

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 6 MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2012

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: *Interim Financial Reporting in Malaysia* and ACE Market ("ACE") Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements do not included all the information required for full annual financial statements and should be read together with audited financial statements of the Group of Ideal Jacobs (Malaysia) Corporation Bhd ("the Group") for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial report. The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standard ("FRS").

These are the Group's financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

A2. Audit Report of Preceding Annual Financial Statements

The preceding year annual audited financial statements were not subject to any qualification.

A3. Seasonal or Cyclical Factors

The Group's operations were not subject to any seasonal or cyclical changes.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

A5. Material Changes in Estimates

There were no material changes in estimates for the quarter ended 30 June 2012.

A6. Debt and Equity Securities

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

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

A7. Dividend Paid

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

A8. Segment Information

(i) Business Segment

Period ended	Industrial <u>labels</u>	Laser/ die-cut <u>products</u>	Fabrication of plastic <u>parts</u>	Trading of non-core <u>products</u>	<u>Elimination</u>	<u>Total</u>
30/06/2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>						
External customers	4,130	3,620	1,854	2,329	-	11,933
Inter-segment	30	168	2	-	(200)	-
	<u>4,160</u>	<u>3,788</u>	<u>1,856</u>	<u>2,329</u>	<u>(200)</u>	<u>11,933</u>
<u>Results:-</u>						
Interest income						40
Finance costs						(38)
Depreciation						(316)
Other non-cash expenses (a)						(183)
Taxation						(466)
Segment profit						<u>434</u>
<u>Assets:-</u>						
Additions to non-current assets (b)						291
Segment assets						<u>24,173</u>
<u>Liabilities:-</u>						
Segment liabilities						<u>6,136</u>

[The rest of this page is intentionally left blank]

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

Period ended 30/06/2011	Industrial <u>labels</u> RM'000	Laser/ die-cut <u>products</u> RM'000	Fabrication of plastic <u>parts</u> RM'000	Trading of non-core <u>products</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
<u>Revenue:-</u>						
External customers	3,887	1,446	3,325	48	-	8,706
Inter-segment	9	-	-	-	(9)	-
	<u>3,896</u>	<u>1,446</u>	<u>3,325</u>	<u>48</u>	<u>(9)</u>	<u>8,706</u>
<u>Results:-</u>						
Interest income						30
Finance costs						(6)
Depreciation						(266)
Other non-cash expenses (a)						(15)
Taxation						(543)
Segment loss						<u>(2,133)</u>
<u>Assets:-</u>						
Additions to non-current assets (b)						1,177
Segment assets						<u>20,202</u>
<u>Liabilities:-</u>						
Segment liabilities						<u>2,726</u>

Notes:

(a) Notes to other non-cash expenses consist of the following item:

	Current Year to-Date 30/06/2012 RM'000	Preceding Year Period 30/06/2011 RM'000
Loss on disposal of property, plant and equipment	45	-
Property, plant and equipment written off	111	1
Bad debts written off	4	-
Unrealised foreign exchange loss	23	14
	<u>183</u>	<u>15</u>

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

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

	Current Year to-Date 30/06/2012 RM'000	Preceding Year Period 30/06/2011 RM'000
Property, plant and equipment	<u>291</u>	<u>1,177</u>

(c) It was not practicable to separate out the segment results for its business segments to conform with current year's presentation as the Directors of the Company are of the opinion that excessive costs would be incurred.

(d) Segment assets and liabilities were unallocated as they were jointly used by four products segments.

(e) Inter-segment revenues are eliminated on consolidation.

