

IDEAL JACOBS (MALAYSIA) CORPORATION BHD (857363-U)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

	(Unaudited) AS AT 30/09/2017 RM'000	(Audited) AS AT 31/12/2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	19,066	20,176
Investment property	2,215	1,461
Prepaid land lease payments	1,615	1,672
Other investment	109	109
TOTAL NON-CURRENT ASSETS	23,005	23,418
Current assets		
Inventories	6,704	4,744
Trade receivables	13,333	12,971
Other receivables	3,178	1,375
Amount due from a corporate shareholder	547	279
Fixed deposits with licensed bank	5,139	8,370
Cash and bank balances	9,856	9,362
TOTAL CURRENT ASSETS	38,757	37,101
TOTAL ASSETS	61,762	60,519
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	20,833	13,570
Reserves	9,205	13,955
	<u>30,038</u>	<u>27,525</u>
Non-controlling interests	(173)	(171)
TOTAL EQUITY	29,865	27,354
LIABILITIES		
Non-current liabilities		
Bank borrowings	3,172	5,168
Deferred tax liability	36	36
TOTAL NON-CURRENT LIABILITIES	3,208	5,204
Current liabilities		
Trade payables	7,941	5,380
Other payables	3,677	5,079
Tax payable	1,071	1,166
Bank borrowings	16,000	16,336
TOTAL CURRENT LIABILITIES	28,689	27,961
TOTAL LIABILITIES	31,897	33,165
TOTAL EQUITY AND LIABILITIES	61,762	60,519
Number of ordinary shares in issue ('000)	135,701	135,701
Net assets per share attributable to owners of the parent (RM)	0.22	0.20

Notes :

- (i) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

IDEAL JACOBS (MALAYSIA) CORPORATION BHD (857363-U)
UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2017				
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2016 RM'000	CURRENT YEAR TO DATE 30/09/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2016 RM'000
Revenue	14,532	10,372	38,630	29,726
Cost of sales	(7,835)	(5,245)	(20,156)	(15,209)
Gross profit	6,697	5,127	18,474	14,517
Operating expenses	(6,052)	(3,482)	(14,925)	(10,885)
Profit from operations	645	1,645	3,549	3,632
Interest income	104	47	225	244
Other income	229	(149)	1,069	631
Finance costs	(253)	(247)	(736)	(801)
Profit before tax	725	1,296	4,107	3,706
Taxation	(518)	(331)	(1,256)	(870)
(ii) Profit for the period	207	965	2,851	2,836
Other comprehensive loss				
Item that will be reclassified subsequently to profit or loss				
Foreign exchange translation difference	243	932	(340)	(2,344)
Total comprehensive income for the period	450	1,897	2,511	492
Profit for the period attributable to:				
Owners of the parent	207	965	2,853	2,837
Non-controlling interests	-	-	(2)	(1)
	207	965	2,851	2,836
Total comprehensive income for the period attributable to:				
Owners of the parent	450	1,894	2,513	498
Non-controlling interests	-	3	(2)	(6)
	450	1,897	2,511	492
Weighted average number of ordinary shares issued ('000)	135,701	135,701	135,701	135,701
Weighted average number of ordinary shares issued adjusted for the effects of dilutive potential ordinary shares ('000)	136,881	135,701	136,516	135,701
EPS - Basic (Sen)	0.15	0.71	2.10	2.09
EPS - Diluted (Sen)	0.15	0.71	2.09	2.09

Notes:

(i) The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statement for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

(ii) Profit for the period has been determined after (crediting)/charging, amongst other items, the following:-

	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Amortisation of prepaid land lease payments	9	9	27	26
Corporate exercise expenses expensed off	-	(509)	-	(509)
Depreciation	332	346	999	922
Government grant received	(188)	(9)	(532)	(15)
Interest expenses	253	247	736	801
Interest income	(104)	(47)	(225)	(244)
Property, plant and equipment written off	1	-	2	2
Realised loss/(gain) on foreign exchange	342	(63)	710	(238)
Unrealised (gain)/loss on foreign exchange	(62)	246	(448)	(305)

Other than the items highlighted above which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, no other additional disclosures item in relation to Rule 16 of Appendix 9B Chapter 9 of the Listing Requirements were incurred for the current quarter and period ended 30 September 2017.

