

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2018

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	(Unaudited) AS AT 31/03/2018 RM'000	(Audited) AS AT 31/12/2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	10	12
TOTAL NON-CURRENT ASSETS	10	12
Current assets		
Other receivables	34	50
Cash and bank balances	53	248
	87	298
Assets classified as held for sale	56,959	59,188
TOTAL CURRENT ASSETS	57,046	59,486
TOTAL ASSETS	57,056	59,498
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	21,546	21,189
Reserves	8,271	8,942
	29,817	30,131
TOTAL EQUITY	29,817	30,131
Current liabilities		
Other payables	426	852
	426	852
Liabilities classified as held for sale	26,813	28,515
TOTAL CURRENT LIABILITIES	27,239	29,367
TOTAL LIABILITIES	27,239	29,367
TOTAL EQUITY AND LIABILITIES	57,056	59,498
Number of ordinary shares in issue ('000)	138,001	136,851
Net assets per share attributable to owners of the parent (RM)	0.22	0.22

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

IDEAL JACOBS (MALAYSIA) CORPORATION BHD (857363-U)
UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2018
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2018 RM'000	(RESTATED) PRECEDING YEAR CORRESPONDING QUARTER 31/03/2017 RM'000	CURRENT YEAR TO DATE 31/03/2018 RM'000	(RESTATED) PRECEDING YEAR CORRESPONDING PERIOD 31/03/2017 RM'000
Continuing operations				
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Operating expenses	(961)	(728)	(961)	(728)
Loss from operations	(961)	(728)	(961)	(728)
Interest income	-	-	-	-
Other income	-	120	-	120
Finance costs	-	-	-	-
Loss before tax	(961)	(608)	(961)	(608)
Taxation	-	-	-	-
(iii) Loss for the period from continuing operations	(961)	(608)	(961)	(608)
Discontinued operations				
Profit from discontinued operations, net of tax	541	1,502	541	1,502
(Loss)/Profit for the period	(420)	894	(420)	894
Other comprehensive (loss)/income				
Item that will be reclassified subsequently to profit or loss				
Foreign exchange translation difference				
- Discontinued Operations	(136)	(193)	(136)	(193)
Total comprehensive income for the period	(556)	701	(556)	701
(Loss)/Profit for the period attributable to:				
Owners of the parent				
- Continuing Operations	(961)	(608)	(961)	(608)
- Discontinued Operations	541	1,502	541	1,502
	(420)	894	(420)	894
Total comprehensive (loss)/income for the period attributable to:				
Owners of the parent				
- Continuing Operations	(961)	(608)	(961)	(608)
- Discontinued Operations	405	1,309	405	1,309
	(556)	701	(556)	701
Weighted average number of ordinary shares issued ('000)	136,889	135,701	136,889	135,701
Weighted average number of ordinary shares issued adjusted for the effects of dilutive potential ordinary shares ('000)	136,889	136,062	136,889	136,062
EPS - Basic (Sen)				
- Continuing Operations	(0.70)	(0.45)	(0.70)	(0.45)
- Discontinued Operations	0.39	1.11	0.39	1.11
	(0.31)	0.66	(0.31)	0.66
EPS - Diluted (Sen)				
- Continuing Operations	(0.70)	(0.45)	(0.70)	(0.45)
- Discontinued Operations	0.39	1.11	0.39	1.11
	(0.31)	0.66	(0.31)	0.66

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 2017 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
Depreciation	2	3	2	3
Unrealised loss/(gain) on foreign exchange	10	(120)	10	(120)

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 2018.