(ii) Geographical Segments for Revenue

	<u>Individual Quarter</u> ended 30/06/2012		<u>Cumulative Quarter</u> ended 30/06/2012	
	<u>Revenue</u> RM'000	<u>Non-Current</u> <u>Asset</u> RM'000	<u>Revenue</u> RM'000	<u>Non-Current</u> <u>Asset</u> RM'000
PRC	4,470	5,313	7,516	5,313
Malaysia	987	116	1,093	116
Thailand	501	47	828	47
Singapore	502	-	971	-
USA	291	-	638	-
Brazil	253	-	426	-
Netherlands	130	-	234	-
New Zealand	38	-	63	-
Canada	27	-	37	-
Japan	27	-	45	-
Australia	17	-	28	-
Taiwan	13	-	25	-
Sweden	7	-	8	-
India	5	-	11	-
Hong Kong	3	-	3	-
France	3	-	3	-
Korea	2	-	4	-
	<u>7,276</u>	<u>5,476</u>	<u>11,933</u>	<u>5,476</u>

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

	<u>Individual Quarter</u> ended 30/06/2011		<u>Cumulative Quarter</u> ended 30/06/2011	
	<u>Revenue</u> RM'000	<u>Non-Current</u> <u>Asset</u> RM'000	<u>Revenue</u> RM'000	<u>Non-Current</u> <u>Asset</u> RM'000
PRC	3,820	4,035	6,496	4,035
Thailand	378	674	907	674
Singapore	239	-	243	-
USA	234	-	675	-
Mexico	80	-	96	-
Malaysia	73	207	117	207
Philippines	33	-	60	-
Taiwan	19	-	41	-
Canada	14	-	27	-
Netherlands	14	-	14	-
Hong Kong	13	-	21	-
England	5	-	5	-
France	2	-	2	-
Germany	2	-	2	-
	<u>4,926</u>	<u>4,916</u>	<u>8,706</u>	<u>4,916</u>

Non currents asset information presented above consist of the following items as presented in the consolidated statement of financial position:

	As at 30/06/2012 RM'000	As at 30/06/2011 RM'000
Property, plant and equipment	5,425	4,769
Goodwill on consolidation	51	147
	<u>5,476</u>	<u>4,916</u>

(iii) Information About Major Customers

No revenue from one major customer during the six months financial period ended as at 30 June 2012.

A9. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

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

A10. Changes in The Composition Of The Group

Subscription and acquisition of shares in a Subsidiary:

On 6 June 2012, Ideal Jacobs (Malaysia) Corporation Bhd (“the Company”) subscribed for 50 new ordinary shares of RM1.00 each in the share capital of Awan Idaman Sdn Bhd (“AISB”), representing an equity interest of 50% shares in the issued and paid-up share capital in AISB for a cash consideration of RM50 (“the Subscription”).

The Company had also on even date entered into a Sale and Purchase of Share cum Shareholders’ Agreement to acquire 1 share in AISB for a cash consideration of RM50,000 (“the Acquisition”).

Both the Subscription and the Acquisition had made up a total equity investment of RM50,050 and AISB has become a 51% owned subsidiary of the Company.

As at 27 August 2012, AISB has changed the name to Lumimark Sdn Bhd.

Saved as disclosed above, there were no changes in the composition of the Group during the current quarter under review.

A11. Contingent Liabilities and Capital Commitments

There were no material contingent liabilities and capital commitments as at the end of the quarter.

A12. Significant Related Party Transaction

In addition to balances detailed elsewhere in the financial statements, the Group carried out the following transactions with its related parties during the interim financial period.

	Current Year to-Date 30/06/2012 RM'000	Preceding Year Period 30/06/2011 RM'000
Entities controlled by certain key management personnel; directors and/or substantial shareholders:		
Sales to a corporate shareholder	<u>400</u>	<u>442</u>
Purchases from a corporate shareholder	<u>21</u>	<u>42</u>
Commission paid to a corporate shareholder	<u>10</u>	<u>-</u>

A13. Material Events Subsequent to The End Of The Reporting Quarter

Save as disclosed below, there were no material events subsequent to the current financial quarter ended 30 June 2012 up to the date of this report which is likely to substantially affect the results or the operations of the Group.

On 8 August 2012, the Company's wholly-owned subsidiary, Ideal Jacobs Xiamen Corporation in the People's Republic of China ("PRC") has incorporated a wholly-owned subsidiary, namely Ideal Jacobs Suzhou ("IJS") under the Company Law of the PRC. The registered and paid-up capital of IJS is RMB1.5 million.

