

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 12 MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

**A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 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.

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**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>
31/12/2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>						
External customers	8,148	8,368	3,707	4,165	-	24,388
Inter-segment	92	1,244	163	524	(2,023)	-
	<u>8,240</u>	<u>9,612</u>	<u>3,870</u>	<u>4,689</u>	<u>(2,023)</u>	<u>24,388</u>
<u>Results:-</u>						
Interest income						95
Finance costs						(131)
Depreciation						(651)
Other non-cash expenses (a)						(396)
Taxation						(721)
Segment profit						<u>272</u>
<u>Assets:-</u>						
Additions to non-current assets (b)						682
Segment assets						<u>22,269</u>
<u>Liabilities:-</u>						
Segment liabilities						<u>4,676</u>

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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>
31/12/2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>						
External customers	7,838	5,977	5,440	792	-	20,047
Inter-segment	19	-	-	-	(19)	-
	<u>7,857</u>	<u>5,977</u>	<u>5,440</u>	<u>792</u>	<u>(19)</u>	<u>20,047</u>
<u>Results:-</u>						
Interest income						77
Finance costs						(12)
Depreciation						(608)
Other non-cash expenses (a)						(165)
Taxation						(926)
Segment loss						<u>(2,911)</u>
<u>Assets:-</u>						
Additions to non-current assets (b)						2,108
Segment assets						<u>20,590</u>
<u>Liabilities:-</u>						
Segment liabilities						<u>2,954</u>

Notes:

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

	Current Year to-Date 31/12/2012 RM'000	Preceding Year Period 31/12/2011 RM'000
Waiver of debts on amount due to a director	2	-
Inventories written down	(90)	(27)
Goodwill written off	(51)	(147)
Loss on disposal of property, plant and equipment	(40)	-
Property, plant and equipment written off	(131)	(23)
Bad debts written off	(10)	-
Unrealised foreign exchange (loss)/gain	(76)	32
	<u>(396)</u>	<u>(165)</u>

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

	Current Year to-Date 31/12/2012 RM'000	Preceding Year Period 31/12/2011 RM'000
Property, plant and equipment	573	2,108
Other investment	109	-
	<u>682</u>	<u>2,108</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 Ended</u> 31/12/2012		<u>Cumulative Quarter Ended</u> 31/12/2012	
	<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	3,729	5,143	15,526	5,143
Thailand	362	-	1,580	-
Singapore	360	-	1,756	-
Malaysia	280	200	2,283	200
USA	279	-	1,207	-
Sweden	145	-	292	-
Brazil	94	-	946	-
Netherlands	63	-	333	-
Australia	35	-	95	-
England	20	-	20	-
New Zealand	16	-	92	-
Japan	10	-	76	-
Canada	8	-	65	-
Poland	8	-	12	-
Israel	6	-	11	-
India	4	-	37	-
Taiwan	3	-	32	-
Slovenia	3	-	3	-
Hong Kong	2	-	8	-
France	1	-	6	-
German	1	-	2	-
Korea	-	-	6	-
	<u>5,429</u>	<u>5,343</u>	<u>24,388</u>	<u>5,343</u>

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	<u>Individual Quarter Ended</u> 31/12/2011		<u>Cumulative Quarter Ended</u> 31/12/2011	
	<u>Revenue</u>	<u>Non-Current</u> <u>Asset</u>	<u>Revenue</u>	<u>Non-Current</u> <u>Asset</u>
	RM'000	RM'000	RM'000	RM'000
PRC	2,876	5,027	13,976	5,027
Singapore	840	-	1,577	-
Brazil	556	-	556	-
Thailand	275	593	1,499	593
USA	243	-	1,465	-
Malaysia	208	39	459	39
Netherlands	50	-	274	-
Canada	24	-	53	-
Japan	7	-	7	-
Hong Kong	4	-	36	-
France	1	-	3	-
Germany	1	-	4	-
Mexico	-	-	16	-
Taiwan	-	-	53	-
Philippines	-	-	61	-
India	-	-	3	-
England	-	-	5	-
	<u>5,085</u>	<u>5,659</u>	<u>20,047</u>	<u>5,659</u>

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

	As at 31/12/2012 RM'000	As at 31/12/2011 RM'000
Property, plant and equipment	5,234	5,659
Other investment	109	-
	<u>5,343</u>	<u>5,659</u>

(iii) Information About Major Customers

On the year to date basis, revenue from one major customer amounted to RM2.66 million (2011: RM Nil) majority arising from sales by Industrial Label segment.

