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Lai Wong Chung.

JAKS RESOURCES BERHAD

(Company No.: 585648-T)

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2017

Registered office:
802, 8th Floor, Block C
Kelana Square
17, Jalan SS 7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Principal place of business:
No. 9, Jalan USJ Sentral 1
USJ Sentral, Persiaran Subang 1
47600 Subang Jaya
Selangor Darul Ehsan

JAKS RESOURCES BERHAD

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2017

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JAKS RESOURCES BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal Activities

The principal activities of the Company are that of investment holding and general contractor. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Profit/(loss) for the financial year	110,067,475	(1,396,643)
Attributable to:		
Owners of the parent	126,640,430	
Non-controlling interests	(16,572,955)	
	110,067,475	

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

Dividend

There was no dividend proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued:

(a) 10,550,000 new ordinary shares of RM1.40 each for a total consideration of RM14,770,000 from exercise of Long Term Incentive Plan ("LTIP"); and

(b) 43,836,100 new ordinary shares of RM1.36 each for a total cash consideration of RM59,617,096 for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

Long Term Incentive Plan ("LTIP")

On 28 June 2016, the shareholders of JRB have at Extraordinary General Meeting approved the establishment of a LTIP of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time for the Directors and employees of JRB and its subsidiary companies.

The salient features and other terms of the LTIP are disclosed in the Note 33 to the financial statements.

As at 31 December 2017, the options offered to take up unissued ordinary shares and the exercise price are as follows:

		Number of options over ordinary shares				
Date of offer	**Exercise price**	**At 1.1.2017**	**Granted**	**Exercised**	**Lapsed**	**At 31.12.2017**
24 May 2017	RM1.40	-	24,500,000	(10,550,000)	-	13,950,000

Details of options granted to Directors are disclosed in the section of Directors' Interests In Shares in the report.

Directors

The Directors in office during the financial year until the date of this report are:

Ang Lam Aik
Ang Lam Poah*
Dato' Azman Bin Mahmood
Dato' Razali Merican Bin Naina Merican*
Liew Jee Min @ Chong Jee Min
Tan Sri Datuk Hussin Bin Ismail

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Datuk Ang Ken Seng
Chen Cheong Fat
Goh Theow Hiang
Rasli Bin Musamah
Noor Azhan Rizaluddin Bin Jamian
Kevin Lee Shih Min
Ungku Shaharud Zaman Shah Bin Ungku Nazaruddin
Zaid Bin Kadershah
Ang Si Eeng
Haris Fadzilah Bin Abdullah
Yap Kian Mun (resigned on 30 March 2017)

* *Director of the Company and its subsidiary companies*

Directors' Interests In Shares

The interests and deemed interests in the shares and options over ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouse or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares				
	At 01.01.2017	**Transferred/ Acquired**	**Conversion/ Exercised**	**Disposed**	**At 31.12.2017**
JAKS Resources Berhad					
Direct interest					
Ang Lam Poah	37,497,902	5,306,200	6,000,000	-	48,804,102
Dato' Razali Merican Bin Naina Merican	-	-	4,500,000	(2,950,000)	1,550,000
Indirect interest					
Dato' Razali Merican Bin Naina Merican[1]	26,121,000	3,450,000	-	-	29,571,000

	Number of options over ordinary shares				
	At 01.01.2017	**Granted**	**Exercised**	**Lapsed**	**At 31.12.2017**
JAKS Resources Berhad					
Direct Interest					
Ang Lam Poah	-	6,000,000	(6,000,000)	-	-
Dato' Razali Merican Bin Naina Merican	-	4,500,000	(4,500,000)	-	-
Ang Lam Aik	-	1,500,000	-	-	1,500,000

Notes:

(1) *Deemed interest by virtue of his shareholdings in Original Invention Sdn. Bhd..*

None of the other Directors in office at the end of the financial year had any interests in the shares and options over shares in the Company and its related corporations.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remunerations received or due and receivable by Directors as shown in Note 34 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for those disclosed in Note 36(b) to the financial statements.

Neither during nor at the end of the financial year, was the Group or the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options granted under the LTIP of the Company.

Indemnity and Insurance Costs

During the financial year, Directors and Officers of JAKS Resources Berhad, together with its subsidiary companies, are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM5,000,000. The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group and the Company was RM21,000.

There were no indemnity and insurance costs effected for auditors of the Company during the financial year.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

  (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

  (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

Other Statutory Information (Cont'd)

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year except as disclosed in Note 43(c) to the financial statements.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the notes to financial statements; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

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Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Auditors' Remuneration

The details of the auditors' remuneration are set out in Note 30 to the financial statements.

Significant Events

Significant events during the financial year are disclosed in Note 42(a) to the financial statements.

Subsequent Events

Significant events subsequent to the end of the financial year are disclosed in Note 42(b) to the financial statements.

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 APR 2018

ANG LAM POAH	DATO' RAZALI MERICAN BIN NAINA MERICAN

KUALA LUMPUR

JAKS RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 APR 2018

ANG LAM POAH

DATO' RAZALI MERICAN BIN NAINA MERICAN

KUALA LUMPUR

JAKS RESOURCES BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, ANG SI EENG (MIA NO. CA 21039), being the Officer primarily responsible for the financial management of JAKS Resources Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 23 APR 2018)

ANG SI EENG

Before me,

PESURUHJAYA SUMPAH
No. W 710
MOHAN A.S. MANIAM
1.1.2017 hingga 31.12.2018
MALAYSIA

COMMISSIONER FOR OATHS

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55, Jln. Raja Chulan, 50200 Kuala Lumpur

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAKS RESOURCES BERHAD
(Company No: 585648-T)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of JAKS Resources Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 18 to 129.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

UHY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAKS RESOURCES BERHAD (CONT'D)

(Company No: 585648-T)
(Incorporated in Malaysia)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Revenue and cost recognition on construction contracts and property development activities</u>

Refer to Note 3(e) & (i) (Significant Accounting Policies), Note 2(d) (Significant Accounting Judgements, Estimates and Assumptions), Note 6(b) (Property Development Costs), Note 14 (Amount due from/(to) customers on contracts) and Note 27 (Revenue).

A significant proportion of the Group's and of the Company's revenues and profits are derived from construction contracts and property development projects which span more than one accounting period. The Group and the Company use percentage-of-completion method in accounting for construction contracts and property development activities. The stage of completion is measured by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project.

We focused on this area because management applies significant judgement in determining the stage of completion, extent of costs incurred for construction contracts and property development projects and construction costs or property development costs yet to be incurred.

Our audit procedures performed in this area included, amongst others:

- Tested the Group's and the Company's controls by checking for evidence of reviews and approvals over construction contract and property development costs, setting budgets and authorising and recording of actual costs incurred;
- Challenged the assumptions in deriving at the estimates of construction contract and property development costs. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated costs to supporting documentation such as approved budgets, quotations, contracts and variation orders with sub-contractors;
- Agreed a sample of costs incurred to date to relevant documents such as sub-contractor claim certificates, verified by the Group's and Company's internal quantity surveyor or the employers;
- Reviewed management's workings on the computation of percentage-of-completion; and
- Assessed the adequacy and reasonableness of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAKS RESOURCES BERHAD (CONT'D)
(Company No: 585648-T)
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Impairment assessment of goodwill

Refer to Note 3(k)(i) (Significant Accounting Policies), Note 2(d) (Significant Accounting Judgements, Estimates and Assumptions) and Note 10 (Goodwill on consolidation).

The carrying values of goodwill of the Group as at 31 December 2017 are RM148.5 million. Goodwill is subject to annual impairment testing. We focused on these areas as the determination of recoverable amounts of cash-generating-unit ("CGU") based on value-in-use and fair value less costs of disposal approaches by management involved a significant degree of judgement and assumptions.

