



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the period ended 30 September 2016

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Period Ended 30 September 2016 (Third Quarter)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Period To Date	Preceding Year Corresponding Period
	30.9.2016 RM'000	30.9.2015 RM'000	30.9.2016 RM'000	30.9.2015 RM'000
Continuing Operations:				
Revenue	50,785	63,518	164,369	204,279
Cost of sales	(39,837)	(45,108)	(120,514)	(150,032)
Gross profit	10,948	18,410	43,855	54,247
Other income	37	234	211	538
Administrative expenses	(3,263)	(2,722)	(9,624)	(7,161)
Other operating expenses	(5,264)	(5,237)	(16,696)	(13,889)
Finance income	207	202	580	515
Finance costs	(2,027)	(1,294)	(5,284)	(4,188)
Profit before taxation	638	9,593	13,042	30,062
Taxation	(502)	(2,355)	(3,732)	(7,639)
Profit for the period	136	7,238	9,310	22,423
Profit attributable to :				
Equity holders of the Company	226	7,439	9,747	22,882
Non-controlling interests	(90)	(201)	(437)	(459)
	136	7,238	9,310	22,423
Earnings per share (sen) attributable to owners of the parent:				
- Basic	0.04	1.43	1.87	4.40
- Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the period ended 30 September 2016

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	(Unaudited) As at 30.9.2016	(Audited) As at 31.12.2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	99,621	102,167
Investment	226	226
Deferred tax assets	108	108
Investment property	3,602	2,930
Total non-current assets	103,557	105,431
Current assets		
Trade and other receivables	278,881	223,787
Inventories	773	449
Current tax assets	1,906	482
Cash and cash equivalents	26,373	35,705
Total current assets	307,933	260,423
TOTAL ASSETS	411,490	365,854
EQUITY AND LIABILITIES		
Share capital	130,000	130,000
Share premium	36,747	36,747
Merger deficit	(68,500)	(68,500)
Retained profits	95,650	91,103
Equity attributable to holders of the company	193,897	189,350
Non-controlling interests	(1,092)	(655)
Total equity	192,805	188,695
Non-current liabilities		
Loans and borrowings	21,189	15,354
Deferred tax liabilities	7,640	8,077
Total non-current liabilities	28,829	23,431
Current liabilities		
Trade and other payables	128,109	91,275
Loans and borrowings	61,593	61,116
Current tax liabilities	154	1,337
Total current liabilities	189,856	153,728
Total liabilities	218,685	177,159
TOTAL EQUITY AND LIABILITIES	411,490	365,854
Net assets per share (RM)	0.37	0.36

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the period ended 30 September 2016

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Period Ended 30 September 2016 (Third Quarter)

	Current Financial Period	Preceding Year Corresponding Period
	30.9.2016 RM'000	30.9.2015 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	13,042	30,062
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	10,443	7,773
Gain on disposal of property, plant and equipment	(72)	(26)
Property, plant and equipment written off	1	-
Finance costs	5,284	4,188
Finance income	(580)	(515)
Operating profit before changes in working capital	<u>28,118</u>	<u>41,482</u>
Inventories	(324)	(198)
Trade and other receivables	(55,094)	(22,673)
Trade and other payables	36,835	(11,350)
Cash generated from operations	<u>9,535</u>	<u>7,261</u>
Tax paid	(6,795)	(6,859)
Tax refund	19	-
Interest paid	(5,284)	(4,188)
Net cash used in operating activities	<u>(2,525)</u>	<u>(3,786)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(6,531)	(15,089)
Acquisition of investment property	(673)	(767)
Proceeds from disposal of property, plant and equipment	100	114
Interest received	580	515
Net cash used in investing activities	<u>(6,524)</u>	<u>(15,227)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of)/Proceeds from bankers' acceptances and trust receipts	(125)	2,942
Proceeds from/(Repayments of) loans & other borrowings	9,842	(10,485)
Proceeds from issuance of IPO shares	-	68,256
Repayment of finance lease liabilities	(12,041)	(11,539)
Dividend paid	(5,200)	-
Decrease in pledged fixed deposits	(1,105)	(278)
Net cash (used in)/from financing activities	<u>(8,629)</u>	<u>48,896</u>
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS	(17,678)	29,883
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>301</u>	<u>(9,846)</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	<u>(17,377)</u>	<u>20,037</u>
*Cash and cash equivalents at the end of the financial period comprised the following:		
Fixed deposits with licensed banks	26,030	44,705
Less: Pledged deposits	(24,491)	(23,983)
	<u>1,539</u>	<u>20,722</u>
Cash and bank balances	343	7,512
Bank overdrafts	(19,259)	(8,197)
	<u>(17,377)</u>	<u>20,037</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the period ended 30 September 2016

