

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31-Dec-23 RM'000	Preceding year Corresponding Quarter 31-Dec-22 RM'000	Changes %	Current Year To date 31-Dec-23 RM'000	Preceding year Corresponding year 31-Dec-22 RM'000	Changes %
Revenue	55,849	60,087	-7.05%	197,449	254,093	-22.29%
Direct costs	(325)	(394)	-17.51%	(1,259)	(1,429)	-11.90%
Changes in inventories of finished goods and work in progress	(2,840)	(9,419)	-69.85%	(1,767)	(6,197)	-71.49%
Raw materials and consumable used	(41,729)	(38,152)	9.38%	(147,742)	(189,490)	-22.03%
Changes in inventories of trading merchandise	(168)	(99)	69.70%	(611)	(598)	2.17%
Staff costs	(4,442)	(3,695)	20.22%	(18,192)	(16,062)	13.26%
Other income	1,189	380	212.89%	3,417	1,006	239.66%
Depreciation and amortisation	(3,206)	(2,115)	51.58%	(9,444)	(8,231)	14.74%
Other operating expenses	(4,421)	(4,345)	1.75%	(16,607)	(18,090)	-8.20%
Finance cost	(932)	(259)	259.85%	(2,551)	(1,459)	74.85%
(Loss)/Profit before taxation	(1,025)	1,989	-151.53%	2,693	13,543	-80.12%
Taxation	(300)	(974)	-69.20%	(1,406)	(3,914)	-64.08%
(Loss)/Profit after taxation/ Total comprehensive (loss)/income	(1,325)	1,015	-230.54%	1,287	9,629	-86.63%
(Loss)/Profit attributable to: Owners of the Company	(1,325)	1,015		1,287	9,629	
	-	-		-	-	
	(1,325)	1,015		1,287	9,629	
Total comprehensive (loss)/income attributable to: Owners of the Company	(1,325)	1,015		1,287	9,629	
	-	-		-	-	
	(1,325)	1,015		1,287	9,629	
(Loss)/Earning per share attributable to owners of the Company (sen per share):						
Basic (loss)/earning per share	(0.22)	0.17		0.21	1.60	

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 2022 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at end of Financial year 31-Dec-23 RM'000	Audited As at preceding Financial Year Ended 31-Dec-22 RM'000
ASSETS		
Non Current assets		
Property, plant and equipment	98,793	93,827
Right of use assets	9,715	6,987
Investment properties	72,645	35,693
Intangible assets	99	99
Other investments	2,350	2,350
Land held for development	-	10,605
Deferred tax assets	253	253
	183,855	149,814
Current Assets		
Inventories	71,833	62,985
Trade and other receivables	18,532	26,328
Leasehold land	10,025	-
Tax recoverable	1,525	50
Other investment	13,333	8,917
Fixed deposits with licensed banks	1,292	1,266
Cash and bank balances	4,502	11,530
	121,042	111,076
TOTAL ASSETS	304,897	260,890
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent		
Share capital	203,171	203,171
Treasury shares	(3,901)	(10,863)
Revaluation reserve	28,139	28,139
Reverse acquisition reserve	(72,051)	(72,051)
Retained profits	54,363	64,530
	209,721	212,926
Equity attributable to the owners of the Company	209,721	212,926
Total equity	209,721	212,926
Non Current Liabilities		
Lease liabilities	4,737	4,270
Deferred income	168	308
Borrowings	33,136	10,696
Provision	48	38
Deferred tax liabilities	6,586	6,599
	44,675	21,911
Current Liabilities		
Trade and other payables	24,351	17,688
Tax payable	658	2,034
Borrowings	21,587	3,886
Lease Liabilities	3,905	2,445
	50,501	26,053
TOTAL LIABILITIES	95,176	47,964
TOTAL EQUITY AND LIABILITIES	304,897	260,890
Net assets per share (sen) attributable to owners of the Company	34.07	33.85