In addressing this area of focus, we have obtained an understanding of the relevant internal controls over estimating the recoverable amounts of the CGU.

Our audit procedures for recoverable amount of CGU that is valued at value-in-use include the following:

- Assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results;
- Assessed the key assumptions on which the cash flow projections are based, by amongst others, comparing them against business plans, historical results and market data;
- Evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset;
- Performed sensitivity analysis on key assumptions to evaluate impact on the impairment assessment; and
- Assessed the adequacy and reasonableness of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAKS RESOURCES BERHAD (CONT'D)
(Company No: 585648-T)
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Impairment assessment of goodwill (Cont'd)

Our audit procedures for recoverable amount of CGU that are valued at fair value less costs of disposal approach include the following:

- Evaluated the objectivity, independence and expertise of the firm of independent valuers;
- Obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the properties and assessed whether such methodology is consistent with those used in the industry;
- Had discussions with the independent valuer to obtain an understanding of the related market data used as input to the valuation models; and
- Evaluated the assumptions applied in estimating cost to sell taking into consideration actual cost incurred in sale of properties and marketing strategies.

Contingent liability

Refer to Note 3(u)(i) (Significant Accounting Policies), Note 2(d) (Significant Accounting Judgements, Estimates and Assumptions), Note 35 (Contingent Liability) and Note 43 (Material Litigation).

The subsidiary companies of the Group are involved in litigation cases.

It is a significant area that our audit focuses on because the amounts involved are significant and the application of accounting standards to determine the amount, if any, to be provided as liability is inherently subjective.

Our audit procedures included, amongst others:

- Read the Group's external counsels opinions and interviewed the counsels; and
- Assessed whether the Group's disclosures detailing significant legal proceedings adequately disclose the potential liabilities of the Group.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAKS RESOURCES BERHAD (CONT'D)
(Company No: 585648-T)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAKS RESOURCES BERHAD (CONT'D)
(Company No: 585648-T)
(Incorporated in Malaysia)

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

UHY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAKS RESOURCES BERHAD (CONT'D)
(Company No: 585648-T)
(Incorporated in Malaysia)

Auditors' Responsibility for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAKS RESOURCES BERHAD (CONT'D)
(Company No: 585648-T)
(Incorporated in Malaysia)

OTHER MATTERS

The financial statements of the Group and of the Company for the financial year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 25 April 2017.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

LAI WONG CHUNG
Approved Number: 3277/08/18 (J)
Chartered Accountant

KUALA LUMPUR

23 April 2018

JAKS RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM	2016 RM Restated	2017 RM	2016 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	6,955,463	17,096,347	751,022	1,042,331
Investment properties	5	644,635,794	449,980,293	-	6,877,717
Land held for property development	6(a)	-	38,879,225	-	-
Investment in subsidiary companies	7	-	-	349,628,943	364,036,628
Investment in joint ventures	8	119,564,798	137,395,323	-	-
Goodwill on consolidation	10	148,500,905	148,500,905	-	-
Deferred tax assets	11	2,324,558	2,406,457	-	-
Other receivables	12	-	1,325,557	-	-
Golf club memberships	13	334,210	342,106	-	-
		922,315,728	795,926,213	350,379,965	371,956,676
Current Assets					
Property development costs	6(b)	71,449,622	301,119,759	-	-
Amount due from customers on contracts works	14	514,999,430	264,273,644	-	1,191,040
Inventories	15	1,813,137	4,170,288	-	-
Trade receivables	16	69,520,670	87,903,238	15,429,683	7,187,573
Other receivables, deposits and prepayments	12	264,764,825	70,506,222	407,410	225,297
Accrual billings		14,252,176	-	-	-
Amount due from subsidiary companies	17	-	-	353,672,346	282,694,187
Amount due from joint ventures	18	10,156,809	9,792,054	-	-
Tax recoverable		3,534,758	2,541,643	529,000	390,999
Deposits placed with licensed banks	19	88,030,863	60,536,366	-	-
Cash and bank balances	20	129,978,653	41,202,712	582,762	952,802
Asset classified as held for sale	21	-	-	-	-
		1,168,500,943	842,045,926	370,621,201	292,641,898
Total Assets		2,090,816,671	1,637,972,139	721,001,166	664,598,574

JAKS RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

		Group		Company	
	Note	2017 RM	2016 RM Restated	2017 RM	2016 RM
EQUITY					
Share capital	22	524,387,378	438,361,072	524,387,378	438,361,072
Reserves	23	173,690,514	76,629,623	43,125,407	49,849,525
Equity attributable to owners of the parent		698,077,892	514,990,695	567,512,785	488,210,597
Non controlling interests		66,031,616	77,704,571	-	-
Total Equity		764,109,508	592,695,266	567,512,785	488,210,597
LIABILITIES					
Non-Current Liabilities					
Bank borrowings	24	310,611,029	247,464,121	-	56,507
Deferred tax liabilities	11	152,484	172,301	-	-
		310,763,513	247,636,422	-	56,507
Current Liabilities					
Trade payables	25	274,371,681	197,983,882	-	-
Progress billings		-	7,444,787	-	-
Other payables and accruals	26	522,351,342	303,457,052	55,521,503	57,666,914
Amount due to subsidiary companies	17	-	-	47,744,622	67,601,106
Bank borrowings	24	218,358,993	283,451,193	50,222,256	51,063,450
Provision for taxation		861,634	5,303,537	-	-
		1,015,943,650	797,640,451	153,488,381	176,331,470
Total Liabilities		1,326,707,163	1,045,276,873	153,488,381	176,387,977
Total Equity and Liabilities		2,090,816,671	1,637,972,139	721,001,166	664,598,574

The accompanying notes form an integral part of the financial statements.

JAKS RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
			Restated		
Revenue	27	684,915,518	632,201,223	10,200,000	7,854,562
Cost of sales	28	(586,886,792)	(541,384,198)	-	(1,741,116)
Gross profit		98,028,726	90,817,025	10,200,000	6,113,446
Other income		105,070,609	6,529,480	25,208,391	2,169,385
Selling and distribution expenses		(1,855,235)	(953,841)	-	-
Administrative expenses		(60,760,910)	(56,822,471)	(18,418,898)	(10,136,943)
Other expenses		(644,020)	(20,522,659)	(13,379,048)	(7,989,159)
Profit/(loss) from operation		139,839,170	19,047,534	3,610,445	(9,843,271)
Finance costs	29	(27,526,098)	(26,329,967)	(3,908,132)	(3,960,623)
Share of results of joint ventures		(101,948)	263,029	-	-
Profit/(loss) before tax	30	112,211,124	(7,019,404)	(297,687)	(13,803,894)
Taxation	31	(2,143,649)	(9,491,039)	(1,098,956)	-
Profit/(loss) for the financial year		110,067,475	(16,510,443)	(1,396,643)	(13,803,894)

JAKS RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
			Restated		
Other comprehensive (loss)/ income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		(24,252,064)	13,180,599	-	-
Other comprehensive (loss)/income for the financial year, net of tax		(24,252,064)	13,180,599	-	-
Total comprehensive income/(loss) for the financial year		85,815,411	(3,329,844)	(1,396,643)	(13,803,894)
Profit for the financial year attributable to:					
Owners of the parent		126,640,430	697,778	(1,396,643)	(13,803,894)
Non-controlling interests		(16,572,955)	(17,208,221)	-	-
		110,067,475	(16,510,443)	(1,396,643)	(13,803,894)
Total comprehensive income attributable to:					
Owners of the parent		102,388,366	13,878,377	(1,396,643)	(13,803,894)
Non-controlling interests		(16,572,955)	(17,208,221)	-	-
		85,815,411	(3,329,844)	(1,396,643)	(13,803,894)
Earnings per share					
Basic earnings per share (sen)	32(a)	26.68	0.16		
Diluted earnings per share (sen)	32(b)	26.64	0.16		

The accompanying notes form an integral part of the financial statements.

