

**Ikhmas Jaya Group Berhad**

(Company No. 1072872-D)

(Incorporated in Malaysia)

**Interim financial statements for fourth  
quarter ended 31 December 2017**



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the year ended 31 December 2017

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the Financial Year Ended 31 December 2017

	Individual Quarter		Cumulative Quarter	
	Current Year Current Quarter	Preceding Year Corresponding Quarter	Current Year	Preceding Year
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>Continuing Operations:</b>				
Revenue	114,481	78,198	299,531	242,567
Cost of sales	(99,290)	(65,878)	(258,635)	(186,392)
Gross profit	15,191	12,320	40,896	56,175
Other income	359	71	9,306	282
Administrative expenses	(6,402)	(2,963)	(16,470)	(12,587)
Other operating expenses	(5,867)	(5,561)	(8,307)	(22,257)
Finance income	329	134	732	714
Finance costs	(2,120)	(1,891)	(8,340)	(7,175)
<b>Profit before taxation</b>	1,490	2,110	17,817	15,152
Taxation	226	(1,176)	(4,302)	(4,908)
<b>Profit for the period</b>	1,716	934	13,515	10,244
<b>Profit attributable to :</b>				
Equity holders of the Company	2,078	1,531	14,299	11,278
Non-controlling interests	(362)	(597)	(784)	(1,034)
	1,716	934	13,515	10,244
<b>Earnings per share (sen) attributable to owners of the parent:</b>				
- Basic	0.39	0.29	2.73	2.17
- 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 year ended 31 December 2017

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2017

	(Unaudited) As at 31.12.2017	(Audited) As at 31.12.2016
	Current Year Current Quarter	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	99,145	100,813
Investment	226	226
Deferred tax assets	-	30
Investment property	8,523	3,926
<b>Total non-current assets</b>	<u>107,894</u>	<u>104,995</u>
<b>Current assets</b>		
Trade and other receivables	411,143	316,003
Inventories	1,020	404
Current tax assets	1,276	3,421
Cash and cash equivalents	29,386	23,588
<b>Total current assets</b>	<u>442,825</u>	<u>343,416</u>
<b>TOTAL ASSETS</b>	<u>550,719</u>	<u>448,411</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	137,245	130,000
Share premium	36,747	36,747
Merger deficit	(68,500)	(68,500)
Retained profits	108,884	97,185
<b>Equity attributable to holders of the company</b>	<u>214,376</u>	<u>195,432</u>
<b>Non-controlling interests</b>	<u>(2,470)</u>	<u>(1,686)</u>
<b>Total equity</b>	<u>211,906</u>	<u>193,746</u>
<b>Non-current liabilities</b>		
Loans and borrowings	9,037	20,012
Deferred tax liabilities	9,742	8,675
<b>Total non-current liabilities</b>	<u>18,779</u>	<u>28,687</u>
<b>Current liabilities</b>		
Trade and other payables	210,031	147,321
Loans and borrowings	108,984	78,631
Current tax liabilities	1,019	26
<b>Total current liabilities</b>	<u>320,034</u>	<u>225,978</u>
<b>Total liabilities</b>	<u>338,813</u>	<u>254,665</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>550,719</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 year ended 31 December 2017

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Financial Year Ended 31 December 2017

