

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31-Mar-19 RM'000	Preceding year Corresponding Quarter 31-Mar-18 RM'000	Changes %	Current Year To date 31-Mar-19 RM'000	Preceding year Corresponding year 31-Mar-18 RM'000	Changes %
Revenue	25,554	35,738	-28.50%	25,554	35,738	-28.50%
Direct costs	(237)	(574)	-58.71%	(237)	(574)	-58.71%
Changes in inventories of finished goods and work in progress	3,279	1,002	227.25%	3,279	1,002	227.25%
Raw materials and consumable used	(26,115)	(29,857)	-12.53%	(26,115)	(29,857)	-12.53%
Changes in inventories of trading merchandise	(1,348)	(188)	617.02%	(1,348)	(188)	617.02%
Staff costs	(3,013)	(2,336)	28.98%	(3,013)	(2,336)	28.98%
Other income	702	1,010	-30.50%	702	1,010	-30.50%
Depreciation and amortisation	(1,603)	(1,051)	52.52%	(1,603)	(1,051)	52.52%
Other operating expenses	(2,831)	(3,085)	-8.23%	(2,831)	(3,085)	-8.23%
Finance cost	(266)	(172)	54.65%	(266)	(172)	54.65%
(Loss)/Profit before taxation	(5,878)	487	-1306.98%	(5,878)	487	-1306.98%
Taxation	(330)	-	100.00%	(330)	-	100.00%
(Loss)/Profit after taxation/ Total comprehensive (loss)/income	(6,208)	487	-1374.74%	(6,208)	487	-1374.74%
(Loss)/Profit attributable to:						
Owners of the Company	(6,199)	458		(6,199)	458	
Non-controlling interest	(9)	29		(9)	29	
	(6,208)	487		(6,208)	487	
Total comprehensive (loss)/income attributable to:						
Owners of the Company	(6,199)	458		(6,199)	458	
Non-controlling interest	(9)	29		(9)	29	
	(6,208)	487		(6,208)	487	
(Loss)/Earning per share attributable to owners of the Company (sen per share):						
Basic (loss)/earning per share	(0.41)	0.03		(0.41)	0.03	
Diluted EPS	N/A	N/A		N/A	N/A	

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 31-Mar-19 RM'000	Audited As at preceding Financial Year Ended 31-Dec-18 RM'000
ASSETS		
Non Current assets		
Property, plant and equipment	87,372	83,385
Land held for development	1,472	-
Intangible assets	103	103
	88,947	83,488
Current Assets		
Property development expenditure	19,703	19,588
Inventories	50,012	46,411
Trade and other receivables	9,539	16,847
Tax recoverable	142	242
Other investment	13,111	7,038
Fixed deposits with licensed banks	5,344	6,306
Cash and bank balances	3,213	9,167
Derivative assets	12	-
	101,076	105,599
	190,023	189,087
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent		
Share capital	157,251	148,110
Share premium	-	9,141
Treasury shares	(100)	(100)
Revaluation reserve	23,379	23,379
Reverse acquisition reserve	(72,051)	(72,051)
Reserve - SIS	1,542	1,542
Retained profits	38,004	44,203
	148,025	154,224
Equity attributable to the owners of the Company	148,025	154,224
Non-controlling interest	159	168
	148,184	154,392
Total equity		
Long term liabilities		
Deferred taxation	3,840	3,600
Deferred income	833	868
Hire purchase liabilities	882	1,018
Term loan	8,259	8,591
	13,814	14,077
Current Liabilities		
Trade and other payables	15,979	12,151
Hire purchase liabilities	459	444
Short term borrowings	7,172	8,023
Lease Liabilities	4,415	-
	28,025	20,618
	41,839	34,695
TOTAL LIABILITIES		
TOTAL EQUITY AND LIABILITIES		
	190,023	189,087
Net assets per share (sen) attributable to owners of the Company	9.77	10.18

