

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	(Unaudited) AS AT 31/12/2017 RM'000	(Audited) AS AT 31/12/2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	12	20,176
Investment property	-	1,461
Prepaid land lease payments	-	1,672
Other investment	-	109
<b>TOTAL NON-CURRENT ASSETS</b>	<b>12</b>	<b>23,418</b>
<b>Current assets</b>		
Inventories	-	4,744
Trade receivables	-	12,971
Other receivables	50	1,375
Amount due from a corporate shareholder	-	279
Fixed deposits with licensed bank	-	8,370
Cash and bank balances	248	9,362
	298	37,101
Assets classified as held for sale	59,188	-
<b>TOTAL CURRENT ASSETS</b>	<b>59,486</b>	<b>37,101</b>
<b>TOTAL ASSETS</b>	<b>59,498</b>	<b>60,519</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	21,189	13,570
Reserves	8,942	13,955
	30,131	27,525
<b>Non-controlling interests</b>	-	(171)
<b>TOTAL EQUITY</b>	<b>30,131</b>	<b>27,354</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Bank borrowings	-	5,168
Deferred tax liabilities	-	36
<b>TOTAL NON-CURRENT LIABILITIES</b>	-	<b>5,204</b>
<b>Current liabilities</b>		
Trade payables	-	5,380
Other payables	852	5,079
Tax payable	-	1,166
Bank borrowings	-	16,336
	852	27,961
Liabilities classified as held for sale	28,515	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>29,367</b>	<b>27,961</b>
<b>TOTAL LIABILITIES</b>	<b>29,367</b>	<b>33,165</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>59,498</b>	<b>60,519</b>
Number of ordinary shares in issue ('000)	136,851	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 4TH QUARTER ENDED 31 DECEMBER 2017**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2017 RM'000	(RESTATED) PRECEDING YEAR CORRESPONDING QUARTER 31/12/2016 RM'000	CURRENT YEAR TO DATE 31/12/2017 RM'000	(RESTATED) PRECEDING YEAR CORRESPONDING PERIOD 31/12/2016 RM'000
<b>Continuing operations</b>				
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Operating expenses	(1,593)	(1,315)	(4,943)	(2,431)
Loss from operations	(1,593)	(1,315)	(4,943)	(2,431)
Interest income	-	-	-	-
Other income	(175)	(343)	273	20
Finance costs	-	-	-	-
Loss before tax	(1,768)	(1,658)	(4,670)	(2,411)
Taxation	-	-	-	-
(iii) Loss for the period from continuing operations	(1,768)	(1,658)	(4,670)	(2,411)
<b>Discontinued operations</b>				
Profit from discontinued operations, net of tax	2,149	169	7,902	3,758
Profit/(Loss) for the period	381	(1,489)	3,232	1,347
Other comprehensive (loss)/income				
Item that will be reclassified subsequently to profit or loss				
Foreign exchange translation difference				
- Discontinued Operations	(365)	2,070	(705)	(274)
Total comprehensive income for the period	16	581	2,527	1,073
Profit/(Loss) for the period attributable to:				
Owners of the parent				
- Continuing Operations	(1,768)	(1,658)	(4,670)	(2,411)
- Discontinued Operations	1,985	415	7,740	4,005
Non-controlling interests	164	(246)	162	(247)
	381	(1,489)	3,232	1,347
Total comprehensive income for the period attributable to:				
Owners of the parent				
- Continuing Operations	(1,768)	(1,658)	(4,670)	(2,411)
- Discontinued Operations	1,620	2,277	7,035	3,528
Non-controlling interests	164	(38)	162	(44)
	16	581	2,527	1,073
Weighted average number of ordinary shares issued ('000)	136,626	135,701	135,934	135,701
Weighted average number of ordinary shares issued adjusted for the effects of dilutive potential ordinary shares ('000)	137,183	135,701	136,387	135,701
EPS - Basic (Sen)				
- Continuing Operations	(1.29)	(1.22)	(3.44)	(1.78)
- Discontinued Operations	1.45	0.30	5.70	2.95
	0.16	(0.92)	2.26	1.17
EPS - Diluted (Sen)				
- Continuing Operations	(1.29)	(1.22)	(3.42)	(1.78)
- Discontinued Operations	1.45	0.30	5.67	2.95
	0.16	(0.92)	2.25	1.17