IDEAL JACOBS (MALAYSIA) CORPORATION BHD (857363-U)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2017**

	←-----Non Distributable-----→						Distributable		Non- Controlling Interests RM'000	TOTAL EQUITY RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Statutory Reserve RM'000	Revaluation Reserve RM'000	Accumulated losses RM'000	TOTAL RM'000		
As at 01 January 2016	13,570	7,263	7,486	230	2,969	128	(5,238)	26,408	(127)	26,281
Total profit or loss and other comprehensive income for the period	-	-	(477)	-	744	-	850	1,117	(44)	1,073
As at 31 December 2016	<u>13,570</u>	<u>7,263</u>	<u>7,009</u>	<u>230</u>	<u>3,713</u>	<u>128</u>	<u>(4,388)</u>	<u>27,525</u>	<u>(171)</u>	<u>27,354</u>
As at 01 January 2017	13,570	7,263	7,009	230	3,713	128	(4,388)	27,525	(171)	27,354
Transfer to share capital	7,263	(7,263)	-	-	-	-	-	-	-	-
Total profit or loss and other comprehensive income for the period	-	-	(340)	-	-	-	2,853	2,513	(2)	2,511
As at 30 September 2017	<u>20,833</u>	<u>-</u>	<u>6,669</u>	<u>230</u>	<u>3,713</u>	<u>128</u>	<u>(1,535)</u>	<u>30,038</u>	<u>(173)</u>	<u>29,865</u>

Note :

- (i) The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.
- (ii) The new Companies Act, 2016 in Malaysia, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the new act.

IDEAL JACOBS (MALAYSIA) CORPORATION BHD (857363-U)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2017**

	(Unaudited) Current Year To Date 30/09/2017 RM'000	(Unaudited) Preceding Year To Date 30/09/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,107	3,706
Adjustments:		
Depreciation	999	922
Amortisation of prepaid land lease payments	27	26
Interest expenses	736	801
Interest income	(225)	(244)
Property, plant and equipment written off	2	2
Unrealised gain on foreign exchange	(448)	(305)
Operating profit before changes in working capital	5,198	4,908
Corporate shareholder	(275)	838
Inventories	(2,058)	(1,396)
Receivables	(2,449)	(701)
Payables	1,316	573
Cash from operating activities	1,732	4,222
Tax paid	(1,329)	(734)
Interest received	225	244
Interest paid	(736)	(801)
Net cash (used in)/from operating activities	(108)	2,931
CASH FLOWS FROM INVESTING ACTIVITIES		
Reduction/(Placement of) in fixed deposits pledged to bank	3,102	(261)
Purchase of property, plant and equipment	(1,027)	(1,420)
Net cash from/(used in) investing activities	2,075	(1,681)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of term loans	16,191	11,118
Repayments of term loans	(17,871)	(12,501)
Net cash used in financing activities	(1,680)	(1,383)
NET DECREASE IN CASH AND CASH EQUIVALENTS	287	(133)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	9,445	7,385
EFFECT OF EXCHANGE RATE CHANGES	124	(877)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9,856	6,375
CASH AND CASH EQUIVALENTS COMPRISE:		
Fixed deposits with a licensed bank	5,139	7,955
Cash and bank balances	9,856	6,375
	14,995	14,330
Less: Fixed deposits pledged with licensed bank	(5,139)	(7,955)
	9,856	6,375

Note :

- (i) The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: *Interim Financial Reporting in Malaysia* and ACE Market ("ACE") Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements do not included all the information required for full annual financial statements and should be read together with audited financial statements of Ideal Jacobs (Malaysia) Corporation Bhd ("the Group") for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report. The audited financial statements of the Group for the financial year ended 31 December 2016 were prepared in accordance with MFRS.

