	364

The Group uses forward foreign exchange contracts to manage some of the transactions exposure of the Group’s sales denominated in USD and uses the commodity future contracts to manage the metal commodity price fluctuations.

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

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Notes on the quarterly report for the second quarter ended 30 June 2018

B8. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

- (i) Disclosure of derivatives (continued)

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 and commodity future contracts by using the difference between the contracted foreign exchange rates and commodity price and the market forward rates and commodity price. The basis of fair value measurement is the difference between the contracted value and the market forward rates and market price. This resulted in the Group recorded a gain when the rates 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.

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 has been paid to the shareholders on 7 June 2018.

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

QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2018

B11. NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

	Current Quarter Ended		Year to date	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Changes in fair value of derivative liabilities / (assets)	88	(23)	109	5
Depreciation of property, plant and equipment	1,106	994	2,157	1,955
Dividend income	(24)	(21)	(92)	(44)
Fair value loss/(gain) on hedging commodity	364	29	364	(244)
Gain on disposal of fixed assets	-	-	(82)	-
Loss/(Gain) on foreign exchange – unrealised	133	35	324	(808)
Loss on foreign exchange – realised	320	139	194	793
Fair value (gain)/loss on securities held for trading investments	(78)	196	161	9
Government grant income	(35)	(35)	(70)	(70)
Interest income	(103)	(46)	(178)	(76)
Interest expenses	256	197	504	345

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.

B12. 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	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM	RM	RM	RM
Net profit attributable to owners of the Company (RM'000)	722	2,507	1,180	4,939
Weighted average number of ordinary shares in issue ('000)	1,376,937	1,212,184	1,376,935	1,178,678
Basic earnings per share (sen)	0.05	0.21	0.09	0.42

JAG BERHAD (“JAG” OR “COMPANY”)
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QUARTERLY REPORT

Notes on the quarterly report for the second quarter ended 30 June 2018

B12. EARNINGS PER SHARE (CONTINUED)

(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	
	30 June 2018 RM	30 June 2017 RM	30 June 2018 RM	30 June 2017 RM
Net profit attributable to owners of the Company (RM'000)	722	2,507	1,180	4,939
Weighted average number of ordinary shares in issue ('000)	1,920,866	1,552,191	1,920,866	1,521,410
Diluted earnings per share (sen)	0.04	0.16	0.06	0.32

B13. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 17 August 2018.

BY ORDER OF THE BOARD,

CHENG CHIA PING
(MAICSA 1032514 PRACTITIONER)
COMPANY SECRETARY

17 August 2018