UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2014

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014

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 2013 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 2013 were prepared in accordance with MFRS.

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 2013. 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 30 June 2014.

A6. Debt and Equity Securities

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

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 30/06/2014	Industrial labels RM'000	Laser/ die-cut products RM'000	Fabrication of plastic parts RM'000	Trading of non-core products RM'000	Elimination RM'000	Total RM'000
Revenue:-						
External customers	5,195	7,369	8,651	426	-	21,641
Inter-segment	160	2,327	867	-	(3,354)	-
	5,355	9,696	9,518	426	(3,354)	21,641
Results:-						
Interest income						105
Finance costs						(87)
Depreciation and amortisation						(473)
Other non-cash income (a)						(1,879)
Taxation						(636)
Segment loss						(943)
Assets:-						
Additions to non-current assets (b)						1,689
Unallocated corporate assets						38,180
Liabilities:-						
Unallocated corporate liabilities						18,128

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Period ended 30/06/2013	Industrial labels RM'000	Laser/ die-cut products RM'000	Fabrication of plastic parts RM'000	Trading of non-core products RM'000	Elimination RM'000	Total RM'000
Revenue:-						
External customers	4,250	5,991	2,539	1,343	-	14,123
Inter-segment	146	1,101	272	-	(1,519)	-
	4,396	7,092	2,811	1,343	(1,519)	14,123
Results:-						
Interest income						29
Finance costs						(60)
Depreciation						(413)
Other non-cash expenses (a)						(21)
Taxation						(319)
Segment loss						(366)
Assets:-						
Additions to non-current assets (b)						1,036
Unallocated corporate assets						30,102
Liabilities:-						
Unallocated corporate liabilities						11,728

Notes:

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

	Current Year to-Date 30/06/2014 RM’000	Preceding Year Period 30/06/2013 RM’000
Bad debts written off	-	(1)
Fair value loss adjustment on share option granted	(1,800)	-
Inventories written down	(157)	-
Written back impairment loss on trade receivable	34	-
Unrealised foreign exchange gain/(loss)	45	(20)
Property, plant and equipment written off	(1)	-
	(1,879)	(21)

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

	Current Year to-Date 30/06/2014 RM'000	Preceding Year Period 30/06/2013 RM'000
Property, plant and equipment	1,689	1,036

(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) Unallocated assets and liabilities were jointly used by four products segments.

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

(ii) Geographical Segments for Revenue

	Individual Quarter Ended 30/06/2014		Cumulative Quarter Ended 30/06/2014	
	Revenue	Non-Current Asset	Revenue	Non-Current Asset
	RM'000	RM'000	RM'000	RM'000
PRC	5,734	8,564	11,876	8,564
Netherlands	1,499	-	2,924	-
USA	1,283	-	1,650	-
Singapore	1,091	-	2,099	-
France	512	-	1,070	-
Thailand	417	-	865	-
Hong Kong	179	-	321	-
Malaysia	174	68	319	68
England	72	-	169	-
Israel	70	-	146	-
Canada	34	-	69	-
Vietnam	28	-	28	-
Taiwan	18	-	44	-
Japan	9	-	9	-
Poland	7	-	8	-
Lithuania	6	-	7	-
New Zealand	5	-	19	-
India	1	-	14	-
Australia	-	-	2	-
German	-	-	1	-
Philippines	-	-	1	-
	11,139	8,632	21,641	8,632

	Individual Quarter Ended 30/06/2013		Cumulative Quarter Ended 30/06/2013	
	Revenue	Non-Current Asset	Revenue	Non-Current Asset
	RM'000	RM'000	RM'000	RM'000
PRC	4,853	6,146	8,389	6,146
USA	879	-	1,302	-
Hong Kong	767	-	897	-
Netherlands	584	-	595	-
Thailand	508	-	1,019	-
Singapore	410	-	698	-
Malaysia	336	84	879	84
Japan	51	-	75	-
France	51	-	53	-
New Zealand	44	-	86	-
Israel	28	-	37	-
England	24	-	31	-
Poland	6	-	16	-
Taiwan	6	-	12	-
Slovenia	3	-	7	-
India	2	-	13	-
Finland	2	-	2	-
Canada	1	-	3	-
Australia	-	-	9	-
	8,555	6,230	14,123	6,230

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

	As at 30/06/2014 RM'000	As at 30/06/2013 RM'000
Property, plant and equipment	5,904	6,121
Prepaid land lease payments	1,411	-
Investment property	1,208	-
Other investment	109	109
	8,632	6,230

(iii) Information About Major Customers

On the period to date basis, revenue from major customers amounted to RM4.99million (2013: RM2.33 million) with the majority arising from sales of by the Laser/Die-cut and Fabrication of Plastic Parts segment (2013: 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.