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JAKS RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to Owners of the Parent							
	Non-Distributable				Distributable			
Group	Share Capital RM	Share Premium RM	LTIP Reserves RM	Translation Reserves RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
At 1 January 2017 (as previously stated)	438,361,072	8,368,710	-	2,976,716	55,178,394	504,884,892	77,704,571	582,589,463
Prior year adjustments (Note 44)	-	-	-	10,203,883	(98,080)	10,105,803	-	10,105,803
At 1 January 2017 (as restated)	438,361,072	8,368,710	-	13,180,599	55,080,314	514,990,695	77,704,571	592,695,266
Profit for the financial year	-	-	-	-	126,640,430	126,640,430	(16,572,955)	110,067,475
Foreign currency translation	-	-	-	(24,252,064)	-	(24,252,064)	-	(24,252,064)
Total comprehensive income / (expenses) for the financial year	-	-	-	(24,252,064)	126,640,430	102,388,366	(16,572,955)	85,815,411
Transactions with owners:								
Private share placement	59,617,096	-	-	-	(1,283,265)	58,333,831	-	58,333,831
Acquisition of subsidiary company	-	-	-	-	-	-	49	49
Capital contribution by non-controlling interests	-	-	-	-	-	-	4,899,951	4,899,951
Shares options granted under LTIP	-	-	7,595,000	-	-	7,595,000	-	7,595,000
Exercise of LTIP	18,040,500	-	(3,270,500)	-	-	14,770,000	-	14,770,000
Total transactions with owners	77,657,596	-	4,324,500	-	(1,283,265)	80,698,831	4,900,000	85,598,831
Transfer in accordance with Section 618(2) of the Companies Act 2016	8,368,710	(8,368,710)	-	-	-	-	-	-
At 31 December 2017	524,387,378	-	4,324,500	(11,071,465)	180,437,479	698,077,892	66,031,616	764,109,508

JAKS RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Attributable to Owners of the Parent						
	Non-Distributable			Distributable			
	Share Capital RM	Share Premium RM	Translation Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group							
At 1 January 2016	438,361,072	8,368,710	-	54,382,536	501,112,318	94,912,792	596,025,110
Profit for the financial year	-	-	-	795,858	795,858	(17,208,221)	(16,412,363)
Foreign currency translation	-	-	2,976,716	-	2,976,716	-	2,976,716
Total comprehensive income / (expenses) for the financial year							
- as previously stated	-	-	2,976,716	795,858	3,772,574	(17,208,221)	(13,435,647)
- Prior year adjustments (Note 44)	-	-	10,203,883	(98,080)	10,105,803	-	10,105,803
- as restated	-	-	13,180,599	697,778	13,878,377	(17,208,221)	(3,329,844)
At 31 December 2016	438,361,072	8,368,710	13,180,599	55,080,314	514,990,695	77,704,571	592,695,266

JAKS RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Non-Distributable			Distributable	
	Share Capital RM	**Share Premium RM**	**LTIP Reserve RM**	**Retained Earnings RM**	**Total Equity RM**
Company					
At 1 January 2017	438,361,072	8,368,710	-	41,480,815	488,210,597
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(1,396,643)	(1,396,643)
Transactions with owners:					
Private share placement	59,617,096	-	-	(1,283,265)	58,333,831
Shares options granted under LTIP	-	-	7,595,000	-	7,595,000
Exercised of LTIP	18,040,500	-	(3,270,500)	-	14,770,000
Total transactions with owners	77,657,596	-	4,324,500	(1,283,265)	80,698,831
Transfer in accordance with Section 618(2) of the Companies Act 2016	8,368,710	(8,368,710)	-	-	-
At 31 December 2017	524,387,378	-	4,324,500	38,800,907	567,512,785

JAKS RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Non-Distributable		Distributable	
	Share Capital RM	Share Premium RM	Retained Earnings RM	Total Equity RM
Company				
At 1 January 2016	438,361,072	8,368,710	55,284,709	502,014,491
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(13,803,894)	(13,803,894)
At 31 December 2016	438,361,072	8,368,710	41,480,815	488,210,597

The accompanying notes form an integral part of the financial statements.

JAKS RESOURCES BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Cash Flows From Operating Activities					
Profit/(loss) before tax		112,211,124	(7,019,404)	(297,687)	(13,803,894)
Adjustments for:					
Allowances for impairment					
- third parties		-	8,068,085	-	7,954,257
Amortisation of golf club membership		7,896	7,894	-	-
Depreciation:					
- property, plant and equipment		2,516,977	3,060,451	314,879	330,187
- investment properties		11,591,989	11,490,477	49,209	49,210
Provision for liquidated ascrtained damages		8,123,218	13,461,683	-	-
Gain on disposal of asset held for sale		-	(3,247,639)	-	-
Gain on disposal of land held for property development		(76,798,883)	-	-	-
Gain on disposal of investment property		-	-	(11,985,995)	-
(Gain)/loss on disposal of property, plant and equipment		(11,782,456)	206,165	-	-
Interest income		(1,458,090)	(2,217,131)	-	(224,385)
Interest expense		32,660,034	34,915,926	3,908,132	3,960,623
LTIP option expenses		7,595,000	-	7,595,000	-
Reversal of impairment on investment in subsidiary companies		-	-	-	(1,945,000)
Reversal on provision for foreseeable losses		-	(377,496)	-	-
Share of result of joint venture		101,948	(263,029)	-	-
Impairment of receivable no longer required		(6,945,127)	(125,833)	(6,945,127)	-
Unrealised loss/(gain) on foreign exchange		(5,632,439)	5,889,853	7,102,589	34,902
Operating profit/(loss) before working capital changes		72,191,191	63,850,002	(259,000)	(3,644,100)

JAKS RESOURCES BERHAD
(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash Flows From Operating Activities (Cont'd)					
Change in working capital					
Joint venture		(1,001,179)	20,564,965	-	-
Property development costs		28,851,719	1,097,677	-	-
Amount due from customers on contract		(287,171,856)	(29,901,852)	1,191,040	(100,839)
Inventories		2,357,151	5,015,824	-	-
Receivables		(37,081,714)	(35,802,051)	(1,479,095)	10,029,425
Payables		271,868,590	56,027,352	3,058,673	(66,096,765)
		(22,177,289)	17,001,915	2,770,618	(56,168,179)
Cash generated from/(used in) operations		50,013,902	80,851,917	2,511,618	(59,812,279)
Interest paid		(14,967,221)	(14,248,709)	(3,897,612)	(3,935,017)
Tax paid		(7,516,585)	(2,626,490)	(1,236,957)	(670,666)
Tax refund		-	3,550	-	-
		(22,483,806)	(16,871,649)	(5,134,569)	(4,605,683)
Net cash from/(used in) operating activities		27,530,096	63,980,268	(2,622,951)	(64,417,962)
Cash Flows From Investing Activities					
Proceeds from disposal of investment property		-	-	18,814,502	-
Net (repayment)/advance to subsidiary companies		-	-	(69,949,522)	55,606,793
Acquisition of a subsidiary company, net		-	-	-	-
cash and cash equivalents acquired		49	-	-	-
Proceeds from disposal of property, plant and equipment		19,498,561	89,682	-	-
Proceeds from disposal of land held for development	6(iii)	16,758,976	-	-	-
Interest received		1,458,090	2,217,131	-	224,385
Purchase of property, plant and equipment	4(c)	(92,198)	(294,928)	(23,570)	(3,625)
(Placement)/withdrawal of deposits and debt service reserve		(27,516,141)	(10,493,511)	-	8,194,431
Addition to investment properties		(5,429,072)	(11,486,296)	-	-
Net proceeds from disposal of asset held for sale		-	6,496,233	-	-
Net cash from/(used in) investing activities		4,678,265	(13,471,689)	(51,158,590)	64,021,984