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 2022 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 FOURTH ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RM'000	Tresury shares RM'000	Revaluation reserve RM'000	Reverse acquisition reserve 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 2022	204,468	(1,297)	28,139	(72,051)	61,105	220,364	-	220,364
Cancellation of shares	(1,297)	1,297	-	-	-	-	-	-
Acquisiton of treasury shares	-	(13,933)	-	-	-	(13,933)	-	(13,933)
Share dividend	-	3,070	-	-	(6,204)	(3,134)	-	(3,134)
Net profit / Total comprehensive profit for the year	-	-	-	-	9,629	9,629	-	9,629
At 31 December 2022	<u>203,171</u>	<u>(10,863)</u>	<u>28,139</u>	<u>(72,051)</u>	<u>64,530</u>	<u>212,926</u>	<u>-</u>	<u>212,926</u>
At 1 January 2023	203,171	(10,863)	28,139	(72,051)	64,530	212,926	-	212,926
Acquisition of treasury shares	-	(4,492)	-	-	-	(4,492)	-	(4,492)
Distribution of share dividend	-	11,454	-	-	(11,454)	-	-	-
Net profit / Total comprehensive profit for the year	-	-	-	-	1,287	1,287	-	1,287
At 31 December 2023	<u>203,171</u>	<u>(3,901)</u>	<u>28,139</u>	<u>(72,051)</u>	<u>54,363</u>	<u>209,721</u>	<u>-</u>	<u>209,721</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 2022 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	Cumulative Current Year 31-Dec-23 RM'000	Preceding Year Corresponding Period 31-Dec-22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,693	13,543
Adjustments for non-cash item:		
Addition of right of use asset	(3,661)	-
Allowance for impairment of receivables	-	465
Allowance for impairment of receivables no longer required	(357)	(500)
Adjustment for derecognition of ROU and lease liabilities	(192)	-
Changes in fair value of other investments	(1,126)	1,637
Changes in fair value of derivative financial instruments	-	7
Depreciation and amortisation	9,444	8,231
Dividend income	(37)	(58)
Fixed assets written off	80	472
Gain on disposal of fixed assets	(508)	(268)
Gain on disposal of other investment	(658)	(127)
Impairment of property, plant and equipment	579	215
Loss/(Gain) on foreign exchange - unrealised	216	147
Government grant income	(140)	(140)
Other non cash adjustment		(154)
Realised loss on foreign exchange - cash and cash equivalent	(118)	(45)
Interest income	(347)	(146)
Interest expense	2,899	1,604
Operating cash flows before working capital changes	8,767	24,883
Changes in working capital:		
(Increase)/Decrease in inventories	(8,847)	8,683
Decrease/(Increase) in trade and other receivables	7,936	(7,646)
Increase in trade and other payables	6,654	7,529
Increase in other investments	(2,632)	(4,453)
Cash generated from operations	11,878	28,996
Income tax paid	(4,279)	(5,754)
Income tax refunded	22	-
Net cash generated from operating activities	7,621	23,242
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in fixed deposit pledged	16	(7)
Interest received	313	146
Dividend received	37	58
Deposit paid for purchase of investment property	-	(7,275)
Proceeds from disposal of fixed assets	539	1,295
Purchase of investment property	(37,270)	-
Purchase of property, plant and equipment	(7,987)	(9,825)
Net cash used in investing activities	(44,352)	(15,608)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,894)	(1,604)
Cash payment for leases	(3,162)	(2,805)
Acquisition of treasury shares	(4,491)	(13,933)
Dividend paid	-	(3,134)
Proceeds from term loan	29,995	-
Repayment of term loan	(6,997)	(6,708)
Net cash generated from/(used in) financing activities	12,451	(28,184)
Net decrease in cash and cash equivalents	(24,280)	(20,550)
Effect of exchange rate changes	118	45
Cash and cash equivalents at 1 January	11,926	32,431
Cash and cash equivalents at 31 December	(12,236)	11,926
Cash and cash equivalents at end of financial quarter comprised:		
Cash and bank balances	4,502	11,530
Fixed deposits with licensed banks	1,292	1,266
Bank overdraft	(17,142)	-
	(11,348)	12,796
Less: Fixed deposits pledged	(888)	(870)
	(12,236)	11,926

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 2022 and the accompanying explanatory notes attached to this interim financial statements.

QUARTERLY REPORT

Notes on the quarterly report for the financial year ended 31 December 2023

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 2022.

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 the accounting policies of the Group upon their initial applications.

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 2022.