	Current Financial Year 31.12.2017 RM'000	Preceding Year 31.12.2016 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	17,817	15,159
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	14,707	14,095
Depreciation of investment property	552	26
Gain on disposal of property, plant and equipment	(4,566)	(113)
Property, plant and equipment written off	19	6
Finance costs	8,340	7,175
Finance income	(732)	(714)
<b>Operating profit before changes in working capital</b>	<u>36,137</u>	<u>35,634</u>
Inventories	(615)	46
Trade and other receivables	(92,469)	(92,214)
Trade and other payables	62,710	56,047
<b>Cash generated from operations</b>	<u>5,763</u>	<u>(488)</u>
Tax paid	(2,803)	(8,502)
Tax refund	65	19
Interest paid	(8,340)	(7,175)
<b>Net cash used in operating activities</b>	<u>(5,315)</u>	<u>(16,146)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(12,003)	(9,196)
Acquisition of investment property	(5,148)	(1,023)
Proceeds from disposal of property, plant and equipment	3,510	150
Interest received	732	714
<b>Net cash used in investing activities</b>	<u>(12,909)</u>	<u>(9,355)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds/(Repayments) from bankers' acceptances and trust receipts	13,504	5,714
Proceeds from loans & other borrowings	30,437	11,087
Proceeds from issuance of shares	7,245	-
Repayment of finance lease liabilities	(18,120)	(15,591)
Dividend paid	(2,600)	(5,200)
(Increase)/Decrease in pledged fixed deposits	(4,129)	364
<b>Net cash from/(used) in financing activities</b>	<u>26,337</u>	<u>(3,626)</u>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	8,113	(29,127)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<u>(28,826)</u>	<u>301</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR*</b>	<u><u>(20,713)</u></u>	<u><u>(28,826)</u></u>
<b>*Cash and cash equivalents at the end of the financial year comprised the following:</b>		
Fixed deposits with licensed banks	28,151	23,158
Less: Pledged deposits	(27,151)	(23,022)
	<u>1,000</u>	<u>136</u>
Cash and bank balances	1,235	430
Bank overdrafts	(22,948)	(29,392)
	<u><u>(20,713)</u></u>	<u><u>(28,826)</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 year ended 31 December 2017

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Financial Year Ended 31 December 2017

	Attributable to the owners of the Company					Non-controlling interests	Total equity
	<----- Non-distributable ----->			Distributable			
	Share capital	Share premium	Merger reserve/(Deficit)	Retained earnings	Total		
Current Year	Current Quarter						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2016</b>	130,000	36,747	(68,500)	91,103	189,350	(655)	188,695
Dividend declared / paid	-	-	-	(5,200)	(5,200)	-	(5,200)
Profit and total comprehensive income for the year	-	-	-	11,282	11,282	(1,031)	10,251
<b>At 31 December 2016</b>	<b>130,000</b>	<b>36,747</b>	<b>(68,500)</b>	<b>97,185</b>	<b>195,432</b>	<b>(1,686)</b>	<b>193,746</b>
<b>At 1 January 2017</b>	130,000	36,747	(68,500)	97,185	195,432	(1,686)	193,746
Shares issued	7,245	-	-	-	7,245	-	7,245
Dividend declared / paid	-	-	-	(2,600)	(2,600)	-	(2,600)
Profit and total comprehensive income for the year	-	-	-	14,299	14,299	(784)	13,515
<b>At 31 December 2017</b>	<b>137,245</b>	<b>36,747</b>	<b>(68,500)</b>	<b>108,884</b>	<b>214,376</b>	<b>(2,470)</b>	<b>211,906</b>

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– FOURTH QUARTER ENDED 31 DECEMBER 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 fourth interim financial statements on the consolidated results for the fourth quarter ended 31 December 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 year ended 31 December 2017.

The accounting policies and methods of computation adopted by the Group in these 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– FOURTH QUARTER ENDED 31 DECEMBER 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*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation.*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures.*

***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*



**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS– FOURTH QUARTER ENDED 31 DECEMBER 2017**

**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 year ended 31 December 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.

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

There are no material changes in estimates of the amounts reported in prior interim periods or prior financial years that may have a material effect on the results of current quarter under review other than those disclosed in part B2 of the explanatory notes.

**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 year ended 31 December 2017 except for the issuance of 10,350,000 and 15,000,000 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 and RM0.57 per share on 20 February 2018 respectively giving a total gross proceeds of RM15,795,000. For further details, kindly refer to Note B7(b).

**A8. Dividends Paid**

No dividends were paid by the Company in the current quarter ended 31 December 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. All the Group's operations are solely carried out in Malaysia.