JAKS RESOURCES BERHAD

(Incorporated In Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONT'D)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Cash Flows From Financing Activities					
Net (repayment)/ advance to subsidiary companies		-	-	(18,784,109)	3,964,550
Increase of ordinary shares		59,617,096	-	59,617,096	-
Proceeds from exercise of LTIP		14,770,000	-	14,770,000	-
Interest paid		(17,692,813)	(20,667,217)	(10,520)	(25,606)
(Repayment)/drawdown of bill payables		(34,265,761)	6,849,675	-	-
Net movement of trade commodity financing		10,170,154	29,359,862	-	-
Repayments of finance lease liabilities		(1,897,181)	(2,628,311)	(330,376)	(346,608)
Share issuance expenses		(1,283,265)	-	(1,283,265)	-
Issuance of share capital to non-controlling interest of a subsidiary company		4,899,951	-	-	-
Net movement of revolving credit		15,500,000	1,000,000	4,000,000	1,000,000
Drawdown/(Repayment) of term loans		29,751,677	(62,322,492)	-	-
Net cash from/(used in) financing activities		79,569,858	(48,408,483)	57,978,826	4,592,336
Net increase in cash and cash equivalents		111,778,219	2,100,096	4,197,285	4,196,358
Exchange translation differences on cash and cash equivalents		(1,819,741)	-	-	-
Cash and cash equivalents at the beginning of the financial year		(46,369,682)	(48,469,778)	(33,780,272)	(37,976,630)
Cash and cash equivalents at the end of the financial year		63,588,796	(46,369,682)	(29,582,987)	(33,780,272)
Cash and cash equivalents comprise:					
Deposits placed with licensed banks	19	88,030,863	60,536,366	-	-
Cash and bank balances	20	129,978,653	41,202,712	582,762	952,802
Bank overdrafts - secured	24	(65,176,119)	(86,380,300)	(30,165,749)	(34,733,074)
		152,833,397	15,358,778	(29,582,987)	(33,780,272)
Less:					
Deposits held as security values	19	(88,030,863)	(60,536,366)	-	-
Debt service reserve account	20	(1,213,738)	(1,192,094)	-	-
		63,588,796	(46,369,682)	(29,582,987)	(33,780,272)

The accompanying notes form an integral part of the financial statements.

JAKS RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017

1. **Corporate Information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at No.9, Jalan USJ Sentral 1, USJ Sentral, Persiaran Subang 1, 47600 Subang Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and general contractor. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. **Basis of Preparation**

(a) Statement of Compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 2016 in Malaysia.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRSs 2014 – 2016 Cycle	Amendments to FRS 12 *Disclosure of Interests in Other Entities*

Adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and of the Company, except for the adoption of the Amendments to FRS 107 requiring additional disclosure of changes in liabilities arising from financing activities in Note 40.

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs, IC Interpretations and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
FRS 9	*Financial Instruments* (IFRS 9 as issued by IASB in July 2014)	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 4	Applying FRS 9 *Financial Instruments* with FRS 4 *Insurance Contracts*	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to FRSs 2014–2016 Cycle:		
• Amendments to FRS 1 *First Time Adoption Of Financial Reporting Standards*		1 January 2018
• Amendments to FRS 128 *Investments in Associates and Joint Ventures*		1 January 2018
IC Interpretation FRS 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 10 and FRS 128	Sales of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group's and the Company's financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting the above FRSs, IC Interpretations and amendments to FRSs.

The Group and the Company fall within the scope of IC Interpretation 15 *Agreements for the Construction of Real Estate* and MFRS 141 *Agriculture.* Therefore, the Group and the Company are currently exempted from adopting MFRS and is referred to as a "Transitioning Entity".

2. **Basis of Preparation (Cont'd)**

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The subsequent adoption of the MFRS Framework would result in the Group preparing an opening MFRS statement of financial position as at 1 January 2017, which adjusts for differences between the classification and measurement bases in the existing FRS Framework versus that in the new MFRS Framework. This would also result in a restatement of the annual financial performance for the financial year ended 31 December 2017 in accordance with MFRS, which would form the MFRS comparatives for the annual financial performance for the financial year ending 31 December 2018.

The initial application of the MFRS Framework are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 9 *Financial Instruments* (effective for annual period beginning on or after 1 January 2018)

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required.

During 2017, the Group has performed an impact assessment of all three aspects of MFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt MFRS 9.

Based on the analysis of the Group's and the Company's financial assets and financial liabilities as at 31 December 2017 on the basis of facts and circumstances that exist at that date, the Directors of the Group and of the Company have assessed the impact of MFRS 9 to the Group's and the Company's financial statements as follows:

(i) Classification and measurement

The Group and the Company do not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9.

2. **Basis of Preparation (Cont'd)**

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 9 *Financial Instruments* (effective for annual period beginning on or after 1 January 2018) (Cont'd)

(i) Classification and measurement (Cont'd)

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group and the Company will apply the simplified approach and record lifetime expected losses on all trade and other receivables. The Group has determined that there will be no significant impact on the Group's and the Company's financial statements.

The Group and the Company are currently finalising the quantitative effects of applying the standard on the financial statements of the Group and of the Company.

MFRS 15 *Revenue from Contracts with Customers* (effective for annual period beginning on or after 1 January 2018)

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*.

MFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. As the Group is a transitioning entity, a full retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the partial retrospective (practical expedients applied).

2. **Basis of Preparation (Cont'd)**

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 15 *Revenue from Contracts with Customers* (effective for annual period beginning on or after 1 January 2018) (Cont'd)

The Directors have assessed the effects of applying the new standard on the Group's and the Company's financial statements and have identified the following areas that will be affected:

(i) Liquidated and ascertained damages

The provision is currently recognised for expected liquidated damages claims based on the terms of the applicable sale and purchase agreements. Upon the adoption of MFRS 15, the amount for liquidated and ascertained damages shall be accounted for as a reduction in the transaction price in deriving the carrying amount of contract asset or contract liability.

(ii) Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than the current standard. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosures will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgments made, i.e. when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to each performance obligation and the assumptions made to estimate the stand-alone selling prices of each performance obligation. MFRS 15 also requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows.

The Group and the Company are currently finalising the quantitative effects of applying the standard on the financial statements of the Group and of the Company.

MFRS 16 *Leases* (effective for annual period beginning on or after 1 January 2019)

MFRS 16 replaces the guidance in MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

2. **Basis of Preparation (Cont'd)**

(a) Statement of Compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 16 *Leases* (effective for annual period beginning on or after 1 January 2019) (Cont'd)

MFRS 16 introduces a single on-balance-sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continue to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All financial information is presented in RM.

(d) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

2. **Basis of Preparation (Cont'd)**

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Revenue and cost recognition on the construction contracts and sales of properties under constructions

The Group and the Company recognise contract or property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that contract or property development costs incurred for work performed to date bear to the estimated total contract or property development costs.

Significant judgement is involved in determining the stage of completion, the extent of the contract or property development costs incurred, the estimated total contract or property development revenue and costs, as well as the recoverability of the contracts or development projects.

Where the total actual revenue and cost incurred are different from the total estimated revenue and cost incurred, such differences will impact the contract profit or losses recognised.

