

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE 3 MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2013

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

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 Ideal Jacobs (Malaysia) Corporation Bhd ("the Group") for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report. The audited financial statements of the Group for the financial year ended 31 December 2012 were prepared in accordance with MFRS.

The accounting policies and method of computation adopted for the interim financial reports are consistent with those adopted for audited financial statements for financial year ended 31 December 2012. The adoption of new MFRSs has 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 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 March 2013.

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>
31/03/2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>						
External customers	1,724	2,510	800	534	-	5,568
Inter-segment	78	533	152	-	(763)	-
	<u>1,802</u>	<u>3,043</u>	<u>952</u>	<u>534</u>	<u>(763)</u>	<u>5,568</u>

Results:-

Interest income	6
Finance costs	(25)
Depreciation	(189)
Other non-cash expenses (a)	(10)
Taxation	(104)
Segment loss	<u>(456)</u>

Assets:-

Additions to non-current assets (b)	433
Segment assets	<u>24,383</u>

Liabilities:-

Segment liabilities	<u>6,779</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>
31/03/2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>						
External customers	1,740	1,556	942	419	-	4,657
Inter-segment	2	-	-	-	(2)	-
	<u>1,742</u>	<u>1,556</u>	<u>942</u>	<u>419</u>	<u>(2)</u>	<u>4,657</u>
<u>Results:-</u>						
Interest income						19
Finance costs						(5)
Depreciation						(165)
Other non-cash expenses (a)						(200)
Taxation						(213)
Segment profit						<u>77</u>
<u>Assets:-</u>						
Additions to non-current assets (b)						199
Segment assets						<u>20,748</u>
<u>Liabilities:-</u>						
Segment liabilities						<u>3,472</u>

Notes:

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

	Current Year to-Date 31/03/2013 RM'000	Preceding Year Period 31/03/2012 RM'000
Loss on disposal of property, plant and equipment	-	(45)
Property, plant and equipment written off	-	(111)
Bad debts written off	(1)	-
Unrealised foreign exchange loss	(9)	(44)
	<u>(10)</u>	<u>(200)</u>

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

	Current Year to-Date 31/03/2013 RM'000	Preceding Year Period 31/03/2012 RM'000
Property, plant and equipment	<u>433</u>	<u>199</u>

(c) It was not practicable to separate out the segment results for its business segments 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> 31/03/2013		<u>Cumulative Quarter Ended</u> 31/03/2013	
	<u>Revenue</u> RM'000	<u>Non-Current Asset</u> RM'000	<u>Revenue</u> RM'000	<u>Non-Current Asset</u> RM'000
PRC	3,536	5,460	3,536	5,460
Malaysia	543	196	543	196
Thailand	511	-	511	-
USA	423	-	423	-
Singapore	289	-	289	-
Hong Kong	132	-	132	-
New Zealand	42	-	42	-
Japan	23	-	23	-
Netherlands	11	-	11	-
Poland	10	-	10	-
India	10	-	10	-
Australia	9	-	9	-
Israel	9	-	9	-
England	7	-	7	-
Taiwan	5	-	5	-
Slovenia	4	-	4	-
Canada	2	-	2	-
France	2	-	2	-
	<u>5,568</u>	<u>5,656</u>	<u>5,568</u>	<u>5,656</u>

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	<u>Individual Quarter Ended</u> 31/03/2012		<u>Cumulative Quarter Ended</u> 31/03/2012	
	<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	3,045	5,225	3,045	5,225
Singapore	469	-	469	-
USA	348	-	348	-
Thailand	326	52	326	52
Brazil	173	-	173	-
Malaysia	106	68	106	68
Netherlands	104	-	104	-
New Zealand	25	-	25	-
Japan	18	-	18	-
Taiwan	12	-	12	-
Australia	11	-	11	-
Canada	10	-	10	-
India	6	-	6	-
Korea	2	-	2	-
Hong Kong	1	-	1	-
Sweden	1	-	1	-
	<u>4,657</u>	<u>5,345</u>	<u>4,657</u>	<u>5,345</u>

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

	As at 31/03/2013 RM'000	As at 31/03/2012 RM'000
Property, plant and equipment	5,547	5,345
Other investment	109	-
	<u>5,656</u>	<u>5,345</u>

(iii) Information About Major Customers

On the period to date basis, revenue from one major customer amounted to RM0.98 million (2012: RM0.52 million) majority arising from sales by Laser/Die-cut 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

On 14 January 2013, the Company's 51% owned subsidiary, Ideal Laminar Pte Ltd ("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 capital of ILSZ is USD200,000.

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 31/03/2013 RM'000	Preceding Year Period 31/03/2012 RM'000
Entities controlled by certain key management personnel; directors and/or substantial shareholders:		
Sales to a corporate shareholder	<u>228</u>	<u>120</u>
Purchases from a corporate shareholder	<u>13</u>	<u>11</u>
Commission paid to a corporate shareholder	<u>7</u>	<u>1</u>
Sales to companies in which directors of subsidiary companies have interest	<u>718</u>	<u>-</u>

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

Saved as disclosed below, there were no material events subsequent to the current financial quarter ended 31 March 2013 up to the date of this report which is likely to substantially affect the results or the operations of the Group.

