

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 30 JUNE 2018

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	(Unaudited) AS AT 30/06/2018 RM'000	(Audited) AS AT 31/12/2017 RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	9	12
TOTAL NON-CURRENT ASSET	9	12
Current assets		
Other receivables	17	50
Cash and bank balances	36	248
	53	298
Assets classified as held for sale	56,057	59,188
TOTAL CURRENT ASSETS	56,110	59,486
TOTAL ASSETS	56,119	59,498
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	21,546	21,189
Reserves	9,234	8,942
	30,780	30,131
TOTAL EQUITY	30,780	30,131
Current liabilities		
Other payables	306	852
	306	852
Liabilities classified as held for sale	25,033	28,515
TOTAL CURRENT LIABILITIES	25,339	29,367
TOTAL LIABILITIES	25,339	29,367
TOTAL EQUITY AND LIABILITIES	56,119	59,498
Number of ordinary shares in issue ('000)	138,001	136,851
Net assets per share attributable to owners of the parent (RM)	0.2230	0.2202

Note :

- (i) The Unaudited 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 2ND QUARTER ENDED 30 JUNE 2018
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 2ND QUARTER ENDED 30 JUNE 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2018 RM'000	(RESTATED) PRECEDING YEAR CORRESPONDING QUARTER 30/06/2017 RM'000	CURRENT YEAR TO DATE 30/06/2018 RM'000	(RESTATED) PRECEDING YEAR CORRESPONDING PERIOD 30/06/2017 RM'000
Continuing operations				
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Operating expenses	(257)	(658)	(1,218)	(1,386)
Loss from operations	(257)	(658)	(1,218)	(1,386)
Interest income	-	-	-	-
Other income	-	266	-	386
Finance costs	-	-	-	-
Loss before tax	(257)	(392)	(1,218)	(1,000)
Taxation	-	-	-	-
(iii) Loss for the period from continuing operations	(257)	(392)	(1,218)	(1,000)
Discontinued operations				
Profit from discontinued operations, net of tax	1,552	2,142	2,093	3,644
Profit for the period	1,295	1,750	875	2,644
Other comprehensive loss				
Item that will be reclassified subsequently to profit or loss				
Foreign exchange translation difference				
- Discontinued Operations	(332)	(390)	(468)	(583)
Total comprehensive income for the period	963	1,360	407	2,061
(Loss)/Profit for the period attributable to:				
Owners of the parent				
- Continuing Operations	(257)	(392)	(1,218)	(1,000)
- Discontinued Operations	1,552	2,144	2,093	3,646
Non-controlling interests	-	(2)	-	(2)
	1,295	1,750	875	2,644
Total comprehensive (loss)/income for the period attributable to:				
Owners of the parent				
- Continuing Operations	(257)	(392)	(1,218)	(1,000)
- Discontinued Operations	1,220	1,754	1,625	3,063
Non-controlling interests	-	(2)	-	(2)
	963	1,360	407	2,061
Weighted average number of ordinary shares issued ('000)	138,001	135,701	137,448	135,701
Weighted average number of ordinary shares issued adjusted for the effects of dilutive potential ordinary shares ('000)	138,001	136,358	137,448	136,224
EPS - Basic (Sen)				
- Continuing Operations	(0.19)	(0.29)	(0.89)	(0.74)
- Discontinued Operations	1.13	1.58	1.53	2.69
	0.94	1.29	0.64	1.95
EPS - Diluted (Sen)				
- Continuing Operations	(0.19)	(0.29)	(0.89)	(0.73)
- Discontinued Operations	1.13	1.57	1.53	2.67
	0.94	1.28	0.64	1.94

Notes:

- (i) The Unaudited 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:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2018 RM'000	(RESTATED) PRECEDING YEAR CORRESPONDING QUARTER 30/06/2017 RM'000	CURRENT YEAR TO DATE 30/06/2018 RM'000	(RESTATED) PRECEDING YEAR CORRESPONDING PERIOD 30/06/2017 RM'000
Depreciation	1	3	3	6
Unrealised loss/(gain) on foreign exchange	6	(266)	16	(386)

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 ACE Market Listing Requirements were incurred for the current financial quarter and period ended 30 June 2018.