The carrying amount of property development costs and amount due from customers on contracts at the reporting date are disclosed in Notes 6(b) and 14 respectively.

Joint ventures

The Group has interest in an investment which it regards as a joint venture although the Group owns less than half of the ownership interest in this entity as disclosed in Note 8. This entity has not been regarded as associate of the Group as management have assessed that the contractual arrangement with the respective joint venture party has given rise to joint control over this entity in accordance with FRS 11 *Joint Arrangements*.

Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount of the property, plant and equipment is disclosed in Note 4.

2. **Basis of Preparation (Cont'd)**

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 11.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use and fair value less costs of disposal of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. When fair value less costs of disposal calculation is used, management estimate the expected selling price of the assets or cash generating unit less its estimated cost to sell. The key assumptions used to determine the value in-use is disclosed in Note 10.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 33.

2. **Basis of Preparation (Cont'd)**

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the end of the reporting period for loans and receivables are disclosed in Notes 12, 14, 16, 17 and 18 respectively.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities and material litigation are disclosed in Notes 35 and 43 respectively.

3. **Significant Accounting Policies**

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end to the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

(ii) Change in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

(b) Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in a joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of joint venture's profit or loss for the period in which the investment is acquired.

3. **Significant Accounting Policies (Cont'd)**

(b) Investments in joint ventures (Cont'd)

A joint venture is equity accounted for from the date on which the investee becomes a joint venture. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the carrying amount of the investment in the joint venture is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

3. **Significant Accounting Policies (Cont'd)**

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3. **Significant Accounting Policies (Cont'd)**

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. **Significant Accounting Policies (Cont'd)**

(d) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

	Rate (%)
Freehold buildings	2
Plant and machineries	2 - 10
Motor vehicles	10 - 20
Furniture, fittings, office equipment and renovation	10 - 33.3

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

3. **Significant Accounting Policies (Cont'd)**

(e) Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land held for future development activities where no significant development has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current assets and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i).

Land held for property development is reclassified as current asset when the development activities have been commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the profit or loss by using the stage of completion. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which measured at the lower of cost and net realisable value.

3. **Significant Accounting Policies (Cont'd)**

(e) Land held for property development and property development costs (Cont'd)

(ii) Property development costs (Cont'd)

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings.

(f) Inventories

Inventories of completed properties for resale are stated at the lower of cost and net realisable value.

The cost of unsold properties comprises costs associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specific in an arrangement.

As lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

3. **Significant Accounting Policies (Cont'd)**

(g) Leases (Cont'd)

As lessee (Cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(h) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depending on the purpose for which the financial assets were acquired at initial recognition, into the loans and receivables.

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(i) Construction contracts

Where the financial outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Where the financial outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

3. Significant Accounting Policies (Cont'd)

(i) Construction contracts (Cont'd)

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred on construction contracts plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily converted to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers on contracts and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

3. **Significant Accounting Policies (Cont'd)**

(k) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than investments in subsidiary companies, associates and joint ventures, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

3. **Significant Accounting Policies (Cont'd)**

(k) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(l) Share capital

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

3. Significant Accounting Policies (Cont'd)

(l) Share capital (Cont'd)

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(m) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, as financial liabilities measured at amortised cost.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3. **Significant Accounting Policies (Cont'd)**

(m) Financial liabilities (Cont'd)

Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(n) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(o) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

3. **Significant Accounting Policies (Cont'd)**

(p) Revenue and other income recognition

Revenue and other income are recognised to the extent that they are probable that the economic benefits associated with the transaction will flow to the Group and the revenue and other income can be reliably measured. Revenue and other income are measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue and other income are recognised:

(i) Construction contracts

Revenue from engineering and construction contracts is accounted for by the stage of completion method as described in Note 3(i).

(ii) Sale of development properties

Revenue from sale of properties is accounted for by the stage of completion method as disclosed in Note 3(e)(ii).

(iii) Sale of completed development properties

Sale of completed development properties are recognised only when it is probable that the economic benefits associated with the transactions will flow to the Group and upon the transfer of significant risk and rewards of ownership.

(iv) Sale of goods

Revenue is recognised net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(v) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(vi) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(vii) Management fee

Management fee is recognised on accrual basis when services are rendered.

3. **Significant Accounting Policies (Cont'd)**

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Income tax

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for temporary differences in the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

3. **Significant Accounting Policies (Cont'd)**

(r) Income tax (Cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group have no further payment obligations.

(iii) Equity-settled Share-based Payment Transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

3. **Significant Accounting Policies (Cont'd)**

(s) Employee benefits (Cont'd)

(iii) Equity-settled Share-based Payment Transaction (Cont'd)

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

(t) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(u) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. **Significant Accounting Policies (Cont'd)**

(u) Contingencies (Cont'd)

(ii) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the account cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(v) Goods and Service Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

(w) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Building	2%
Leasehold land	Over 82 years

3. **Significant Accounting Policies (Cont'd)**

(w) Investment properties (Cont'd)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(k)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

(x) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. **Significant Accounting Policies (Cont'd)**

(y) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

4. **Property, Plant and Equipment**

	Freehold land RM	Freehold buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Total RM
Group						
2017						
Cost						
At 1 January 2017	4,853,200	2,747,043	14,973,254	10,805,793	7,500,977	40,880,267
Additions	-	-	-	38,900	53,298	92,198
Disposals	(4,853,200)	(2,460,481)	(1,255,000)	(355,036)	(3,110)	(8,926,827)
At 31 December 2017	-	286,562	13,718,254	10,489,657	7,551,165	32,045,638
Accumulated depreciation						
At 1 January 2017	-	458,864	9,126,382	8,163,921	5,166,235	22,915,402
Charge for the financial year	-	50,640	576,925	1,162,872	726,540	2,516,977
Disposals	-	(485,171)	(393,750)	(328,691)	(3,110)	(1,210,722)
At 31 December 2017	-	24,333	9,309,557	8,998,102	5,889,665	24,221,657
Accumulated impairment losses						
At 1 January 2017/31 December 2017	-	-	868,518	-	-	868,518
Carrying amount						
At 31 December 2017	-	262,229	3,540,179	1,491,555	1,661,500	6,955,463

4. **Property, Plant and Equipment (Cont'd)**

	Freehold land RM	Freehold buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Total RM
Group						
2016						
Cost						
At 1 January 2016	4,853,200	2,747,043	15,990,005	10,773,861	7,354,607	41,718,716
Additions	-	-	-	402,033	259,022	661,055
Disposals	-	-	(1,016,751)	(370,101)	(48,862)	(1,435,714)
Reclassified to property development cost	-	-	-	-	(63,790)	(63,790)
At 31 December 2016	4,853,200	2,747,043	14,973,254	10,805,793	7,500,977	40,880,267
Accumulated depreciation						
At 1 January 2016	-	408,223	9,154,740	7,134,990	4,296,865	20,994,818
Charge for the financial year	-	50,641	811,632	1,288,878	909,300	3,060,451
Disposals	-	-	(839,990)	(259,947)	(39,930)	(1,139,867)
At 31 December 2016	-	458,864	9,126,382	8,163,921	5,166,235	22,915,402
Accumulated impairment						
At 1 January 2016/31 December 2016	-	-	868,518	-	-	868,518
Carrying amount						
At 31 December 2016	4,853,200	2,288,179	4,978,354	2,641,872	2,334,742	17,096,347