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RM'000	Share premium RM'000	Tresury shares RM'000	Revaluation reserve RM'000	Reverse acquisition reserve RM'000	Reserve - SIS RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2018	140,686	9,141	(100)	23,379	(72,051)	1,542	43,885	146,482	105	146,587
Issue of share pursuant to:- - exercise of warrants	1	-	-	-	-	-	-	1	-	1
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>
At 1 January 2019	148,110	9,141	(100)	23,379	(72,051)	1,542	44,203	154,224	168	154,392
Capitalisation of share premium in pursuant to CA 2016	9,141	(9,141)	-	-	-	-	-	-	-	-
Net (loss)/profit / Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(6,199)	(6,199)	(9)	(6,208)
At 31 March 2019	<u>157,251</u>	<u>-</u>	<u>(100)</u>	<u>23,379</u>	<u>(72,051)</u>	<u>1,542</u>	<u>38,004</u>	<u>148,025</u>	<u>159</u>	<u>148,184</u>

The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Cumulative Current Year 31-Mar-19 RM'000	Preceding Year Corresponding Period 31-Mar-18 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(5,878)	487
Adjustments for:		
Allowance for doubtful debts	47	-
Changes in fair value on derivative financial asset	(12)	(88)
Depreciation of property, plant and equipment	1,602	1,051
Dividend income	(101)	(29)
Fair value loss on investments held for trading	335	239
Fixed assets written off	-	4
Gain on disposal of fixed assets	(90)	(82)
Loss on foreign exchange - unrealised	355	191
Government grant income	(35)	(35)
Realised loss on foreign exchange - cash and cash equivalent	4	10
Income distribution from quoted fund	(21)	-
Interest income	(70)	(76)
Interest expense	335	248
Operating cash flows before working capital changes	(3,529)	1,920
Changes in working capital:		
Increase in inventories	(3,601)	(2,107)
Decrease in trade and other receivables	7,094	7,147
Increase in trade and other payables	3,639	2,596
Increase in investment held for trading	(1,408)	(1,916)
Cash generated from operations	2,195	7,640
Income tax paid	(78)	(63)
Income tax refunded	88	746
Net cash generated from operating activities	2,205	8,323
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in fixed deposit pledged	(35)	(10)
Increase in property development cost	(114)	(1,259)
Income distribution from quoted fund	21	-
Interest received	70	76
Dividend received	101	29
Deposit paid for purchase of property, plant and equipment	(1,472)	(201)
Proceed from disposal of fixed assets	90	82
Purchase of property, plant and equipment	(968)	(1,500)
Purchase of other investment	(5,000)	(365)
Net cash used in investing activities	(7,307)	(3,148)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(278)	(248)
Cash payment for leases	(263)	-
Proceeds from issuance of shares	-	1
Repayment of hire purchase liabilities	(121)	(44)
Repayment of term loan	(330)	(268)
Net cash used in financing activities	(992)	(559)
Net (decrease)/increase in cash and cash equivalents	(6,094)	4,616
Effect of exchange rate changes	(4)	(10)
Cash and cash equivalents at 1 January	7,406	4,546
Cash and cash equivalents at 31 March	1,308	9,152
Cash and cash equivalents at end of financial quarter comprised:		
Cash and bank balances	3,213	15,208
Fixed deposits with licensed banks	5,344	2,217
Bank overdraft	(5,852)	(6,943)
	2,705	10,482
Less: Fixed deposits pledged	(1,397)	(1,330)
	1,308	9,152

The unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2019

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

A1. BASIS OF PREPARATION

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

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted and as disclosed in the Group’s annual report for the financial year ended 31 December 2018.

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

MFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019)

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right of use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 require lessees to account for all leases under a single on-balance sheet model in a similar way to finance lease under MFRS 117. The standard includes two recognition exemption for lessees – leases of low value assets and short term leases (i.e. leases with lease term of 12 months or less). At the commencement date of a lease, a lease will recognize a liability to make lease payments (i.e. lease liability) and an asset representing the right of use the underlying asset during the lease term (i.e. the right of use asset).

Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right of use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change of lease term, change in payments). The lessee will generally recognize the amount of remeasurement of the lease liability as an adjustment to the right of use asset.

Lessor accounting is substantially unchanged. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of lease which is operating and finance leases.

The Group adopted the modified retrospective application approach. The Group has completed its assessment on the financial impact on the adoption of standards. All relevant adjustments has been accounted in this quarterly report as well as the Group’s financial statements for the year ended 31 December 2019.

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2019

A3. AUDITORS REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no audit qualification on the annual financial statements of JAG for the financial year ended 31 December 2018.

A4. SEASONAL AND CYCLICAL FACTORS

The Group’s business operations were mainly attributable (i.e., contributing approximately 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. 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 year under review.