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 30 JUNE 2018

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 2ND QUARTER ENDED 30 JUNE 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 1 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 Employees' Share Option Scheme ("ESOS")	356	-	-	(115)	-	-	-	241	-	241
Disposal of subsidiary	-	-	-	-	-	-	-	-	9	9
Total transactions with owners	7,619	(7,263)	-	(115)	-	-	-	241	9	250
Total profit or loss and other comprehensive income for the period	-	-	(705)	-	906	-	2,164	2,365	162	2,527
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 1 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	-	-	(468)	-	-	-	875	407	-	407
As at 30 June 2018	<u>21,546</u>	<u>-</u>	<u>5,836</u>	<u>-</u>	<u>4,619</u>	<u>128</u>	<u>(1,349)</u>	<u>30,780</u>	<u>-</u>	<u>30,780</u>

Notes :

- (i) The Unaudited 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 ("Act") 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 Act.

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 30 JUNE 2018

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND QUARTER ENDED 30 JUNE 2018**

	(Unaudited) Current Year To Date 30/06/2018 RM'000	(Unaudited) Preceding Year To Date 30/06/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,683	3,382
Adjustments:		
Depreciation	684	667
Amortisation of prepaid land lease payments	90	18
Interest expenses	347	483
Interest income	(65)	(121)
Property, plant and equipment written off	-	1
Unrealised loss/(gain) on foreign exchange	16	(386)
Operating profit before changes in working capital	2,755	4,044
Corporate shareholder	405	(737)
Inventories	(2,367)	(1,829)
Receivables	(2,307)	(1,681)
Payables	(431)	(325)
Cash used in operating activities	(1,945)	(528)
Tax paid	(1,577)	(1,223)
Interest received	65	121
Interest paid	(347)	(483)
Net cash used in operating activities	(3,804)	(2,113)
CASH FLOWS FROM INVESTING ACTIVITIES		
Reduction in fixed deposits pledged to bank	3,173	82
Purchase of property, plant and equipment	(67)	(513)
Net cash from/(used in) investing activities	3,106	(431)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of term loans	7,422	16,256
Repayments of term loans	(9,587)	(15,239)
Proceeds from issuance of share pursuant of Employees' Share Option Scheme ("ESOS") exercised	242	-
Net cash (used in)/from financing activities	(1,923)	1,017
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,621)	(1,527)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	6,469	9,445
EFFECT OF EXCHANGE RATE CHANGES	100	(118)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3,948	7,800
CASH AND CASH EQUIVALENTS COMPRISE:		
Fixed deposits with a licensed bank	-	8,128
Cash and bank balances	3,948	7,800
	3,948	15,928
Less: Fixed deposits pledged with licensed bank	-	(8,128)
	3,948	7,800
Amount as per Unaudited Consolidated Statement of Financial Position	36	
Cash and bank balances classified as held for sale	3,912	
	3,948	

Note :

- (i) The Unaudited 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 SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 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 Rule 9.22 and Appendix 9B of the ACE Market ("ACE") Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements do not include all the information required for full annual financial statements and should be read together with audited financial statements of Ideal Jacobs (Malaysia) Corporation Bhd ("the Company") 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 Company 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 ("MFRSs"), IC Interpretations and Amendments to MFRSs 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 MFRSs 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 operations of the Company and its group of companies ("the Group") 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 current financial quarter and period under review.

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

During the period under review, the Company increased its issued and paid up capital by RM356,523 through the issuance of 1,150,075 new ordinary shares pursuant to the exercise of ESOS at an exercise price of RM0.21 per ordinary share.

A7. Dividend Paid

There were no dividends declared or paid by the Group for the current financial quarter and period under review.

A8. Segment Information

The Group's manufacturing, fabrication and trading businesses operations are the subject of the Proposed Disposal (as defined in Note B8) thus are classified as discontinued operations. Further details of the Proposed Disposal is disclosed in Note B8.

