

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2015

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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 2014 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 2014 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 2014. 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 2015.

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>
31/03/2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

Revenue:-

External customers	2,711	2,934	1,823	67	-	7,535
Inter-segment	50	171	72	-	(293)	-
	<u>2,761</u>	<u>3,105</u>	<u>1,895</u>	<u>67</u>	<u>(293)</u>	<u>7,535</u>

Results:-

Interest income						68
Finance costs						(68)
Depreciation and amortisation						(206)
Other non-cash expenses (a)						(155)
Taxation						(240)
Segment loss						<u>(217)</u>

Assets:-

Additions to non-current assets (b)						3,695
Unallocated corporate assets						<u>42,950</u>

Liabilities:-

Unallocated corporate liabilities						<u>21,275</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>
31/03/2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>						
External customers	2,494	3,573	4,209	226	-	10,502
Inter-segment	70	1,052	103	-	(1,225)	-
	<u>2,564</u>	<u>4,625</u>	<u>4,312</u>	<u>226</u>	<u>(1,225)</u>	<u>10,502</u>

Results:-

Interest income	34
Finance costs	(27)
Depreciation and amortisation	(230)
Other non-cash income (a)	4
Taxation	(357)
Segment profit	<u>385</u>

Assets:-

Additions to non-current assets (b)	977
Unallocated corporate assets	<u>34,860</u>

Liabilities:-

Unallocated corporate liabilities	<u>14,997</u>
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Notes:

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

	Current Year to-Date 31/03/2015 RM'000	Preceding Year Period 31/03/2014 RM'000
Loss on disposal of property, plant and equipment	(12)	-
Reversal of Impairment loss on trade receivable	27	-
Unrealised foreign exchange (loss)/gain	(170)	5
Property, plant and equipment written off	-	(1)
	<u>(155)</u>	<u>4</u>

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

	Current Year to-Date 31/03/2015 RM'000	Preceding Year Period 31/03/2014 RM'000
Property, plant and equipment	3,695	977

(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

	<u>Individual Quarter Ended</u> 31/03/2015		<u>Cumulative Quarter Ended</u> 31/03/2015	
	<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	5,786	16,125	5,786	16,125
USA	612	-	612	-
Thailand	436	-	436	-
Hong Kong	229	-	229	-
England	123	-	123	-
Malaysia	117	48	117	48
Israel	79	-	79	-
Taiwan	43	-	43	-
Canada	30	-	30	-
Vietnam	26	-	26	-
France	19	-	19	-
New Zealand	14	-	14	-
Singapore	9	-	9	-
Poland	5	-	5	-
India	4	-	4	-
Australia	2	-	2	-
Mexico	1	-	1	-
	7,535	16,173	7,535	16,173

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	<u>Individual Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	31/03/2014		31/03/2014	
	<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	6,141	8,202	6,141	8,202
Netherlands	1,425	-	1,425	-
Singapore	1,007	-	1,007	-
France	558	-	558	-
Thailand	449	-	449	-
USA	367	-	367	-
Malaysia	145	72	145	72
Hong Kong	142	-	142	-
England	97	-	97	-
Israel	76	-	76	-
Canada	35	-	35	-
Taiwan	26	-	26	-
New Zealand	14	-	14	-
India	12	-	12	-
Poland	2	-	2	-
Australia	2	-	2	-
German	1	-	1	-
Philippines	1	-	1	-
Vietnam	1	-	1	-
Lithuania	1	-	1	-
	<u>10,502</u>	<u>8,274</u>	<u>10,502</u>	<u>8,274</u>

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

	As at 31/03/2015 RM'000	As at 31/03/2014 RM'000
Property, plant and equipment	13,085	5,493
Prepaid land lease payments	1,604	1,439
Investment property	1,375	1,233
Other investment	109	109
	<u>16,173</u>	<u>8,274</u>

(iii) Information About Major Customers

On the period to date basis, revenue from major customers amounted to RM2.51 million (2014: RM0.98 million) with the majority arising from sales of by the Laser/Die-cut and Fabrication of Plastic Parts segment (2014: Laser/Die-cut and Fabrication of Plastic Parts segment).

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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 31/03/2015 RM'000	As at 31/03/2014 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	<u>575</u>	<u>738</u>

A13. Capital Commitments

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

Capital commitment

	As at 31/03/2015 RM'000	As at 31/03/2014 RM'000
Capital expenditure - Authorised and contracted for: - Property, plant & equipment	<u>3,345</u>	<u>8,500</u>

Investment commitment

As at 31 March 2015, the total investment commitment is USDNil (2014: USD3,500,000). The Group has invested with an accumulated investment of USD3,500,000 (2014: USD700,000) and it still has a balance of USDNil (2014: USD2,800,000) to be invested in the next financial period.

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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 31/03/2015 RM'000	Preceding Year Period 31/03/2014 RM'000
Sales to a corporate shareholder	<u>403</u>	<u>191</u>
Sales to a corporate shareholder of a subsidiary Company	<u>-</u>	<u>139</u>
Purchases from a corporate shareholder	<u>17</u>	<u>25</u>
Commission paid to a corporate shareholder	<u>20</u>	<u>-</u>
Management fee charged by a corporate shareholder of a subsidiary company	<u>-</u>	<u>242</u>

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 31 March 2015 up to the date of this report which is likely to substantially affect the results or the operations of the Group.

On 2 April 2015, M&A had on behalf of the Board, announced that Bursa Securities had vide its letter dated 2 April 2015, approved the application of the extension of time to submit 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 to the relevant authorities up till 30 April 2015.