The accounting policies and method of computation adopted for the interim financial reports are consistent with those adopted in audited financial statements for financial year ended 31 December 2016. The adoption of new MFRSs has not resulted in any material impact on the financial statements of the Group.

The new Companies Act, 2016 in Malaysia, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the new act.

The adoption of the Companies Act, 2016 in Malaysia did not have any significant financial impact on the Group and on the Company for the current financial period ended 30 September 2017 and is not expected to have any significant financial impact on the Group and on the Company for the financial year ending 31 December 2017.

A2. Audit Report of Preceding Annual Financial Statements

The preceding year annual audited financial statements were not subject to any qualification.

A3. Seasonal or Cyclical Factors

The Group's operations were not subject to any seasonal or cyclical changes.

A4. 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 of the Group since the last annual audited financial statements.

A5. Material Changes in Estimates

There were no material changes in estimates for the quarter ended 30 September 2017.

A6. Debt and Equity Securities

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

A7. Dividend Paid

There were no dividends declared or paid by the Group for the current quarter under review.

A8. Segment Information

Business Segment

Period ended	Industrial labels	Laser/ Die-cut products	Fabrication of plastic parts	Trading of non-core products	Other	Elimination	Total
30/09/2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>							
External customers	11,819	14,523	12,085	203	-	-	38,630
Inter-segment	237	1,218	1,492	58	14,174	(17,179)	-
	12,056	15,741	13,577	261	14,174	(17,179)	38,630

Results:-

Interest income	225
Finance costs	(736)
Depreciation and amortisation	(1,026)
Other non-cash income/(expense) (a)	446
Taxation	(1,256)
Segment profit	<u>2,851</u>

Assets:-

Additions to non-current assets (b)	1,027
Unallocated corporate assets	<u>61,762</u>

Liabilities:-

Unallocated corporate liabilities	<u>31,897</u>
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A8. Segment Information (continued)

Business Segment (continued)

Period ended	Industrial <u>labels</u>	Laser/ Die-cut <u>products</u>	Fabrication of plastic <u>parts</u>	Trading of non-core <u>products</u>	<u>Elimination</u>	<u>Total</u>
30/09/2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>						
External customers	10,442	11,558	7,470	256	-	29,726
Inter-segment	264	1,403	1,596	10	(3,273)	-
	<u>10,706</u>	<u>12,961</u>	<u>9,066</u>	<u>266</u>	<u>(3,273)</u>	<u>29,726</u>

Results:-

Interest income	244
Finance costs	(801)
Depreciation and amortisation	(948)
Other non-cash income/(expense) (a)	303
Taxation	(870)
Segment profit	<u>2,836</u>

Assets:-

Additions to non-current assets (b)	1,420
Unallocated corporate assets	<u>55,371</u>

Liabilities:-

Unallocated corporate liabilities	<u>28,598</u>
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A8. Segment Information (continued)

Notes:

(a) Notes to other non-cash income/(expense) consist of the following item:

	Current Year to-Date	Preceding Year Period
	30/09/2017	30/09/2016
	RM'000	RM'000
Property, plant and equipment written off	(2)	(2)
Unrealised gain on foreign exchange	448	305
	<u>446</u>	<u>303</u>

(b) Additional to non-current assets consist of:

	Current Year to-Date	Preceding Year Period
	30/09/2017	30/09/2016
	RM'000	RM'000
Property, plant and equipment	<u>1,027</u>	<u>1,420</u>

(c) It was not practicable to separate out the segment results for its business segments as the Directors of the Company are of the opinion that excessive costs would be incurred.

(d) Unallocated assets and liabilities were jointly used by four products segments.