**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.

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### A10. Changes in The Composition Of The Group

Incorporation of Subsidiary:

On 4 October 2012, the Company incorporated a new 51% owned subsidiary, namely Ideal Laminar Pte Ltd ("ILPL") under the Accounting and Corporate Regulatory Authority in Singapore by way of business registration. The registered and paid up share capital of ILPL is SGD\$100.00 divided into 100 ordinary shares of SGD1.00 each.

On 16 November 2012, the Company announced that Ideal Jacobs Corporation (Thailand) Limited ("IJT"), a 99.99% owned subsidiary of the Company had on 15 November 2012 commenced its members' voluntary winding up proceeding pursuant to Section 1236 of the civil and commercial code of the Thailand Act and Article 19 of the Articles of Association of IJT.

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. Related Party Disclosures

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 31/12/2012 RM'000	Preceding Year Period 31/12/2011 RM'000
Entities controlled by certain key management personnel; directors and/or substantial shareholders:		
Sales to a corporate shareholder	<u>661</u>	<u>773</u>
Purchases from a corporate shareholder	<u>44</u>	<u>83</u>
Commission paid to a corporate shareholder	<u>28</u>	<u>36</u>
Licensing fees paid to a corporate shareholder	<u>215</u>	<u>186</u>
Sales to a company in which a director of a subsidiary company has interest	<u>357</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 31 December 2012 up to the date of this report which is likely to substantially affect the results or the operations of the Group.

On 14 January 2013, the Company's 51% owned subsidiary, ILPL in Singapore has incorporated a wholly-owned subsidiary, namely Ideal Laminar (Suzhou) Ltd. Co. ("ILSZ") in the People's Republic of China ("PRC") under the Company Law of the PRC. The registered and paid-up capital of ILSZ is USD200,000.

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**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>31/12/2012</u>	<u>31/12/2011</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>		
Revenue	5,429	5,085	344	7
Loss from operation	(299)	(1,321)	1,022	77
Loss before tax	(184)	(1,268)	1,084	85
Loss after tax	(289)	(1,211)	922	76

For the quarter under review, the Group revenue increased slightly at 7% to RM5.43 million as compared to the revenue of RM5.09 million recorded in the preceding financial year corresponding quarter.

The higher quarterly revenue was contributed by:

- (i) The core business segments, particularly Industrial Label which recorded an increase of approximately RM0.98 million; and
- (ii) Trading of powered electric vehicles under non-core business segment increased at RM0.14 million.

However, the above favorable results had been set off with the decrease from trading of non-core products, particularly IT Products at RM0.53 million due to slow down of order from existing customer and slight decrease from Die-Cut Products and Fabrication of Plastic Parts at a total of RM0.21 million.

The losses during the quarter under review were lower as compared to the preceding financial year corresponding quarter due mainly to:

- (i) Higher revenue generated in the fourth quarter of 2012;
- (ii) Lower in selling & distribution expenses and administrative expenses particularly office expenses, professional fees, product development expenses and saving in withholding tax expenses; and
- (iii) Goodwill written off and reversal of deferred tax assets at subsidiary in Thailand during preceding financial year corresponding quarter.

On the year to date basis, the Group registered total revenue of RM24.39 million and profit before tax of approximately RM0.99 million as compared to previous year of revenue of RM20.05 million and loss before tax of RM1.99 million.



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Higher revenue were mainly contributed by trading of non-core products which are IT product and powered electric vehicle at a total of approximately RM3.37 million and core product of Industrial Label and Laser/Die-Cut Products at a total of RM2.70 million. However, revenue from Fabrication of plastic Parts decreased by RM1.73 million. In summary, the Group registered a total increase of revenue by RM4.34 million in year 2012 as compared to 2011.

The significant improvement in profit before tax for year 2012 was mainly attributed to:

- (i) Higher revenue generated coupled with lower operating expenses at subsidiaries as well as corporate head office expenses;
- (ii) Group's listing expenses of RM2.66 million was expensed off in preceding financial year 2011;
- (iii) Goodwill written off and impairment of investment in subsidiary of Thailand in preceding financial year 2011.

