

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30-Sep-20 RM'000	Preceding year Corresponding Quarter 30-Sep-19 RM'000	Changes %	Current Year To date 30-Sep-20 RM'000	Preceding year Corresponding year 30-Sep-19 RM'000	Changes %
Revenue	47,913	44,889	6.74%	114,718	103,432	10.91%
Direct costs	(8,469)	(212)	3894.81%	(8,747)	(663)	1219.31%
Changes in inventories of finished goods and work in progress	3,670	(1,665)	-320.42%	(1,051)	1,631	-164.44%
Raw materials and consumable used	(32,754)	(33,633)	-2.61%	(78,078)	(85,177)	-8.33%
Changes in inventories of trading merchandise	(177)	(177)	0.00%	(381)	(2,548)	-85.05%
Staff costs	(3,233)	(3,410)	-5.19%	(8,769)	(9,366)	-6.37%
Other income	2,379	99	2303.03%	3,054	870	251.03%
Depreciation and amortisation	(1,633)	(1,292)	26.39%	(4,776)	(4,517)	5.73%
Other operating expenses	(2,817)	(8,122)	-65.32%	(6,830)	(15,927)	-57.12%
Finance cost	(897)	(316)	183.86%	(1,523)	(872)	74.66%
Profit/(Loss) before taxation	3,982	(3,839)	-203.72%	7,617	(13,137)	-157.98%
Taxation	(1,550)	(655)	136.64%	(1,610)	(1,315)	22.43%
Profit/(Loss) after taxation/ Total comprehensive income/(loss)	2,432	(4,494)	-154.12%	6,007	(14,452)	-141.57%
Profit/(Loss) attributable to:						
Owners of the Company	2,455	(4,491)		6,163	(14,449)	
Non-controlling interest	(23)	(3)		(156)	(3)	
	2,432	(4,494)		6,007	(14,452)	
Total comprehensive income/(loss) attributable to:						
Owners of the Company	2,455	(4,491)		6,163	(14,449)	
Non-controlling interest	(23)	(3)		(156)	(3)	
	2,432	(4,494)		6,007	(14,452)	
Earning/(Loss) per share attributable to owners of the Company (sen per share):						
Basic earning/(loss) per share	0.55	(0.30)		1.37	(0.95)	
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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Current Quarter 30-Sep-20 RM'000	Audited As at preceding Financial Year Ended 31-Dec-19 RM'000
ASSETS		
Non Current assets		
Property, plant and equipment	79,111	79,111
Right of use assets	6,422	7,664
Investment properties	15,745	15,440
Intangible assets	102	102
Land held for development	15,810	15,727
	117,190	118,044
Current Assets		
Inventories	50,455	50,273
Trade and other receivables	14,885	9,612
Tax recoverable	32	54
Other investment	10,227	9,404
Derivative assets	2	12
Fixed deposits with licensed banks	3,349	5,248
Cash and bank balances	5,546	8,875
	84,496	83,478
TOTAL ASSETS	201,686	201,522
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent		
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
Retained profits	40,002	32,297
	156,672	151,706
Equity attributable to the owners of the Company	156,672	151,706
Non-controlling interest	(11)	145
	156,661	151,851
Total equity	156,661	151,851
Non Current Liabilities		
Lease liabilities	3,799	4,632
Deferred income	623	728
Borrowings	15,277	16,170
Provision	42	38
Deferred tax liabilities	4,071	3,721
	23,812	25,289
Current Liabilities		
Trade and other payables	11,895	15,302
Tax payable	1,461	307
Borrowings	6,055	6,933
Lease Liabilities	1,802	1,840
Derivative liabilities	-	-
	21,213	24,382
TOTAL LIABILITIES	45,025	49,671
TOTAL EQUITY AND LIABILITIES	201,686	201,522
Net assets per share (sen) attributable to owners of the Company	35.02	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 THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	(14,449)	(14,449)	(3)	(14,452)
At 30 September 2019	<u>157,251</u>	<u>-</u>	<u>(100)</u>	<u>23,379</u>	<u>(72,051)</u>	<u>1,542</u>	<u>29,754</u>	<u>139,775</u>	<u>165</u>	<u>139,940</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)
Expiry of SIS option	-	-	-	-	-	(1,542)	1,542	-	-	-
Net profit / Total comprehensive profit for the period	-	-	-	-	-	-	6,163	6,163	(156)	6,007