A6. MATERIAL CHANGES IN ESTIMATES

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

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

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter ended 31 March 2019.

A8. DIVIDEND

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

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2019

A9. SEGMENT INFORMATION

The Group’s segmental information is as follows:

	Current Quarter Ended		Year to date	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM’000	RM’000	RM’000	RM’000
Revenue by business segments				
Manufacturing and trading activities	24,476	34,313	24,476	34,313
Proprietary solutions and software maintenance	178	195	178	195
Investment holding	59	360	59	360
Services	841	870	841	870
	<u>25,554</u>	<u>35,738</u>	<u>25,554</u>	<u>35,738</u>
Elimination of inter-segment sales	-	-	-	-
	<u>25,554</u>	<u>35,738</u>	<u>25,554</u>	<u>35,738</u>

	Current Quarter Ended		Year to date	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM’000	RM’000	RM’000	RM’000
Segment results				
Manufacturing and trading activities	(4,903)	1,171	(4,903)	1,171
Investment holding	(443)	(554)	(443)	(554)
Proprietary solutions and software maintenance	(26)	(8)	(26)	(8)
Services	9	141	9	141
Property development	(249)	(91)	(249)	(91)
(Loss)/Profit from operations	<u>(5,612)</u>	<u>659</u>	<u>(5,612)</u>	<u>659</u>
Interest income	69	76	69	76
Finance cost	(335)	(248)	(335)	(248)
(Loss)/Profit before taxation	<u>(5,878)</u>	<u>487</u>	<u>(5,878)</u>	<u>487</u>
Taxation	(330)	-	(330)	-
(Loss)/Profit after taxation	<u>(6,208)</u>	<u>487</u>	<u>(6,208)</u>	<u>487</u>

Revenue By Geographical Segment

Malaysia	8,479	7,743	8,479	7,743
Foreign countries	17,075	27,995	17,075	27,995
	<u>25,554</u>	<u>35,738</u>	<u>25,554</u>	<u>35,738</u>

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2019

A9. SEGMENT INFORMATION (CONTINUED)

	As at 31 Mar 2019 RM'000	As at 31 Dec 2018 RM'000
Segment assets		
Manufacturing and trading activities	147,926	152,562
Investment holding	164,213	159,587
Proprietary solutions and software maintenance	2,746	2,752
Services	9,814	5,387
Property development	29,256	29,507
	<u>353,955</u>	<u>349,795</u>
Elimination	<u>(163,932)</u>	<u>(160,708)</u>
	<u>190,023</u>	<u>189,087</u>
Segment liabilities		
Manufacturing and trading activities	60,384	59,579
Investment holding	5,642	104
Proprietary solutions and software maintenance	4,786	4,766
Services	9,019	4,548
Property development	30,285	30,298
	<u>110,116</u>	<u>99,295</u>
Elimination	<u>(68,277)</u>	<u>(64,600)</u>
	<u>41,839</u>	<u>34,695</u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation or revaluation of property, plant and equipment during the current financial quarter 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 2019 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 year 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 year under review.

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

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2019

A14. CAPITAL COMMITMENTS

Save as disclosed below, as at 31 March 2019, the Board is not aware of any material commitment incurred or known to be incurred by the Company or the Group, which may have material impact on the financial position of the Group:

Balance payments for purchase of land held for development	RM'000 <u>12,958</u>
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A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2019

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

B1. REVIEW OF PERFORMANCE

The Group recorded revenue of approximately RM25.55 million for the current financial quarter and period ended 31 March 2019. Export sales accounted for about RM17.08 million or 67% of total revenue for the current financial quarter and period ended 31 March 2019.

The Group recorded lower revenue for the current financial quarter and period as compared to previous corresponding financial quarter and period by 28.5%. The said lower revenue mainly due to lower sales of copper, gold and aluminum. In addition, the major customers of the Group based in China has taken long leave during the festive season in February 2019 resulted to lesser sales in first quarter 2019.

The Group recorded loss before tax of RM5.88 million in the current financial quarter and period as compared to previous year corresponding financial quarter and period of profit before tax RM487,000. This is mainly due to higher cost of sales incurred in the manufacturing and trading division as well as lower revenue as mentioned.

Increase in staff cost mainly due to additional of head count as well as bonus payments in current financial quarter under review. Other income mainly consists of realised gain on foreign exchange, gain on disposal of fixed assets, dividend income and income distribution from quoted fund. Whereas for the additional increase in depreciation mainly resulted from application of MFRS 16 in which, depreciation of right of use asset has been accounted since the adoption of the said standards.

