

Ikhmas Jaya Group Berhad

(Company No. 1072872-D)

(Incorporated in Malaysia)

**Interim financial statements for third
quarter ended 30 September 2017**



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the period ended 30 September 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Period Ended 30 September 2017

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.9.2017 RM'000	30.9.2016 RM'000	30.9.2017 RM'000	30.9.2016 RM'000
Continuing Operations:				
Revenue	60,551	50,785	185,051	164,369
Cost of sales	(47,986)	(39,837)	(159,345)	(120,514)
Gross profit	12,565	10,948	25,706	43,855
Other income	7,270	37	8,947	211
Administrative expenses	(3,670)	(3,263)	(10,068)	(9,624)
Other operating expenses	(602)	(5,264)	(2,440)	(16,696)
Finance income	124	207	403	580
Finance costs	(2,293)	(2,027)	(6,220)	(5,284)
Profit before taxation	13,394	638	16,328	13,042
Taxation	(2,261)	(502)	(4,528)	(3,732)
Profit for the period	11,133	136	11,800	9,310
Profit attributable to :				
Equity holders of the Company	11,273	226	12,222	9,747
Non-controlling interests	(140)	(90)	(422)	(437)
	11,133	136	11,800	9,310
Earnings per share (sen) attributable to owners of the parent:				
- Basic	2.15	0.04	2.34	1.87
- Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the period ended 30 September 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	(Unaudited) As at 30.9.2017 RM'000	(Audited) As at 31.12.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	105,305	100,813
Investment	226	226
Deferred tax assets	-	30
Investment property	8,572	3,926
Total non-current assets	<u>114,103</u>	<u>104,995</u>
Current assets		
Trade and other receivables	381,241	316,003
Inventories	794	404
Current tax assets	5,044	3,421
Cash and cash equivalents	23,533	23,588
Total current assets	<u>410,612</u>	<u>343,416</u>
TOTAL ASSETS	<u>524,715</u>	<u>448,411</u>
EQUITY AND LIABILITIES		
Share capital	137,245	130,000
Share premium	36,747	36,747
Merger deficit	(68,500)	(68,500)
Retained profits	109,407	97,185
Equity attributable to holders of the company	<u>214,899</u>	<u>195,432</u>
Non-controlling interests	<u>(2,108)</u>	<u>(1,686)</u>
Total equity	<u>212,791</u>	<u>193,746</u>
Non-current liabilities		
Loans and borrowings	12,224	20,012
Deferred tax liabilities	9,539	8,675
Total non-current liabilities	<u>21,763</u>	<u>28,687</u>
Current liabilities		
Trade and other payables	226,019	147,321
Loans and borrowings	63,820	78,631
Current tax liabilities	322	26
Total current liabilities	<u>290,161</u>	<u>225,978</u>
Total liabilities	<u>311,924</u>	<u>254,665</u>
TOTAL EQUITY AND LIABILITIES	<u>524,715</u>	<u>448,411</u>
Net assets per share (RM)	0.41	0.37

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



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the period ended 30 September 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Period Ended 30 September 2017

	Current Financial Period	Preceding Year
	30.9.2017	Corresponding Period
	RM'000	30.9.2016
		RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	16,327	13,042
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	7,709	10,443
Depreciation of investment property	308	-
Gain on disposal of property, plant and equipment	(4,666)	(72)
Gain on disposal of investment property	(640)	-
Property, plant and equipment written off	19	1
Finance costs	6,220	5,284
Finance income	(403)	(580)
Operating profit before changes in working capital	<u>24,874</u>	<u>28,118</u>
Inventories	(391)	(324)
Trade and other receivables	(69,161)	(55,094)
Trade and other payables	78,267	36,835
Cash generated from operations	<u>33,589</u>	<u>9,535</u>
Tax paid	(1,480)	(6,795)
Tax refund	65	19
Interest paid	(6,220)	(5,284)
Net cash from/(used in) operating activities	<u>25,954</u>	<u>(2,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(22,049)	(6,531)
Acquisition of investment property	-	(673)
Proceeds from disposal of property, plant and equipment	-	100
Interest received	403	580
Net cash used in investing activities	<u>(21,646)</u>	<u>(6,524)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments)/Proceeds from bankers' acceptances and trust receipts	(14,360)	(125)
Proceeds from loans & other borrowings	13,280	9,842
Proceeds from issuance of shares	7,245	-
Repayment of finance lease liabilities	(4,543)	(12,041)
Dividend paid	-	(5,200)
Decrease / (Increase) in pledged fixed deposits	531	(1,105)
Net cash from/(used) in financing activities	<u>2,153</u>	<u>(8,629)</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	6,461	(17,678)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>(28,826)</u>	<u>301</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	<u><u>(22,365)</u></u>	<u><u>(17,377)</u></u>