**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:-

	RM'000	RM'000	RM'000	RM'000
Corporate exercise expenses expensed off		-	-	(509)
Depreciation	3	3	12	11
Impairment loss on other investment	109	-	109	-
Other receivables written off	-	14	-	14
Property, plant and equipment written off	19	-	19	-
Realised loss/(gain) on foreign exchange	13	(20)	22	(20)
Unrealised loss/(gain) on foreign exchange	175	747	(273)	384

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 31 December 2017.

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER ENDED 31 DECEMBER 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 4TH QUARTER ENDED 31 DECEMBER 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		
<b>As at 01 January 2016</b>	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
<b>As at 31 December 2016</b>	<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>
<b>As at 01 January 2017</b>	13,570	7,263	7,009	230	3,713	128	(4,388)	27,525	(171)	27,354
Transactions with owners:										
Transfer to share capital	7,263	(7,263)	-	-	-	-	-	-	-	-
Issued, pursuant to:-										
- Exercise of ESOS	356	-	-	(115)	-	-	-	241	-	241
Disposal of subsidiary	-	-	-	-	-	-	-	-	9	9
Total transactions with owners	7,619	(7,263)	-	(115)	-	-	-	241	9	250
Total profit or loss and other comprehensive income for the period	-	-	(705)	-	906	-	2,164	2,365	162	2,527
<b>As at 31 December 2017</b>	<u>21,189</u>	<u>-</u>	<u>6,304</u>	<u>115</u>	<u>4,619</u>	<u>128</u>	<u>(2,224)</u>	<u>30,131</u>	<u>-</u>	<u>30,131</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 4TH QUARTER ENDED 31 DECEMBER 2017**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 4TH QUARTER ENDED 31 DECEMBER 2017**

	(Unaudited) Current Year To Date 31/12/2017 RM'000	(Audited) Preceding Year To Date 31/12/2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	4,812	2,771
Adjustments:		
Depreciation	1,375	1,293
Amortisation of prepaid land lease payments	35	35
Gain on disposal of subsidiary	(9)	-
Interest expenses	1,037	1,037
Interest income	(236)	(249)
Impairment loss on other investment	109	-
Impairment loss on trade receivables	191	-
Reversal of inventories written down	(149)	(6)
Loss on disposal of property, plant and equipment	-	39
Loss on deconsolidation of subsidiaries	263	419
Trade receivables written off	-	559
Other receivables written off	21	14
Property, plant and equipment written off	28	164
Reversal of impairment loss on trade receivables	-	(593)
Unrealised loss on foreign exchange	453	48
Waiver of debts from a corporate shareholder of a subsidiary	(18)	-
<b>Operating profit before changes in working capital</b>	<b>7,912</b>	<b>5,531</b>
Corporate shareholder	(564)	754
Inventories	(349)	(854)
Receivables	(7,733)	(1,177)
Payables	4,056	1,693
Cash from operating activities	3,322	5,947
Tax paid	(1,441)	(837)
Interest received	236	249
Interest paid	(1,037)	(1,037)
<b>Net cash from operating activities</b>	<b>1,080</b>	<b>4,322</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Reduction/(Placement of) in fixed deposits pledged to bank	4,979	(63)
Net cash outflow from disposal of subsidiary	(3)	-
Purchase of property, plant and equipment	(1,385)	(1,721)
Proceeds from disposal of property, plant and equipment	50	11
<b>Net cash from/(used in) investing activities</b>	<b>3,641</b>	<b>(1,773)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdowns of term loans	19,899	12,494
Repayments of term loans	(26,884)	(12,825)
Proceeds from issuance of share pursuant of ESOS exercised	241	-
<b>Net cash used in financing activities</b>	<b>(6,744)</b>	<b>(331)</b>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,023)	2,218
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	9,445	7,385
EFFECT OF EXCHANGE RATE CHANGES	(953)	(158)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>6,469</b>	<b>9,445</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Fixed deposits with a licensed bank	3,204	8,370
Cash and bank balances	6,469	9,362
	9,673	17,732
Less: Fixed deposits pledged with licensed bank	(3,204)	(8,287)
	<b>6,469</b>	<b>9,445</b>
Amount as per Consolidated Statement of Financial Position	248	
Cash and bank balances classified as held for sale	6,221	
	<b>6,469</b>	

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 TWELVE MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

**A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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 include 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.