Business Segment

Period ended	<u>Discontinued Operations</u>				<u>Continuing Operations</u>		<u>Total</u> RM'000
	<u>Industrial labels</u> RM'000	<u>Laser/ Die-cut products</u> RM'000	<u>Fabrication of plastic parts</u> RM'000	<u>Trading of non-core products</u> RM'000	<u>Other</u> RM'000	<u>Elimination</u> RM'000	
30/06/2018							
<u>Revenue:-</u>							
External customers	7,402	9,897	8,843	305	-	-	26,447
Inter-segment	147	864	925	171	5,506	(7,613)	-
	<u>7,549</u>	<u>10,761</u>	<u>9,768</u>	<u>476</u>	<u>5,506</u>	<u>(7,613)</u>	<u>26,447</u>

	<u>Discontinued Operations</u>	<u>Continuing Operations</u>	<u>Elimination</u>	<u>Total</u>
Interest income	65	-	-	65
Finance costs	(347)	-	-	(347)
Depreciation and amortisation	(681)	(3)	-	(684)
Other non-cash income/(expense) (a)	-	(16)	-	(16)
Taxation	(808)	-	-	(808)
Segment profit/(loss)	<u>2,093</u>	<u>4,288</u>	<u>(5,506)</u>	<u>875</u>
<u>Assets:-</u>				
Additions to non-current assets	67	-	-	67
Unallocated corporate assets	<u>56,057</u>	<u>62</u>	<u>-</u>	<u>56,119</u>
<u>Liabilities:-</u>				
Unallocated corporate liabilities	<u>25,033</u>	<u>306</u>	<u>-</u>	<u>25,339</u>

A8. Segment Information (continued)

Business Segment (continued)

Period ended 30/06/2017	<u>Discontinued Operations</u>				<u>Continuing Operations</u>		<u>Total</u> RM'000
	<u>Industrial labels</u> RM'000	<u>Laser/ Die-cut products</u> RM'000	<u>Fabrication of plastic parts</u> RM'000	<u>Trading of non-core products</u> RM'000	<u>Other</u> RM'000	<u>Elimination</u> RM'000	
<u>Revenue:-</u>							
External customers	7,856	9,005	7,130	107	-	-	24,098
Inter-segment	163	847	901	24	959	(2,894)	-
	<u>8,019</u>	<u>9,852</u>	<u>8,031</u>	<u>131</u>	<u>959</u>	<u>(2,894)</u>	<u>24,098</u>
				<u>Discontinued Operations</u>	<u>Continuing Operations</u>	<u>Elimination</u>	<u>Total</u>
Interest income				121	-	-	121
Finance costs				(483)	-	-	(483)
Depreciation and amortisation				(682)	(3)	-	(685)
Other non-cash income/(expense) (a)				(1)	386	-	385
Taxation				(738)	-	-	(738)
Segment profit/(loss)				<u>3,644</u>	<u>(41)</u>	<u>(959)</u>	<u>2,644</u>
<u>Assets:-</u>							
Additions to non-current assets				-	-	-	513
Unallocated corporate assets				-	-	-	<u>61,932</u>
<u>Liabilities:-</u>							
Unallocated corporate liabilities				-	-	-	<u>32,517</u>

Notes:

(a) Other non-cash income/(expense) consist of the following item:

	<u>Discontinued Operations</u> 30/06/2018 RM'000	<u>Continuing Operations</u> 30/06/2018 RM'000	Current Year to-Date 30/06/2018 RM'000	<u>Discontinued Operations</u> 30/06/2017 RM'000	<u>Continuing Operations</u> 30/06/2017 RM'000	Preceding Year Period 30/06/2017 RM'000
Property, plant and equipment written off	-	-	-	(1)	-	(1)
Unrealised (loss)/gain on foreign exchange	-	(16)	(16)	-	386	386

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A8. Segment Information (continued)

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

	<u>Discontinued Operations</u> 30/06/2018 RM'000	<u>Continuing Operations</u> 30/06/2018 RM'000	Current Year to-Date 30/06/2018 RM'000	Preceding Year Period 30/06/2017 RM'000
Property, plant and equipment	67	-	67	513

(c) It was not practicable to separate out the segmental results for its business segments as the Directors of the Company are of the opinion that excessive costs would be incurred.