*Cash and cash equivalents at the end of the financial period comprised the following:

Fixed deposits with licensed banks	23,491	26,030
Less: Pledged deposits	<u>(22,491)</u>	<u>(24,491)</u>
	1,000	1,539
Cash and bank balances	42	343
Bank overdrafts	<u>(23,407)</u>	<u>(19,259)</u>
	<u><u>(22,365)</u></u>	<u><u>(17,377)</u></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 2016



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the period ended 30 September 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Period Ended 30 September 2017

	Attributable to the owners of the Company				Non-controlling interests	Total equity	
	<----- Non-distributable ----->			Distributable			Total
	Share capital	Share premium	Merger reserve/(Deficit)	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2016	130,000	36,747	(68,500)	91,103	189,350	(655)	188,695
Dividend paid	-	-	-	(5,200)	(5,200)	-	(5,200)
Profit and 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
At 1 January 2017	130,000	36,747	(68,500)	97,185	195,432	(1,686)	193,746
Shares issued	7,245	-	-	-	7,245	-	7,245
Profit and total comprehensive income for the period	-	-	-	12,222	12,222	(422)	11,800
At 30 September 2017	137,245	36,747	(68,500)	109,407	214,899	(2,108)	212,791

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



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

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 2017 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 2016. 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 for the financial period ended 30 September 2017.

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 2016.

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, 2016 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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

A2. Significant Accounting Policies (continued)

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

- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payments – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

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

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

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 ("IJGB"), and its subsidiary companies on the financial statements for the financial year ended 31 December 2016 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 and financial period ended 30 September 2017 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.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

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 and financial period ended 30 September 2017 except for the issuance of 10,350,000 ordinary shares of RM0.25 each in Ikhmas Jaya Group Berhad (“shares”) at the issue price of RM0.70 per share on 24 August 2017 giving a total gross proceeds of RM7,245,000. For further details, kindly refer to Note B7(b).

A8. Dividends Paid

No dividends were paid by the Company in the current quarter ended 30 September 2017.

A9. Segmental Reporting

The Group is predominantly involved in piling and civil engineering works in construction of buildings, roads and bridges, which is the only reportable segment. Other segments which comprise manufacturing and sales of prefabricated building system do not meet the top management’s qualitative criteria and quantitative thresholds as per MFRS 8: Segmental Reporting. Furthermore, all the Group’s operations are solely 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 22 November 2017, 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.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

A12. Changes in Composition of the Group

Ikhmas Jaya Group Berhad (IJGB) has acquired the entire issued shares of Exofield Property Management Sdn Bhd (Exofield) on 24th March 2017, comprising of 2 ordinary shares for a cash consideration of RM2.00 (Acquisition). Exofield was incorporated on 21 September 2016 and its intended principal activity is property management.

The Acquisition will not have any effect on the issued shares and the shareholding of the substantial shareholders of IJGB. The Acquisition is not expected to have any material effect on the earnings per share, net assets per share and gearing of IJGB Group for the financial year ending 31 December 2017. None of the directors and/or shareholder and/or persons connected with them have any interest, direct or indirect in the Acquisition.

A13. Significant Related Party Transactions and Balances

There were no significant transactions for the current quarter ended 30 September 2017 and the preceding year corresponding quarter ended 30 September 2016 except for the amount owing to Ikhmas Jaya Holdings Sdn Bhd (a controlling shareholder) of approximately RM1.6 million as at 30 September 2017 as detailed below:

	As at 30.9.2017	As at 31.12.2016
	RM'000	RM'000
Ikhmas Jaya Sdn Bhd	453	3,015
Rekavista Sdn Bhd	13	13
Ikhmas Equipment Sdn Bhd	115	115
MM2 Building System Sdn Bhd	1,010	1,010
Total	1,591	4,153

A14. Contingent Liabilities

There were no material contingent liabilities for the Group as at 30 September 2017.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