In preparing these interim financial statements, operations of Ideal Jacobs Xiamen Corporation Group and Ideal Jacobs (HK) Corporation Limited are classified as discontinued operations pursuant to MFRS 5 : Non-current Assets Held for Sale and Discontinued Operations.

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 31 December 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 31 December 2017.

**A6. Debt and Equity Securities**

Save for the issuance of 1,150,000 new ordinary shares in Ideal Jacobs (Malaysia) Corporation Bhd pursuant to exercise of options under the Employees Share Option Scheme ("ESOS") to eligible employees, 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**

The Group's manufacturing, fabrication and trading businesses operations are the subject of the Proposed Disposal Further details of the Proposed Disposal is disclosed in Note B8.

Business Segment

Period ended	<u>Discontinued Operations</u>				<u>Continuing Operations</u>		<u>Total</u> RM'000
	<u>Industrial labels</u> RM'000	<u>Laser/Die-cut products</u> RM'000	<u>Fabrication of plastic parts</u> RM'000	<u>Trading of non-core products</u> RM'000	<u>Other</u> RM'000	<u>Elimination</u> RM'000	
31/12/2017							
<u>Revenue:-</u>							
External customers	17,335	23,191	17,687	308	-	-	58,521
Inter-segment	369	2,335	2,274	91	20,904	(25,973)	-
	<u>17,704</u>	<u>25,526</u>	<u>19,961</u>	<u>399</u>	<u>20,904</u>	<u>(25,973)</u>	<u>58,521</u>
				<u>Discontinued Operations</u>	<u>Continuing Operations</u>	<u>Elimination</u>	<u>Total</u>
Interest income				236	-	-	236
Finance costs				(1,037)	-	-	(1,037)
Depreciation and amortisation				(1,398)	(12)	-	(1,410)
Other non-cash income/(expense) (a)				(1,034)	145	-	(889)
Taxation				(1,580)	-	-	(1,580)
Segment profit				<u>7,902</u>	<u>16,234</u>	<u>(20,904)</u>	<u>3,232</u>
<u>Assets:-</u>							
Additions to non-current assets				1,382	3	-	1,385
Unallocated corporate assets				<u>59,188</u>	<u>310</u>	<u>-</u>	<u>59,498</u>
<u>Liabilities:-</u>							
Unallocated corporate liabilities				<u>28,515</u>	<u>852</u>	<u>-</u>	<u>29,367</u>

**A8. Segment Information (continued)**

Business Segment (continued)

Period ended	<u>Discontinued Operations</u>				<u>Continuing Operations</u>		<u>Total</u> RM'000
	<u>Industrial labels</u> RM'000	<u>Laser/Die-cut products</u> RM'000	<u>Fabrication of plastic parts</u> RM'000	<u>Trading of non-core products</u> RM'000	<u>Other</u> RM'000	<u>Elimination</u> RM'000	
31/12/2016							
<u>Revenue:-</u>							
External customers	14,687	15,760	11,964	337	-	-	42,748
Inter-segment	352	1,810	1,962	17	699	(4,840)	-
	<u>15,039</u>	<u>17,570</u>	<u>13,926</u>	<u>354</u>	<u>699</u>	<u>(4,840)</u>	<u>42,748</u>
				<u>Discontinued Operations</u>	<u>Continuing Operations</u>	<u>Elimination</u>	<u>Total</u>
Interest income				236	-	-	249
Finance costs				(1,037)	-	-	(1,037)
Depreciation and amortisation				(1,317)	(11)	-	(1,328)
Other non-cash income/(expense) (a)				(252)	(398)	-	(644)
Taxation				(1,580)	-	-	(1,424)
Segment profit/(loss)				<u>3,758</u>	<u>(1,712)</u>	<u>(699)</u>	<u>1,347</u>
<u>Assets:-</u>							
Additions to non-current assets				-	-	-	1,721
Unallocated corporate assets				-	-	-	<u>60,519</u>
<u>Liabilities:-</u>							
Unallocated corporate liabilities				-	-	-	<u>33,165</u>