(d) Unallocated corporate assets and corporate 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>	
	30/06/2018		30/06/2018	
	<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	9,385	21,446	17,806	21,446
USA	1,132	-	2,494	-
Thailand	697	-	1,717	-
Hong Kong	88	-	248	-
Taiwan	192	-	616	-
Malaysia	223	9	571	9
Netherlands	263	-	656	-
UK	56	-	194	-
Israel	904	-	904	-
France	-	-	9	-
India	54	-	58	-
New Zealand	56	-	123	-
Vietnam	30	-	64	-
Singapore	83	-	107	-
Japan	7	-	23	-
Australia	3	-	3	-
Canada	46	-	91	-
Lithuania	14	-	58	-
Mexico	84	-	169	-
Finland	5	-	5	-
Korea	5	-	10	-
Germany	1	-	1	-
Sweden	191	-	383	-
Romania	21	-	36	-
Philippines	65	-	65	-
Slovakia	18	-	36	-
Less: Reclassified as held for sale	-	(21,446)	-	(21,446)
	<u>13,623</u>	<u>9</u>	<u>26,447</u>	<u>9</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>	
	30/06/2017		30/06/2017	
	<u>Discontinued</u>	<u>Non-</u>	<u>Discontinued</u>	<u>Non-</u>
	<u>Operations</u>	<u>Current</u>	<u>Operations</u>	<u>Current</u>
	<u>Revenue</u>	<u>Assets</u>	<u>Revenue</u>	<u>Assets</u>
	RM'000	RM'000	RM'000	RM'000
PRC	7,848	22,764	15,402	22,764
USA	1,740	-	3,229	-
Thailand	934	-	2,046	-
Hong Kong	174	-	316	-
Malaysia	310	37	638	37
UK	128	-	254	-
Canada	31	-	64	-
Netherlands	315	-	353	-
Israel	130	-	314	-
Taiwan	500	-	599	-
New Zealand	46	-	64	-
Sweden	166	-	443	-
Poland	5	-	9	-
Japan	13	-	19	-
Vietnam	20	-	62	-
India	2	-	18	-
Singapore	5	-	32	-
Lithuania	15	-	28	-
Germany	5	-	7	-
Mexico	108	-	142	-
France	1	-	9	-
Romania	-	-	1	-
Australia	-	-	3	-
Finland	2	-	2	-
Philippines	11	-	11	-
Slovakia	33	-	33	-
	<u>12,542</u>	<u>22,801</u>	<u>24,098</u>	<u>22,801</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 30/06/2018 RM'000	As at 30/06/2017 RM'000
Property, plant and equipment	17,554	18,834
Investment property	2,158	1,622
Prepaid land lease payments	1,526	2,236
Other investment	-	109
Deferred tax assets	217	-
	<u>21,455</u>	<u>22,801</u>
Less: Reclassified as held for sale	<u>(21,446)</u>	<u>-</u>
	<u>9</u>	<u>22,801</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: RM3.04 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 financial quarter and period under review. The valuation of property, plant and equipment have been brought forward without amendment from previous annual audited financial statements.

A10. Valuation of Investment Property

The Group did not revalue any of its investment property during the current financial quarter and period under review.

A11. Changes in The Composition Of The Group

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

A12. Contingent Liabilities

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

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A13. Capital Commitment

Save as disclosed below, the Board is not aware of any material commitment incurred or known to be incurred by the Company or Group, which may have material impact on the financial position of the Group:

Capital commitment

	<u>Discontinued Operations</u> 30/06/2018 RM'000	<u>Continuing Operations</u> 30/06/2018 RM'000	Current Year to-Date 30/06/2018 RM'000	Preceding Year Period 30/06/2017 RM'000
Capital expenditure				
- Authorised and contracted for:				
- Property, plant & equipment	131	-	131	369

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 30/06/2018 RM'000	Preceding Year Period 30/06/2017 RM'000
<u>Discontinued Operations</u>		
Sales to a corporate shareholder	831	1,492
Purchases from a corporate shareholder	30	60
Commission paid to a corporate shareholder	11	23