[The rest of this page is intentionally left blank]

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

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

B1. Review of Performance

	<u>Quarter Ended</u>		<u>Variance</u>	
	<u>30/06/2012</u>	<u>30/06/2011</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
Revenue	7,276	4,926	2,350	48
Profit from operation	593	416	177	43
Profit/(loss) before tax	610	(2,211)	2,821	>100
Profit/(loss) after tax	356	(2,505)	2,861	>100

For the quarter under review, the Group revenue increased by approximately 48% to RM7.28 million as compared to the revenue of RM4.93 million recorded in the preceding financial year corresponding quarter.

The higher quarterly revenue was contributed by:

- (i) The core business segments, Industrial Labels, Laser/Die-Cut Products and Fabrication of Plastic Parts collectively recorded an increase of approximately RM0.45 million for the financial quarter under review as compared to the preceding financial year corresponding quarter.
- (ii) Substantial increase in trading of non-core products , which consist of the following:

Trading of Information Technology ("IT") Products by Ideal Jacobs (HK) Corporation Limited ("IJHK") and Ideal Jacobs International Limited Company ("IJXI") of approximately RM0.98 million or representing 13.4% of the Group revenue of RM7.28 million during the financial quarter under review. .

During the financial quarter under review, IJHK traded in Electric Powered Vehicle which contributed a revenue of approximately RM0.92 million or 12.6% to the Group revenue of RM7.28 million.

The Group registered profit before tax of RM0.61 million and profit after tax of RM0.36 million as compared to preceding financial year corresponding quarter which recorded a loss before tax of RM2.21 million and loss after tax of RM2.51 million. The favorable results were contributed by higher revenue registered by the subsidiaries in The Peoples' Republic of China ("PRC") and Hong Kong coupled with lower statutory tax rate payable by subsidiary in PRC and losses incurred in preceding quarter due to Group's listing expenses of RM2.66 million that was expensed off.

On the year to date basis, the Group registered total revenue of RM11.93 million and profit before tax of approximately RM0.90 million as compared to previous year of revenue of RM8.71 million and loss before tax of RM1.59 million.

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

Despite higher revenue recorded for the financial period ended 30 June 2012, the profit from operation of RM0.86 million was relatively lower as compared to previous year of RM1.03 million. These were mainly due to lower gross margin from trading sales; coupled with higher admin expenses at subsidiaries, as well as corporate head office expenses.

B2. Comparison to The Results Of The Preceding Quarter

	<u>Quarter Ended</u>		<u>Variance</u>	
	<u>30/06/2012</u>	<u>31/03/2012</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	7,276	4,657	2,619	56
Profit from operation	594	265	329	>100
Profit before tax	610	290	320	>100
Profit after tax	356	77	279	>100

The Group revenue increased by approximately RM2.62 million or representing 56% during the current quarter as compared to the revenue of RM4.66 million recorded in the immediate preceding quarter. The significant increase was contributed from trading of non-core products of approximately RM1.51 million to the Group revenue during the current quarter. The revenue derived from the non-core products were IT Products (approximately RM0.59 million) and Electric Powered Vehicles (approximately RM0.92 million).

Apart from that, business segment of Industrial Labels and Die-Cut Product had also contributed a slight increase of RM0.65 million and RM0.51 million respectively.

In this respect, the Group recorded profit before tax of RM0.61 million during the quarter under review as compared to the immediate preceding quarter of RM0.29 million.

B3. Prospects

The Board is of the opinion that the Group is well positioned to overcome the prevailing competitive domestic market in PRC. Suzhou plant had started operations and generated revenue of RM1.01 million as at 30 June 2012. The revenue from trading of non-core products had increase substantially in the quarter under review. In view of these progresses, the Board is confident that the performance of the Group shall improve for the remaining period of the financial year.

B4. Profit Forecast

The Group did not announce any profit forecast in any publicly available documents or announcement.

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

B5. Taxation

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 30/06/2012	Preceding Year Quarter 30/06/2011	Current Year to- Date 30/06/2012	Preceding Year Period 30/06/2011
Current income tax:				
- Malaysia	-	-	-	-
- Foreign	254	294	466	543
	<u>254</u>	<u>294</u>	<u>466</u>	<u>543</u>

Included herein the income tax provision are income tax payable by a subsidiary company in PRC, and it is calculated based on the statutory income tax rate of 15% (2011: 15%) in accordance with the relevant PRC income tax rules.