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

	Quarter ended 30 September		% + / (-)	Cumulative Period Ended 30 September		% + / (-)
	2017	2016		2017	2016	
	RM'000	RM'000		RM'000	RM'000	
Revenue	60,551	50,785	19.2%	185,051	164,369	12.6%
Operating profit	15,563	2,458	>100.0%	22,145	17,746	24.8%
Profit Before Tax	13,394	638	>100.0%	16,328	13,042	25.2%
Profit After Tax	11,133	136	>100.0%	11,800	9,310	26.7%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	11,273	226	>100.0%	12,222	9,747	25.4%

The Group recorded a revenue of RM185.1 million for the current financial period ended 30 September 2017, an increase of RM20.7 million (or 12.6%) as compared to RM164.4 million recorded in the preceding year corresponding period ended 30 September 2016.

The increase in revenue was mainly due to the Group's increased construction activities, particularly in two (2) major key projects during the current quarter ended 30 September 2017.

As a result of which, the Group recorded a revenue of RM60.6 million for the current quarter ended 30 September 2017; an increase of RM9.8 million (or 19.2% - a higher percentage) as compared to RM50.8 million achieved in the preceding year corresponding quarter ended 30 September 2016.

The Group posted a profit before tax ("PBT") of RM16.3 million and profit after tax ("PAT") of RM11.8 million for the current financial period ended 30 September 2017, an increase of RM3.3 million (or 25.2%) and RM2.5 million (or 26.7%) as compared to PBT of RM13.0 million and PAT of RM9.3 million respectively achieved during the preceding year corresponding period ended 30 September 2016.

The disposal gain due to replacement cycle of fixed assets and interest income contributed approximately 40.0% to the PBT and PAT. Without the aforesaid, the Group's PBT and PAT would be RM8.3 million and RM5.7 million respectively. And the PBT margin and PAT margin would also be adjusted accordingly to 4.5% and 3.3% during the current financial period under review as compared to 7.9% and 5.7% respectively achieved during the preceding year corresponding period.

The decline in PBT and PAT was mainly due to erosion in average project margin caused by rising costs of raw materials, labour, transport, fuel and regulatory compliance; unavoidable delays in finalization of completed project accounts and also additional costs incurred in one infrastructure project during the second (2nd) quarter of the current financial year ending 31 December 2017.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

B1. Review of the Performance of the Group (continued)

Another key factor contributing to the said decline was due to the fact that the existing ongoing projects were nearing their completion phase of which their earnings accretion began to plateau whilst most of the new projects were still in the take-off phase with earnings accretion being relatively weaker in comparison.

Notwithstanding the above, the Group still recorded an encouraging performance in PBT and PAT during the current quarter ended 30 September 2017 as compared to its financial results during the preceding year corresponding quarter ended 30 September 2016.

Without taking into account the exceptional operating income as mentioned above, the Group would still have recorded a commendable PBT of RM5.3 million and PAT of RM5.0 million for the current quarter ended 30 September 2017 i.e. a corresponding increase of RM4.7 million and RM4.9 million as compared to PBT of RM0.6 million and PAT of RM0.1 million respectively achieved during the preceding year corresponding quarter ended 30 September 2016.

The major contributing factor to the improved profit performance for the current quarter under review was due to one major key project which has an above average industry margin entering into acceleration phase; thus giving a stronger accretion of revenue and earnings to the Group.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 30.9.2017	Immediate Preceding Quarter 30.6.2017	%
Revenue	60,551	51,911	16.6%
Operating Profit	15,563	5,845	>100.0%
Profit Before Tax	13,394	4,109	>100.0%
Profit After Tax	11,133	2,640	>100.0%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	11,273	2,757	>100.0%

For the current quarter under review, the Group recorded a revenue of RM60.6 million i.e. an increase in revenue of RM8.7 million as compared to RM51.9 million achieved in the preceding quarter ended 30 June 2017.

The significant increase in revenue was mainly due to higher percentage of completion of contractual works done on the two (2) major key projects as mentioned in item B1 above.