IDEAL JACOBS (MALAYSIA) CORPORATION BHD (857363-U)
UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2018
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2018**

	<-----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 2017	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 year	-	-	(705)	-	906	-	2,164	2,365	162	2,527
As at 31 December 2017	<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>
As at 01 January 2018	21,189	-	6,304	115	4,619	128	(2,224)	30,131	-	30,131
Transactions with owners:										
Issued, pursuant to:-										
- Exercise of ESOS	357	-	-	(115)	-	-	-	242	-	242
Total transactions with owners	357	-	-	(115)	-	-	-	242	-	242
Total profit or loss and other comprehensive income for the period	-	-	(136)	-	-	-	(420)	(556)	-	(556)
As at 31 March 2018	<u>21,546</u>	<u>-</u>	<u>6,168</u>	<u>-</u>	<u>4,619</u>	<u>128</u>	<u>(2,644)</u>	<u>29,817</u>	<u>-</u>	<u>29,817</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 2017 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 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.

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 31 MARCH 2018

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2018**

	(Unaudited) Current Year To Date 31/03/2018 RM'000	(Unaudited) Preceding Year To Date 31/03/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(144)	1,215
Adjustments:		
Depreciation	326	342
Amortisation of prepaid land lease payments	45	9
Interest expenses	174	235
Interest income	(1)	(3)
Unrealised loss/(gain) on foreign exchange	10	(120)
Operating profit before changes in working capital	410	1,678
Corporate shareholder	410	(24)
Inventories	(1,358)	(1,619)
Receivables	596	(2,621)
Payables	(1,724)	(360)
Cash used in operating activities	(1,666)	(2,946)
Tax paid	(99)	(336)
Interest received	1	3
Interest paid	(174)	(235)
Net cash used in operating activities	(1,938)	(3,514)
CASH FLOWS FROM INVESTING ACTIVITIES		
Reduction in fixed deposits pledged to bank	81	83
Purchase of property, plant and equipment	(6)	(514)
Net cash from/(used in) investing activities	75	(431)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of term loans	3,087	1,936
Repayments of term loans	(3,257)	(2,388)
Proceeds from issuance of share pursuant of ESOS exercised	242	-
Net cash from/(used in) financing activities	72	(452)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,791)	(4,397)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	6,469	9,445
EFFECT OF EXCHANGE RATE CHANGES	181	(102)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4,859	4,946
CASH AND CASH EQUIVALENTS COMPRISE:		
Fixed deposits with a licensed bank	3,078	8,240
Cash and bank balances	4,859	4,946
	7,937	13,186
Less: Fixed deposits pledged with licensed bank	(3,078)	(8,240)
	4,859	4,946
Amount as per Consolidated Statement of Financial Position	53	
Cash and bank balances classified as held for sale	4,806	
	4,859	

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2018

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2018

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 2017 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 2017 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 2017, except with the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), IC Interpretations and Amendments to MFRS for financial period beginning on or after 1 January 2018:

- MFRS 15, Revenue from Contracts with Customers
- MFRS 9, Financial Instruments (2014)
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property

The adoption of new MFRSs, IC Interpretations and Amendments to MFRS have not resulted in any material impact on the financial statements of the Group.

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 March 2018.

A6. Debt and Equity Securities

Save for the issuance of 1,150,075 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>
	<u>Industrial labels</u>	<u>Laser/ Die-cut products</u>	<u>Fabrication of plastic parts</u>	<u>Trading of non-core products</u>	<u>Other</u>	<u>Elimination</u>	
31/03/2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>							
External customers	3,485	5,358	3,857	124	-	-	12,824
Inter-segment	45	298	151	10	5,506	(6,010)	-
	<u>3,530</u>	<u>5,656</u>	<u>4,008</u>	<u>134</u>	<u>5,506</u>	<u>(6,010)</u>	<u>12,824</u>
				<u>Discontinued Operations</u>	<u>Continuing Operations</u>	<u>Elimination</u>	<u>Total</u>
Interest income				1	-	-	1
Finance costs				(174)	-	-	(174)
Depreciation and amortisation				(369)	(2)	-	(371)
Other non-cash income/(expense) (a)				-	(10)	-	(10)
Taxation				(276)	-	-	(276)
Segment profit/(loss)				<u>541</u>	<u>4,545</u>	<u>(5,506)</u>	<u>(420)</u>
<u>Assets:-</u>							
Additions to non-current assets				6	-	-	6
Unallocated corporate assets				<u>56,959</u>	<u>97</u>	<u>-</u>	<u>57,056</u>
<u>Liabilities:-</u>							
Unallocated corporate liabilities				<u>26,813</u>	<u>426</u>	<u>-</u>	<u>27,239</u>