At 30 September 2020	<u>166,639</u>	<u>-</u>	<u>(1,297)</u>	<u>23,379</u>	<u>(72,051)</u>	<u>-</u>	<u>40,002</u>	<u>156,672</u>	<u>(11)</u>	<u>156,661</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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Cumulative Current Year 30-Sep-20 RM'000	Preceding Year Corresponding Period 30-Sep-19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	7,617	(13,137)
Adjustments for:		
Allowance for impairment of receivables	39	767
Allowance for impairment of receivables no longer required	(400)	-
Amortisation of club membership	-	1
Changes in fair value of other investments	(1,714)	437
Changes in fair value of derivative financial instruments	(2)	17
Depreciation of property, plant and equipment and right of use assets	4,776	4,517
Dividend income	(64)	(145)
Fixed assets written off	-	1
Gain on disposal of fixed assets	(66)	(188)
Loss on foreign exchange - unrealised	170	394
Government grant income	(105)	(105)
Realised loss on foreign exchange - cash and cash equivalent	(7)	(4)
Impairment loss on investment properties	-	4,005
Impairment loss on property, plant and equipments	-	1,891
Income distribution from quoted fund	-	(35)
Inventories written down	-	2,085
Interest income	(154)	(162)
Interest expense	1,677	1,034
	<hr/>	<hr/>
Operating cash flows before working capital changes	11,767	1,373
Changes in working capital:		
Increase in inventories	(182)	(368)
(Increase)/Decrease in trade and other receivables	(5,071)	7,541
(Decrease)/Increase in trade and other payables	(3,406)	537
Increase in property development expenditure	(443)	(179)
Decrease/(Increase) in other investments	891	(1,296)
	<hr/>	<hr/>
Cash generated from operations	3,556	7,608
Income tax paid	(117)	(470)
Income tax refunded	33	106
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Net cash generated from operating activities	3,472	7,244
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CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(Increase) in fixed deposit pledged	1,384	(36)
Income distribution from quoted fund	-	35
Interest received	154	162
Dividend received	64	145
Deposit paid for purchase of property, plant and equipment	(305)	(1,260)
Proceed from disposal of fixed assets	67	188
Purchase of property, plant and equipment	(3,069)	(2,939)
Purchase of land held for development	-	(6,392)
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Net cash used in investing activities	(1,705)	(10,097)
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CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,081)	(865)
Cash payment for leases	(1,569)	(1,209)
Acquisition of treasury shares	(1,197)	-
Proceeds of term loan	250	2,315
Repayment of term loan	(1,229)	(1,211)
	<hr/>	<hr/>
Net cash used in financing activities	(4,826)	(970)
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Net decrease in cash and cash equivalents	(3,059)	(3,823)
Effect of exchange rate changes	7	4
Cash and cash equivalents at 1 January	7,794	7,406
	<hr/>	<hr/>
Cash and cash equivalents at 30 September 2020	4,742	3,587
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents at end of financial quarter comprised:		
Cash and bank balances	5,546	4,396
Fixed deposits with licensed banks	3,349	4,833
Bank overdraft	(3,316)	(4,244)
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	5,579	4,985
Less: Fixed deposits pledged	(837)	(1,398)
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	4,742	3,587
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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 30 September 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.