Other operating expenses mainly consists of manufacturing overhead expenses, unrealised loss on foreign exchange, loss on fair value adjustment on investment held for trading, procurement fees, professional fees, entertainment expenses and travelling expenses.

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

	Current Quarter 31 Mar 2019	Immediate Preceding Quarter 31 Dec 2018	Changes
	RM'000	RM'000	%
Revenue	25,554	44,756	-42.90%
Staff costs	3,013	2,498	20.62%
Other income	702	1,622	-56.72%
Depreciation	1,603	1,303	23.02%
Other operating expenses	2,831	3,361	-15.77%
(Loss)/Profit before interest and tax	(5,878)	1,160	>-100%
(Loss)/Profit after taxation	(6,208)	391	>-100%

The Group recorded lower revenue of RM25.55 million for the current financial quarter ended 31 March 2019 compared to preceding financial quarter ended 31 December 2018 of RM44.76 million. The said decrease in revenue mainly due to lower sales of copper, gold, palladium and aluminum. In addition, the major customers of the Group based in China has taken long leave during the festive season in February 2019 resulted to lower sales in first quarter 2019

There was higher staff costs incurred during the current financial quarter as compared to immediate preceding quarter. The said increase was mainly due to bonus payment in current financial quarter.

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2019

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

The lower other income in the current financial quarter resulted from no unrealised gain on foreign exchange, absence of gain on fair value adjustment on investment held for trading as well as lower gain fair value of derivative.

The higher depreciation recorded in current financial quarter as compared to preceding quarter due to application of new MFRS 16 where depreciation of right of use assets has been accounted beginning from 1 Jan 2019.

The lower other operating expenses mainly due to lesser marketing and promotional expenses incurred in current financial quarter as well as rental expenses in relation to the coin operated self-service laundry division has been classified as part of lease payments in statement of financial position in accordance to MFRS 16.

The Group’s recorded loss before interest and tax in the current financial quarter mainly due to lower revenue, higher cost of sales incurred in the manufacturing and trading division.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019

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

As part of the Group’s strategy to diversify its sources of revenue and earnings, the property development division was established in the financial year 2017. The property development division carried the Group’s maiden 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.

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 2019 will be favourable.

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 first quarter ended 31 March 2019

B5. TAXATION

	Current Quarter Ended		Year to date	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Income tax	(90)	-	(90)	-
Deferred tax	(240)	-	(240)	-
	<u>(330)</u>	<u>-</u>	<u>(330)</u>	<u>-</u>

The effective tax rate of the Group for current financial quarter and year ended 31 December 2019 are lower than the statutory tax rate of 24% due to business losses allowance carried forward and availability of reinvestment allowance which arose from the capital expenditure of a subsidiary in the current financial quarter and year under review.

B6. STATUS OF CORPORATE PROPOSALS

On 19 December 2018, the Company announced that JAG Development Sdn. Bhd. (“JAG Development”), a wholly-owned subsidiary of JAG, entered into a Sale and Purchase Agreement (“SPA”) with Hwee Seng & Co. Sdn. Bhd. (Company No. 11313-W) for the purchase of a parcel of freehold land held under GM 20871, Mukim Klang, District of Klang, State of Selangor, measuring approximately 16,720 square metres in an area bearing address Lot 171449, Sungei Rasau Ulu, Mukim Klang, Klang, Selangor Darul Ehsan (hereinafter referred to as “the Land”) by JAG Development, for a total purchase consideration of RM14,397,806.40. As at the date of this announcement, the terms and conditions have yet to be fulfilled and the balance purchase consideration has yet to be paid, as such the acquisition of land is pending completion.

Save as above, there were no corporate proposals announced but not completed as at 23 May 2019, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarter report.

B7. STATUS OF UTILISATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENT

The actual utilisation of the total gross proceeds of RM7,647,550 raised from the Private Placement (as detailed in Note B6) are as follows:

	Proposed utilisation RM'000	Actual utilisation RM'000	Balance proceeds RM'000	Deviation amount RM'000	Intended timeframe for utilisation
Property Development Expenditure	7,048	1,936	5,112 ⁽¹⁾	-	12 months
Working capital	300	114	186 ⁽¹⁾	60 ⁽²⁾	12 months
Estimated expenses in relation to the Private Placement	300	240	60	(60) ⁽²⁾	Within 1 month
Total	7,648	2,290	5,358	-	

Note:-

⁽¹⁾ The balance proceeds is expected to be fully utilised within the intended timeframe.