A8. Segment Information (continued)

Business Segment (continued)

Period ended	<u>Discontinued Operations</u>				<u>Continuing Operations</u>		<u>Total</u>
	<u>Industrial labels</u>	<u>Laser/Die-cut products</u>	<u>Fabrication of plastic parts</u>	<u>Trading of non-core products</u>	<u>Other</u>	<u>Elimination</u>	
31/03/2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>							
External customers	3,851	4,446	3,223	36	-	-	11,556
Inter-segment	37	271	452	-	959	(1,719)	-
	<u>3,888</u>	<u>4,717</u>	<u>3,675</u>	<u>36</u>	<u>959</u>	<u>(1,719)</u>	<u>11,556</u>
				<u>Discontinued Operations</u>	<u>Continuing Operations</u>	<u>Elimination</u>	<u>Total</u>
Interest income				3	-	-	3
Finance costs				(235)	-	-	(235)
Depreciation and amortisation				(348)	(3)	-	(351)
Other non-cash income/(expense) (a)				-	120	-	120
Taxation				(321)	-	-	(321)
Segment profit/(loss)				<u>1,502</u>	<u>351</u>	<u>(959)</u>	<u>894</u>
<u>Assets:-</u>							
Additions to non-current assets				-	-	-	514
Unallocated corporate assets				-	-	-	<u>60,129</u>
<u>Liabilities:-</u>							
Unallocated corporate liabilities				-	-	-	<u>32,074</u>

Notes:

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

	<u>Discontinued Operations</u>	<u>Continuing Operations</u>	<u>Current Year to-Date</u>	<u>Discontinued Operations</u>	<u>Continuing Operations</u>	<u>Preceding Year Period</u>
	31/03/2018	31/03/2018	31/03/2018	31/03/2017	31/03/2017	31/03/2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unrealised (loss)/gain on foreign exchange	(10)	-	(10)	120	-	120

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A8. Segment Information (continued)

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

	<u>Discontinued Operations</u> 31/03/2018 RM'000	<u>Continuing Operations</u> 31/03/2018 RM'000	Current Year to-Date 31/03/2018 RM'000	Preceding Year Period 31/03/2017 RM'000
Property, plant and equipment	6	-	6	514

(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>	
	31/03/2018		31/03/2018	
	<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	8,421	21,977	8,421	21,977
USA	1,362	-	1,362	-
Thailand	1,020	-	1,020	-
Hong Kong	160	-	160	-
Taiwan	424	-	424	-
Malaysia	348	10	348	10
Netherlands	393	-	393	-
UK	138	-	138	-
France	9	-	9	-
India	4	-	4	-
New Zealand	67	-	67	-
Vietnam	34	-	34	-
Singapore	24	-	24	-
Japan	16	-	16	-
Canada	45	-	45	-
Lithuania	44	-	44	-
Mexico	85	-	85	-
Korea	5	-	5	-
Sweden	192	-	192	-
Romania	15	-	15	-
Slovakia	18	-	18	-
Less: Reclassified as held for sale	-	(21,977)	-	(21,977)
	<u>12,824</u>	<u>10</u>	<u>12,824</u>	<u>10</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 Ended</u>		<u>Cumulative Quarter Ended</u>	
	31/03/2017		31/03/2017	
	<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	7,554	23,406	7,554	23,406
USA	1,489	-	1,489	-
Thailand	1,112	-	1,112	-
Hong Kong	142	-	142	-
Malaysia	328	40	328	40
UK	126	-	126	-
Canada	33	-	33	-
Netherlands	38	-	38	-
Israel	184	-	184	-
Taiwan	99	-	99	-
New Zealand	18	-	18	-
Sweden	277	-	277	-
Poland	4	-	4	-
Japan	6	-	6	-
Vietnam	42	-	42	-
India	16	-	16	-
Singapore	27	-	27	-
Lithuania	13	-	13	-
Germany	2	-	2	-
Mexico	34	-	34	-
France	8	-	8	-
Romania	1	-	1	-
Australia	3	-	3	-
	<u>11,556</u>	<u>23,446</u>	<u>11,556</u>	<u>23,446</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 31/03/2018 RM'000	As at 31/03/2017 RM'000
Property, plant and equipment	18,015	20,243
Investment property	2,198	1,441
Prepaid land lease payments	1,551	1,653
Other investment	-	109
Deferred tax assets	223	-
	<u>21,987</u>	<u>23,446</u>
Less: Reclassified as held for sale	<u>(21,977)</u>	<u>-</u>
	<u>10</u>	<u>23,446</u>