A10. Valuation of Investment Property

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

A11. Changes in The Composition Of The Group

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

A12. Contingent Liabilities

	As at 30/06/2014 RM'000	As at 30/06/2013 RM'000
Unsecured		
Corporate guarantee given by a subsidiary company to financial institution on the banking facilities granted to a corporate shareholder of a subsidiary company – utilised amount	738	-

A13. Capital Commitments

Commitments not provided for in the financial statements are as follows:-

Capital commitment

	As at 30/06/2014 RM'000	As at 30/06/2013 RM'000
Capital expenditure		
- Authorised and contracted for:		
- Property, plant & equipment	7,664	-

Investment commitment

As at 30 June 2014, the total investment commitment is USD3,500,000 (2012: USDNil). The Group has invested with an accumulated investment of USD700,000 (2012: USDNil) and it still has a balance of USD2,800,000 (2012: USDNil) to be invested in the next financial period.

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 30/06/2014 RM'000	Preceding Year Period 30/06/2013 RM'000
Sales to a corporate shareholder	468	413
Sales to a corporate shareholder of a subsidiary company	283	-
Purchases from a corporate shareholder	41	23
Commission paid to a corporate shareholder	359	11
Sales to a company in which director of a subsidiary companies has interest	-	1,094
Purchases from a company in which directors of subsidiary companies have interest	-	44
Management fee charged by a corporate shareholder of a subsidiary company	482	-

A15. 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 30 June 2014 up to the date of this report which is likely to substantially affect the results or the operations of the Group.

On 18 August 2014, the Board of the Company announced that the Company had entered into the agreements with the vendors of Cekap Technical Services Sdn Bhd ("CTSSB") and Mecip Global Engineers Sdn Bhd ("Mecip") for a proposed reverse take-over ("Proposed Reverse Take-Over") exercise as per stated in Note B8 (iii).

On 19 August 2014, the Board of the Company announced that the Company had decided not to proceed with the Proposals in relation to Proposed Rights Issue with Warrants and Proposed Exemption (as per stated in Note B8 (ii)) as it is the Board's intention to undertake a proposed reverse take-over exercise.

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

B1. Review of Performance

	Quarter Ended			
	30/06/2014	30/06/2013	Variance	
	RM'000	RM'000	RM'000	%
Revenue	11,139	8,555	2,584	30
(Loss)/Profit from operation	(1,207)	300	(1,507)	>(100)
(Loss)/Profit before tax	(1,050)	305	(1,355)	>(100)
(Loss)/Profit after tax	(1,329)	90	(1,419)	>(100)

For the quarter under review, the Group revenue increased from RM8.56 million to RM11.14 million as compared to the preceding financial year corresponding quarter, representing a 30% increase.

The higher quarterly revenue was contributed by:-

(i) All core business segments, which are Industrial Labels, Laser/Die-cut and Fabrication of Plastic Parts Products recorded a total increase of approximately RM3.19 million.

(ii) Trading of Metal Parts and Others Products under non-core business segment at RM0.09 million.

The above favorable results had been set off with the decrease from trading of non-core products, Electric Powered Vehicles at RM0.70 million due to nil order during the quarter under review.

The Group recorded higher revenue but lower gross profit margin as a result of the competitive pricing for Fabrication of Plastic Parts Products segment which contributed lower product margin compared to Industrial Label and Laser/Die-cut Segment and coupled with relatively low margin from sales of smartphone components, which is categorized under Laser/Die-cut segment.

Despite the higher revenue achieved, the Group recorded a loss before tax of RM1.05 million and loss after tax at RM1.33 million as compared to preceding financial year corresponding quarter which registered a profit before and after tax of RM0.31 million and RM0.09 million respectively mainly due to fair value loss adjustment to share option granted amounting to RM1.80 million, which was charged to income statement under operating expenses.