Without the exceptional operating income as mentioned in item B1 above, the increase in revenue had resulted in a corresponding increase of RM1.2 million in PBT and RM2.4 million in PAT for the current quarter ended 30 September 2017 as compared to its preceding quarter ended 30 June 2017. As such, with a PBT of RM5.3 million and PAT of RM5.0 million; its PBT margin and PAT margin would have been adjusted accordingly to 8.8% and 8.3% for the current quarter ended 30 September 2017 as compared to the PBT margin of 7.9% and PAT margin of 5.1% respectively achieved during the preceding quarter ended 30 June 2017.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

B3. Prospects

Barring any unforeseen circumstances, moving forward the Group anticipates a better outlook in its financial performance within the next twelve (12) months after taking into consideration that most of the new projects would move into acceleration phase with stronger accretion in revenue and earnings.

This would be further complemented by the Group's continuing vigilance in its cost management, renewed focus in improving working capital management and strengthening its balance sheet, intensified efforts in increasing its order book, plan to increase productivity with reduced dependency on the use of foreign labour and enhanced program in building up its human capital and core competencies.

With the recent announcement of Budget 2018, construction projects including hospitals, highways and roads, infrastructure upgrades for airports, rural housing and others worth approximately RM350 billion are expected to come onstream over the next two (2) to three (3) years.

This coupled with rising urbanization and pent up demand for affordable housing in Klang Valley, Penang and Johor would place the Group in good stead to increase its order book.

The Group anticipates the business environment would remain very challenging and competitive in view of the rising inflationary cost pressures, increasing regulatory compliance and maturity credit cycle with the banks imposing stricter and more restrictive lending criteria on the borrowers.

However, in spite of the aforesaid the Group would continue to prepare itself to overcome these challenges and remain resilient moving forward.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

B4. Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee has been issued.

B5. Profit Before Tax

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

	Current quarter ended 30.9.2017 RM'000	Current financial period ended 30.9.2017 RM'000
Depreciation of property, plant and equipment	2,720	7,709
Depreciation of investment property	39	101
Property plant and equipment written off	-	19
Finance income	(124)	(403)
Finance costs	2,293	6,220
Gain on disposal of property, plant and equipment	(3,576)	(4,666)
Gain on disposal of investment property	(276)	(640)

B6. Taxation

	Current quarter ended 30.9.2017 RM'000	Current financial period ended 30.9.2017 RM'000
Current tax expense	2,261	4,528

B7. Status of Corporate Proposal

Utilisation of Proceeds from Public Issue

The status of corporate proposals announced but not completed as at due date of issue of this interim financial report are as follows:

- (a) The Company undertook a public issue of 126,000,000 new ordinary shares, representing approximately 24.2% of the Company's enlarged issued and paid-up share capital at the Initial Public Offering ("IPO") price of RM0.57 per share.

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

The gross proceeds arising from the IPO amounted to RM71.80 million. As at 30 September 2017, the Group has utilised RM66.8 million and the balance available for utilisation is RM5.0 million as shown below:



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

B7. Status of Corporate Proposal (continued)

Utilisation of Proceeds from Public Issue (continued)

Description	Timeframe for Utilisation	Amount (RM'000)	% of Total Gross Proceeds (%)	Amount utilised (RM'000)	Balance Available (RM'000)
Purchase of construction equipment	Within 24 months	31,820	44.3	31,820	-
Purchase of machinery and equipment for manufacturing of prefabricated building system	Within 24 months	5,000	7.0	-	5,000
Repayment of bank borrowings	Within 6 months	12,000	16.7	12,000	-
Working capital	Within 6 months	18,000	25.0	18,000	-
Estimated listing expenses	Immediate	5,000	7.0	5,000	-
Total Public Issue Proceeds		71,820	100.00	66,820	5,000

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 2016.

- (b) On 17 July 2017, the Company announced to Bursa Malaysia Securities Bhd (“Bursa”) that the Company proposed to undertake a private placement of up to 52,000,000 new ordinary shares in the Company, representing up to 10.0% of the total number of issued shares of the Company and this proposal was approved on 25 July 2017.

On 24 August 2017, the Company issued and listed 10,350,000 new ordinary shares (1st tranche) at RM0.70 on Main Market of Bursa Securities raising RM7.25 million for working capital purposes. As at 30 September 2017, the Group has fully utilised the amount raised.

Save as disclosed above, there were no pending corporate proposals up to 22 November 2017, being a date not earlier than 7 days from the date of this announcement.