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 90% 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.

QUARTERLY REPORT

Notes on the quarterly report for the financial period ended 30 September 2020

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 30 September 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 from 28 February 2020 to 19 March 2020. The purchases were financed by internally generated funds, and retained as treasury shares of the Company.

As at 30 September 2020, the number of treasury shares held were 7,325,000 ordinary share (after share consolidation) with the carrying amount of RM1,296,500.

- (ii) 89,460,000 Placement Shares were issued pursuant to the Private Placement (as defined in Note B6), were listed on 20 November 2020 at RM0.1402 each. The listing of the Placement Shares marked the completion of the Private Placement (as defined in Note B6).

A8. DIVIDEND

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		Year to date	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM’000	RM’000	RM’000	RM’000
Revenue by business segments				
Manufacturing and trading activities	37,727	43,898	103,164	100,251
Proprietary solutions and software maintenance	-	85	108	428
Investment holding	9,383	-	9,488	59
Services	803	906	1,958	2,694
	<u>47,913</u>	<u>44,889</u>	<u>114,718</u>	<u>103,432</u>
Elimination of inter-segment sales	-	-	-	-
	<u>47,913</u>	<u>44,889</u>	<u>114,718</u>	<u>103,432</u>

QUARTERLY REPORT

Notes on the quarterly report for the financial period ended 30 September 2020

A9. SEGMENT INFORMATION (CONTINUED)

	Current Quarter Ended		Year to date	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Segment results				
Manufacturing and trading activities	4,569	2,684	10,011	(3,423)
Investment holding	558	(580)	239	(1,368)
Proprietary solutions and software maintenance	-	(73)	(40)	(73)
Services	(80)	35	(636)	137
Property development	(168)	(5,589)	(434)	(7,538)
Profit/(Loss) from operations	4,879	(3,523)	9,140	(12,265)
Interest income	43	38	154	162
Finance cost	(940)	(354)	(1,677)	(1,034)
Profit/(Loss) before taxation	3,982	(3,839)	7,617	(13,137)
Taxation	(1,550)	(655)	(1,610)	(1,315)
Profit/(Loss) after taxation	2,432	(4,494)	6,007	(14,452)
Revenue By Geographical Segment				
Malaysia	16,958	13,393	23,624	31,204
Foreign countries	30,955	31,496	91,094	72,228
	47,913	44,889	114,718	103,432
			As at 30 Sep 2020 RM'000	As at 31 Dec 2019 RM'000
Segment assets				
Manufacturing and trading activities			154,887	151,099
Investment holding			163,031	155,329
Proprietary solutions and software maintenance			-	2,667
Services			9,756	10,315
Property development			34,134	36,689
			361,808	356,099
Elimination			(160,122)	(154,577)
			201,686	201,522
Segment liabilities				
Manufacturing and trading activities			56,869	61,010
Investment holding			6,756	4,959
Proprietary solutions and software maintenance			-	4,792
Services			8,830	9,592
Property development			19,675	44,995
			92,130	125,348
Elimination			(47,105)	(75,677)
			45,025	49,671

QUARTERLY REPORT

Notes on the quarterly report for the financial period ended 30 September 2020

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 30 September 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:

- (i) 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”). The said disposal was completed on 29 July 2020 and JAG System ceased to be a subsidiary of the Company.
- (ii) On 9 July 2020, the Company has incorporated a wholly-owned subsidiary, JAG Renewable Energy Sdn Bhd (“JAG RE”). JAG RE is a private limited company with an issued share capital of RM1,000,000 comprising 1,000,000 ordinary shares. JAG RE has not commenced business since its operation. The intended activity of JAG RE is to involve in production and manufacturing of renewable energy business.

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

As at 30 September 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.

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 30 September 2020

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

B1. REVIEW OF PERFORMANCE

3rd Quarter 2020 vs 3rd Quarter 2019

The Group recorded increased in revenue of 6.7% in current financial quarter as compared to previous corresponding financial quarter ended 30 September 2019. The disposal of investment held in investment holding division of RM9.4 million (refer to Note A9) contributed to the increase in revenue as well as corresponding cost of investment had been recognised as direct cost in the current financial quarter.

In respect of the performance of Total Waste Management (“TWM”) division, revenue recorded at RM37.7 million in current financial quarter as compared to RM43.9 million in previous year corresponding financial quarter (refer to Note A9), marked a decreased of 14.1%. This is mainly due to lower sales of precious metals such as silver, nickel, tin and platinum. However, the TWM division reported an improvement of profit before interest and tax (“PBIT”) of RM4.6 million in current quarter as compared to RM2.7 million in previous corresponding financial quarter by 70.4%. This was mainly due to higher sales of precious metals with better margin products during the financial quarter. Furthermore, the appreciation of commodity prices had directly contributed to the profitability of the division.

The Group reported increased in other income in current financial quarter. It was mainly due to the fair value adjustment on the quoted investment held by the Group. The market value of quoted investments closed higher as at 30 September 2020 as compared to immediate preceding quarter 30 June 2020, thus it resulted in fair value gain on investment held in current financial quarter ended 30 September 2020.

The decreased in other operating expenses was due to the absence of impairment loss on property development division which were recognised in previous corresponding financial quarter. With the improved performance of TWM division, it will attract higher tax payable for the Year of Assessment 2020, and as a result additional provision of tax payable had been projected in the account leading to higher taxation in the current quarter.

Financial Period 30 September 2020 vs Financial Period 30 September 2019

The Group recorded increased in revenue of 10.9% in current financial period as compared to previous corresponding financial period ended 30 September 2019. The improvement of revenue was contributed by increased in revenue in TWM division as well as the investment holding division.

