

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2015

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 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 December 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>
31/12/2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>						
External customers	13,234	13,898	9,285	338	-	36,755
Inter-segment	269	889	1,264	15	(2,437)	-
	<u>13,503</u>	<u>14,787</u>	<u>10,549</u>	<u>353</u>	<u>(2,437)</u>	<u>36,755</u>
<u>Results:-</u>						
Interest income						231
Finance costs						(392)
Depreciation and amortisation						(1,000)
Other non-cash (expenses)/income (a)						1,587
Taxation						(894)
Segment profit						<u>1,311</u>
<u>Assets:-</u>						
Additions to non-current assets (b)						10,510
Unallocated corporate assets						<u>57,595</u>
<u>Liabilities:-</u>						
Unallocated corporate liabilities						<u>31,314</u>

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A8. Segment Information (continued)

(i) Business Segment (continued)

Period ended	Industrial labels	Laser/ die-cut products	Fabrication of plastic parts	Trading of non-core products	Elimination	Total
31/12/2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:-</u>						
External customers	10,886	14,035	12,813	803	-	38,537
Inter-segment	270	4,545	1,098	3	(5,916)	-
	<u>11,156</u>	<u>18,580</u>	<u>13,911</u>	<u>806</u>	<u>(5,916)</u>	<u>38,537</u>
<u>Results:-</u>						
Interest income						131
Finance costs						(220)
Depreciation and amortisation						(961)
Other non-cash (expenses)/income (a)						(3,428)
Taxation						(895)
Segment loss						<u>(5,177)</u>
<u>Assets:-</u>						
Additions to non-current assets (b)						5,919
Unallocated corporate assets						<u>38,258</u>
<u>Liabilities:-</u>						
Unallocated corporate liabilities						<u>18,115</u>

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A8. Segment Information (continued)

Notes:

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

	Current Year to-Date 31/12/2015 RM'000	Preceding Year Period 31/12/2014 RM'000
Loss on disposal of property, plant and equipment	(85)	(23)
Reversal of impairment loss on trade receivables	93	104
Unrealised loss on foreign exchange	(413)	(190)
Property, plant and equipment written off	-	(34)
Share-based compensation pursuant to ESOS granted	-	(1,800)
Inventories written down	(117)	(570)
Other receivables written off	(50)	-
Impairment loss on property, plant and equipment	-	(861)
Reversal of impairment/(Impairment loss) on other receivables	50	(54)
Waiver of debts from a former director of a subsidiary company	102	-
Waiver of debts from a corporate shareholder of a subsidiary company	2,007	-
	<u>1,587</u>	<u>(3,428)</u>

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

	Current Year to-Date 31/12/2015 RM'000	Preceding Year Period 31/12/2014 RM'000
Property, plant and equipment	<u>10,510</u>	<u>5,919</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) Unallocated assets and liabilities were jointly used by four products segments.

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A8. Segment Information (continued)

(e) Inter-segment revenues are eliminated on consolidation

(i) Geographical Segments for Revenue and Non-Current Assets

	<u>Individual Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	31/12/2015		31/12/2015	
	<u>Revenue</u>	<u>Non-Current</u>	<u>Revenue</u>	<u>Non-Current</u>
	RM'000	Assets RM'000	RM'000	Assets RM'000
PRC	7,746	23,787	26,624	23,787
USA	1,526	-	3,981	-
Thailand	663	-	2,459	-
Hong Kong	295	-	920	-
Taiwan	46	-	350	-
Malaysia	220	40	661	40
Netherlands	76	-	297	-
UK	87	-	399	-
Israel	215	-	470	-
France	7	-	103	-
India	10	-	63	-
New Zealand	18	-	71	-
Vietnam	31	-	93	-
Singapore	15	-	61	-
Japan	10	-	43	-
Australia	1	-	15	-
Poland	6	-	25	-
Canada	31	-	102	-
Lithuania	7	-	9	-
Mexico	-	-	1	-
Finland	-	-	2	-
Korea	-	-	2	-
Hungary	4	-	4	-
	<u>11,014</u>	<u>23,827</u>	<u>36,755</u>	<u>23,827</u>

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A8. Segment Information (continued)

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

(i) Geographical Segments for Revenue and Non-Current Assets (continued)

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter Ended</u>	
	31/12/2014		31/12/2014	
	<u>Revenue</u>	<u>Non-Current Assets</u>	<u>Revenue</u>	<u>Non-Current Assets</u>
	RM'000	RM'000	RM'000	RM'000
PRC	5,155	11,872	22,733	11,872
Netherlands	503	-	3,626	-
USA	65	-	2,576	-
Singapore	1,212	-	4,187	-
France	106	-	1,560	-
Thailand	491	-	1,864	-
Hong Kong	49	-	468	-
Malaysia	99	51	543	51
England	62	-	316	-
Israel	47	-	275	-
Canada	39	-	123	-
Vietnam	4	-	32	-
Taiwan	21	-	67	-
Japan	-	-	9	-
Poland	7	-	22	-
Lithuania	-	-	8	-
New Zealand	40	-	85	-
India	13	-	34	-
Australia	-	-	7	-
German	-	-	1	-
Philippines	-	-	1	-
	<u>7,913</u>	<u>11,923</u>	<u>38,537</u>	<u>11,923</u>