On 26 April 2013, the Company announced that Ideal Jacobs Corporation (Thailand) Limited ("IJT"), a 99.99% owned subsidiary of the Company in Thailand had on 24 April 2013 received a letter from the liquidator of IJT informing that the liquidation of IJT has been completed on 17 April 2013.

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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>31/03/2013</u>	<u>31/03/2012</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
Revenue	5,568	4,657	911	20
(Loss)/Profit from operation	(352)	265	(617)	(>100)
(Loss)/Profit before tax	(352)	290	(642)	(>100)
(Loss)/Profit after tax	(456)	77	(533)	(>100)

For the quarter under review, the Group revenue increased at 20% to RM5.57 million as compared to the revenue of RM4.66 million recorded in the preceding financial year corresponding quarter.

The higher quarterly revenue was contributed by:

- (i) The core business segments, particularly Laser/Die-cut Products which recorded an increase of approximately RM0.95 million; and
- (ii) Trading of powered electric vehicles and metal parts under non-core business segment increased at RM0.44 million and RM0.07 million respectively.

However, the above favorable results had been set off with the decrease from trading of non-core products, particularly IT Products at RM0.40 million due to slow down of order from existing customer and slight decrease from Industrial Labels and Fabrication of Plastic Parts at a total of RM0.16 million.

The Group registered loss before and after tax of RM0.35 million and RM0.46 million respectively as compared to preceding financial year corresponding quarter which recorded a profit before and after tax of RM0.29 million and RM0.08 million.

In summary, the recorded losses from operation as compared to the profit registered in the preceding financial year corresponding quarter were due to:

- (i) Higher cost of sales due to increase in material cost and labour cost at in Ideal Jacobs Xiamen Corporation and Suzhou Ideal Jacobs Corporation.
- (ii) The sales generated by ILSZ were insufficient to cover the cost as it had just commenced operation in first quarter 2013.
- (iii) Higher operating expenses due to increase in selling & distribution expenses at subsidiaries in PRC, which in tandem with the hike in sales. Apart from that, increase in administration expenses included donation, travelling and product development expenses.

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B2. Comparison to The Results Of The Preceding Quarter

	<u>Quarter Ended</u>		<u>Variance</u>	
	<u>31/03/2013</u>	<u>31/12/2012</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	5,568	5,429	139	3
Loss from operation	(352)	(299)	(53)	(18)
Loss before tax	(352)	(184)	(168)	(91)
Loss after tax	(456)	(289)	(167)	(58)

The Group revenue increased slightly at RM0.14 million or representing 3% during the current quarter as compared to the revenue of RM5.43 million recorded in the immediate preceding quarter.

The higher quarterly revenue was contributed by the core business segments, Laser/Die-Cut Products and trading of non-core products, Electric Powered Vehicle.

The Group registered a loss before tax at RM0.35 million during the quarter under review as compared to the immediate preceding quarter of RM0.18 million. This was due to higher selling & distribution and administration expenses incurred at subsidiaries in PRC coupled with commencement of operation of new plant in Suzhou, PRC in first quarter 2013.

B3. Prospects

The sales for Fabrication of Plastic Parts are improving in the second quarter of 2013 and the Board expects the trend to continue. The Board also anticipates additional sales in 2013 to be generated from the newly incorporated subsidiaries, ILPL and ILSZ. In these regards, the Board is cautiously optimistic 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.

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B5. Taxation

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31/03/2013	Preceding Year Quarter 31/03/2012	Current Year to- Date 31/03/2013	Preceding Year Period 31/03/2012
Current income tax:				
- Malaysia	-	-	-	-
- Foreign	104	213	104	213
	<u>104</u>	<u>213</u>	<u>104</u>	<u>213</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% (2012: 15%) in accordance with the relevant PRC income tax rules.

B6. Unquoted Investments and Properties

Saved 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.

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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 March 2013, the details of the utilisation of IPO proceeds are as follows:

Purpose	Original proposed utilisation	Revised IPO proceeds	Actual utilisation as at 31 March 2013	Actual balance unutilised as at 31 March 2013
	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	5,100	-
Estimated listing expenses	3,000	-	3,000	-
TOTAL	8,100	-	8,100	-

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	3,311	-
RMB	1,170	-
USD	2,141	-

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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.

B14. Earnings Per Share (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/03/2013	Preceding Year Quarter 31/03/2012	Current Year to Date 31/03/2013	Preceding Year Period 31/03/2012
(i) Basic EPS				
Net (loss)/profit for the period (RM'000)	(346)	77	(346)	77
Weighted average number of ordinary shares issued ('000)	120,001	120,001	120,001	120,001
Basic (loss)/earnings per share (sen)	(0.29)	0.06	(0.29)	0.06
(ii) Diluted EPS	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.

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B15. Realised & Unrealised Profits

	As at 31/03/2013 RM'000	As at 31/12/2012 RM'000
Total retained profits for the Group :		
- Realised loss	(451)	(38)
- Unrealised loss	(9)	(76)
Total Group's retained loss as per consolidated account	<u>(460)</u>	<u>(114)</u>

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