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	Cumulative Quarter Ended		Variance	
	30/06/2014	30/06/2013		
	RM'000	RM'000	RM'000	%
Revenue	21,641	14,123	7,518	53
Loss from operation	(584)	(52)	(532)	>(100)
Loss before tax	(307)	(47)	(260)	>(100)
Loss after tax	(943)	(366)	(577)	>(100)

On the year to date basis, the Group registered total revenue of RM21.64 million and loss before tax of RM0.31 million as compared to previous year of revenue of RM14.12 million and loss before tax of RM0.05 million.

Higher revenue recorded for the financial period ended 30 June 2014 was from Core Products at RM8.44 million but was offset by a drop form Trading of Non-core Products at RM0.92 million.

The Group recorded higher revenue but lower gross profit margin as a result of the competitive pricing for Fabrication of Plastic Parts Products segment which contributed lower product margin compared to Industrial Label and Laser/Die-cut Segment and coupled with relatively low margin from sales of smartphone components, which is categorized under Laser/Die-cut segment.

The recorded loss from operation as compared to previous financial year was due to fair value loss adjustment to share option granted amounting to RM1.80 million, which was charged to income statement under operating expenses.

B2. Comparison to the Results of the preceding quarter

	Quarter Ended		Variance	
	30/06/2014	31/03/2014		
	RM'000	RM'000	RM'000	%
Revenue	11,139	10,502	637	6
(Loss)/Profit from operation	(1,207)	622	(1,829)	>(100)
(Loss)/Profit before tax	(1,050)	742	(1,792)	>(100)
(Loss)/Profit after tax	(1,329)	385	(1,714)	>(100)

The Group revenue increased slightly by RM0.64 million to RM11.14 million during the current quarter compared to the revenue of RM10.50 million recorded in the immediate preceding quarter.

The contributors in revenue were from all core segments at a total RM0.66 million.

Despite higher revenue recorded, the quarter under review observed a loss before tax and after tax due to fair value loss adjustment to share option granted amounting to RM1.80 million, which was charged to income statement under operating expenses.

B3. Prospects

Except for the trading of electric powered vehicles and IT products, the sales from all segments improved for the 2nd quarter of 2014 as compared to the preceding financial year corresponding quarter. We expect this trend to continue in the next two quarter, albeit strong competition, at the expense of lower gross profit margin. We had ceased the trading of electrical powered vehicles and trading of IT products will continue to be slow in 2014. The production and sales of smartphone components which is categorized under Laser/Die cut products is expected to slow down in 2014 due to strong competition and weak demand for the finished goods. In these regards, the Board is anticipating a challenging year ahead.

B4. Profit Forecast

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

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2014	Preceding Year Quarter 30/06/2013	Current Year to- Date 30/06/2014	Preceding Year Period 30/06/2013
Current income tax:				
- Malaysia	-	-	-	-
- Foreign	279	215	636	319
	279	215	636	319

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% (2013: 15%) in accordance with the relevant PRC income tax rules.

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 proposals announced but not completed as at the date of issuance of this announcement.

(i) <u>Right Issue</u>

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.

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.

On 19 August 2014, the Board had announced that the Company had decided not to proceed with the Proposal as it is the Board's intention to undertake a proposed reverse take-over exercise.

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(ii) ESOS

On 23 October 2013, on behalf of the Board of IJACOBS ("the Board"), M&A Securities Sdn Bhd ("M&A") announced that the Company has proposed to establish and implement an ESOS for the eligible employees and directors of IJACOBS and its subsidiaries (excluding dormant subsidiaries) ("IJACOBS Group" or "Group") ("Proposed ESOS").

Subsequently on 12 December 2013, M&A had on behalf of the Board, announced that Bursa Securities had vide its letter dated 11 December 2013, approved the listing and quotation for the new IJACOBS Shares, representing up to fifteen percent (15%) of the total issued and paid-up share capital of the Company, to be issued pursuant to the exercise of the ESOS option granted under Proposed ESOS.

The proposed ESOS had been approved by the shareholders of the Company via Extraordinary General Meeting on 28 February 2014 and the effective date of implementation of the proposed ESOS is 19 March 2014.