A4. SEASONAL AND CYCLICAL FACTORS

The Group's primary sources of revenue (approximately 96% of its total revenue) are derived from its manufacturing and trading business segment, which involves recycling and recovery activities. These operations are affected by the cyclicity of the semiconductor industry, which, in turn, is dependent on end-user industries such as electrical and 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 electronic waste (E-waste) for recycling and manufacturing services is reliant on the volume of E-waste discharged by semiconductor manufacturers, the E-waste recycling industry is also influenced by the trends in the semiconductor industry.

QUARTERLY REPORT

Notes on the quarterly report for the financial year ended 31 December 2023

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

On 10 March 2023, the Group announced the completion of the acquisition of investment property namely Menara TM (subsequently renamed as “Wisma JAG”) in Taman Desa, Kuala Lumpur. The total acquisition price of the said investment property was RM37.5 million (inclusive of direct cost incurred attributable to the acquisition). The acquisition was partly financed by a bank borrowing of RM30 million and balance payment by internally generated fund. As a result of this acquisition, there was a significant increase in non-current assets and non-current liabilities in the statement of financial position as at 31 December 2023.

On 27 July 2023, the Group announced that JAG Eco Sdn Bhd (“JAG Eco”), a wholly owned subsidiary of Jaring Metal Industries Sdn Bhd, which in turn an indirect wholly owned subsidiary of the Group, has on 27 July 2023 entered into a Sale and Purchase Agreement (“SPA”) with TFM Holding Sdn Bhd, for the disposal of 2 parcels of land for a total disposal consideration of RM10.0 million. As of the date of this report, the transaction remains pending completion, and JAG Eco is actively engaged in discussions with the purchaser to secure an extension of the completion timeline in order to fulfill the precedent condition outlined in the SPA.

Save as disclosed above, 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 an effect on the current financial quarter and year 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 year ended 31 December 2023:

During the financial period under review, the Company has repurchased 13,500,000 of its issued ordinary shares from the open market at average price of RM0.33 per share. The purchases were financed by internally generated funds and retained as treasury shares of the Company.

As at 31 December 2023, the number of treasury shares held was 11,941,077 ordinary shares with the carrying amount of RM3,900,517 after the share distribution mentioned in Note A8.

A8. DIVIDEND

Save as disclosed below, there were no dividends paid or declared for the current quarter and year:

On 20 April 2023, the Company announced the special and final share dividend in the form of a distribution of treasury shares at a ratio of one (1) treasury shares for every nineteen (19) existing ordinary shares. The proposal of dividend has been approved by the shareholders in the Annual General Meeting held on 29 May 2023.

The share dividend has been credited into entitled shareholders' security account on 28 June 2023 with total distribution of 31,303,526 ordinary shares from the treasury shares account.

QUARTERLY REPORT

Notes on the quarterly report for the financial year ended 31 December 2023

A9. SEGMENT INFORMATION

The Group’s segmental information is as follows:

	Current Quarter Ended		Year to date	
	31 Dec 2023 RM’000	31 Dec 2022 RM’000	31 Dec 2023 RM’000	31 Dec 2022 RM’000
Revenue by business segments				
Manufacturing and trading activities	54,050	58,366	190,530	247,862
Lifestyle and services	1,608	1,721	6,290	6,231
Property investment and development	191	-	628	-
	<u>55,849</u>	<u>60,087</u>	<u>197,448</u>	<u>254,093</u>
Elimination of inter-segment sales	-	-	-	-
	<u>55,849</u>	<u>60,087</u>	<u>197,448</u>	<u>254,093</u>
Segment results				
Manufacturing and trading activities	636	3,873	9,110	20,393
Investment holding	1,448	(586)	202	(2,417)
Lifestyle and services	(343)	(145)	(1,283)	(2,279)
Property investment and development	(1,834)	(894)	(2,784)	(696)
Profit from operations	(93)	2,248	5,245	15,001
Interest income	21	(9)	347	146
Finance cost	(953)	(250)	(2,899)	(1,604)
Profit before taxation	(1,025)	1,989	2,693	13,543
Taxation	(300)	(974)	(1,406)	(3,914)
Profit after taxation	<u>(1,325)</u>	<u>1,015</u>	<u>1,287</u>	<u>9,629</u>
Revenue By Geographical Segment				
Malaysia	14,985	6,158	32,412	24,655
Foreign countries	40,864	53,929	165,036	229,438
	<u>55,849</u>	<u>60,087</u>	<u>197,448</u>	<u>254,093</u>
			As at 31 Dec 2023 RM’000	As at 31 Dec 2022 RM’000
Segment assets				
Manufacturing and trading activities			214,936	200,037
Investment holding			210,924	220,130
Lifestyle and services			10,880	10,751
Property investment and development			90,066	50,806
			<u>526,806</u>	<u>481,724</u>
Elimination			(221,909)	(220,834)
			<u>304,897</u>	<u>260,890</u>
Segment liabilities				
Manufacturing and trading activities			80,631	67,734
Investment holding			6,526	14,826
Lifestyle and services			16,409	15,815
Property investment and development			82,573	40,063
			<u>186,139</u>	<u>138,438</u>
Elimination			(90,963)	(90,474)
			<u>95,176</u>	<u>47,964</u>