4. Property, Plant and Equipment (Cont'd)

	Office equipment and renovation RM	Motor vehicles RM	Total RM
Company			
2017			
Cost			
At 1 January 2017	543,275	3,350,903	3,894,178
Additions	23,570	-	23,570
At 31 December 2017	566,845	3,350,903	3,917,748
Accumulated depreciation			
At 1 January 2017	230,886	2,620,961	2,851,847
Charge for the financial year	71,473	243,406	314,879
At 31 December 2017	302,359	2,864,367	3,166,726
Carrying amount			
At 31 December 2017	264,486	486,536	751,022
2016			
Cost			
At 1 January 2016	539,650	3,350,903	3,890,553
Additions	3,625	-	3,625
At 31 December 2016	543,275	3,350,903	3,894,178
Accumulated depreciation			
At 1 January 2016	162,175	2,359,485	2,521,660
Charge for the financial year	68,711	261,476	330,187
At 31 December 2016	230,886	2,620,961	2,851,847
Carrying amount			
At 31 December 2016	312,389	729,942	1,042,331

4. **Property, Plant and Equipment (Cont'd)**

(a) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group and the Company pledged as securities for bank borrowings as disclosed in Note 24 to the financial statements are:

	Group	
	2017	**2016**
	RM	**RM**
Freehold land	-	4,853,200
Freehold buildings	-	2,024,517
	-	6,877,717

(b) Assets held under finance leases

At 31 December 2017, the net carrying amount of leased motor vehicles and leased plant and machinery of the Group and of the Company were as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Motor vehicles	1,388,787	2,508,452	486,536	729,942
Plant and machinery	3,495,150	4,752,900	-	-
	4,883,937	7,261,352	486,536	729,942

(c) The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under finance lease financing and cash payments are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Aggregate costs	92,198	661,055
Less: Finance lease financing	-	(366,127)
Cash payments	92,198	294,928

5. Investment Properties

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Carrying amounts				
Investment properties				
- freehold land and buildings	268,348	274,328	-	6,877,717
- leasehold shopping mall and car parks	381,342,932	390,055,772	-	-
	381,611,280	390,330,100	-	6,877,717
Investment properties under construction				
- shopping mall and car park podium	263,024,514	59,650,193	-	-
	644,635,794	449,980,293	-	6,877,717

(a) Investment properties

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cost				
At 1 January	404,879,921	400,188,335	7,313,681	7,313,681
Additions	2,873,169	5,189,242	-	-
Disposal	-	-	(7,313,681)	-
Reversal during the year	-	(497,656)	-	-
At 31 December	407,753,090	404,879,921	-	7,313,681
Accumulated depreciation				
At 1 January	14,549,821	3,059,344	435,964	386,754
Depreciation for the financial year	11,591,989	11,490,477	49,209	49,210
Disposal	-	-	(485,173)	-
At 31 December	26,141,810	14,549,821	-	435,964
Carrying amount	381,611,280	390,330,100	-	6,877,717
Fair value	450,268,348	450,274,328	-	22,000,000

5. **Investment Properties (Cont'd)**

(a) Investment properties (Cont'd)

(i) Fair value of investment properties

1) Leasehold shopping mall and car parks

The fair values of the investment properties of leasehold shopping mall and car parks of the Group were estimated at RM450,000,000 (2016: RM450,000,000) by an independent professional valuer, registered with Board of Valuers, Appraisers and Estate Agents, based on the comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as location, property type and size. The most significant input into this valuation approach is price per square foot of comparable properties. The fair values are within Level 3 of the fair value hierarchy.

2) Freehold land and buildings

The fair values of the investment properties of freehold land and buildings of the Company were estimated at Nil (2016: RM22,000,000) respectively at Directors' valuation which were made based on current prices in an active market for the said properties. The fair value are within level 3 of the fair value hierarchy. The most significant input into this valuation approach is price per square foot of comparable properties.

(ii) Investment properties under leases

The Group has entered into commercial property leases on its shopping mall and car parks. Most of the leases contains a non-cancellable period from 2 year to 3 years. Subsequent renewals are negotiated with the lessees on an average renewal period of 2 years to 3 years. No contingent rents are charged.

(b) Investment properties under construction

	Group	
	2017	**2016**
	RM	**RM**
Cost		
At 1 January	59,650,193	53,353,139
Additions	2,555,903	6,297,054
Transfer from property development cost	200,818,418	-
At 31 December	263,024,514	59,650,193

5. **Investment Properties (Cont'd)**

(c) The investment properties and investment properties under construction of the Group of RM381,342,932 and RM263,024,514 (2016: RM390,055,772 and RM59,650,193) respectively are pledged to licensed banks to secure the credit facilities granted to the Group as disclosed in Note 24 to the financial statements.

(d) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties and investment properties under construction:

	Group	
	2017	**2016**
	RM	**RM**
Rental income	8,422,399	6,086,306
Direct operating expenses		
- income generating investment properties	13,984,832	13,501,375
- non-income generating investment properties	84,062	83,350

(e) During the financial year, the borrowing costs capitalised as cost of investment properties amounted to RM3,765,193 (2016: RM3,072,127).

6. **Land Held for Property Development and Property Development Costs**

	Group	
	2017	**2016**
	RM	**RM**
(a) **Land held for property development**		
Freehold land and development cost		
At 1 January	38,879,225	38,879,225
Disposal	(38,879,225)	-
At 31 December	-	38,879,225

6. Land Held for Property Development and Property Development Costs (Cont'd)

	Group 2017 RM	Group 2016 RM
(b) Property development costs		
Leasehold land, at cost		
At 1 January	171,303,156	194,582,643
Transfer to investment properties	(65,064,809)	-
Re-allocation of costs	61,137	(672,615)
Less: Completed project	-	(22,606,872)
At 31 December	106,299,484	171,303,156
Property development costs		
At 1 January	421,264,813	899,458,949
Additions	88,213,343	134,187,663
Transfer to investment properties	(135,753,609)	-
Less: Completed project	-	(612,381,799)
At 31 December	373,724,547	421,264,813
Cost recognised in the statements of profit or loss and other comprehensive income		
At 1 January	291,448,210	792,201,652
Recognised during the financial year	117,126,199	134,612,725
Reversal for allowance of foreseeable losses	-	(377,496)
Less: Completed project	-	(634,988,671)
At 31 December	408,574,409	291,448,210
Total property development cost	71,449,622	301,119,759

(i) The property development costs of the Group represent expenditures incurred in relation to the mixed residential and commercial development.

Land held for property development and property development costs with carrying amount of Nil and RM71,449,622 (2016: RM38,879,225 and RM301,119,759) respectively are pledged as security for bank borrowings as detailed in Note 24 to the financial statements.

(ii) Included in the property development costs incurred during the financial year are the following:

	Group 2017 RM	Group 2016 RM
Finance costs (Note 29)	1,368,743	5,513,832

6. Land Held for Property Development and Property Development Costs (Cont'd)

(iii) 10% of the proceeds in respect of the Group's disposal of land held for property development as disclosed in Note 42(a)(3)(a) had been received in cash at the end of the reporting period.

7. Investment in Subsidiary Companies

	Company 2017 RM	Company 2016 RM
In Malaysia:		
Unquoted shares, at cost	238,276,605	238,276,605
Less: Accumulated impairment losses	(16,668,464)	(16,668,464)
	221,608,141	221,608,141
Outside Malaysia:		
Unquoted shares, at cost	10	10
	221,608,151	221,608,151
Capital contribution to a subsidiary company	128,020,792	142,428,477
	349,628,943	364,036,628

Capital contribution to a subsidiary company refer to amount of which the Company does not expect repayment in the foreseeable future and is considered as part of the Company's investment in a subsidiary company.