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 30 June 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 Disposal (as defined in Note B8), 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 30/06/2018 RM'000
Property, plant and equipment	17,545
Investment property	2,158
Prepaid land lease payments	1,526
Deferred tax assets	217
Inventories	7,139
Trade receivables	13,359
Other receivables	9,797
Amount due from a corporate shareholder	404
Cash and bank balances	<u>3,912</u>
	<u>56,057</u>
Trade payables	8,290
Other payables	4,734
Tax payable	704
Bank borrowings	11,269
Deferred tax liabilities	<u>36</u>
	<u>25,033</u>

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

B1. Review of Performance

	Quarter Ended		Variance	
	<u>30/06/2018</u>	<u>30/06/2017</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	(257)	(658)	401	(61)
Loss before tax	(257)	(392)	135	(34)
Loss after tax	(257)	(392)	135	(34)
<u>Discontinued Operations</u>				
Revenue	13,623	12,542	1,081	9
Profit from operation	2,178	2,316	(138)	(6)
Profit before tax	2,084	2,559	(475)	(19)
Profit after tax	1,552	2,142	(590)	(28)

Continuing Operations

Loss after tax of RM0.26 million was recorded in the current quarter as compared to preceding financial year corresponding quarter's loss after tax of RM0.39 million.

The decrease in loss after tax is mainly due to lower operating expenses incurred which mainly consist of directors' remuneration, licensing fees and travelling expenses.

Discontinued Operations

For the quarter under review, the Group's revenue increased by 9% to RM13.62 million from RM12.54 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 decreased slightly by RM0.02 million mainly due to decreases in orders from new and existing customers;
- (ii) Fabrication of plastic parts segment increased by RM1.08 million mainly due to increases in orders from new and existing customers;
- (iii) Industrial labels segment decreased by RM0.09 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 RM0.11 million.

Profit after tax of RM1.55 million was recorded in the current quarter as compared to preceding financial year corresponding quarter's profit after tax of RM2.14 million.

The lower profit after tax was mainly due to government grant of RM0.34 million received in preceding financial year corresponding quarter and higher operating expenses incurred in the current quarter under review.

B1. Review of Performance (continued)

	<u>Cumulative Quarter Ended</u>		<u>Variance</u>	
	<u>30/06/2018</u>	<u>30/06/2017</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	(1,218)	(1,386)	168	(12)
Loss before tax	(1,218)	(1,000)	(218)	22
Loss after tax	(1,218)	(1,000)	(218)	22
<u>Discontinued Operations</u>				
Revenue	26,447	24,098	2,349	10
Profit from operation	2,959	4,290	(1,331)	(31)
Profit before tax	2,901	4,382	(1,481)	(34)
Profit after tax	2,093	3,644	(1,551)	(43)

Continuing Operations

Loss after tax of RM1.22 million was recorded on year to date basis as compared to preceding financial year corresponding period's loss after tax of RM1.00 million.

The increase in loss after tax is mainly due to cumulative withholding tax of RM0.55 million (2017: RM0.10 million) recognised on dividends received from the People's Republic of China ("PRC") subsidiary.

Discontinued Operations

For the current financial year to 30 June 2018, the Group's revenue increased by 10% to RM26.45 million from RM24.10 million recorded in the preceding financial year corresponding period.

Revenue from all the major products segment observed increases except for revenue from industrial labels segment which decreased by RM0.46 million due to decrease in orders from existing customers. The increase in revenue was from:

- (i) Laser/Die-cut segment increased by RM0.89 million mainly due to increases in orders from new and existing customers;
- (ii) Fabrication of plastic parts segment increased by RM1.71 million mainly due to increases in orders from new and existing customers; and
- (iii) Revenue from trading of non-core products segment increased by RM0.20 million.

Profit after tax of RM2.09 million was recorded in the current period as compared to preceding financial year corresponding period's profit after tax of RM3.64 million.

The lower profit after tax was mainly due to unfavorable foreign exchange losses of RM0.70 million recorded, higher operating expenses incurred and lower government grant of RM0.17 million (2017: RM0.34 million) received.