QUARTERLY REPORT

Notes on the quarterly report for the financial year ended 31 December 2023

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A11. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL QUARTER

There were no material events subsequent to the current financial quarter and year ended 31 December 2023 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 review.

A14. CAPITAL COMMITMENTS

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 year under review.

QUARTERLY REPORT

Notes on the quarterly report for the financial year ended 31 December 2023

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

B1. REVIEW OF PERFORMANCE

4th Quarter 2023 vs 4th Quarter 2022

	31 Dec 2023	31 Dec 2022	Changes
	RM'000	RM'000	%
Revenue by business segments			
Manufacturing and trading activities	54,050	58,366	-7
Lifestyle and services	1,608	1,721	-7
Property investment and development	191	-	100
	<u>55,849</u>	<u>60,087</u>	-7
Segment results			
Manufacturing and trading activities	636	3,873	-84
Investment holding	1,448	(586)	>100
Lifestyle and services	(343)	(145)	<100
Property investment and development	(1,834)	(894)	<100
(Loss)/Profit from operations	<u>(93)</u>	<u>2,248</u>	
Interest income	21	(9)	
Finance cost	(953)	(250)	
(Loss)/Profit before taxation	<u>(1,025)</u>	<u>1,989</u>	
Taxation	(300)	(974)	
(Loss)/Profit after taxation	<u>(1,325)</u>	<u>1,015</u>	

The Group's revenue decreased by 7%, from RM 60.1 million in the corresponding quarter to RM55.8 million in the current financial quarter. In respect of profitability, the Group reported loss after taxation at RM1.33 million as compared to the profit after taxation of RM1.02 million in the previous year corresponding quarter.

The Total Waste Management (**TWM**) has reported decreased in revenue and profitability in the current financial quarter. This is mainly due to low margin precious metal being disposed during the current financial quarter as compared to the previous year correspondence financial quarter.

The lifestyle and services business segment has reported a slight decrease in revenue compared to the previous year corresponding quarter. In respect of profitability, the business loss generated from the lifestyle and services business segments mainly due to written off of renovation cost incurred in refurbishment of outlet, closure of non performing outlets, as well as increased in raw material and consumables cost in the said business segments.

The investment holding business segment recorded a profit primarily due to the recognition of fair value gain in quoted investment held.

The losses incurred in the property investment and development business segment resulted from cost incurred from operations, such as property management fees, cleaning fees, security fees, depreciation on building, and impairment loss on property.

QUARTERLY REPORT

Notes on the quarterly report for the financial year ended 31 December 2023

B1. REVIEW OF PERFORMANCE (CONTINUED)

Financial Year ended 31 Dec 2023 vs Financial Year ended 31 Dec 2022

	FY 2023	FY 2022	Changes
	RM'000	RM'000	%
Revenue by business segments			
Manufacturing and trading activities	190,530	247,862	-23
Lifestyle and services	6,290	6,231	1
Property investment and development	628	-	100
	<u>197,448</u>	<u>254,093</u>	
Segment results			
Manufacturing and trading activities	9,110	20,393	-55
Investment holding	202	(2,417)	>100
Lifestyle and services	(1,283)	(2,279)	44
Property investment and development	(2,784)	(696)	<100
Profit from operations	<u>5,245</u>	<u>15,001</u>	
Interest income	347	146	
Finance cost	(2,899)	(1,604)	
Profit before taxation	<u>2,693</u>	<u>13,543</u>	
Taxation	(1,406)	(3,914)	
Profit after taxation	<u>1,287</u>	<u>9,629</u>	

The Group reported a decrease in revenue of 22% from RM254.1 million in previous financial year to RM197.4 million in current financial year. The lower revenue generated from the TWM business segment was mainly due to there was one-off procurement contract between TWM business division and Bank Negara Malaysia which contributed significantly to the revenue and profitability in previous corresponding year.