**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS– FOURTH QUARTER ENDED 31 DECEMBER 2017**

**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 21 February 2018, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the current quarter and financial year under review.

**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 24<sup>th</sup> 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 did not have any effect on the issued shares and the shareholding of the substantial shareholders of IJGB. The Acquisition also did not have any material effect on the earnings per share, net assets per share and gearing of IJGB Group for the financial year ended 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 31 December 2017 and the preceding year's corresponding quarter ended 31 December 2016 except for the amount owing to Ikhmas Jaya Holdings Sdn Bhd (a controlling shareholder) of approximately RM15.8 million as at 31 December 2017 as detailed below:

	<b>As at 31.12.2017</b>	<b>As at 31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Ikhmas Jaya Sdn Bhd	14,704	3,015
Rekavista Sdn Bhd	13	13
Ikhmas Equipment Sdn Bhd	115	115
MM2 Building System Sdn Bhd	1,010	1,010
<b>Total</b>	<b>15,842</b>	<b>4,153</b>

**A14. Contingent Liabilities**

There were no material contingent liabilities for the Group as at 31 December 2017.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS– FOURTH QUARTER ENDED 31 DECEMBER 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 31 December		% + / (-)	Financial Year Ended 31 December		% + / (-)
	2017	2016		2017	2016	
	RM'000	RM'000		RM'000	RM'000	
<b>Revenue</b>	114,481	78,198	46.4%	299,531	242,567	23.5%
<b>Operating profit</b>	3,281	3,867	(15.2%)	25,425	21,620	17.6%
<b>Profit Before Tax</b>	1,490	2,110	(29.4%)	17,817	15,159	17.5%
<b>Profit After Tax</b>	1,716	934	83.7%	13,515	10,251	31.8%
<b>Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent</b>	2,078	1,531	35.7%	14,299	11,282	26.7%

The Group recorded a revenue of RM299.5 million for the current financial year ended 31 December 2017, an increase of RM56.9 million (or 23.5%) as compared to RM242.6 million recorded in the preceding year.

The increase in revenue was mainly due to the Group's increased construction activities, particularly in four (4) major key projects moving into acceleration phase during the second half of the current financial year ended 31 December 2017.

As a result of which, the Group recorded a revenue of RM114.5 million for the current quarter ended 31 December 2017; an increase of RM36.3 million (or 46.4% - a higher percentage) as compared to RM78.2 million achieved in the preceding year's corresponding quarter ended 31 December 2016.

The Group posted a profit before tax ("PBT") of RM17.8 million and profit after tax ("PAT") of RM13.5 million for the current financial year ended 31 December 2017, an increase of RM2.6 million (or 17.5%) and RM3.3 million (or 31.8%) as compared to PBT of RM15.2 million and PAT of RM10.2 million respectively achieved during the preceding year.

Without taking into account the disposal gain due to replacement cycle of machineries and interest income, the Group's PBT and PAT would be RM9.8 million and RM7.4 million respectively. And the PBT margin and PAT margin would also be adjusted accordingly to 3.3% and 2.5% during the current financial year under review as compared to 6.2% and 4.1% respectively achieved during the preceding year.

The decline in PBT and PAT was mainly due to erosion in average project margin caused by rising costs of piling and building 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 (2<sup>nd</sup>) quarter of the current financial year ended 31 December 2017.



**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS– FOURTH QUARTER ENDED 31 DECEMBER 2017**

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

Another key factor which contributed to the said decline during first (1<sup>st</sup>) half of the current financial year was due to the fact that most of the existing ongoing projects were nearing their completion phase of which their earnings accretion began to plateau whilst the new projects were still in the take-off phase with earnings accretion being relatively weaker in comparison.

Despite the operating challenges as mentioned above, the Group still recorded an encouraging performance in PBT and PAT during the current financial year ended 31 December 2017 as compared to its financial results achieved during the preceding year.