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Period Ended 30 September 2016 (Third Quarter)

	Attributable to the owners of the Company				Non-controlling interests	Total equity	
	<----- Non-distributable ----->			Distributable			
	Share capital	Share Premium	Merger Deficit	Retained earnings			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 Jan 2016	130,000	36,747	(68,500)	91,103	189,350	(655)	188,695
Dividend paid	-	-	-	(5,200)	(5,200)	-	(5,200)
Total comprehensive income for the period	-	-	-	9,747	9,747	(437)	9,310
At 30 September 2016	130,000	36,747	(68,500)	95,650	193,897	(1,092)	192,805

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 2015



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2016

A1. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of Paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting.

These are the third interim financial statements on the consolidated results for the third quarter ended 30 September 2016 announced by the Company in compliance with the MMLR.

These interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2015.

A2. Significant Accounting Policies

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments, and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 15, *Clarifications to MFRS 15, Revenue from Contracts with Customers*
- Amendments to MFRS 2, *Share-based Payments – Classification and Measurement of Share-based Payment Transactions*



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2016

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

A3. Auditors' Report

The reports of the auditors to the members of Ikhmas Jaya Group Berhad, and its subsidiary companies on the financial statements for the financial year ended 31 December 2015 were not subject to any qualification and did not include any adverse comments made under subsection (3) of Section 174 of the Companies Act, 1965.

A4. Seasonality or Cyclicity of Interim Operations

The Group's results are not materially affected by any seasonal or cyclical factors.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

The financial performance of the Group during the current quarter ended 30 September 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event.

A6. Material Effect of Changes in Estimates of Amounts Reported in Prior Interim Periods or Prior Financial Years

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements for the current period under review.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter ended 30 September 2016.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2016

A8. Dividends Paid

The first and final single tier cash dividend of 1 sen per ordinary share, amounting to RM5,200,000.00 in respect of the financial year ended 31 December 2015 was approved by the shareholders during the Annual General Meeting on 20 June 2016 and paid on 9 September 2016.

A9. Segmental Reporting

The Group is predominantly involved in civil and building construction, which is the only reportable segment. Other non-reportable segments comprise manufacturing and sales of prefabricated building system. None of these segments met the quantitative thresholds for reporting segments in 2016 and 2015. All the Group's operations are carried out in Malaysia.

A10. Property, plant and equipment

Freehold land and assets under construction are stated at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

A11. Significant Post Balance Sheet Event

There were no material events as at 16 November 2016, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the current financial period under review.

A12. Significant Related Party Transactions

There were no significant transactions for the current quarter ended 30 September 2016 and preceding year corresponding quarter ended 30 September 2015 except that the Group is owing Ikhmas Jaya Holdings Sdn Bhd (a significant shareholder) approximately RM4.4 million as at 30 September 2016 as detailed below:

Significant Related Party Transactions	RM'000
Ikhmas Jaya Sdn Bhd	3,259
Rekavista Sdn Bhd	13
Ikhmas Equipment Sdn Bhd	115
MM2 Building System Sdn Bhd	1,010
Total	<u>4,397</u>



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2016

A13. Contingent Liabilities

There were no material changes in contingent liabilities and contingent assets since the last audited financial statements for the financial year ended 31 December 2015 to 16 Nov 2016, being a date not earlier than 7 days from the date of this announcement, save for the following:

	As at 16.11.2016 RM'000	As at 31.12.2015 RM'000
Performance bank guarantees	35,745	44,101
Bank guarantees for projects tendering	511	855
	<hr/> 36,256	<hr/> 44,956

A14. Capital Commitment

The material capital commitments were as follows:-

	As at 30.9.2016 RM'000	As at 31.12.2015 RM'000
Approved and contracted for	<hr/> -	<hr/> 3,600



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2016

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of the Performance of the Group

	Current financial period ended	Preceding year corresponding period ended
	30.9.2016	30.9.2015
	RM'000	RM'000
Revenue	164,369	204,279
Profit before taxation	13,042	30,062

The Group recorded a revenue of RM164.4 million for the current financial period ended 30 September 2016, a decrease of RM 39.9 million compared to RM204.3 million recorded in the preceding year corresponding period ended 30 September 2015.

The Group recorded a profit before tax of RM 13.0 million for the current financial period ended 30 September 2016, a decrease of RM 17.1 million from the preceding year corresponding period ended 30 September 2015.

Profit before tax margin for the current financial period ended 30 September 2016 stood at 7.91%, compared to 14.73% for the preceding year corresponding period ended 30 September 2015.

The decrease in revenue was mainly due to the completion of a building construction project and 2 piling projects as well as an infrastructure project in the period under review.

The decrease in profit before tax was in tandem with the decrease in revenue and also additional cost incurred for an infrastructure project.

The decrease in profit before tax margin was mainly due to additional cost incurred in an infrastructure project and also additional costs taken up in final accounts for 2 piling projects.

The decrease in both the profit before tax and profit before tax margin were derived after offsetting cost saving contributed by a building construction project.

B2. Comparison with Preceding Quarter's Results

	Current quarter ended	Preceding quarter ended
	30.9.2016	30.6.2016
	RM'000	RM'000
Revenue	50,785	62,508
Profit before taxation	638	6,866



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2016

In the quarter under review, the Group recorded a decrease in revenue by RM 11.7 million to RM 50.8 million compared to RM62.5 million in the preceding quarter ended 30 June 2016.

The decrease in revenue was mainly due to the completion of a building construction project in the previous quarter which contributed substantially to the revenue compared with no revenue generated in the quarter under review.

The profit before tax for the current quarter ended 30 September 2016 has decreased by RM6.3 million compared to the preceding quarter ended 30 June 2016. Profit before tax margin stood at 1.18% for the current quarter ended 30 September 2016 compared to 11.04% for the preceding quarter ended 30 June 2016.

The decrease in profit before tax and profit before tax margin were mainly due to additional cost incurred in an infrastructure project and also additional costs taken up in final accounts of 2 piling projects. The decrease in both the profit before tax and profit before tax margin were derived after offsetting cost saving contributed by a building construction project.

B3. Prospects

In spite of the challenging business environment, the Group will adopt a prudent approach to address the various challenges accordingly. We will continue to increase our operational efficiency and expanding capacity, to continuously bid for new contracts and strive to grow our business.

B4. Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

B5. Profit Before Tax

Profit for the current quarter and current financial period is stated after charging/(crediting):-

	Current quarter ended 30.9.2016 RM'000	Current financial period ended 30.9.2016 RM'000
Depreciation of property, plant and equipment	3,521	10,443
Gain on disposal of property, plant and equipment	(37)	(72)
Property plant and equipment written off	1	1
Finance income	(207)	(580)
Finance costs	2,027	5,284



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2016

B6. Taxation

	Current quarter ended 30.9.2016	Current financial period ended 30.9.2016
	RM'000	RM'000
Current tax expense	502	3,732

B7. Status of Corporate Proposal

In conjunction with, and as an integral part of the Company's listing on the Main Market of Bursa Securities, the following listing scheme was undertaken by the Company:

(i) Acquisition

Acquisition of Ikhmas Jaya Sdn Bhd

Acquisition by the Company of the entire issued and paid-up share capital in Ikhmas Jaya Sdn Bhd comprising 30,000,000 ordinary shares of RM1.00 each for total purchase consideration of RM98,499,900.00 which was entirely satisfied by the issuance of 393,999,600 new ordinary shares at an issue price of RM0.25 per share.