(ii) Information About Major Customers

On the period to date basis, there was no customer that accounted for more than 10% of the sales of the Group (2017: RM1.49 million with the majority arising from 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 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.

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A13. Capital Commitment

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

Capital commitment

	<u>Discontinued Operations</u> 31/03/2018 RM'000	<u>Continuing Operations</u> 31/03/2018 RM'000	Current Year to-Date 31/03/2018 RM'000	Preceding Year Period 31/03/2017 RM'000
Capital expenditure				
- Authorised and contracted for:				
- Property, plant & equipment	133	-	133	605

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 31/03/2018 RM'000	Preceding Year Period 31/03/2017 RM'000
<u>Discontinued Operations</u>		
Sales to a corporate shareholder	421	340
Purchases from a corporate shareholder	15	48
Commission paid to a corporate shareholder	6	17

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 March 2018 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 31/03/2018 RM'000
Property, plant and equipment	18,005
Investment property	2,198
Prepaid land lease payments	1,551
Deferred tax assets	223
Inventories	6,213
Trade receivables	14,205
Other receivables	6,276
Amount due from a corporate shareholder	404
Fixed deposits with licensed bank	3,078
Cash and bank balances	<u>4,806</u>
	<u>56,959</u>
Trade payables	7,384
Other payables	4,793
Tax payable	1,653
Bank borrowings	12,947
Deferred tax liabilities	<u>36</u>
	<u>26,813</u>

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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>31/03/2018</u>	<u>31/03/2017</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
<u>Continuing Operations</u>				
Loss from operation	(961)	(728)	(233)	(32)
Loss before tax	(961)	(608)	(353)	(58)
Loss after tax	(961)	(608)	(353)	(58)
<u>Discontinued Operations</u>				
Revenue	12,824	11,556	1,268	11
Profit from operation	732	1,974	(1,242)	(63)
Profit before tax	817	1,823	(1,006)	(55)
Profit after tax	541	1,502	(961)	(64)

Continuing Operations

Loss after tax of RM0.96 million was recorded in the current quarter as compared to preceding financial year corresponding quarter's loss after tax of RM0.61 million.

The increase in loss after tax is mainly due to withholding tax of RM0.55 million recognised on dividends received from the PRC Subsidiary.

Discontinued Operations

For the quarter under review, the Group's revenue increased by 11% to RM12.82 million from RM11.56 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 RM0.91 million mainly due to increases in orders from new and existing customers;
- (ii) Fabrication of Plastic Parts segment increased by RM0.64 million mainly due to increases in orders from new and existing customers;
- (iii) Industrial Labels segment decreased by RM0.37 million mainly due to decreases in orders from new and existing customers; and
- (iv) Revenue from Trading of Non-core Products segment increased slightly by RM0.09 million.