### B2. Comparison to The Results Of The Preceding Quarter

	<u>Quarter Ended</u>		<u>Variance</u>	
	<u>31/12/2012</u>	<u>30/09/2012</u>	<u>RM'000</u>	<u>%</u>
Revenue	5,429	7,025	(1,596)	(23)
(Loss)/profit from operation	(299)	313	(612)	>(100)
(Loss)/profit before tax	(184)	278	(462)	>(100)
(Loss)/profit after tax	(289)	128	(417)	>(100)

The Group revenue decreased by RM1.60 million or representing 23% during the current quarter as compared to the revenue of RM7.03 million recorded in the immediate preceding quarter. This was mainly attributed by decline in revenue from trading of non-core products at approximately RM1.22 million and core products as well at RM0.37 million.

The Group registered a loss before tax at RM0.18 million during the quarter under review as compared to the immediate preceding quarter of a profit before tax at RM0.28 million. This was due to lower revenue generated during the quarter coupled with written off goodwill arisen from the acquisition of a subsidiary company.

### B3. Prospects

The continuous slowdown of the global and PRC economy had adversely impact the sales of Fabrication of Plastic Parts in 2012 as compared to previous year. However, the Board expects the sales for Fabrication of Plastic Parts to improve in 2013. The Board also expects additional sales in 2013 to be generated from the newly incorporated subsidiaries, ILPL and ILSZ. The operations of these new subsidiaries shall commence in the second quarter of 2013.

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### B4. Profit Forecast

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

### B5. Taxation

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31/12/2012	Preceding Year Quarter 31/12/2011	Current Year to- Date 31/12/2012	Preceding Year Period 31/12/2011
Current income tax:				
- Malaysia	-	(9)	-	(9)
- Foreign	(105)	66	(721)	(917)
	<u>(105)</u>	<u>57</u>	<u>(721)</u>	<u>(926)</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 and as disclosed below, there were no other acquisitions or disposals of unquoted investments and properties during the financial quarter under review and the financial year-to-date.

	As at 31/12/2012 RM'000	As at 31/12/2011 RM'000
Acquisition during the year:-		
Available-for-sale investment, at cost	<u>109</u>	<u>-</u>

This represents investment in club membership and is stated at cost less impairment and denominated in RMB. This investment is held in trust by a director.

### 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 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”).

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.

However, on 13 September 2012, the Board had announced that the proposal will not be submitted as previously announced and the Board is deliberating on amending certain terms of the Proposal due to changes in the investment climate and the funding requirements of the Company. Further announcement on the amendments to the terms of the Proposal will be announced in due course.

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### B9. Status of Utilisation of Proceeds

As at 31 December 2012, the details of the utilisation of IPO proceeds are as follows:

Purpose	Original proposed utilisation	Revised IPO proceeds	Actual utilisation as at 31 December 2012	Actual balance unutilised as at 31 December 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	4,900	200 <sup>(1)</sup>	Within 6 months
Estimated listing expenses	3,000	-	3,000	-	-
<b>TOTAL</b>	<b>8,100</b>	<b>-</b>	<b>7,900</b>	<b>200</b>	

Note:

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

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### **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
Term Loan	<u>685</u>	<u>-</u>
RMB	255	-
USD	<u>430</u>	<u>-</u>

### **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 31/12/2012	Preceding Year Quarter 31/12/2011	Current Year to Date 31/12/2012	Preceding Year Period 31/12/2011
<b>(i) Basic EPS</b>				
Net (loss)/profit for the period (RM'000)	(264)	(1,211)	314	(2,911)
Weighted average number of ordinary shares issued ('000)	120,001	109,152	120,001	109,152
Basic (loss)/earnings per share (sen)	(0.22)	(1.11)	0.26	(2.67)
<b>(ii) Diluted EPS</b>	N/A	N/A	N/A	N/A

- (i) The basic EPS is calculated by dividing the net (loss)/profit attributable to the owners of the Parent by the weighted average number of shares in issued during the period.
- (ii) The Group 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 31/12/2012 RM'000	As at 31/12/2011 RM'000
Total retained profits for the Group :		
- Realised loss	(19)	(8)
- Unrealised (loss)/gain	(76)	32
Total Group's retained (loss)/profit as per consolidated account	(95)	24

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