(iii) Reverse Take-Over

On 18 August 2014, the Board of the Company announced that the Company had entered into the agreements with the vendors of Cekap Technical Services Sdn Bhd ("CTSSB") and MECIP Global Engineers Sdn Bhd ("Mecip") for the Proposed Reverse Take-Over ("Proposed Reverse Take-Over") as per follows:

(a) Conditional share acquisition agreement with Md Nazir Bin Md Kassim and Sofiyan Bin Yahya, the vendors of CTSSB ("CTSSB Vendors") to acquire the entire equity interest in CTSSB comprising 1,008,000 ordinary shares of RM1.00 each ("CTSSB Shares") from the CTSSB Vendors for a purchase consideration of RM86,000,000 to be satisfied entirely via the allotment and issuance of 344,000,000 new ordinary shares of RM0.10 each in CMOG Group Sdn Bhd ("CMOG")(a newly incorporated special purpose vehicle) (CMOG Shares") to the CTSSB Vendors and/or their nominees at an issue price of RM0.25 per CMOG Share ("Proposed CTSSB Acquisition");

(b) Conditional share acquisition agreement with Ir. Ahmad Nazari Bin Ashari, Ir. Mohd Nor Bin Abd Basar, Nor Hanani Binti Muhamad and Mecip (M) Sdn Bhd, the vendors of Mecip ("Mecip Vendors") to acquire the entire equity interest in Mecip comprising 1,000,000 ordinary shares of RM1.00 each ("Mecip Shares") from the Mecip Vendors for a purchase consideration of RM43,000,000 to be satisfied entirely via the allotment and issuance of 172,000,000 new CMOG Shares to the Mecip Vendors and/or their nominees at an issue price of RM0.25 per CMOG Share ("Proposed Mecip Acquisition");

(c) Master restructuring agreement with the Company, CTSSB Vendors, Mecip Vendors and Ideal Jacobs Holdings Sdn Bhd, being the purchaser for the proposed management buy-out, to undertake a series of proposals to facilitate the Proposed Reverse Take-Over. Pursuant thereto, the Proposed Reverse Take-Over shall comprise the following:-

   (I) Proposed Acquisitions comprising the Proposed CTSSB Acquisition and Proposed Mecip Acquisition;
   (II) Proposed Scheme of Arrangement with Shareholders;
   (III) Proposed Issuance of Shares;
   (IV) Proposed Offer for Sale;
   (V) Proposed Transfer of Listing Status; and
   (VI) Proposed Management Buy-Out.

(d) Conditional share sale agreement with Ideal Jacobs Holdings Sdn Bhd (“MBO Purchaser”) for the disposal by CMOG of all the entire issued and paid-up share capital of IJacobs of up to RM13,800,115 comprising up to 138,001,150 IJacobs Shares for a cash consideration of RM19,500,000 to the MBO Purchaser.

B9. 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	5,494	-
RMB	776	-
USD	4,718	

B10. Off Balance Sheet Financial Instruments

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

B11. Material Litigation

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

B12. Dividends

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

B13. (Loss)/Earnings Per Share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/06/2014	Preceding Year Quarter 30/06/2013	Current Year to Date 30/06/2014	Preceding Year Period 30/06/2013
(i) Basic EPS				
Net (loss)/profit for the period (RM'000)	(1,178)	210	(576)	(136)
Weighted average number of ordinary shares issued ('000)	120,001	120,001	120,001	120,001
Basic (loss)/ earnings per share (sen)	(0.98)	0.17	(0.48)	(0.11)
(ii) Diluted EPS				
Net (loss)/profit for the period (RM'000)	(1,178)	210	(576)	(136)
Weighted average number of ordinary shares issued adjusted for the effects of dilutive potential ordinary shares ('000)	128,893	120,001	124,447	120,001
Basic (loss)/ earnings per share (sen)	(0.91)	0.17	(0.46)	(0.11)

(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 diluted EPS is calculated by dividing the net (loss)/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.

B14. Realised & Unrealised Profits

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
Total accumulated (losses)/profits for the Group :		
- Realised (loss)/profit	(90)	690
- Unrealised profit/(loss)	9	(195)
Total Group's accumulated (losses)/profits as per consolidated statement of financial position	(81)	495

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