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**A8. Segment Information (continued)**

Notes:

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

	<u>Discontinued</u> <u>Operations</u> 31/12/2017 RM'000	<u>Continuing</u> <u>Operations</u> 31/12/2017 RM'000	Current Year to-Date 31/12/2017 RM'000	<u>Discontinued</u> <u>Operations</u> 31/12/2016 RM'000	<u>Continuing</u> <u>Operations</u> 31/12/2016 RM'000	Preceding Year Period 31/12/2016 RM'000
Gain on disposal of subsidiary	9	-	-	-	-	-
Impairment loss on other investment	0	(109)	(109)	-	-	-
Impairment loss on trade receivables	(191)	-	(191)	-	-	-
Reversal of inventories written down	149	-	149	-	-	6
Loss on disposal of property, plant and equipment	-	-	-	(39)	-	(39)
Loss on deconsolidation of subsidiaries	(263)	-	(263)	(419)	-	(419)
Trade receivables written off	-	-	-	(559)	-	(559)
Other receivables written off	(21)	-	(21)	-	(14)	(14)
Property, plant and equipment written off	(9)	(19)	(28)	(164)	-	(164)
Reversal of impairment loss on trade receivables	-	-	-	593	-	593
Unrealised loss on foreign exchange	(726)	273	(453)	336	(384)	(48)
Waiver of debts from a corporate shareholder of a subsidiary	18	-	18	-	-	-
	<u>(1,034)</u>	<u>145</u>	<u>(898)</u>	<u>(252)</u>	<u>(398)</u>	<u>(644)</u>

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

	<u>Discontinued</u> <u>Operations</u> 31/12/2017 RM'000	<u>Continuing</u> <u>Operations</u> 31/12/2017 RM'000	Current Year to- Date 31/12/2017 RM'000	Preceding Year Period 31/12/2016 RM'000
Property, plant and equipment	<u>1,382</u>	<u>3</u>	<u>1,385</u>	<u>1,721</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 Ended</u>		<u>Cumulative Quarter Ended</u>	
	31/12/2017		31/12/2017	
	<u>Discontinued Operations Revenue</u>	<u>Non-Current Assets</u>	<u>Discontinued Operations Revenue</u>	<u>Non-Current Assets</u>
	RM'000	RM'000	RM'000	RM'000
PRC	13,802	22,722	38,195	22,722
USA	2,099	-	7,203	-
Thailand	1,288	-	4,423	-
Hong Kong	186	-	663	-
Taiwan	777	-	1,635	-
Malaysia	293	12	1,373	12
Netherlands	192	-	820	-
UK	139	-	528	-
Israel	221	-	916	-
France	9	-	24	-
India	6	-	40	-
New Zealand	55	-	137	-
Vietnam	50	-	140	-
Singapore	52	-	114	-
Japan	15	-	49	-
Australia	4	-	7	-
Poland	4	-	13	-
Canada	50	-	163	-
Lithuania	34	-	92	-
Mexico	35	-	263	-
Finland	-	-	2	-
Korea	7	-	7	-
Germany	4	-	12	-
Sweden	467	-	1,438	-
Romania	2	-	3	-
Philippines	40	-	74	-
Slovakia	57	-	109	-
Brazil	(1)	-	73	-
Denmark	4	-	5	-
Less: Reclassified as held for sale	-	(22,722)	-	(22,722)
	<u>19,891</u>	<u>12</u>	<u>58,521</u>	<u>12</u>