For the quarterly review, the Group would still have recorded a commendable PBT of RM1.5 million and PAT of RM1.7 million for the current quarter ended 31 December 2017 i.e. a corresponding decrease of RM0.6 million and increase of RM0.8 million as compared to PBT of RM2.1 million and PAT of RM0.9 million respectively achieved during the preceding year's corresponding quarter ended 31 December 2016.

The major contributing factor to the improved profit performance for the current quarter under review was due to four (4) major key projects entering into acceleration phase; thus giving a stronger accretion of revenue and earnings to the Group.

**B2. Comparison with Preceding Quarter's Results**

	<b>Current Quarter Ended 31.12.2017</b>	<b>Immediate Preceding Quarter Ended 30.9.2017</b>	<b>%</b>
<b>Revenue</b>	114,481	60,551	89.1%
<b>Operating Profit</b>	3,281	15,563	-78.9%
<b>Profit Before Tax</b>	1,490	13,394	-88.9%
<b>Profit After Tax</b>	1,716	11,133	-84.6%
<b>Profit/(Loss) Attributable to Ordinary Equity Holders of the parent</b>	2,078	11,273	-81.6%

For the current quarter under review, the Group recorded a revenue of RM114.5 million i.e. an increase in revenue of RM53.9 million (or 89.1%) as compared to RM60.6 million achieved in the preceding quarter ended 30 September 2017.

The two (2) major key projects which entered into acceleration phase during the third (3<sup>rd</sup>) quarter of the current financial year; continued with their upward trajectory on the "S" curve during the current quarter. This coupled with a bridge project in Melaka and the notable Bukit Bintang City Centre ("BBCC") project in KL city centre moving into similar acceleration phase further strengthened the increase in revenue achieved during the current quarter.

During the current quarter, the Group posted a profit before tax ("PBT") of RM1.5 million and profit after tax ("PAT") of RM1.7 million.

The rising costs of construction as mentioned in item B1 above had resulted in cost overrun for two (2) completed projects which have low single digit percentage of profit margin. The cost overrun during the current quarter amounted to RM5.1 million.



**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS– FOURTH QUARTER ENDED 31 DECEMBER 2017**

**B2. Comparison with Preceding Quarter's Results (continued)**

Without the aforesaid, the Group's PBT and PAT would have been higher at RM6.6 million and RM5.6 million respectively during the current quarter.

On the review of preceding quarter's results, without the exceptional disposal gain due to replacement cycle of machineries and interest income during the third quarter; the Group's PBT and PAT would have been lower at RM5.3 million and RM5.0 million respectively for the preceding quarter ended 30 September 2017.

As such, without the cost overrun as mentioned above; the Group continued to show improvement in its profit performance during the current quarter as compared to its preceding quarter's results.

**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 major projects would be in acceleration phase; therefore giving the Group a 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 financial position, 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– FOURTH QUARTER ENDED 31 DECEMBER 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 year is stated after charging/(crediting):-

	<b>Current quarter ended 31.12.2017</b>	<b>Current financial year ended 31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation of property, plant and equipment	6,998	14,707
Depreciation of investment property	43	552
Property plant and equipment written off	-	19
Finance income	(329)	(732)
Finance costs	2,120	8,340
Loss/(Gain) on disposal of property, plant and equipment	100	(4,566)

**B6. Taxation**

	<b>Current quarter ended 31.12.2017</b>	<b>Current financial year ended 31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax expense	(226)	4,302

**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 31 December 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– FOURTH QUARTER ENDED 31 DECEMBER 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	-
<b>Total Public Issue Proceeds</b>		<b>71,820</b>	<b>100.00</b>	<b>66,820</b>	<b>5,000</b>

*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 (1<sup>st</sup> tranche) at RM0.70 on Main Market of Bursa Securities raising RM7.25 million for working capital purposes. As at 31 December 2017, the Group has fully utilised the amount raised.

On 20 February 2018, the Company issued and listed 15,000,000 new ordinary shares (2<sup>nd</sup> tranche) at RM0.57 on Main Market of Bursa Securities raising RM8.55 million for working capital purposes. As at the date of announcement, the proceeds remain unutilized.

