

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31-Mar-20 RM'000	Preceding year Corresponding Quarter 31-Mar-19 RM'000	Changes %	Current Year To date 31-Mar-20 RM'000	Preceding year Corresponding year 31-Mar-19 RM'000	Changes %
Revenue	37,396	25,554	46.34%	37,396	25,554	46.34%
Direct costs	(157)	(237)	-33.76%	(157)	(237)	-33.76%
Changes in inventories of finished goods and work in progress	(4,906)	3,279	-249.62%	(4,906)	3,279	-249.62%
Raw materials and consumable used	(22,382)	(26,115)	-14.29%	(22,382)	(26,115)	-14.29%
Changes in inventories of trading merchandise	(131)	(1,348)	-90.28%	(131)	(1,348)	-90.28%
Staff costs	(2,826)	(3,013)	-6.21%	(2,826)	(3,013)	-6.21%
Other income	474	702	-32.48%	474	702	-32.48%
Depreciation and amortisation	(1,542)	(1,603)	-3.81%	(1,542)	(1,603)	-3.81%
Other operating expenses	(4,092)	(2,831)	44.54%	(4,092)	(2,831)	44.54%
Finance cost	(246)	(266)	-7.52%	(246)	(266)	-7.52%
<b>Profit/(Loss) before taxation</b>	<b>1,588</b>	<b>(5,878)</b>	<b>-127.02%</b>	<b>1,588</b>	<b>(5,878)</b>	<b>-127.02%</b>
Taxation	(60)	(330)	-81.82%	(60)	(330)	-81.82%
<b>Profit/(Loss) after taxation/ Total comprehensive income/(loss)</b>	<b>1,528</b>	<b>(6,208)</b>	<b>-124.61%</b>	<b>1,528</b>	<b>(6,208)</b>	<b>-124.61%</b>
<b>Profit/(Loss) attributable to:</b>						
Owners of the Company	1,538	(6,199)		1,538	(6,199)	
Non-controlling interest	(10)	(9)		(10)	(9)	
	<b>1,528</b>	<b>(6,208)</b>		<b>1,528</b>	<b>(6,208)</b>	
<b>Total comprehensive income/(loss) attributable to:</b>						
Owners of the Company	1,538	(6,199)		1,538	(6,199)	
Non-controlling interest	(10)	(9)		(10)	(9)	
	<b>1,528</b>	<b>(6,208)</b>		<b>1,528</b>	<b>(6,208)</b>	
<b>Earning/(Loss) per share attributable to owners of the Company (sen per share):</b>						
Basic earning/(loss) per share	0.08	(0.41)		0.08	(0.41)	
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 2019 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 31-Mar-20 RM'000	Audited As at preceding Financial Year Ended 31-Dec-19 RM'000
<b>ASSETS</b>		
<b>Non Current assets</b>		
Property, plant and equipment	79,308	79,111
Right of use assets	7,267	7,664
Investment properties	15,440	15,440
Intangible assets	102	102
Land held for development	16,094	15,727
	118,211	118,044
<b>Current Assets</b>		
Inventories	45,635	50,273
Trade and other receivables	10,715	9,612
Tax recoverable	73	54
Other investment	6,240	9,404
Derivative assets	-	12
Fixed deposits with licensed banks	5,278	5,248
Cash and bank balances	6,890	8,875
	74,831	83,478
<b>TOTAL ASSETS</b>	193,042	201,522
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves attributable to owners of the parent</b>		
Share capital	166,639	166,639
Share premium	-	-
Treasury shares	(1,297)	(100)
Revaluation reserve	23,379	23,379
Reverse acquisition reserve	(72,051)	(72,051)
Reserve - SIS	1,542	1,542
Retained profits	33,835	32,297
	152,047	151,706
Equity attributable to the owners of the Company	152,047	151,706
Non-controlling interest	135	145
	152,182	151,851
<b>Total equity</b>	152,182	151,851
<b>Non Current Liabilities</b>		
Lease liabilities	3,783	4,632
Deferred income	693	728
Borrowings	15,737	16,170
Provision	14	38
Deferred tax liabilities	3,621	3,721
	23,848	25,289
<b>Current Liabilities</b>		
Trade and other payables	10,632	15,302
Tax payable	443	307
Borrowings	3,564	6,933
Lease Liabilities	2,282	1,840
Derivative liabilities	91	-
	17,012	24,382
<b>TOTAL LIABILITIES</b>	40,860	49,671
<b>TOTAL EQUITY AND LIABILITIES</b>	193,042	201,522
Net assets per share (sen) attributable to owners of the Company	8.50	8.35

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 2019 and the accompanying explanatory notes attached to this interim financial statements.