**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 Ended</u>		<u>Cumulative Quarter Ended</u>	
	31/12/2016		31/12/2016	
	<u>Discontinued Operations Revenue</u>	<u>Non-Current Assets</u>	<u>Discontinued Operations Revenue</u>	<u>Non-Current Assets</u>
	RM'000	RM'000	RM'000	RM'000
PRC	8,077	23,378	26,833	23,378
USA	1,194	-	4,228	-
Thailand	1,187	-	4,669	-
Hong Kong	715	-	1,980	-
Malaysia	429	40	1,206	40
UK	84	-	399	-
Canada	3	-	168	-
Netherlands	184	-	358	-
Israel	210	-	896	-
Taiwan	55	-	368	-
New Zealand	65	-	160	-
Sweden	583	-	840	-
Poland	6	-	51	-
Japan	-	-	22	-
Philippines	36	-	62	-
Vietnam	59	-	105	-
India	10	-	57	-
Singapore	24	-	58	-
Lithuania	13	-	29	-
Germany	4	-	18	-
Mexico	70	-	169	-
France	9	-	19	-
Romania	3	-	30	-
Switzerland	-	-	2	-
Hungary	2	-	9	-
Finland	-	-	5	-
Spain	-	-	5	-
Australia	-	-	2	-
	<u>13,022</u>	<u>23,418</u>	<u>42,748</u>	<u>23,418</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 31/12/2017 RM'000	As at 31/12/2016 RM'000
Property, plant and equipment	18,582	20,176
Investment property	2,246	1,461
Prepaid land lease payments	1,582	1,672
Other investment	-	109
Deferred tax assets	324	-
	<u>22,734</u>	<u>23,418</u>
Less: Reclassified as held for sale	<u>(22,722)</u>	<u>-</u>
	<u>12</u>	<u>23,418</u>

(ii) Information About Major Customers

On the period to date basis, revenue from major customers amounted to RM9.00 million (2016: RM5.91 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**

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.

The Company had also submitted the application to the Accounting and Corporate Regulatory Authority (ACRA) in Singapore for its 51% owned subsidiary, Ideal Laminar Pte. Ltd. to be struck off from the Register of Companies.

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

**A12. Contingent Liabilities**

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

**A13. Capital Commitment**

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

Capital commitment

	<u>Discontinued Operations</u>	<u>Continuing Operations</u>	Current Year to- Date	Preceding Year Period
	31/12/2017	31/12/2017	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
- Authorised and contracted for:				
- Property, plant & equipment	506	-	506	524

**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 31/12/2017 RM'000	Preceding Year Period 31/12/2016 RM'000
<u>Discontinued Operations</u>		
Sales to a corporate shareholder	2,832	1,492
Purchases from a corporate shareholder	139	95
Licensing fee paid to a corporate shareholder	406	446
Commission paid to a corporate shareholder	44	20

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

Save as disclosed under Note B8, there were no material events subsequent to the current financial quarter ended 31 December 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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**A16. Discontinued operations - assets/liabilities classified as held for sale**

In light of the Proposed Disposals, operations of Ideal Jacobs Xiamen Corporation Group and Ideal Jacobs (HK) Corporation Limited met the criteria to be classified as assets/liabilities held for sale.

Statement of financial position disclosures

	As at 31/12/2017 RM'000
Property, plant and equipment	18,570
Investment property	2,246
Prepaid land lease payments	1,581
Deferred tax assets	231
Inventories	4,929
Trade receivables	18,812
Other receivables	2,570
Amount due from a corporate shareholder	824
Fixed deposits with licensed bank	3,204
Cash and bank balances	<u>6,221</u>
	<u>59,188</u>
Trade payables	7,917
Other payables	5,325
Tax payable	1,499
Bank borrowings	13,738
Deferred tax liabilities	<u>36</u>
	<u>28,515</u>

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

**B1. Review of Performance**

	Quarter Ended		Variance	
	31/12/2017 RM'000	31/12/2016 RM'000	RM'000	%
<u>Continuing Operations</u>				
Loss from operation	(1,593)	(1,315)	(278)	(21)
Loss before tax	(1,768)	(1,658)	(110)	(7)
Loss after tax	(1,768)	(1,658)	(110)	(7)
<u>Discontinued Operations</u>				
Revenue	19,891	13,022	6,869	53
Profit/(Loss) from operation	2,409	(12)	2,421	>1,000
Profit before tax	2,473	723	1,750	242
Profit after tax	2,149	169	1,980	>1,000

Continuing Operations

Loss after tax of RM1.77 million was recorded in the current quarter as compared to preceding financial year corresponding quarter's loss after tax of RM1.66 million.