The Acquisition was completed on 3 June 2015.

(ii) Initial Public Offering

Public Issue

The Company undertook a public issue of 126,000,000 new ordinary shares, representing approximately 24.23% of the Company's enlarged issued and paid-up share capital at the IPO price of RM0.57 per share.

Upon the allotment and issuance of the Public Issue Shares pursuant to our IPO, our enlarged issued and paid-up capital of our Group will be RM130,000,000 comprising 520,000,000 shares.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2016

The gross proceeds arising from the Public Issue amounted to RM71.8 million. As at 30 September 2016, the Group has utilised RM64.9 million and the balance available for utilisation is RM6.9 million as shown below:

	Description	Timeframe for Utilisation	Amount (RM'000)	% of Total Gross Proceeds (%)	Amount utilised (RM'000)	Balance Available (RM'000)
(a)	Purchase of construction equipment	Within 24 months	31,820	44.31	29,921	1,899
(b)	Purchase of machinery and equipment for manufacturing of prefabricated building system	Within 24 months	5,000	6.96	-	5,000
(c)	Repayment of bank borrowings	Within 6 months	12,000	16.71	12,000	-
(d)	Working capital	Within 6 months	18,000	25.06	18,000	-
(e)	Estimated listing expenses	Immediate	5,000	6.96	5,000	-
	Total Public Issue Proceeds		71,820	100.00	64,921	6,899

Note: The utilisation of proceeds as disclosed above should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015.

Save as disclosed above, there were no pending corporate proposals up to 16 Nov 2016, being a date not earlier than 7 days from the date of this announcement.

B8. Investment in Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter and financial period ended 30 September 2016.

B9. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investment and/or properties during the current quarter and financial period ended 30 September 2016.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2016

B10. Group Borrowings

The Group's borrowings as at 30 September 2016 are as follows:

	Short Term	Long Term	Total
	RM'000	RM'000	RM'000
Finance lease liabilities	16,043	16,058	32,101
Secured term loans	878	5,131	6,009
Secured bank overdrafts	19,259	-	19,259
Unsecured bankers' acceptance/trust receipts	13,904	-	13,904
Invoice financing	658	-	658
Factoring facility	10,851	-	10,851
	<u>61,593</u>	<u>21,189</u>	<u>82,782</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B11. Realised/ Unrealised profits

	As at	As at
	30.9.2016	31.12.2015
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	101,574	99,381
- unrealised	<u>(7,532)</u>	<u>(7,969)</u>
	94,042	91,412
Add/(Less) : Consolidated adjustments	1,608	(309)
Total retained earnings as per consolidated accounts	<u>95,650</u>	<u>91,103</u>

B12. Off Balance Sheet Financial Instruments

Save for below, there were no financial instruments with off balance sheet risks as at 16 Nov 2016, being a date not earlier than 7 days from the date of this announcement.

	As at	As at
	16.11.2016	31.12.2015
	RM'000	RM'000
Performance bank guarantees	<u>35,745</u>	<u>44,101</u>



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2016

B13. Material Litigation

The Group does not have any material litigation as at 16 Nov 2016, being a date not earlier than 7 days from the date of this announcement

B14. Dividend

No dividend was declared for the current quarter and financial period ended 30 September 2016.

B15. Earnings per Share

The earnings per share for the current quarter and current financial period ended 30 September 2016 is computed as follows:-

	Current quarter ended 30.9.2016	Current financial period ended 30.9.2016
Profit for the quarter/period, attributable to owners of the parent (RM'000)	226	9,747
Weighted average number of ordinary shares in issue ('000)*	520,000	520,000
Basic Earnings Per Share (sen)	0.04	1.87

** Based on the issued share capital after the completion of the Acquisition and Initial Public Offering as detailed in Note B7(ii)*

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 30 September 2016.