JAG BERHAD ("JAG" OR "COMPANY")  
 [Registration No. 199701023733 (439230-A)]

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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 2019	148,110	9,141	(100)	23,379	(72,051)	1,542	44,203	154,224	168	154,392
Transfer in accordance with Section 618 (2) of the Companies Act 2016	9,141	(9,141)	-	-	-	-	-	-	-	-
Net profit/Total comprehensive 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>
At 1 January 2020	166,639	-	(100)	23,379	(72,051)	1,542	32,297	151,706	145	151,851
Treasury shares acquired	-	-	(1,197)	-	-	-	-	(1,197)	-	(1,197)
Net profit / Total comprehensive profit for the period	-	-	-	-	-	-	1,538	1,538	(10)	1,528
At 31 March 2020	<u>166,639</u>	<u>-</u>	<u>(1,297)</u>	<u>23,379</u>	<u>(72,051)</u>	<u>1,542</u>	<u>33,835</u>	<u>152,047</u>	<u>135</u>	<u>152,182</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 2019 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Cumulative Current Year 31-Mar-20 RM'000	Preceding Year Corresponding Period 31-Mar-19 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	1,588	(5,878)
Adjustments for:		
Allowance for impairment of receivables	-	47
Allowance for impairment of receivables no longer required	(11)	-
Changes in fair value of other investments	1,622	335
Changes in fair value of derivative financial instruments	103	(12)
Depreciation of property, plant and equipment and right of use assets	1,542	1,603
Dividend income	(29)	(101)
Gain on disposal of fixed assets	(11)	(90)
Loss on foreign exchange - unrealised	203	355
Government grant income	(35)	(35)
Realised loss on foreign exchange - cash and cash equivalent	(25)	4
Income distribution from quoted fund	-	(21)
Interest income	(75)	(70)
Interest expense	322	335
Operating cash flows before working capital changes	5,194	(3,528)
Changes in working capital:		
Decrease/(Increase) in inventories	4,638	(3,601)
(Increase)/Decrease in trade and other receivables	(1,329)	7,093
(Decrease)/Increase in trade and other payables	(4,664)	3,639
Increase in property development expenditure	(368)	(114)
Increase in other investments	1,543	(6,408)
Cash generated from operations	5,014	(2,919)
Income tax paid	(43)	(78)
Income tax refunded	-	88
<b>Net cash generated from/(used in) operating activities</b>	<b>4,971</b>	<b>(2,909)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in fixed deposit pledged	(11)	(35)
Income distribution from quoted fund	-	21
Interest received	75	70
Dividend received	29	101
Deposit paid for purchase of property, plant and equipment	(138)	(1,472)
Proceed from disposal of fixed assets	12	90
Purchase of property, plant and equipment	(1,204)	(968)
<b>Net cash used in investing activities</b>	<b>(1,237)</b>	<b>(2,193)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(245)	(278)
Cash payment for leases	(483)	(384)
Acquisition of treasury shares	(1,197)	-
Repayment of term loan	(678)	(330)
<b>Net cash used in financing activities</b>	<b>(2,603)</b>	<b>(992)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,131</b>	<b>(6,094)</b>
Effect of exchange rate changes	25	(4)
<b>Cash and cash equivalents at 1 January</b>	<b>7,794</b>	<b>7,406</b>
<b>Cash and cash equivalents at 31 March</b>	<b>8,950</b>	<b>1,308</b>
<b>Cash and cash equivalents at end of financial quarter comprised:</b>		
Cash and bank balances	6,890	3,213
Fixed deposits with licensed banks	5,278	5,344
Bank overdraft	(985)	(5,852)
	11,183	2,705
Less: Fixed deposits pledged	(2,233)	(1,397)
	<b>8,950</b>	<b>1,308</b>

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 2019 and the accompanying explanatory notes attached to this interim financial statements.

**QUARTERLY REPORT**

**Notes on the quarterly report for the financial period ended 31 March 2020**

**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 2019.

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.