(a) Details of the subsidiary companies are as follows:

Name of Company	Country of incorporation	Effective ownership interest 2017 %	Effective ownership interest 2016 %	Principal activities
Direct holding:				
JAKS Sdn. Bhd. *	Malaysia	100	100	General contractor and supplier of building materials
Pipe Technology System Sdn. Bhd. *	Malaysia	70	70	Pipe manufacturer. However, temporarily ceased operation
JAKS Steel Industries Sdn. Bhd.*	Malaysia	98.05	98.05	General trading of building materials and other steel related products
Surge System Sdn. Bhd.	Malaysia	100	100	General trading and construction. However, temporarily inactive

7. **Investment in Subsidiary Companies (Cont'd)**

(a) Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	**Country of incorporation**	**Effective ownership interest** 2017 %	2016 %	**Principal activities**
Direct holding:				
Empire Deluxe Sdn. Bhd. *	Malaysia	100	100	Manufacturing of ductile steel pipes and investment holding. However, temporarily ceased operation
Gain World Trading Limited	British Virgin Islands	100	100	Investment holding
Golden Keen Holdings Limited	British Virgin Islands	100	100	General contractor
JAKS Power Holding Limited	British Virgin Islands	100	100	Investment holding
JAKS Offshore Sdn. Bhd. *	Malaysia	51	51	Offshore drilling, oil, gas and general trading. However, not commenced operation
Harbour Town Sdn. Bhd.	Malaysia	100	100	Investment holding
Premier Place Property Sdn. Bhd.	Malaysia	100	100	Property development
Harbour Front Development Sdn. Bhd.	Malaysia	100	100	Dormant
Indirect holding:				
Subsidiary companies of JAKS Sdn. Bhd.				
JAKS-KDEB Consortium Sdn. Bhd.	Malaysia	70	70	Investment holding
JAKS Marketing Sdn. Bhd. *	Malaysia	100	100	General trading of steel and construction related products
JAKS Power Sdn. Bhd.	Malaysia	100	100	Investment holding
JAKS Island Circle Sdn. Bhd.	Malaysia	51	51	Property development

7. Investment in Subsidiary Companies (Cont'd)

(a) Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Country of incorporation	Effective ownership interest 2017 %	2016 %	Principal activities
Indirect holding:				
Subsidiary companies of JAKS Sdn. Bhd. (Cont'd)				
Fortress Pavilion Sdn. Bhd.	Malaysia	51	-	Investment holding and property asset management
Subsidiary company of - JAKS-KDEB Consortium Sdn. Bhd.				
Integrated Pipe Industries Sdn. Bhd.	Malaysia	70	70	Pipe manufacturer. However, temporarily ceased manufacturing operation
Subsidiary company of Empire Deluxe Sdn. Bhd.				
Wing Tiek Ductile Iron Pipe Sdn. Bhd. *	Malaysia	100	100	General trading of steel and other related products. However, temporarily ceased operation
Subsidiary company of JAKS Power Holding Limited				
JAKS-MPC (HD) Limited	British Virgin Islands	100	100	Investment holding
Subsidiary company of Harbour Town Sdn. Bhd.				
MNH Global Assets Management Sdn. Bhd. Δ	Malaysia	51	51	Investment holding, property development and management of mall and other properties
Subsidiary company of MNH Global Assets Management Sdn. Bhd.				
Evolve Concept Mall Sdn. Bhd.	Malaysia	51	51	Management of mall and other properties

7. **Investment in Subsidiary Companies (Cont'd)**

(a) Details of the subsidiary companies are as follows: (Cont'd)

* Not audited by UHY.

Δ The shares held in this subsidiary company are pledged to bank for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

(b) Acquisition of a subsidiary company

On 29 March 2017, a wholly-owned subsidiary company of the Group, JAKS Sdn. Bhd. has acquired 51 ordinary shares, representing 51% equity interest of the Company, Fortress Pavilion Sdn. Bhd. ("FPSB") at a cash consideration of RM51. FPSB is a private limited liability company, incorporated and domiciled in Malaysia on 27 February 2017. Its intended principal activities are investment holding and property assets management.

On 9 August 2017, JSB increased an additional 5,099,949 shares in FPSB, representing 51% equity interest of the enlarged share capital of 10 million. As at 31 December 2017, JSB's investment in FPSB is 5,100,000 shares.

(c) Material partly-owned subsidiary companies

Financial information of subsidiary companies that have material non-controlling interest are provided below:

Proportion of equity interest held by non-controlling interest in:

Name of Company	**Country of incorporation**	**Proportion of ownership interest**	
		2017	**2016**
		%	**%**
JAKS Island Circle Sdn. Bhd. ("JIC")	Malaysia	49	49
MNH Global Assets Management Sdn. Bhd. ("MNH")	Malaysia	49	49
Fortress Pavilion Sdn. Bhd. ("FP")	Malaysia	49	-

7. **Investment in Subsidiary Companies (Cont'd)**

(c) Material partly-owned subsidiary companies (Cont'd)

	Group	
	2017	**2016**
	RM	**RM**
Accumulated balances of material non-controlling interest:		
JIC	907,057	1,603,917
MNH	55,686,717	71,509,665
FP	4,871,128	-
Other individually immaterial non-controlling interest	4,566,714	4,590,989
	66,031,616	77,704,571
Total comprehensive loss allcocated to material non-controlling interest		
JIC	(696,860)	(1,742,743)
MNH	(15,822,948)	(16,189,692)
FP	(28,872)	-
Other individually immaterial non-controlling interest	(24,275)	724,214
	(16,572,955)	(17,208,221)

Summarised financial information for these subsidiary companies that have material non-controlling interest (amounts before intra-group eliminations) is as follows:

Summarised statements of profit or loss and other comprehensive income for the year ended 31 December 2017:

	FP	**MNH**	**JIC**	**Total**
	RM	**RM**	**RM**	**RM**
Revenue	-	13,192,007	313,789,608	326,981,615
Expenses including taxation	(58,923)	(45,483,738)	(315,211,771)	(360,754,432)
Net loss for the financial year, representing total comprehensive loss for the financial year	(58,923)	(32,291,731)	(1,422,163)	(33,772,817)
Attributable to:				
Non-controlling interest	(28,872)	(15,822,948)	(696,860)	(16,548,680)
Other individually immaterial non-controlling interest				(24,275)
Total non-controlling interest				(16,572,955)

7. Investment in Subsidiary Companies (Cont'd)

(c) Material partly-owned subsidiary companies (Cont'd)

Summarised statements of profit or loss and other comprehensive income for the year ended 31 December 2016:

	MNH RM	JIC RM	Total RM
Revenue	14,602,672	145,673,167	160,275,839
Expenses including taxation	(47,642,860)	(149,229,785)	(196,872,645)
Net loss for the financial year, representing total comprehensive loss for the financial year	(33,040,188)	(3,556,618)	(36,596,806)
Attributable to:			
Non-controlling interest	(16,189,692)	(1,742,743)	(17,932,435)
Other individually immaterial non-controlling interest			724,214
Total non-controlling interest			(17,208,221)

Summarised statement of financial position as at 31 December 2017:

	FP RM	MNH RM	JIC RM	Total RM
Non-current assets	219,238,897	382,195,019	59,088,972	660,522,888
Current assets	16,112,985	118,009,640	169,891,552	304,014,177
Total assets	235,351,882	500,204,659	228,980,524	964,537,065
Current liabilities	149,410,805	152,058,298	227,129,387	528,598,490
Non-current liabilities	76,000,000	234,500,000	-	310,500,000
Total liabilities	225,410,805	386,558,298	227,129,387	839,098,490
Total equity	9,941,077	113,646,361	1,851,137	125,438,575
Attributable to:				
Non-controlling interest	4,871,128	55,686,717	907,057	61,464,902
Other individually immaterial non-controlling interest				4,566,714
Total non-controlling interest				66,031,616