Profit after tax of RM0.54 million was recorded in the current quarter as compared to preceding financial year corresponding quarter's profit after tax of RM1.50 million.

The lower profit after tax was mainly due to unfavorable foreign exchange losses of RM0.71 million recorded and higher operating expenses incurred.

B2. Comparison to the Results of the preceding quarter

	Quarter Ended		Variance	
	31/03/2018	31/12/2017	RM'000	%
	RM'000	RM'000	RM'000	
<u>Continuing Operations</u>				
Loss from operation	(961)	(1,593)	632	40
Loss before tax	(961)	(1,768)	807	46
Loss after tax	(961)	(1,768)	807	46
<u>Discontinued Operations</u>				
Revenue	12,824	19,891	(7,067)	(35)
Profit from operation	732	2,409	(1,677)	(70)
Profit before tax	817	2,473	(1,656)	(67)
Profit after tax	541	2,149	(1,608)	(75)

Continuing Operations

The quarter under review observed a loss after tax of RM0.96 million as compared to loss after tax of RM1.77 million in the preceding quarter. The lower loss after tax was mainly due to lower withholding tax of RM0.55 million recognised on dividends received from the PRC Subsidiary, lower foreign exchange losses of RM0.01 million recorded, lower staff costs and absence of impairment loss on other investment.

Discontinued Operations

The Group's revenue decreased by RM7.07 million to RM12.82 million during the current quarter as compared to the revenue of RM19.89 million recorded in the immediate preceding quarter mainly due to People's Republic of China observed a long festive celebration in first quarter of Year 2018 and lower orders from the existing customers in all of the major business segments.

The quarter under review observed a profit after tax of RM0.54 million as compared to profit after tax of RM2.15 million in the preceding quarter. The lower profit after tax was mainly due to decreased orders from existing customers and unfavorable foreign exchange losses of RM0.71 million recorded.

B3. Prospects

Discontinued Operations

The sales from all segments except for Industrial Labels segment had improved in period ended 31 March 2018 as compared to the previous year corresponding period. 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.

B3. Prospects (continued)

New Businesses

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 31/03/2018	Preceding Year Quarter 31/03/2017	Current Year to- Date 31/03/2018	Preceding Year Period 31/03/2017
<u>Discontinued Operations</u>				
Current income tax:				
- Foreign	276	321	276	321
	<u>276</u>	<u>321</u>	<u>276</u>	<u>321</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% (2017: 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 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.

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.

On 24 May 2018, on behalf of the Board, Kenanga IB announced that the Board had submitted an application to Bursa Securities for an extension of time of 3 months (i.e., from 13 June 2018 until 13 September 2018) for Ideal Jacobs to complete the implementation of the Corporate Proposals.

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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	10,295
Less: Reclassified as held for sale	<u>(10,295)</u>
	<u>-</u>
 <u>Unsecured</u>	
Term Loan	3,078
Less: Reclassified as held for sale	<u>(3,078)</u>
	<u>-</u>
 RMB	13,373
Less: Reclassified as held for sale	<u>(13,373)</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	Preceding Year Quarter	Current Year to Date	Preceding Year Period
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
(i) Basic EPS				
Net (loss)/profit for the period (RM'000)	(420)	894	(420)	894
Weighted average number of ordinary shares issued ('000)	136,889	135,701	136,889	135,701
Basic earnings per share (sen)				
- Continuing Operations	(0.70)	(0.45)	(0.70)	(0.45)
- Discontinued Operations	0.39	1.11	0.39	1.11
(ii) Diluted EPS				
Net (loss)/profit for the period (RM'000)	(420)	894	(420)	894
Weighted average number of ordinary shares issued adjusted for the effects of dilutive potential ordinary shares ('000)	136,889	136,062	136,889	136,062
Basic earnings per share (sen)				
- Continuing Operations	(0.70)	(0.45)	(0.70)	(0.45)
- Discontinued Operations	0.39	1.11	0.39	1.11

- (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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