The Group has not adopted the new standards, amendments to published standards and IC interpretations that have been issued but not yet effective. These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial applications other than the following:

- i. IFRIC Tentative Agenda Decision – Over Time Transfer of Constructed Goods (effective for financial periods beginning on or after 1 July 2020)

The IFRS Interpretations Committee (“IFRIC”) received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 Borrowing Costs and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

- a) Any receivable and contract asset that the entity recognises is not a qualifying asset; and
- b) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The Malaysian Accounting Standards Board announced on 20 March 2019 that an entity shall apply the change in accounting policies as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of making an assessment of the financial impact that may arise from the adoption of the agenda decision.

**QUARTERLY REPORT**

**Notes on the quarterly report for the financial period ended 31 March 2020**

**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 2019.

**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. 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.

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

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and period ended 31 March 2020:

- (i) The Company has repurchased 28,300,000 of its issued ordinary shares from open market at average price of RM0.0423 per share. The purchases were financed by internally generated funds, and retained as treasury shares of the Company.

As at 31 March 2020, the number of treasury shares held were 29,300,000 ordinary share with the carrying amount of RM1,296,500.

**A8. DIVIDEND**

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 financial period ended 31 March 2020**

**A9. SEGMENT INFORMATION (CONTINUED)**

	<b>As at 31 Mar 2020 RM'000</b>	<b>As at 31 Dec 2019 RM'000</b>
<b>Segment assets</b>		
Manufacturing and trading activities	146,525	151,099
Investment holding	152,926	155,329
Proprietary solutions and software maintenance Services	276	2,667
	9,961	10,315
Property development	33,977	36,688
	<u>343,665</u>	<u>356,098</u>
Elimination	<u>(150,623)</u>	<u>(154,577)</u>
	<u>193,042</u>	<u>201,521</u>
<b>Segment liabilities</b>		
Manufacturing and trading activities	52,824	61,010
Investment holding	5,993	4,959
Proprietary solutions and software maintenance Services	177	4,792
	9,284	9,592
Property development	42,442	44,995
	<u>110,720</u>	<u>125,348</u>
Elimination	<u>(69,860)</u>	<u>(75,677)</u>
	<u>40,860</u>	<u>49,671</u>

**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 and period ended 31 March 2020 up to the date of this report.

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

Save as disclosed below, there were no other changes and/or intended changes in the composition of the Group during the current financial quarter and period under review:

On 1 April 2020, the Company entered into a Share Sale Agreement for the disposal of 758,000 ordinary shares, representing 100% equity interest held in JAG Systems Sdn Bhd [Registration No. 199401011708 (297387-W)] (“JAG System”) to Ms Fan Mee Mee and Mr Fan Soon Hee, for a total cash consideration of RM280,000 (Ringgit Malaysia Two Hundred and Eighty Thousand only) (“Disposal”). Upon completion of the disposal, JAG System Sdn Bhd shall cease to be a wholly-owned subsidiary of the Company.

The said disposal is pending for completion as on date of this report.



**QUARTERLY REPORT**

**Notes on the quarterly report for the financial period ended 31 March 2020**

**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 review.

**A14. CAPITAL COMMITMENTS**

Save as disclosed below, as at 31 March 2020, 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:

Purchase of machinery	<b>RM'000</b> <u>877</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 financial period ended 31 March 2020**

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

**B1. REVIEW OF PERFORMANCE**

The Group recorded revenue of approximately RM37.40 million for the current financial quarter and period ended 31 March 2020. Export sales accounted for about RM32.50 million or 87% of total revenue for the current financial quarter and period ended 31 March 2020.

The Group recorded increased in revenue of 46.34% in current financial quarter and period as compared to previous corresponding financial quarter and period ended 31 March 2019. This was due to higher revenue generated from sales of copper, gold, nickel and palladium in current financial quarter and period.

The Group recorded profit after tax of RM1.53 million in current financial quarter and period as compared to loss after tax of RM6.21 million in previous corresponding financial quarter and period. This was mainly due to higher revenue recorded by the manufacturing division as well as high purity precious metals have been disposed of during the current financial quarter and period. In addition, the Group also benefited from the uptrend in some of the precious metal commodity prices, especially gold and it resulted in better margin in the current financial quarter.

The Group experienced higher other operating expenses mainly due to the recognition of loss on fair value of investment in quoted shares in the investment holding division as the KLSE index and share price of investment held closed low on the reporting date compared to 31 December 2019.