The increase in loss after tax is mainly due to withholding tax of RM0.67 million recognised on dividends received from the PRC Subsidiary.

Discontinued Operations

For the quarter under review, the Group's revenue increased by 53% to RM19.89 million from RM13.02 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 RM4.47 million mainly due to increases in orders from new and existing customers;
- (ii) Industrial Labels segment increased by RM1.27 million mainly due to increases in orders from new and existing customers;
- (iii) Fabrication of Plastic Parts segment increased by RM1.11 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 RM0.02 million.

Profit after tax of RM2.15 million was recorded in the current quarter as compared to preceding financial year corresponding quarter's profit after tax of RM0.17 million.

The improvement was mainly due to higher sales recorded,, lower loss on deconsolidation of subsidiaries of RM0.26 million and lower income tax expenses by RM0.23 million despite lower government grant of RM0.24 million received as compared to RM0.43 million received in the preceding financial year corresponding quarter.

**B1. Review of Performance (continued)**

	Cumulative Quarter Ended		Variance	
	31/12/2017	31/12/2016	RM'000	%
	RM'000	RM'000	RM'000	
<u>Continuing Operations</u>				
Loss from operation	(4,943)	(2,431)	(2,512)	(103)
Loss before tax	(4,670)	(2,411)	(2,259)	(94)
Loss after tax	(4,670)	(2,411)	(2,259)	(94)
<u>Discontinued Operations</u>				
Revenue	58,521	42,748	15,773	37
Profit from operation	9,308	4,736	4,572	97
Profit before tax	9,482	5,182	4,300	83
Profit after tax	7,902	3,758	4,144	110

Continuing Operations

Loss after tax of RM4.67 million was recorded on year to date basis as compared to preceding financial year corresponding period's loss after tax of RM2.41 million.

The increase in loss after tax is mainly due to cumulative withholding tax of RM2.09 million recognised on dividends received from the PRC Subsidiary. Included in the preceding financial year corresponding period was reversal of corporate exercise expenses of RM0.51 million.

Discontinued Operations

On the year to date basis, the Group's revenue increased by 37% to RM58.52 million from RM42.75 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 RM0.03 million. The increases in revenue were from:-

- (i) Laser/Die-cut segment increased by RM7.43 million mainly due to increases in orders from new and existing customers;
- (ii) Fabrication of Plastic Parts segment increased by RM5.72 million mainly due to increases in orders from new and existing customers; and
- (iii) Industrial Labels segment increased by RM2.65 million mainly due to increases in orders from new and existing customers.

Profit after tax of RM7.90 million as compared to preceding financial year corresponding period's profit after tax of RM3.76 million.

The improvement was mainly due to increased orders from new and existing customers, higher government grant of RM0.77 million received and lower income tax expenses due to lower effective income tax rate.

**B2. Comparison to the Results of the preceding quarter**

	<u>Quarter Ended</u>		<u>Variance</u>	<u>%</u>
	<u>31/12/2017</u>	<u>30/09/2017</u>		
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
<u>Continuing Operations</u>				
Loss from operation	(1,593)	(1,963)	370	19
Loss before tax	(1,768)	(1,901)	133	7
Loss after tax	(1,768)	(1,901)	133	7
<u>Discontinued Operations</u>				
Revenue	19,891	14,532	5,359	37
Profit from operation	2,409	2,608	(199)	(8)
Profit before tax	2,473	2,626	(153)	(6)
Profit after tax	2,149	2,108	41	2

Continuing Operations

The quarter under review observed a loss after tax of RM1.77 million as compared to loss after tax of RM1.90 million in the preceding quarter. The lower loss after tax was mainly due to lower withholding tax of RM0.67 million recognised on dividends received from the PRC Subsidiary as compared to RM1.32 million recorded in the preceding quarter.

Discontinued Operations

The Group's revenue increased by RM5.36 million to RM19.89 million during the current quarter as compared to the revenue of RM14.53 million recorded in the immediate preceding quarter mainly due to increases in orders from new and existing customers from the Laser/Die-cut segment and Industrial Labels segment.