⁽²⁾ The balance of unutilised proceeds will be utilised for working capital.

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2019

B8. GROUP BORROWINGS

The Group’s borrowings as at 31 March 2019 (all denominated in Ringgit Malaysia) are as follows:-

	As at 31 Mar 2019 RM’000	As at 31 Dec 2018 RM’000
Short term borrowing (secured)		
Term loan	1,320	1,317
Overdraft	5,852	6,706
Hire purchase	459	444
	7,631	8,467
Long term borrowing (secured)		
Term loan	8,259	8,591
Hire purchase	882	1,018
	9,141	9,609
Total	16,772	18,076

	As at 31 Mar 2019 %	As at 31 Dec 2018 %
The effective interest rate are as follows:		
Term loan	5.00	5.00
Overdraft	10.45	10.45
Hire purchase	6.25	6.23
Proportion of borrowings between fixed and floating interest rates	8.00 : 92.00	8.08 : 91.92

B9. DERIVATIVE FINANCIAL INSTRUMENTS

(l) Disclosure of derivatives

As at 31 March 2019, the Group has the following derivative financial instrument:

Type of derivative	Contract value RM’000	Fair value RM’000	Fair value gain RM’000
Forward foreign exchange contracts			
- Less than 1 year	1,646	1,634	12

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

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

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

QUARTERLY REPORT

Notes on the quarterly report for the first quarter ended 31 March 2019

B9. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

The Group determines the fair values of the derivative financial instruments relating to the forward foreign exchange contracts by using the difference between the contracted foreign exchange rates and the market forward rates. The basis of fair value measurement is the difference between the contracted value and the market forward rates and market price.

This resulted in the Group recorded a gain when the rates moved favourable against the Group or recorded a loss when the rates moved unfavourable against the Group.

B10. MATERIAL LITIGATION

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

B11. DIVIDEND

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

B12. NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

	Current Quarter Ended		Year to date	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Allowance for doubtful debts	47	-	47	-
Changes in fair value of derivative assets	(12)	(88)	(12)	(88)
Depreciation of property, plant and equipment	1,602	1,051	1,602	1,051
Dividend income	(101)	(29)	(101)	(29)
Fixed asset written off		4		4
Gain on disposal of fixed assets	(90)	(82)	(90)	(82)
Loss on foreign exchange – unrealised	355	191	355	191
Gain on foreign exchange – realised	(391)	(126)	(391)	(126)
Fair value loss on investments held for trading	355	239	355	239
Government grant income	(35)	(35)	(35)	(35)
Income distribution from quoted fund	(21)	-	(21)	-
Interest income	(70)	(76)	(70)	(76)
Interest expenses				
- Hire purchase	23	6	23	6
- Short term borrowing	120	120	120	120
- Term loan	135	122	135	122
- Implicit interest of lease liabilities	57	-	57	-

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 2019

B13. (LOSS)/EARNINGS PER SHARE

- (i) Basic (loss)/earnings per share

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

	Current Quarter Ended		Year to date	
	31 Mar 2019 RM	31 Mar 2018 RM	31 Mar 2019 RM	31 Mar 2018 RM
Net (loss)/profit attributable to owners of the Company (RM'000)	(6,199)	458	(6,199)	458
Weighted average number of ordinary shares in issue ('000)	1,514,731	1,376,932	1,514,731	1,376,932
Basic (loss)/earnings per share (sen)	(0.41)	0.03	(0.41)	0.03

- (ii) Diluted earnings per share

Diluted earnings per share are not presented in the quarterly report as at 31 March 2019 as the fair value of the ordinary shares of the Company during the reporting period is lower than the exercise price of the outstanding warrants and options under the employee Share Issue Scheme. These potential ordinary shares have a dilutive effect only if the fair value of the ordinary shares during the reporting period exceeds the exercise price of these potential ordinary shares.

B14. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board in accordance with a resolution of the directors dated 29 May 2019.

BY ORDER OF THE BOARD,

CHENG CHIA PING
(MAICSA 1032514 PRACTITIONER)
COMPANY SECRETARY

29 May 2019