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A8. Segment Information (continued)

(e) Inter-segment revenues are eliminated on consolidation

(i) Geographical Segments for Revenue and Non-Current Assets

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Ended</u>		<u>Ended</u>	
	30/09/2017		30/09/2017	
	<u>Revenue</u>	<u>Non-Current Assets</u>	<u>Revenue</u>	<u>Non-Current Assets</u>
	RM'000	RM'000	RM'000	RM'000
PRC	8,991	22,971	24,393	22,971
USA	1,875	-	5,104	-
Thailand	1,089	-	3,135	-
Hong Kong	161	-	477	-
Malaysia	442	34	1,080	34
UK	135	-	389	-
Canada	49	-	113	-
Netherlands	275	-	628	-
Israel	381	-	695	-
Taiwan	259	-	858	-
New Zealand	18	-	82	-
Sweden	528	-	971	-
Poland	-	-	9	-
Japan	15	-	34	-
Vietnam	28	-	90	-
India	16	-	34	-
Singapore	30	-	62	-
Lithuania	30	-	58	-
Germany	1	-	8	-
Mexico	86	-	228	-
France	6	-	15	-
Romania	-	-	1	-
Australia	-	-	3	-
Finland	-	-	2	-
Philippines	23	-	34	-
Slovakia	19	-	52	-
Brazil	74	-	74	-
Denmark	1	-	1	-
	<u>14,532</u>	<u>23,005</u>	<u>38,630</u>	<u>23,005</u>

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A8. Segment Information (continued)

(e) Inter-segment revenues are eliminated on consolidation (continued)

(i) Geographical Segments for Revenue and Non-Current Assets (continued)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Ended</u>		<u>Ended</u>	
	30/09/2016		30/09/2016	
	<u>Revenue</u>	<u>Non-Current Assets</u>	<u>Revenue</u>	<u>Non-Current Assets</u>
	RM'000	RM'000	RM'000	RM'000
PRC	6,424	22,742	18,756	22,742
USA	836	-	3,034	-
Thailand	1,405	-	3,482	-
Hong Kong	629	-	1,265	-
Malaysia	212	40	777	40
UK	94	-	315	-
Canada	3	-	165	-
Netherlands	64	-	174	-
Israel	270	-	686	-
Taiwan	43	-	313	-
New Zealand	18	-	95	-
Sweden	193	-	257	-
Poland	15	-	45	-
Japan	-	-	22	-
Philippines	9	-	26	-
Vietnam	21	-	46	-
India	16	-	47	-
Singapore	7	-	34	-
Lithuania	8	-	16	-
Germany	3	-	14	-
Mexico	63	-	99	-
France	2	-	10	-
Romania	25	-	27	-
Switzerland	-	-	2	-
Hungary	2	-	7	-
Finland	3	-	5	-
Spain	5	-	5	-
Australia	2	-	2	-
	<u>10,372</u>	<u>22,782</u>	<u>29,726</u>	<u>22,782</u>

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A8. Segment Information (continued)

(e) Inter-segment revenues are eliminated on consolidation (continued)

(i) Geographical Segments for Revenue and Non-Current Assets (continued)

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	As at 30/09/2017 RM'000	As at 30/09/2016 RM'000
Property, plant and equipment	19,066	19,685
Prepaid land lease payments	1,615	1,613
Investment property	2,215	1,375
Other investment	109	109
	<u>23,005</u>	<u>22,782</u>

(ii) Information About Major Customers

On the period to date basis, revenue from major customers amounted to RM4.88 million (2016: RM4.35 million) with the majority arising from sales of by the Laser/Die-cut and Fabrication of Plastic Parts segment (2016: Laser/Die-cut and Fabrication of Plastic Parts segment).

A9. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

A10. Valuation of Investment Property

The Group did not revalue any of its investment property during the current quarter under review.

A11. Changes in The Composition Of The Group

There were no other changes in the composition of the Group during the current quarter under review.

Subsequent to the current quarter, the Board of Directors of Ideal Jacobs announced to Bursa Malaysia on 1 November 2017 that the Company had disposed of its entire 51% equity interest in Lumimark Sdn Bhd (Company No. 950329-X) ("LSB") to Muniandy A/L Gopal and Thirumagal A/P Raman for a total cash consideration of Ringgit Malaysia Two Only (RM2.00) ("the Disposal").