B2. Comparison to the Results of the preceding quarter

	Quarter Ended		Variance	
	30/06/2018	31/03/2018	RM'000	%
	RM'000	RM'000	RM'000	
<u>Continuing Operations</u>				
Loss from operation	(257)	(961)	704	(73)
Loss before tax	(257)	(961)	704	(73)
Loss after tax	(257)	(961)	704	(73)
<u>Discontinued Operations</u>				
Revenue	13,623	12,824	799	6
Profit from operation	2,178	732	1,446	198
Profit before tax	2,084	817	1,267	155
Profit after tax	1,552	541	1,011	187

Continuing Operations

The quarter under review observed a loss after tax of RM0.26 million as compared to loss after tax of RM0.96 million in the preceding quarter. The lower loss after tax was mainly due to lower operating expenses incurred which mainly consist of professional fees, travelling expenses and withholding tax paid. Withholding tax of RM0.55 million was recognised on dividends received from the PRC subsidiary in the preceding quarter.

Discontinued Operations

The Group's revenue increased by RM0.80 million to RM13.62 million during the current quarter as compared to the revenue of RM12.82 million recorded in the immediate preceding quarter mainly due to increased business activity after PRC observed a long festive celebration in first quarter of year 2018.

The quarter under review observed a profit after tax of RM1.55 million as compared to profit after tax of RM0.54 million in the preceding quarter. The improvement in result was mainly due to higher sales recorded and lower operating expenses incurred in the current quarter.

B3. Prospects

Discontinued Operations

For the current financial year to 30 June 2018, the sales from all segments except for industrial labels segment had improved as compared to the previous year corresponding period.

The Group's entire business operations are the subject of the Proposed Disposal. The Proposed Disposal was completed on 10 July 2018.

New Businesses

In view of the proposed venture into the Integrated Facility Management ("IFM") and construction industries through the Proposed Acquisition which was completed on 10 July 2018, the secured contracts of the IFM and construction business, the Board is of the opinion that the prospect of the new business will be favorable 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 and thus this is not applicable to the Group.

B5. Taxation

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 30/06/2018	Preceding Year Quarter 30/06/2017	Current Year to- Date 30/06/2018	Preceding Year Period 30/06/2017
<u>Discontinued Operations</u>				
Current income tax:				
- Foreign	532	417	808	738
	<u>532</u>	<u>417</u>	<u>808</u>	<u>738</u>
Effective tax rate	<u>29%</u>	<u>19%</u>	<u>48%</u>	<u>22%</u>

The effective tax rates for the current quarter and financial year-to-date were higher than the statutory tax rate due to certain non-deductible expenses for income tax purposes and non-recognition of deferred tax asset due to uncertainty of its recoverability.

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 25% (2017: 25%) in accordance with the relevant PRC income tax rules except for a subsidiary that had received an extension of tax incentive from the authority in relation to the high technology whereby the subsidiary's statutory income tax rate remained at 15% (2017: 15%) for another 3 years until 9 October 2020.

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 proposal announced but not completed as at the date of issuance of this report.

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”) (“Acquisition SPA”) (“Proposed Acquisition”).

The Purchase Consideration will be satisfied through a combination of cash and the issuance of 1,782,608,695 new Ideal Jacobs shares (“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	520.0

* *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 PRC, namely Ideal Jacobs (Xiamen) Corporation (including its subsidiaries) for a total cash consideration of RM28.0 million (“Disposal SPA”) (Proposed Disposal”).

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 proposed to issue and allot up to 534,032,115 Ideal Jacobs shares (“Placement Shares”) (“Proposed Placement”) 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 Company proposed to issue free Warrants (“Warrants”) on the basis of 1 Warrant for every 5 existing Ideal Jacobs 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 (“Proposed Free Warrants”).

The Proposed Acquisition, Proposed Disposal, Proposed Placement and Proposed Free Warrants are collectively referred to as the Proposals.

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 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.

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 Proposals.

On 31 May 2018, on behalf of the Board, Kenanga IB announced that Bursa Securities has, vide its letter dated 31 May 2018, resolved to grant the Company an extension of time until 13 September 2018 to complete the Proposals.