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

	<b>Current Quarter 31 Mar 2020</b>	<b>Immediate Preceding Quarter 31 Dec 2019</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	37,396	35,963	3.98
Direct costs	157	1,004	-84.36
Staff costs	2,826	4,044	-30.12
Other income	464	1,140	-59.30
Other operating expenses	4,081	2,361	72.85
Profit after taxation	1,529	2,525	-39.45

The Group recorded higher revenue of RM37.4 million for the current financial quarter ended 31 March 2020 compared to preceding financial quarter ended 31 December 2019 of RM36.0 million. The said increased in revenue was due to higher sales of gold, palladium and nickel in current financial quarter.

Decrease in direct costs was mainly due to the absence of disposal of shares held in current financial quarter as compared to immediate preceding quarter. The decrease in staff costs in current financial quarter was due to the recognition of accrual of bonus for the financial year ended 31 December 2019 of which there is no such accrual in current financial quarter.

Decrease in other income was due to the absence of fair value gain on investment held as at 31 March 2020. The Group recorded higher other operating expenses mainly due to the recognition of fair value loss on investment held of RM1.6 million resulted from lower market price of shares invested by the Group. The fair value loss on investment had led to lower profit after tax generated in the current financial quarter.

**QUARTERLY REPORT**

**Notes on the quarterly report for the financial period ended 31 March 2020**

**B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020**

Looking forward, financial year 2020 will be a highly challenging period for many market participants as the global economy has been significantly affected by the Covid-19 pandemic. Fluctuations in exchange rates and commodity prices will continue to have an impact on the Group’s financial performance and position.

The manufacturing and trading division of the Group will continue to be the major revenue and profit contributor in financial year 2020. However, to remain competitive in the waste management industry, sourcing for materials or waste is the biggest challenge for full recovery plant licensed holders. The Management believes that the approach, know-how and advanced waste management facility maintained by the Group will sustain the market position of the Company. Furthermore, the continuing efforts of the R&D team to acquire more know-how will certainly strengthen the competitive advantage of the Company.

For the property development division, the real estate outlook in 2020 could likely remain subdued. However, Bank Negara Malaysia reduced interest rate three times in 2020, which will create a cheaper mortgage loan, and in turn benefit home purchasers. The Group will continue positioning itself as a boutique developer. The Management will review, monitor and analyse the on-going projects as well as market conditions to ensure the projects meet the demand of the market.

**B4. VARIANCE OF FORECAST PROFIT AND PROFIT GUARANTEE**

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

**B5. TAXATION**

	Current Quarter		Year to date	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	RM’000	RM’000	RM’000	RM’000
Income tax	(60)	(90)	(60)	(90)
Deferred tax	-	(240)	-	(240)
	<u>(60)</u>	<u>(330)</u>	<u>(60)</u>	<u>(330)</u>

The effective tax rate of the Group for current financial quarter and year ended 31 December 2020 are lower than the statutory tax rate of 24% due to 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 completed as at 21 May 2020, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarter report.

**QUARTERLY REPORT**

**Notes on the quarterly report for the financial period ended 31 March 2020**

**B7. STATUS OF UTILISATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENT**

- (i) The gross proceeds of RM7,647,550 raised from the Private Placement on 11 October 2018 is for the Group’s development project, “ARCA”. Followed the announcement on 15 November 2019 on the variation of utilisation of proceeds, the utilisation are as below:

	<b>Revised utilisation RM’000</b>	<b>Actual utilisation RM’000</b>	<b>Balance proceeds RM’000</b>	<b>Revised timeframe for utilisation</b>
Property Development Expenditure	3,782	2,996	786	24 months
Property Development Expenditure (“New Project”)*	3,266	1,374	1,892	24 months
Working Capital	360	194	166	24 months
Estimated expenses in relation to the Private Placements	240	240	-	-
<b>Total</b>	<b>7,648</b>	<b>4,804</b>	<b>2,844</b>	

\* refer to upcoming development project in Kemuning Utama’s land

- (ii) The actual utilisation of the total gross proceeds of RM9,495,875 raised from the 20% private placement on 13 December 2019 and 30 December 2019 as below:

	<b>Proposed utilisation RM’000</b>	<b>Actual utilisation RM’000</b>	<b>Balance proceeds RM’000</b>	<b>Intended timeframe for utilisation</b>
Project development cost	2,000	-	2,000	12 months
Purchase of machinery	3,870	2,993	877	12 months
Working Capital	3,366	3,366	-	12 months
Estimated expenses in relation to the Private Placements	260	260	-	within 1 month
<b>Total</b>	<b>9,496</b>	<b>6,619</b>	<b>2,877</b>	

**QUARTERLY REPORT**

**Notes on the quarterly report for the financial period ended 31 March 2020**

**B8. GROUP BORROWINGS**

The Group’s borrowings as at 31 March 2020 (all denominated in Ringgit Malaysia) are as follows:-

	<b>As at 31 Mar 2020 RM’000</b>	<b>As at 31 Dec 2019 RM’000</b>
<b>Short term borrowing (secured)</b>		
Term loan	2,579	2,824
Overdraft	985	4,109
Lease liabilities	1,658	1,840
	5,222	8,773
<b>Long term borrowing (secured)</b>		
Term loan	15,737	16,170
Lease liabilities	3,783	4,632
	19,520	20,802
<b>Total</b>	<b>24,742</b>	<b>29,575</b>

	<b>As at 31 Mar 2020 %</b>	<b>As at 31 Dec 2019 %</b>
The effective interest rate are as follows:		
Term loan	6.93	6.93
Overdraft	9.20	10.20
Hire purchase liabilities	4.62	4.62
Other lease liabilities	5.00	5.00
Proportion of borrowings between fixed and floating interest rates	22 : 78	22 : 78

**B9. DERIVATIVE FINANCIAL INSTRUMENTS**

(l) Disclosure of derivatives

As at 31 March 2020, the Group has the following derivative financial instrument:

<b>Type of derivative</b>	<b>Contract value RM’000</b>	<b>Fair value RM’000</b>	<b>Fair value loss RM’000</b>
Forward foreign exchange contracts			
- Less than 1 year	3,152	3,049	103

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 financial period ended 31 March 2020**

**B9. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

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

The Group determines the fair value 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 dividends being declared, recommended or paid during the financial quarter and year under review.

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

	Current Quarter		Year to date	
	Ended			
	31 Mar	31 Mar	31 Mar	31 Mar
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment of receivables	-	47	-	47
Allowance for impairment of receivables no longer required	(11)	-	(11)	-
Changes in fair value of derivative financial instruments	103	(12)	103	(12)
Depreciation of property, plant and equipment and right of use assets	1,542	1,603	1,542	1,603
Dividend income	(29)	(101)	(29)	(101)
Gain on disposal of fixed assets	(11)	(90)	(11)	(90)
Loss on foreign exchange – unrealised	203	355	203	355
Gain on foreign exchange – realised	(276)	(391)	(276)	(391)
Changes in fair value loss on other investments	1,622	335	1,622	335
Government grant income	(35)	(35)	(35)	(35)
Income distribution from quoted fund	-	(21)	-	(21)
Interest income	(75)	(70)	(75)	(70)
Interest expenses				
- Hire purchase	18	23	18	23
- Overdraft	92	120	92	120
- Term loan	153	135	153	135
- Unwinding interest	1	-	1	-
- Implicit interest of lease liabilities	58	57	58	57

**QUARTERLY REPORT**

**Notes on the quarterly report for the financial period ended 31 March 2020**

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

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

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

	<b>Current Quarter Ended</b>		<b>Year to date</b>	
	<b>31 Mar</b>	<b>31 Mar</b>	<b>31 Mar</b>	<b>31 Mar</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Net profit/(loss) attributable to owners of the Company (RM'000)	1,537	(6,199)	1,537	(6,199)
Weighted average number of ordinary shares in issue ('000)	1,809,861	1,514,731	1,809,861	1,514,731
Basic earnings/(loss) per share (sen)	0.08	(0.41)	0.08	(0.41)

- (ii) Diluted earnings per share

Diluted earnings per share are not presented in the quarterly report as at 31 March 2020 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**

This interim financial statement was authorised for issue by the Board on 29 May 2020 in accordance with a resolution of the directors.

BY ORDER OF THE BOARD,

CHENG CHIA PING  
SSM PC NO. 202008000730  
MAICSA 1032514 PRACTITIONER  
COMPANY SECRETARY

29 May 2020