Following the Disposal, LSB is no longer a subsidiary of the Company.

A12. Contingent Liabilities

There were no material contingent liabilities as at the end of the quarter.

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A13. Capital Commitment

Commitment not provided for in the financial statements is as follows:-

Capital commitment

	As at 30/09/2017 RM'000	As at 30/09/2016 RM'000
Capital expenditure		
- Authorised and contracted for:		
- Property, plant & equipment	<u>369</u>	<u>522</u>

A14. Related Party Disclosures

The Group has the following transactions with the related parties at negotiated terms agree between the parties during the interim financial period:

	Current Year to-Date 30/09/2017 RM'000	Preceding Year Period 30/09/2016 RM'000
Sales to a corporate shareholder	<u>2,076</u>	<u>1,222</u>
Purchases from a corporate shareholder	<u>96</u>	<u>88</u>
Commission paid to a corporate shareholder	<u>44</u>	<u>14</u>

A15. Material Events Subsequent to The End Of The Reporting Quarter

There were no material events subsequent to the current financial quarter ended 30 September 2017 up to the date of this report which is likely to substantially affect the results or the operations of the Group.

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B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

	<u>Quarter Ended</u>		<u>Variance</u>	
	<u>30/09/2017</u>	<u>30/09/2016</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
Revenue	14,532	10,372	4,160	40
Profit from operation	645	1,645	(1,000)	(61)
Profit before tax	725	1,296	(571)	(44)
Profit after tax	207	965	(758)	(79)

For the quarter under review, the Group's revenue increased by 40% to RM14.53 million from RM10.37 million in the preceding financial year corresponding quarter.

The changes in revenue as compared to preceding financial year corresponding quarter were from:-

- (i) Laser/Die-cut segment increased by RM2.00 million mainly due to increases in orders from new and existing customers;
- (ii) Fabrication of Plastic Parts segment increased by RM1.87 million mainly due to increases in orders from new and existing customers;
- (iii) Industrial Labels segment increased by RM0.25 million mainly due to increases in orders from new and existing customers; and
- (iv) Revenue from Trading of Non-core Products segment increased slightly by RM0.04 million.

The Group recorded profit after tax of RM0.21 million in the current quarter as compared to preceding financial year corresponding quarter's profit after tax of RM0.97 million.

Despite higher sales recorded in the current quarter, profit after tax was lower as compared to the preceding financial year corresponding quarter mainly due to withholding tax of RM1.32 million recognised in the current quarter on dividends received from the PRC Subsidiary and reversal of corporate exercise expenses over accrued of RM0.51 million recorded in the preceding financial year corresponding quarter.

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B1. Review of Performance (continued)

	<u>Cumulative Quarter Ended</u>		<u>Variance</u>	
	<u>30/09/2017</u>	<u>30/09/2016</u>	<u>RM'000</u>	<u>%</u>
Revenue	38,630	29,726	8,904	30
Profit from operation	3,549	3,632	(83)	(2)
Profit before tax	4,107	3,706	401	11
Profit after tax	2,851	2,836	15	1

On the year to date basis, the Group's revenue increased by 30% to RM38.63 million from RM29.73 million recorded in the preceding financial year corresponding period.

Revenue from all the major products segment observed increases except for revenue from Trading of Non-core Products segment which decreased marginally by RM0.06 million. The increases in revenue were from:-

- (i) Fabrication of Plastic Parts segment increased by RM4.61 million mainly due to increases in orders from new and existing customers;
- (ii) Laser/Die-cut segment increased by RM2.97 million mainly due to increases in orders from new and existing customers; and
- (iii) Industrial Labels segment increased by RM1.38 million mainly due to increases in orders from new and existing customers.

The Group recorded a profit after tax of RM2.85 million as compared to preceding financial year corresponding period's profit after tax of RM2.84 million.