The lifestyle and services business segment recorded slight improvement in revenue of 1% compared to previous financial year.

In respect of profitability, the decrease in profit mainly due to the lower revenue generated in the TWM business segment who being the main profit contributor to the Group as well as higher operating expenses and depreciation incurred from the property investment division.

The lifestyle and services segment had recorded improvement in profitability in current financial year resulted from new recipe developed and cost control exercise. Whereas for investment holding business segment, the profit recorded was mainly from the recognition of gain on changes in fair value of investment held.

The losses incurred in the property investment and development business segment resulted from cost incurred from operations, such as property management fees, cleaning fees, security fees etc as well as depreciation incurred for building located in Taman Desa.

QUARTERLY REPORT

Notes on the quarterly report for the financial year ended 31 December 2023

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

	Current Quarter 31 Dec 2023	Immediate Preceding Quarter 30 Sept 2023	Changes
	RM'000	RM'000	%
Revenue	55,849	46,002	21
Depreciation and amortization	3,206	2,169	31
Other operating expenses	4,421	4,665	-5
(Loss)/Profit before taxation	(1,025)	245	->100
(Loss)/Profit after taxation	(1,325)	439	->100

The Group recorded higher revenue of RM55.8 million for the current financial quarter ended 31 December 2023 as compared to the immediate preceding financial quarter ended 30 September 2023 of RM46.0 million. The increase was mainly due to higher revenue generated from the TWM business segment, which reported revenue of RM54.1 million, a decrease from RM44.2 million in the corresponding quarter.

The increase in depreciation and amortization mainly resulted from the recognition of depreciation on investment property held in property investment division.

The other operating expense was mainly consisting of operational cost such as manufacturing overhead, travelling expenses, upkeep of machinery and premises, utilities, professional fees and consultant cost incurred in property investment business division to refurbish the Wisma JAG.

In respect of profitability, the Group recorded loss after taxation of RM1.33 million in current financial quarter. This is mainly due to the lower margin precious metal product being disposed in the TWM business segment, as well as recognition of depreciation for Wisma TM as well as impairment loss on property in the current financial quarter.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024

In 2024, the TWM business segment will remain a major contributor to the Group's revenue and profit. To maintain its position as a leading player in the e-waste recycling industry, the Group will continue to focus on strengthening its sourcing capabilities and investing in production capacity, efficiency and technology.

As in financial year 2023, the TWM business segment has achieved a significant milestone by successfully securing two major procurement contracts during the financial year. The Group holds a positive outlook, anticipating that the favorable outcomes of these contracts will make a notable and positive contribution to the overall financial performance of the organisation.

The Group is also optimistic with the outlook for the food and beverage retail industry and the coin-operated launderette industry. In 2024, the Group plans to support these business segments through opening of new outlets, venturing in to new business model, marketing strategies, and continuing introduction of new products.

In the face of a challenging business environment, the Group is committed to strategic adaptation and effective risk management. The Group will take timely and appropriate actions to minimize operating risks and optimize its resources, ensuring resilient business operations during uncertain times. Moreover, the Group is preparing a strong foundation for a sustainable recovery after the pandemic.

QUARTERLY REPORT

Notes on the quarterly report for the financial year ended 31 December 2023

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	
	31 Dec 2023 RM'000	31 Dec 2022 RM'000	31 Dec 2023 RM'000	31 Dec 2022 RM'000
Income tax				
- current year	(300)	(1,402)	(1,400)	(3,696)
- (under)/over provision in prior years	-	686	(6)	(43)
	<u>(300)</u>	<u>(716)</u>	<u>(1,406)</u>	<u>(3,739)</u>
Deferred tax				
- current year	-	(258)	-	25
- over provision in prior years	-	-	-	(200)
	<u>(300)</u>	<u>(974)</u>	<u>(1,406)</u>	<u>(3,914)</u>

The effective tax rate for the current financial quarter and year is higher than the statutory income tax rate of 24%. This is primarily due to the majority of the tax provision is applied to the profit making business entity, whereas the loss-making entity has no tax impact. The business tax losses of the loss making entity will be carried forward to the next financial year for utilisation.