On 25 June 2018, on behalf of the Board, Kenanga IB announced that the Board had, on 25 June 2018 i.e. the Price-Fixing Date, fixed the placement issue price at RM0.25 per Placement Share.

B8. Status of Corporate Proposals (continued)

On 2 July 2018, on behalf of the Board, Kenanga IB announced that the SC's Corporate Finance – Equities Department had, vide its letter dated 29 June 2018, approved the equity requirement for public listed companies for Ideal Jacobs' resultant equity structure pursuant to the Proposals.

On 10 July 2018, on behalf of the Board, Kenanga IB announced that the Proposed Acquisition, the Proposed Disposal and the Proposed Placement had been completed on 10 July 2018.

Following the completion of the Proposed Acquisition and Proposed Disposal,

- (a) Widad Builders Sdn Bhd is a subsidiary of Ideal Jacobs; and
- (b) Ideal Jacobs (HK) Corporation Ltd, Ideal Jacobs (Xiamen) Corporation, Xiamen Ideal Jacobs International Ltd Company and Suzhou Ideal Jacobs Corporation cease to be subsidiaries of Ideal Jacobs.

On 19 July 2018, on behalf of the Board, Kenanga IB announced that Ideal Jacobs had on 19 July 2018 executed a deed poll constituting the Warrants.

In addition, the Company had resolved to fix the exercise price of the Warrants at RM0.35 each, which represents a premium of RM0.0833 or 31.23% to the 5-day Volume Weighted Average Price ("VWAP") up to and including 18 July 2018 (being the last trading date immediately preceding the price fixing date) of RM0.2667.

On 10 August 2018, on behalf of the Board, Kenanga IB announced that the Proposed Free Warrants has been completed 10 August 2018 following the listing of and quotation for the 490,928,369 Warrants on the ACE Market of Bursa Securities.

Following the listing of the Proposed Free Warrants, this marks the completion of the Proposals.

B9. Status of utilisation of proceeds raised from the Proposals

Status of utilisation of proceeds raised from the Proposals as at 28 August 2018:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended time frame for utilisation
(i) Cash portion of the Acquisition Consideration	110,000	(110,000)	-	Upon completion of the Proposed Acquisition
(ii) Working Capital	47,808	(22,575)	25,233	Within 12 months from completion
(iii) Estimated expenses relating to the Proposals	3,700	(3,700)	-	Within 2 months from completion
Total	161,508	(136,275)	25,233	

B10. 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	8,223
Less: Reclassified as held for sale	<u>(8,223)</u>
	<u>-</u>
 <u>Unsecured</u>	
Term Loan	3,046
Less: Reclassified as held for sale	<u>(3,046)</u>
	<u>-</u>
 Renminbi	11,269
Less: Reclassified as held for sale	<u>(11,269)</u>
	<u>-</u>

There were no long term borrowings as at end of the reporting quarter.

B11. Off Balance Sheet Financial Instruments

There were no financial instruments with off-balance sheet risk as at the date of this interim report.

B12. Material Litigation

There were no material litigations involving the Group as at the date of this interim report.

B13. Dividends

No dividends have been declared or paid during the quarter under review.

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B14. Earnings Per Share (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2018	Preceding Year Quarter 30/06/2017	Current Year to Date 30/06/2018	Preceding Year Period 30/06/2017
(i) Basic EPS				
Net profit for the period (RM'000)	1,295	1,752	875	2,646
Weighted average number of ordinary shares issued ('000)	138,001	135,701	137,448	135,701
Basic earnings per share (sen)				
- Continuing Operations	(0.19)	(0.29)	(0.89)	(0.74)
- Discontinued Operations	1.13	1.58	1.53	2.69
(ii) Diluted EPS				
Net profit for the period (RM'000)	1,295	1,752	875	2,646
Weighted average number of ordinary shares issued adjusted for the effects of dilutive potential ordinary shares ('000)	138,001	136,358	137,448	136,224
Basic earnings per share (sen)				
- Continuing Operations	(0.19)	(0.29)	(0.89)	(0.73)
- Discontinued Operations	1.13	1.57	1.53	2.67

- (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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