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

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Property, plant and equipment	20,477	8,978
Prepaid land lease payments	1,752	1,520
Investment property	1,489	1,316
Other investment	109	109
	<u>23,827</u>	<u>11,923</u>

A8. Segment Information (continued)

(ii) Information About Major Customers

On the period to date basis, revenue from major customers amounted to RM6.25 million (2014: RM4.27 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).

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

The Group had announced the followings during the current quarter under review:

- (i) On 10 December 2015, the Board of Directors announced to Bursa Malaysia that the Company's wholly owned subsidiary, Ideal Jacobs Rangkuman Sdn Bhd ("IJR") (Co. No. 1050260-A) has on 10 December 2015 filed an application for striking off pursuant to Section 308(1) of the Companies Act, 1965 with the Companies Commission of Malaysia.
- (ii) On 31 December 2015, the Board of Directors announced to Bursa Malaysia that the Company's indirect subsidiary, Ideal Laminar (Suzhou) Ltd. Co. had on 2 December 2015, commenced a members' voluntary winding-up in accordance with the Laws in The People's Republic of China ("PRC").

As at end of 31 December 2015, the striking off and members' voluntary winding-up of the subsidiaries have not been completed.

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A12. Contingent Liabilities

	As at 31/12/2015 RM'000	As at 31/12/2014 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	-	956

A13. Capital Commitments

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

Capital commitment

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Capital expenditure		
- Authorised and contracted for:		
- Property, plant & equipment	801	6,693

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 31/12/2015 RM'000	Preceding Year Period 31/12/2014 RM'000
Sales to a corporate shareholder	2,649	939
Sales to a corporate shareholder of a subsidiary company	33	757
Purchases from a corporate shareholder	78	69
Commission paid to a corporate shareholder	29	385
Licensing fees paid to a corporate shareholder	421	302
Management fee charged by a corporate shareholder of a subsidiary company	-	961

A15. Material Events Subsequent to The End Of The Reporting Quarter

There were no material events subsequent to the current financial quarter ended 31 December 2015 up to the date of this report which is likely to substantially affect the results or the operations of the Group.

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

B1. Review of Performance

	Quarter Ended		Variance	
	31/12/2015	31/12/2014	RM'000	%
	RM'000	RM'000	RM'000	
Revenue	11,014	7,913	3,101	39
Profit/(Loss) from operation	829	(3,268)	4,097	125
Profit/(Loss) before tax	2,963	(3,180)	6,143	193
Profit/(Loss) after tax	2,809	(3,306)	6,115	185

For the quarter under review, the Group's revenue increased by 39% to RM11.01 million from RM7.91 million in the preceding financial year corresponding quarter.

Revenue from all products segment observed a significant increase except for revenue from Trading of Non-core Products segment which decreased by RM0.05 million. The increases in revenue were from:-

- (i) Laser/Die-cut segment increased by RM1.28 million mainly due to increases in orders from new and existing customers;
- (ii) Fabrication of Plastic Parts segment increased by RM0.83 million due to recovery in orders from major customers; and
- (iii) Industrial Labels segment increased by RM1.04 million mainly due to increases in orders from new and existing customers.

The Group recorded profit after tax of RM2.81 million in the current quarter as compared to preceding financial year corresponding quarter's loss after tax of RM3.31 million.

The improvement was mainly due to higher sales recorded in the current quarter, cessation of loss making manufacturing activity for smartphone components, other income of RM2.10 million arising from waivers of debts from a corporate shareholder of a subsidiary company and a former director of a subsidiary company and reversal of unrealised loss on foreign exchange of RM0.23 million in the current quarter.

The loss after tax in the preceding financial year corresponding quarter was also mainly due to:

- i) Payment of withholding tax of RM1.01 million for the dividend declared by a subsidiary company outside Malaysia;
- ii) Impairment loss on property, plant and equipment of RM0.86 million by a subsidiary; and
- iii) Management fees incurred by a subsidiary in Singapore of RM0.24 million for the management services provided by a related party.

B1. Review of Performance (continued)

	<u>Cumulative Quarter Ended</u>		<u>Variance</u>	
	<u>31/12/2015</u>	<u>31/12/2014</u>	<u>RM'000</u>	<u>%</u>
Revenue	36,755	38,537	(1,782)	(5)
Loss from operation	(268)	(4,616)	4,348	94
Profit/(Loss) before tax	2,205	(4,282)	6,487	151
Profit/(Loss) after tax	1,311	(5,177)	6,488	125

On the year to date basis, the Group's revenue decreased by 5% to RM36.76 million from RM38.54 million in the preceding financial year corresponding period.