Although TWM division operations was temporary halted during the first phase of Movement Control Order (“MCO”) from 18 March 2020 to 21 April 2020, the cumulative financial performance of the TWM has improved compared to previous corresponding financial period ended 30 September 2019. This was mainly due to higher sales of precious metals with better margin during the financial period. Furthermore, the appreciation of commodity prices had directly contributed to the profitability of the division.

The increase in direct cost was mainly due to the recognition of correspondence cost of investment in relation to the disposal of quoted investment in investment holding division. The increased of other income mainly due to recognition of fair value adjustment on quoted investment held by the Group resulted from higher closing price at 30 September 2020 compared to closing price as at 31 December 2019.

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Notes on the quarterly report for the financial period ended 30 September 2020

B1. REVIEW OF PERFORMANCE (CONTINUED)

The Group recorded lower other operating expenses mainly due to absence of recognition of impairment losses of investment properties and plant in current financial period. In addition, with the improved performance the Group had anticipated a higher tax payable for the year of assessment 2020, and as a result, higher provision of tax payable had been projected in the account leading to higher taxation recorded in current financial period.

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

	Current Quarter 30 Sep 2020	Immediate Preceding Quarter 30 June 2020	Changes
	RM'000	RM'000	%
Revenue	47,913	29,409	62.9
Direct cost	8,469	121	>100
Other operating expenses	2,817	1,934	45.7
Profit before taxation	3,982	2,047	94.5
Taxation	1,550	-	100
Profit after taxation	2,432	2,047	18.8

The Group recorded higher revenue of RM47.9 million for the current financial quarter ended 30 September 2020 as compared to immediate preceding financial quarter ended 30 June 2020 of RM29.4 million. This was mainly due to the higher sales of copper, gold and silver in TWM division as well as disposal of investment held in investment holding division. The increase in direct cost was mainly due to the recognition of corresponding cost of investment in relation to the disposal of quoted investment in investment holding division.

Higher other operating expenses incurred in current financial quarter mainly due to higher expenses on waste disposal charges and repair and maintenance of machinery.

The improve in profit before taxation mainly due to higher sales in current quarter as compared to immediate preceding financial quarter. The Group reviewed the provision of tax payable in relation to the improvement in profitability and additional provision was required for the current financial quarter.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

Moving forward, financial year 2020 will be a challenging period for many market participants as the global economy has been significantly affected by the Covid-19 pandemic.

The price of commodities especially precious metals such as gold, silver, platinum and palladium had been on a market uptrend since March 2020 up to current date of this report. The Management views the positive movement benefits the financial performance of the manufacturing and trading division. However, any fluctuations in exchange rates and commodity prices will continue to have an impact on the Group's financial performance and position.

QUARTERLY REPORT

Notes on the quarterly report for the financial period ended 30 September 2020

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 (CONTINUED)

The manufacturing and trading division of the Group continues to be the major revenue and profit contributor in financial year 2020. In order 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 would 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 to position 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 Ended		Year to date	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Income tax	(1,200)	(415)	(1,260)	(595)
Deferred tax	(350)	(240)	(350)	(720)
	<u>(1,550)</u>	<u>(655)</u>	<u>(1,610)</u>	<u>(1,315)</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.

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Notes on the quarterly report for the financial period ended 30 September 2020

B6. STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there were no corporate proposals announced but not completed as at 20 November 2020, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarter report.

- (i) On 16 June 2020, the Company proposed to undertake a proposed share consolidation involving the consolidation of every 4 existing ordinary shares in JAG into 1 ordinary share in JAG. The said proposal had been approved by the shareholder in the Extraordinary General Meeting held on 5 August 2020. The effective date of share consolidation will be on 25 August 2020.
- (ii) On 16 October 2020, Hong Leong Investment Bank Berhad (“HLIB”) had on behalf the Board announced that the Company proposes to undertake a proposed private placement of up to 20% 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 20 October 2020.

The Company had on 2 November 2020 obtained Bursa Securities’ approval for the listing and quotation of up to 100,668,003 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 HLIB must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- ii. JAG and HLIB to inform Bursa Securities upon the completion of the Proposed 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 Proposed Private Placement is completed.