*Save as disclosed above, there were no pending corporate proposals up to 21 February 2018, being a date not earlier than 7 days from the date of this announcement.*



**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS– FOURTH QUARTER ENDED 31 DECEMBER 2017**

**B8. Investment in Quoted Securities**

There were no material purchases or disposals of quoted securities during the current quarter and financial year ended 31 December 2017.

**B9. Sale of Unquoted Investments and/or Properties**

For the financial year ended 31 December 2017, the Group had disposed off four (4) units of Damai 88 Service Apartments, Jalan Ampang, Kuala Lumpur, for a total consideration of RM6.1 million.

Save for the above, there were no sale of unquoted investment and/or properties during the current quarter and financial year ended 31 December 2017.

**B10. Group Borrowings**

The Group's borrowings as at 31 December 2017 are as follows:

	<b>As at 31.12.2017</b>	<b>As at 31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Finance lease liabilities	31,975	30,746
Secured term loans	7,327	6,445
Secured bank overdrafts	22,948	29,392
Unsecured bankers' acceptance/trust receipts	33,247	18,576
Factoring facility	22,524	12,317
Invoice Financing	-	1,167
	<u>118,021</u>	<u>98,643</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

**B11. Off Balance Sheet Financial Instruments**

There were no financial instruments with significant off balance sheet risks as at 21 February 2018, being a date not earlier than 7 days from the date of this announcement.



IKHMAS JAYA GROUP BERHAD (1072872-D)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS– FOURTH QUARTER ENDED 31 DECEMBER 2017**

**B12. Capital Commitment**

There were no material capital commitments for the Group as at 31 December 2017, save for below:

	<b>As at 31.12.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Capital commitments	7,122	-

**B13. Material Litigation**

On 1 December 2016, a Court action by way of Writ and Statement of Claim was commenced by Signature Cabinet Sdn Bhd (the Plaintiff) against D.J. Design & Suppliers Sdn. Bhd. as the First Defendant and IJSB as the Second Defendant for outstanding payment of RM1,261,303.14 (the outstanding sum).

By a Letter of Award dated 8 December 2014 issued by IJSB as the main contractor, IJSB has 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) at Lot 83, Seksyen 88 Jalan Damai off Jalan Ampang, Kuala Lumpur, Wilayah Persekutuan (the Project). The first defendant is the owner of the project.

There was a collateral agreement by way of letter dated 29 June 2016 between the Plaintiff and the First Defendant for direct payment of the outstanding sum pursuant to a discussion between the same parties on 29<sup>th</sup> June 2016.

On 31<sup>st</sup> May 2017, all parties under the Court action had recorded a Consent Judgement wherein the First Defendant is to pay the Plaintiff an amount of RM1,425,215.52 by instalments which are as follows:-

- 1) RM500,000.00 - on or before 27.6.2017;
- 2) RM308,405.17 - on or before 15.7.2017;
- 3) RM308,405.17 - on or before 15.8.2017; and
- 4) RM308,405.17 - on or before 15.9.2017

At the date of this report, IJSB was made to understand by the First Defendant that the 1<sup>st</sup> and 2<sup>nd</sup> instalment payments had been made to the Plaintiff.

Save for the above, the Group does not have any material litigation as at 21 February 2018, 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 year ended 31 December 2017.





**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS– FOURTH QUARTER ENDED 31 DECEMBER 2017**

**B15. Earnings per Share**

The earnings per share for the current quarter and current financial year ended 31 December 2017 is computed as follows:-

	<b>Current quarter ended</b>	<b>Current year ended</b>
	<b>31.12.2017</b>	<b>31.12.2017</b>
Profit for the quarter/period, attributable to owners of the parent (RM'000)	2,078	14,299
Weighted average number of ordinary shares in issue ('000)*	530,350	523,686
Basic Earnings Per Share (sen)	0.39	2.73

*\* 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 year.