B6. Unquoted Investments and Properties

Save as disclosed in A10, 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.

B8. Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of issuance of this announcement.

On 4 July 2012, the Board of the Company announced that the Company proposed to undertake the following:

- (a) Proposed renounceable rights issue of up to 60,000,500 new ordinary shares of RM0.10 each in the Company ("Rights Shares") together with up to 60,000,500 free detachable warrants ("Warrants") on the basis of one (1) Rights Share for every two (2) existing ordinary shares of RM0.10 each held in the Company ("IJM Shares") together with one (1) Warrant for every Rights Shares subscribed at an indicative issue price of RM0.20 per Rights Share and at an entitlement date to be determined later ("Proposed Rights Issue with Warrants"); and
- (b) Proposed exemption for Ideal Jacobs Corporation, Andrew Conrad Jacobs and persons acting in concert with them under Practice Note 9, Paragraph 16.1 of the Malaysian Code on Take-Overs and Mergers, 2010 from the obligation to undertake a mandatory general offer for all the remaining IJM Shares not already owned by them pursuant to their subscription of the Rights Shares in relation to the Proposed Rights Issue with Warrants ("Proposed Exemption").

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

The Proposed Right Issue with Warrants and the Proposed Exemption shall collectively be referred to as the "Proposal".

The Proposal is subject to approval of the shareholders of the Company at an EGM to be convened and any other relevant authorities. Barring any unforeseen circumstances, the Proposal is expected to be completed in the fourth quarter of 2012.

B9. Status of Utilisation of Proceeds

As at 30 June 2012, the details of the utilisation of IPO proceeds are as follows:

Purpose	Original proposed utilisation	Revised IPO proceeds	Actual utilisation as at 30 June 2012	Actual balance unutilised as at 30 June 2012	Time frame for utilisation from the date of EGM
	RM'000	RM'000	RM'000	RM'000	
Establishment of industrial label manufacturing plant in Suzhou, PRC	1,500	(1,500)	-	-	-
Launch of a new production line for engineered thermoplastic composite products in factory located at Samut Prakan Province, Thailand	1,000	(1,000)	-	-	-
Establishment of an industrial label manufacturing plant in the northern region of Malaysia	800	(800)	-	-	-
Working capital for our Group	1,800	3,300	3,400	1,700 ⁽¹⁾	Within 6 months
Estimated listing expenses	3,000	-	3,000	-	-
TOTAL	8,100	-	6,400	1,700	

Note:

⁽¹⁾ Proceeds are placed in fixed deposit with a bank and has yet to be utilised.

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

B10. Group's Borrowings and Debt Securities

The Group's secured borrowings as at end of the reporting quarter are as follows:-

	Short Term RM'000	Long Term RM'000
Hire Purchase	49	-
Term Loan	<u>2,891</u>	<u>-</u>
RMB	1,572	-
USD	<u>1,368</u>	<u>-</u>

The short-term portion of hire purchase has been included in other payables.

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,

[The rest of this page is intentionally left blank]

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

B14. Earnings Per Share (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2012	Preceding Year Quarter 30/06/2011	Current Year to Date 30/06/2012	Preceding Year Period 30/06/2011
(i) Basic EPS				
Net profit/(loss) for the period (RM'000)	356	(2,505)	434	(2,133)
Weighted average number of ordinary shares issued ('000)	120,001	97,625	120,001	97,625
Basic earnings/(loss) per share (sen)	0.30	(2.57)	0.36	(2.18)
(ii) Diluted EPS	N/A	N/A	N/A	N/A

- (i) The basic EPS is calculated by dividing the net profit/(loss) attributable to the owners of the Parent by the weighted average number of shares in issued during the period.
- (ii) The Company has no potential equity instruments in issue as at the reporting date and therefore, diluted EPS has not been presented.

B15. Realised & Unrealised Profits

	As at 30/06/2012 RM'000	As at 31/12/2011 RM'000
Total retained profits for the Group :		
- Realised gain/(loss)	481	(8)
- Unrealised (loss)/gain	(23)	32
Total Group's retained profits as per consolidated account	458	24

[The rest of this page is intentionally left blank]