The slight improvement was mainly due to increased orders from new and existing customers and government grant of RM0.53 million received although the Group incurred net loss on foreign exchange of RM0.26 million and recognised cumulative withholding tax of RM1.42 million on dividends received from the PRC Subsidiary. Included in the preceding financial year corresponding period were net foreign exchange gain of RM0.54 million and reversal of corporate exercise expenses of RM0.51 million.

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B2. Comparison to the Results of the preceding quarter

	<u>Quarter Ended</u>		<u>Variance</u>	
	<u>30/09/2017</u>	<u>30/06/2017</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>		
Revenue	14,532	12,542	1,990	16
Profit from operation	645	1,658	(1,013)	(61)
Profit before tax	725	2,167	(1,442)	(67)
Profit after tax	207	1,750	(1,543)	(88)

The Group's revenue increased by RM1.99 million to RM14.53 million during the current quarter as compared to the revenue of RM12.54 million recorded in the immediate preceding quarter mainly due to increases in orders from new and existing customers from the Fabrication of Plastic Parts segment and Laser/Die-cut segment.

The quarter under review observed a profit after tax of RM0.21 million as compared to profit after tax of RM1.75 million in the preceding quarter. The lower profit after tax was mainly due to withholding tax of RM1.32 million recognised in the current quarter on dividends received from the PRC Subsidiary and unfavourable foreign exchange movements recorded in the current quarter.

B3. Prospects

On year to date basis, the sales from all major segments had improved. With the existing well-diversified customer base and vast variety of products and services, the sustainability of the Group is ensured.

The Group is anticipating increasing challenging economic conditions, stricter government policies and increased competitions from our domestic PRC competitors during the year. Barring any unforeseen circumstances, the Board is confident that the Group is capable of delivering a satisfactory financial result for the financial year ending 31 December 2017.

B4. Profit Forecast

The Group did not announce any profit forecast in any publicly available documents or announcement.

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B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2017	Preceding Year Quarter 30/09/2016	Current Year to- Date 30/09/2017	Preceding Year Period 30/09/2016
Current income tax:				
- Malaysia	-	-	-	-
- Foreign	518	331	1,256	870
	<u>518</u>	<u>331</u>	<u>1,256</u>	<u>870</u>

Included herein the income tax provision are income tax payable by subsidiaries in PRC, and it is calculated based on the statutory income tax rate of 15% (2015: 15%) in accordance with the relevant PRC income tax rules.

B6. Unquoted Investments and Properties

There were no acquisitions or disposals of unquoted investments and properties during the financial quarter under review and the financial year-to-date.

B7. Quoted Securities

There were no acquisitions or disposals of quoted securities for the financial quarter under review and the financial year-to-date.

B8. Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of issuance of this announcement.

On 18 August 2017, on behalf of the Board of Directors of Ideal Jacobs ("Board"), Kenanga Investment Bank Berhad ("Kenanga IB") announced that Ideal Jacobs has entered into the following agreements:

- (i) Conditional sale and purchase agreement with Widad Business Group Sdn Bhd ("Vendor") for the Proposed Acquisition by the Company of 10,000,000 ordinary shares in Widad Builders Sdn Bhd, representing the entire equity interest in Widad Builders Sdn Bhd, for a purchase consideration of RM520.0 million ("Purchase Consideration").

The Purchase Consideration will be satisfied through a combination of cash and the issuance of 1,782,608,695 new Ideal Jacobs Shares ("Consideration Shares") at an issue price of RM0.23 per Consideration Share ("Consideration Issue Price") in the following proportions:

	RM'million
Cash *	110.0
Issuance of Consideration Shares	410.0
Total	<u>520.0</u>

* The cash portion of the Purchase Consideration will be funded using the proceeds raised from the Proposed Placement.