On 24 April 2015, M&A had on behalf of the Board, announced that an application had been submitted to Bursa Securities on 24 April 2015 for further extension of time of up to 30 June 2015 to submit the application of the above mentioned Proposed Reverse Take-Over to the relevant authorities.

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

B1. Review of Performance

	<u>Quarter/Cumulative Quarter</u>		<u>Variance</u>	
	<u>Ended</u>		<u>RM'000</u>	<u>%</u>
	<u>31/03/2015</u>	<u>31/03/2014</u>		
	<u>RM'000</u>	<u>RM'000</u>		
Revenue	7,535	10,502	(2,967)	(28)
(Loss)/Profit from operation	(47)	622	(669)	>(100)
Profit before tax	23	742	(719)	(97)
(Loss)/Profit after tax	(217)	385	(602)	>(100)

For the quarter under review, the Group revenue decreased at 28% from RM10.50 million to RM7.54 million as compared to the preceding financial year corresponding quarter.

Revenue from all products segment observed a decrease except revenue from Industrial Labels segment increased slightly at RM0.22 million, the decreases of revenue were from:-

- (i) Laser/Die-cut dropped by RM0.64 million due to cease manufacturing activity for smartphone components;
- (ii) Fabrication of Plastic Parts dropped by RM2.39 million due to slowdown in orders from major customers; and
- (iii) Trading of Non-core Products segment at RM0.16 million.

The Group recorded a loss after tax of RM0.22 million as compared to preceding financial year corresponding quarter which registered a profit after tax of RM0.39 million. The losses mainly due to lower revenue generated and the higher expenses incurred during the quarter under review which included, expenses incurred to shut down a manufacturing plant in PRC, higher entertainment expenses and unrealised foreign exchange losses.

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B2. Comparison to the Results of the preceding quarter

	<u>Quarter Ended</u>		<u>Variance</u>	
	<u>31/03/2015</u>	<u>31/12/2014</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	7,535	7,913	(378)	(5)
Loss from operation	(47)	(3,270)	(3,223)	(99)
Profit/(Loss) before tax	23	(3,181)	(3,204)	>(100)
Loss after tax	(217)	(3,306)	(3,089)	(93)

The Group revenue decreased slightly by RM0.38 million to RM7.54 million during the current quarter compared to the revenue of RM7.91 million recorded in the immediate preceding quarter due to PRC observed a long festive celebration in first quarter of year 2015 and the cease manufacturing activity for smartphone components.

The quarter under review observed a loss after tax due to lower revenue generated coupled with expenses incurred to shut down a manufacturing plant in PRC.

B3. Prospects

The sales from all segments except for Industrial Labels had declined in the 1st quarter of 2015 as compared to the previous year corresponding quarter and although we expect the total sales for financial year 2015 to be lower than 2014, the overall results in 2015 is expected to improve.

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>	
	<u>Current Year</u>	<u>Preceding</u>	<u>Current Year</u>	<u>Preceding</u>
	<u>Quarter</u>	<u>Year Quarter</u>	<u>to- Date</u>	<u>Year Period</u>
	<u>31/03/2015</u>	<u>31/03/2014</u>	<u>31/03/2015</u>	<u>31/03/2014</u>
Current income tax:				
- Malaysia	-	-	-	-
- Foreign	240	357	240	357
	<u>240</u>	<u>357</u>	<u>240</u>	<u>357</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% (2014: 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.

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.

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:-

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- (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.

Submission to the relevant authorities shall be made upon the satisfactory completion of the due diligence exercise.

On 27 January 2015, M&A had on behalf of the Board, announced that Bursa Securities had vide its letter dated 27 January 2015, approved the application of the extension of time to submit the above mentioned Proposals to the relevant authorities up till 18 March 2015.

On 2 April 2015, M&A had on behalf of the Board, announced that Bursa Securities had vide its letter dated 2 April 2015, approved the application of the extension of time to submit the above mentioned Proposals to the relevant authorities up till 30 April 2015.

On 24 April 2015, M&A had on behalf of the Board, announced that an application had been submitted to Bursa Securities on 24 April 2015 for further extension of time of up to 30 June 2015 to submit the application of the above mentioned Proposed to the relevant authorities.

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	13,721	-
RMB	8,282	-
USD	5,439	-

B10. Off Balance Sheet Financial Instruments

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

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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. (Losses)/Earnings Per Share (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/03/2015	Preceding Year Quarter 31/03/2014	Current Year to Date 31/03/2015	Preceding Year Period 31/03/2014
(i) Basic EPS				
Net (loss)/profit for the period (RM'000)	(60)	602	(60)	602
Weighted average number of ordinary shares issued ('000)	125,471	120,001	125,471	120,001
Basic (loss)/ earnings per share (sen)	(0.05)	0.50	(0.05)	0.50
(ii) Diluted EPS				
Net (loss)/profit for the period (RM'000)	(60)	602	(60)	602
Weighted average number of ordinary shares issued adjusted for the effects of dilutive potential ordinary shares ('000)	125,621	N/A	125,621	N/A
Basic (loss)/ earnings per share (sen)	(0.05)	N/A	(0.05)	N/A

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- (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 (Losses)/Profits

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
Total accumulated losses for the Group :		
- Realised loss	(3,665)	(3,584)
- Unrealised loss	<u>(206)</u>	<u>(227)</u>
Total Group's accumulated losses as per consolidated statement of financial position	<u><u>(3,871)</u></u>	<u><u>(3,811)</u></u>

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