Revenue from all products segment observed a decrease except for revenue from Industrial Labels segment which increased by RM2.35 million. The decreases in revenue were from:-

- (i) Laser/Die-cut dropped by RM0.14 million mainly due to cessation of manufacturing activity for smartphone components;
- (ii) Fabrication of Plastic Parts dropped by RM3.53 million due to slowdown in orders from major customers; and
- (iii) Trading of Non-core Products segment at RM0.46 million.

The Group recorded a profit after tax of RM1.31 million as compared to preceding financial year corresponding period's loss after tax of RM5.18 million.

The improvement in the result despite decrease in revenue was mainly due to cessation of loss making manufacturing activity for smartphone components and realignment of resources to increase the proportions of sales generated from products which attract higher margin. In addition, other income of RM2.10 million arising from waivers of debts from a corporate shareholder of a subsidiary company and a former director of a subsidiary company was recognized in the year. FY2015 profit was reduced by corporate exercise expenses of RM1.75 million expensed off during the year.

Included in the preceding financial year corresponding period were share-based compensation of RM1.80 million recognised pursuant to ESOS granted, higher inventories written down of RM0.57 million, payment of withholding tax of RM1.01 million for the dividend declared by a subsidiary company outside Malaysia; impairment loss on property, plant and equipment of RM0.86 million by a subsidiary and management fees incurred by a subsidiary in Singapore of RM0.96 million for the management services provided by a related party.

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B2. Comparison to the Results of the preceding quarter

	<u>Quarter Ended</u>		<u>Variance</u>	
	<u>31/12/2015</u>	<u>30/09/2015</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	11,014	9,122	1,892	21
Profit/(Loss)from operation	829	(360)	1,189	330
Profit/(Loss) before tax	2,963	(178)	3,141	1,765
Profit/(Loss) after tax	2,809	(390)	3,199	820

The Group recorded increased revenue of RM1.89 million to RM11.01 million in the current quarter as compared to the revenue of RM9.12 million recorded in the immediate preceding quarter. The slight increase in revenue is mainly due to increases in orders from new and existing customers.

The quarter under review observed a profit after tax of RM2.81 million as compared to loss after tax of RM0.39 million in the preceding quarter. The improvement was mainly due to higher sales recorded in the current quarter, other income of RM2.10 million arising from waivers of debts from a corporate shareholder of a subsidiary company and a former director of a subsidiary company and reversal of unrealised loss on foreign exchange of RM0.23 million in the current quarter as compared to unrealised loss on foreign exchange of RM0.35 million recorded in the preceding quarter.

B3. Prospects

The continued weak and uncertain global economic outlook is adversely affecting market demands across different geographical regions especially China where the Group's major customers are based. In this regard, 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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter 31/12/2015</u>	<u>Preceding Year Quarter 31/12/2014</u>	<u>Current Year to- Date 31/12/2015</u>	<u>Preceding Year Period 31/12/2014</u>
Current income tax:				
- Malaysia	-	-	-	-
- Foreign	154	126	894	895
	<u>154</u>	<u>126</u>	<u>894</u>	<u>895</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

There was no corporate proposal announced but not completed as at the date of issuance of this announcement.

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	<u>13,259</u>	<u>8,616</u>
RMB	5,435	8,616
USD	<u>7,824</u>	<u>-</u>

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. Earnings/(Loss) Per Share (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/12/2015	Preceding Year Quarter 31/12/2014	Current Year to Date 31/12/2015	Preceding Year Period 31/12/2014
(i) Basic EPS				
Net profit/(loss) for the period (RM'000)	444	(2,553)	(871)	(3,861)
Weighted average number of ordinary shares issued ('000)	135,701	125,372	134,271	125,372
Basic earnings/(loss) per share (sen)	0.33	(2.04)	(0.65)	(3.08)
(ii) Diluted EPS				
Net profit/(loss) for the period (RM'000)	444	(2,553)	(871)	(3,861)
Weighted average number of ordinary shares issued adjusted for the effects of dilutive potential ordinary shares ('000)	135,701	129,640	134,572	126,244
Basic earnings/(loss) per share (sen)	0.33	(1.97)	(0.65)	(3.06)

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

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B14. Realised & Unrealised Losses

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Total accumulated losses for the Group :		
- Realised loss	(5,013)	(4,528)
- Unrealised loss	(109)	(227)
	<u>(5,122)</u>	<u>(4,755)</u>
 Add: Consolidation adjustments	 (116)	 944
 Total Group's accumulated losses as per consolidated statement of financial position	 <u>(5,238)</u>	 <u>(3,811)</u>

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