B8. Status of Corporate Proposals (continued)

- (ii) Conditional sale and purchase agreement with Oriental Dragon Incorporation Limited for the Proposed Disposal by the Company of its subsidiaries incorporated in Hong Kong, namely Ideal Jacobs (HK) Corporation Ltd, and the People's Republic of China, namely Ideal Jacobs (Xiamen) Corporation (including its subsidiaries) for a total cash consideration of RM28.0 million.

Upon completion of the Proposed Acquisition and Proposed Disposal, Ideal Jacobs and its subsidiaries will no longer be involved in manufacturing, fabrication and trading businesses, and will instead be principally involved in integrated facilities management and construction activities. Upon completion of the Proposed Acquisition, the Vendor will emerge as Ideal Jacobs' new controlling shareholder.

In conjunction with the above, the Company also proposes to implement the Proposed Placement and Proposed Free Warrants.

The Company proposes to issue and allot up to 534,032,115 Placement Shares to 3rd party placees to be identified later in order to:

- (i) Raise funds to finance the cash portion of the Purchase Consideration; and
- (ii) Ensure that the Company complies with the Public Spread Requirement following the issuance of the Consideration Shares.

The Proposed Placement will be implemented under Paragraph 6.06 of the Listing Requirements, i.e. with specific approval of the Company's shareholders to be sought at an extraordinary general meeting to be convened.

The Proposed Placement will be implemented through a bookbuilding exercise. As such, the issue price of the Placement Shares will be determined upon the completion of the bookbuilding exercise.

The Company proposes to issue free Warrants on the basis of 1 Warrant for every 5 existing IJ Shares held by Ideal Jacobs' shareholders whose names appear in the Company's Record of Depositors as at the close of business on an entitlement date to be determined later.

On 28 September 2017, on behalf of the Board, Kenanga IB announced that the relevant applications in relation to the Proposals had been submitted to Bursa Securities.

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B9. Group's Borrowings and Debt Securities

The Group's borrowings as at end of the reporting quarter are as follows:-

	Short Term RM'000	Long Term RM'000
<u>Secured</u> Term Loan	<u>14,097</u>	<u>3,172</u>
<u>Unsecured</u> Term Loan	<u>1,903</u>	<u>-</u>
RMB	11,421	3,172
USD	<u>4,579</u>	<u>-</u>

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off-balance sheet risk as at the date of this interim report.

B11. Material Litigation

There were no material litigations involving the Group as at the date of this interim report.

B12. Dividends

No dividends have been declared or paid during the quarter under review.

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B13. Earnings Per Share (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2017	Preceding Year Quarter 30/09/2016	Current Year to Date 30/09/2017	Preceding Year Period 30/09/2016
(i) Basic EPS				
Net profit for the period (RM'000)	207	965	2,853	2,837
Weighted average number of ordinary shares issued ('000)	135,701	135,701	135,701	135,701
Basic earnings per share (sen)	0.15	0.71	2.10	2.09
(ii) Diluted EPS				
Net profit for the period (RM'000)	207	965	2,853	2,837
Weighted average number of ordinary shares issued adjusted for the effects of dilutive potential ordinary shares ('000)	136,881	135,701	136,516	135,701
Basic earnings per share (sen)	0.15	0.71	2.09	2.09

- (i) The basic EPS is calculated by dividing the net profit attributable to the owners of the Parent by the weighted average number of shares in issued during the period.
- (ii) The diluted EPS is calculated by dividing the net profit attributable to the owners of the Parent by the weighted average numbers of shares in issued during the period adjusted for the effects of dilutive potential ordinary shares.

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B14. Realised And Unrealised Profits And Losses

	As at 30/09/2017 RM'000	As at 30/09/2016 RM'000
Total accumulated losses for the Group:		
- Realised loss	(1,272)	(2,496)
- Unrealised profit	412	269
	<u>(860)</u>	<u>(2,227)</u>
Add: Consolidation adjustments	(675)	(174)
Total Group's accumulated losses as per consolidated statement of financial position	<u>(1,535)</u>	<u>(2,401)</u>

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