The quarter under review observed a profit after tax of RM2.15 million as compared to profit after tax of RM2.11 million in the preceding quarter. The higher profit after tax was mainly due to increased orders from new and existing customers and lower income tax expenses despite loss on deconsolidation of subsidiaries of RM0.26 million recorded and higher staff and business development related expenses incurred.

**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's entire business operations are the subject of the Proposed Disposal. The Group is anticipating increasing challenging economic conditions, stricter government policies and increased competitions from our domestic PRC competitors. In this regard, the Board is anticipating a challenging year ahead.

In view of the proposed venture into the Integrated Facility Management ("IFM") and construction industries through the Proposed Acquisition, the secured contracts of the IFM and construction business and the positive outlook of both industries, the Board is confident that the Group is capable of delivering a satisfactory financial result for the financial year ending 31 December 2018.



**B4. Profit Forecast**

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

**B5. Taxation**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31/12/2017	Preceding Year Quarter 31/12/2016	Current Year to- Date 31/12/2017	Preceding Year Period 31/12/2016
<u>Discontinued Operations</u>				
Current income tax:				
- Foreign	565	554	1,821	1,424
Deferred income tax:				
- Foreign	(241)	-	(241)	-
	<u>324</u>	<u>554</u>	<u>1,580</u>	<u>1,424</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% (2016: 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.

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**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.*

- (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 3<sup>rd</sup> 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.

**B8. Status of Corporate Proposals (continued)**

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.

On 13 December 2017, on behalf of the Board, Kenanga IB announced that Bursa Securities has, vide its letter dated 13 December 2017, approved the following:

(i) The admission of up to 490,928,392 Warrants to the Official List of Bursa Securities;

(ii) The listing and quotation for the following on the ACE Market of Bursa Securities:

- up to 1,782,608,695 new Ideal Jacobs shares to be issued pursuant to the Proposed Acquisition;
- up to 534,032,115 new Ideal Jacobs shares to be issued pursuant to the Proposed Placement;
- up to 490,928,392 Warrants to be issued pursuant to the Proposed Free Warrants; and
- up to 490,928,392 new Ideal Jacobs shares to be issued pursuant to the exercise of the Warrants

The Company's shareholders had approved the corporate proposals in the Extraordinary General Meeting held on 29 January 2018.

On 12 February 2018, on behalf of the Board, Kenanga IB announced that all the conditions precedent for the Acquisition SPA and Disposal SPA had been fulfilled and therefore, the Acquisition SPA and Disposal SPA had become unconditional.

The Corporate Proposals are currently progressed to the implementation of Proposed Placement and Proposed Free Warrants Stage.

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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
<u>Secured</u>	
Term Loan	11,864
Less: Reclassified as held for sale	<u>(11,864)</u>
	<u>-</u>
 <u>Unsecured</u>	
Term Loan	1,874
Less: Reclassified as held for sale	<u>(1,874)</u>
	<u>-</u>
 RMB	13,738
Less: Reclassified as held for sale	<u>(13,738)</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 31/12/2017	Preceding Year Quarter 31/12/2016	Current Year to Date 31/12/2017	Preceding Year Period 31/12/2016
<b>(i) Basic EPS</b>				
Net profit/(loss) for the period (RM'000)	217	(1,243)	3,070	1,594
Weighted average number of ordinary shares issued ('000)	136,626	135,701	135,934	135,701
Basic earnings per share (sen)				
- Continuing Operations	(1.29)	(1.22)	(3.44)	(1.78)
- Discontinued Operations	1.45	0.30	5.70	2.95
<b>(ii) Diluted EPS</b>				
Net profit for the period (RM'000)	217	(1,243)	3,070	1,594
Weighted average number of ordinary shares issued adjusted for the effects of dilutive potential ordinary shares ('000)	137,183	135,701	136,387	135,701
Basic earnings per share (sen)				
- Continuing Operations	(1.29)	(1.22)	(3.42)	(1.78)
- Discontinued Operations	1.45	0.30	5.67	2.95

- (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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