On 20 November 2020, the Company completed the issuances and listing of 89,460,000 Placement Shares at RM0.1402 each and raised a gross proceeds of RM12,542,292.00 (“hereinafter referred to as “**Private Placement 2020**”). The listing of Placement Shares marked the completion of the Private Placement 2020.

B7. STATUS OF UTILISATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENT

(a) Private Placements 2019

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 were as below:

	Proposed utilisation RM’000	Actual utilisation RM’000	Balance proceeds RM’000	Intended timeframe for utilisation
Project development cost	2,000	-	2,000	18 months
Purchase of machinery	3,870	3,870	-	12 months
Working Capital	3,366	3,366	-	6 months
Estimated expenses in relation to the Private Placements	260	260	-	within 1 month
Total	9,496	7,496	2,000	

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Notes on the quarterly report for the financial period ended 30 September 2020

B7. STATUS OF UTILISATION OF PROCEEDS RAISED FROM PRIVATE PLACEMENT (CONTINUED)

(b) Private Placements 2020

In view that the Private Placement 2020 involving the issuances and listing of 89,460,000 Placement Shares at RM0.1402 each which raise a gross proceeds of RM12,542,292.00 has only been completed on 20 November 2020, the Company has yet to utilise the proceeds raised therefrom.

B8. GROUP BORROWINGS

The Group’s borrowings as at 30 September 2020 (all denominated in Ringgit Malaysia) are as follows:-

	As at 30 Sep 2020 RM’000	As at 31 Dec 2019 RM’000
Short term borrowing (secured)		
Term loan	2,739	2,824
Overdraft	3,316	4,109
Lease liabilities	1,802	1,840
	7,857	8,773
Long term borrowing (secured)		
Term loan	15,277	16,170
Lease liabilities	3,799	4,632
	19,076	20,802
Total	26,933	29,575
	As at 30 Sep 2020 %	As at 31 Dec 2019 %
The effective interest rate are as follows:		
Term loan	6.93	6.93
Overdraft	8.95	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	21 : 79	22 : 78

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Notes on the quarterly report for the financial period ended 30 September 2020

B9. DERIVATIVE FINANCIAL INSTRUMENTS

(I) Disclosure of derivatives

As at 30 September 2020, 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	2,918	2,920	2

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.

(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 vice versa.

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 year under review.

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Notes on the quarterly report for the financial period ended 30 September 2020

B12. NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

	Current Quarter		Year to date	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Allowance for impairment of receivables	39	-	39	767
Allowance for impairment of receivables no longer required	(379)	-	(400)	-
Changes in fair value of derivative financial instruments	(64)	13	(2)	17
Changes in fair value on other investments	(1,656)	296	(1,714)	437
Depreciation of property, plant and equipment and right of use assets	1,633	1,292	4,776	4,517
Dividend income	3	(22)	(64)	(145)
Gain on disposal of fixed assets	-	(5)	(66)	(188)
(Gain)/Loss on foreign exchange – unrealised	14	(28)	170	394
Gain on foreign exchange – realised	123	79	123	1
Government grant income	(35)	(35)	(105)	(105)
Impairment loss on investment properties	-	3,055	-	4,055
Impairment loss on property, plant and equipment	-	1,891	-	1,891
Inventory written down	-	1,606	-	2,085
Income distribution from quoted fund	-	-	-	(35)
Interest income	(43)	(38)	(154)	(162)
Interest expenses				
- Hire purchase	18	22	57	67
- Overdraft	48	141	174	393
- Term loan	809	130	1,267	398
- Banker acceptance	-	-	-	6
- Unwinding interest	1	1	3	3
- Implicit interest of lease liabilities	64	57	176	166

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Notes on the quarterly report for the financial period ended 30 September 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:

	Current Quarter Ended		Year to date	
	30 Sep 2020 RM	30 Sep 2019 RM	30 Sep 2020 RM	30 Sep 2019 RM
Net profit/(loss) attributable to owners of the Company (RM'000)	2,455	(4,491)	6,163	(14,449)
Weighted average number of ordinary shares in issue ('000)	447,370	1,514,731	449,064	1,514,731
Basic earnings/(loss) per share (sen)	0.55	(0.30)	1.37	(0.95)

- (ii) Diluted earnings per share

Diluted earnings per share are not presented in the quarterly report as at 30 September 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 26 November 2020 in accordance with a resolution of the directors.

BY ORDER OF THE BOARD,

CHENG CHIA PING
(MAICSA 1032514 PRACTITIONER)
COMPANY SECRETARY

26 November 2020