B6. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at 21 February 2024, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarter report.

B7. GROUP BORROWINGS

The Group's borrowings as at 31 December 2023 (all denominated in Ringgit Malaysia) are as follows:-

	As at 31 Dec 2023 RM'000	As at 31 Dec 2022 RM'000
Short term borrowing (secured)		
Overdraft	17,142	-
Term loan	4,442	3,886
Lease liabilities	3,905	2,446
	<u>25,489</u>	<u>6,332</u>
Long term borrowing (secured)		
Term loan*	33,136	10,696
Lease liabilities	4,737	4,270
	<u>37,873</u>	<u>14,966</u>
Total	<u>63,362</u>	<u>21,298</u>

QUARTERLY REPORT

Notes on the quarterly report for the financial year ended 31 December 2023

B7. GROUP BORROWINGS (CONTINUED)

*Referring to Note A5, the significant increase in long term borrowing was mainly due to the term loan draw down from financier for the acquisition of Wisma JAG in Taman Desa, Kuala Lumpur

	As at 31 Dec 2023 %	As at 31 Dec 2022 %
The weighted average effective interest rate are as follows:		
Term loan	6.55	6.55
Overdraft	7.05	7.05
Hire purchase liabilities	5.39	5.39
Other lease liabilities	5.83	5.83
Proportion of borrowings between fixed and floating interest rates	14 : 86	32 : 68

B9. DERIVATIVE FINANCIAL INSTRUMENTS

(i) Disclosure of derivatives

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

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

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

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

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

B10. MATERIAL LITIGATION

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

QUARTERLY REPORT

Notes on the quarterly report for the financial year ended 31 December 2023

B11. DIVIDEND

Save as disclosed below, there were no dividends paid or declared for the previous corresponding quarter and year:

On 20 April 2023, the Company announced the special and final share dividend in the form of a distribution of treasury shares at a ratio of one (1) treasury shares for every nineteen (19) existing ordinary shares. The proposal of dividend has been approved by the shareholders in the Annual General Meeting held on 29 May 2023.

The share dividend has been credited into entitled shareholders' security account on 28 June 2023 with total distribution of 31,303,526 ordinary shares from the treasury shares account.

B12. NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

	Current Quarter Ended		Year to date	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment of receivables	-	-	-	465
Allowance for impairment of receivables no longer required	-	-	(357)	(500)
Changes in fair value of derivative financial instruments	-	-	-	7
Changes in fair value on other investments	(953)	209	(1,126)	1,637
Depreciation of property, plant and equipment and right of use assets	3,206	2,115	9,444	8,231
Dividend income	(13)	-	(37)	(58)
Fixed asset written off	1	444	79	472
Gain on disposal of other investments	-	-	(658)	(127)
Gain on disposal of plant and equipment	(308)	(151)	(508)	(268)
Loss/(Gain) on foreign exchange				
- unrealised	223	508	953	147
- realised	216	22	216	803
Government grant income	(35)	(35)	(140)	(140)
Impairment of property, plant and equipment	579	-	579	215
Interest income	(21)	9	(347)	(146)
Interest expenses				
- Banker acceptance	72	-	98	109
- Overdraft	247	11	611	42
- Term loan	487	125	1,678	994
- Unwinding interest	1	1	5	5
- Implicit interest of lease liabilities	146	113	506	418

QUARTERLY REPORT

Notes on the quarterly report for the financial year ended 31 December 2023

B13. EARNINGS PER SHARE

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

	Current Quarter Ended		Year to date	
	31 Dec 2023 RM	31 Dec 2022 RM	31 Dec 2023 RM	31 Dec 2022 RM
Net (loss)/profit attributable to owners of the Company (RM'000)	(1,325)	1,015	1,287	9,629
Weighted average number of ordinary shares in issue ('000)	615,485	589,600	622,541	599,433
Basic (loss)/earnings per share (sen)	(0.22)	0.17	0.42	1.60

B14. AUTHORISED FOR ISSUE

This interim financial statement was authorised for issue by the Board on 28 February 2024 in accordance with a resolution of the directors.

BY ORDER OF THE BOARD,

CHENG CHIA PING
(MAICSA 1032514 PRACTITIONER)
COMPANY SECRETARY

28 February 2024