B8. Investment in Quoted Securities

There were no material purchases or disposals of quoted securities during the current quarter and financial period ended 30 September 2017.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

B9. Sale of Unquoted Investments and/or Properties

During the previous quarter ended 30 June 2017, the Group had disposed off three (3) units of Damai 88 Service Apartments, Jalan Ampang, Kuala Lumpur, for a total consideration of RM4.8 million.

Save for the above, there were no sale of unquoted investment and/or properties during the current quarter and financial period ended 30 September 2017.

B10. Group Borrowings

The Group's borrowings as at 30 September 2017 are as follows:

	As at 30.9.2017	As at 31.12.2016
	RM'000	RM'000
Finance lease liabilities	17,478	30,746
Secured term loans	2,804	6,445
Secured bank overdrafts	23,407	29,382
Unsecured bankers' acceptance/trust receipts	5,383	18,576
Factoring facility	13,817	12,317
Invoice Financing	931	1,167
	<u>63,820</u>	<u>98,633</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B11. Realised/ Unrealised profits

	As at 30.9.2017	As at 31.12.2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	118,768	105,108
- Unrealised	(9,539)	(8,645)
	<u>109,229</u>	<u>96,463</u>
Add : Consolidated adjustments	178	722
Total retained earnings as per consolidated accounts	<u>109,407</u>	<u>97,185</u>



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

B12. Off Balance Sheet Financial Instruments

There were no financial instruments with significant off balance sheet risks as at 22 November 2017, being a date not earlier than 7 days from the date of this announcement.

B13. Capital Commitment

There were no material capital commitments for the Group as at 30 September 2017, save for below:

	As at 30.9.2017 RM'000	As at 31.12.2016 RM'000
Capital commitments	7,122	-

B14. Material Litigation

On 1 December 2016, Ikhmas Jaya Sdn. Bhd. ("IJSB"), a wholly owned subsidiary of IJGB had been served a Writ of Summons dated 24 November 2016 and an amended Statement of Claim dated 29 November 2016 ("amended SoC") by the solicitors of a nominated sub-contractor ("the Plaintiff") against a third party as the first defendant and IJSB as the second defendant.

By a Letter of Award dated 8 December 2014 issued by IJSB, IJSB as the main contractor had appointed the Plaintiff as the Nominated Sub-Contractor for the supply, delivery and installation of kitchen cabinets for 150 units of service apartments ("the works"). The first defendant is the owner of the project and had appointed IJSB as its main contractor for the said project.

In its amended SoC, the Plaintiff states that they had completed the works in accordance with the Letter of Award and various reminders were sent to IJSB requesting for outstanding payment of RM1,261,303 ("the outstanding sum").

The Plaintiff is a Nominated Sub-Contractor appointed by the first defendant and IJSB only acted as a coordinator.

There was a settlement agreement dated 29 June 2016 between the Plaintiff and the first defendant for direct payment by the first defendant to the Plaintiff to fully settle the outstanding sum and IJSB is not a party to that agreement. IJSB has no knowledge about the aforesaid settlement agreements until recently as mentioned in the amended SoC.

IJGB had appointed its solicitors to act to review the Writ and amended SoC and to defend the case.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – THIRD QUARTER ENDED 30 SEPTEMBER 2017

B14. Material Litigation (continued)

The plaintiff's solicitors had on 23 August 2017 served a letter to the first defendant to pay up the sum of RM1,425,215.52 by 4 monthly instalments within 21 days from this date. Failing which, the plaintiff's solicitors would commence winding-up proceedings against the first defendant without further reference to the first defendant.

At the date of this report, the first defendant has paid the first instalment of RM0.5 million, with the remaining balance to be settled in 3 equal instalments of RM0.3 million each.

Save for the above, the Group does not have any material litigation as at 22 November 2017, being a date not earlier than 7 days from the date of this announcement.

B15. Dividend

No dividend was declared for the current quarter and financial period ended 30 September 2017.

B16. Earnings per Share

The earnings per share for the current quarter and current financial period ended 30 September 2017 is computed as follows:-

	Current quarter ended 30.9.2017	Current financial period ended 30.9.2017
Profit for the quarter/period, attributable to owners of the parent (RM'000)	11,273	12,222
Weighted average number of ordinary shares in issue ('000)*	524,275	521,441
Basic Earnings Per Share (sen)	2.15	2.34

** Based on the issued share capital after the completion of the Initial Public Offering and Private Placement as detailed in Note B7*

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.