7. Investment in Subsidiary Companies (Cont'd)

(c) Material partly-owned subsidiary companies (Cont'd)

Summarised statements of financial position as at 31 December 2016:

	MNH RM	JIC RM	Total RM
Non-current assets	392,709,847	59,832,747	452,542,594
Current assets	142,885,289	328,761,757	471,647,046
Total assets	535,595,136	388,594,504	924,189,640
Current liabilities	148,657,043	379,360,730	528,017,773
Non-current liabilities	241,000,000	5,960,474	246,960,474
Total liabilities	389,657,043	385,321,204	774,978,247
Total equity	145,938,093	3,273,300	149,211,393
Attributable to:			
Non-controlling interest	71,509,665	1,603,917	73,113,582
Other individually immaterial non-controlling interest			4,590,989
Total non-controlling interest			77,704,571

Summarised statements of cash flows for the year ended 31 December 2017:

	FP RM	MNH RM	JIC RM
Operating	134,895,915	(16,599,474)	91,041,773
Investing	(217,758,430)	(2,882,477)	(2,712,967)
Financing	85,999,900	18,621,433	(40,699,926)
Net increase/(decrease) in cash and cash equivalents during the financial year	3,137,385	(860,518)	47,628,880

Summarised statements of cash flows for the year ended 31 December 2016:

	MNH RM	JIC RM
Operating	(28,553,739)	(28,098,051)
Investing	(15,290,998)	(227,201)
Financing	38,641,800	30,352,032
Net (decrease)/increase in cash and cash equivalents during the financial year	(5,202,937)	2,026,780

8. Investment in Joint Ventures ("JV")

	Group	
	2017	2016
	RM	RM
		Restated
Unquoted shares, at cost		
- Outside Malaysia	126,928,411	126,928,411
Share of post-acquisition profit	161,081	263,029
Exchange differences	(7,524,694)	10,203,883
	119,564,798	137,395,323

Details of the joint ventures are as follows:

Name of JV	Country of Incorporation	Effective Economic Interest 2017 %	Effective Economic Interest 2016 %	Principal Activities
JV held through JAKS Power Holding Limited ("JPH")				
JAKS Pacific Power Limited* ("JPP")	Hong Kong	30	30	Investment holding
Indirect JV held through JAKS Pacific Power Limited				
JAKS Hai Duong Power Company Limited* ("JHDP")	Vietnam	30	30	Develop and operate coal-fired thermal power plant

* Not audited by UHY

8. Investment in Joint Ventures ("JV") (Cont'd)

Summarised financial information of the Group's material joint venture i.e. JAKS Pacific Power Limited and its subsidiary company ("JPP Group") is set out below:

a) Summarised statements of financial position

	JPP Group	
	2017	2016
	RM	RM
		Restated
Cash and cash equivalent	1,097,761,727	943,591,960
Other current assets	403,297,709	31,289,177
Non-current assets	1,039,341,551	480,791,150
Current financial liabilities (excluding trade and other payables and provisions)	(71,712,262)	(7,764,692)
Other current liabilities	(6,473,024)	(16,969,421)
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,827,900,000)	(737,187,390)
Net assets	634,315,701	693,750,784
Interest in joint venture	30%	30%
Group's share of net assets	190,294,710	208,125,235
Share of other net asset changes	(74,555,989)	(74,555,989)
Goodwill	3,826,077	3,826,077
Carrying value of Group's interest in joint ventures	119,564,798	137,395,323

b) Summarised statements of profit or loss and other comprehensive income

	JPP Group	
	2017	2016
	RM	RM
		Restated
(Loss)/Profit for the financial year	(339,825)	876,763
Other comprehensive income/(expense)	(59,095,258)	34,012,944
Total comprehensive income	(59,435,083)	34,889,707
Included in total comprehensive income are:		
Revenue	337,079,361	17,673,928
Depreciation and amortisation	87,660	30,370
Interest income	4,131	9,645

The details of capital commitment relating to the Group's interest in joint ventures are disclosed in Note 37.

9. Interest in Joint Operations

The details of the joint operations are as follows:

Name of joint operations	Country of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal activities
KACC-JAKS Joint Venture	Malaysia	50	50	Construction
JAKS-KACC Joint Venture	Malaysia	50	50	Construction
JAVEL-JAKS Joint Venture	Malaysia	50	50	Construction

10. Goodwill on Consolidation

	Group 2017 RM	Group 2016 RM
At cost		
At 1 January/31 December	211,092,762	211,092,762
Accumulated impairment		
At 1 January/31 December	62,591,857	62,591,857
Carrying amount		
At 31 December	148,500,905	148,500,905

Goodwill has been allocated for impairment purposes to the following cash generating units ("CGUs"):

	Group 2017 RM	Group 2016 RM
Construction	125,499,000	125,499,000
Property development and management of shopping mall	23,001,905	23,001,905
	148,500,905	148,500,905

10. Goodwill on Consolidation (Cont'd)

a) Key assumptions used in value-in-use and fair value less costs of disposal calculations

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

i) Construction

Cash flow projections used in these calculations were based on financial budgets approved by the management covering a five (5) year.

	Group	
	2017	2016
	RM	RM
Gross profit margin	5% - 7%	8%
Terminal growth rate	0.5%	0.5%
Pre-tax discount rate	13%	13%

A reasonable possible change in the key assumptions would not result in any impairment.

ii) Property development and management of shopping mall

Considering the CGU's underlying assets comprise the shopping mall, the management estimated the recoverable amount of its goodwill, using fair value less costs of disposal of the shopping mall. Hence, the management engaged a firm of independent valuers to assess the fair value less costs of disposal of the shopping mall. The fair value is within Level 3 of the fair value hierarchy. The most significant input into this valuation approach is price per square foot of comparable properties.

A reasonable possible change in the key assumptions would not result in any impairment.

11. Deferred Tax (Assets)/Liabilities

	Group	
	2017	2016
	RM	RM
At 1 January	(2,234,156)	(7,194,295)
Recognised in profit or loss	62,082	4,960,139
At 31 December	(2,172,074)	(2,234,156)

11. **Deferred Tax (Assets)/Liabilities (Cont'd)**

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Deferred tax assets	(2,324,558)	(2,406,457)
Deferred tax liabilities	152,484	172,301

The components of the deferred tax liabilities and assets prior to offsetting are as follows:

Deferred tax assets

	Unutilised capital allowances RM
Group	
At 1 January 2016	(7,907,605)
Recognised in profit or loss	5,015,528
At 31 December 2016	(2,892,077)
Recognised in profit or loss	81,899
At 31 December 2017	(2,810,178)

Deferred tax liabilities

	Accelerated capital allowances RM
Group	
At 1 January 2016	713,310
Recognised in profit or loss	(55,389)
At 31 December 2016	657,921
Recognised in profit or loss	(19,817)
At 31 December 2017	638,104

The deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Unutilised capital allowance	8,652,185	8,297,292	198,252	164,096
Unutilised tax losses	130,461,232	105,088,162	2,165,285	4,173,965
Other deductible temporary differences	3,583,650	-	-	-
	142,697,067	113,385,454	2,363,537	4,338,061

11. **Deferred Tax (Assets)/Liabilities (Cont'd)**

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

12. **Other Receivables, Deposits and Prepayments**

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Non-current					
Other receivables		-	1,325,557	-	-
Current					
Other receivables		249,806,873	62,794,321	-	15,057
Deposits		10,398,077	8,027,955	353,340	109,564
Prepayments		6,112,123	1,236,194	54,070	100,676
		266,317,073	72,058,470	407,410	225,297
Less: Accumulated impairment					
- Other receivables		(1,552,248)	(1,552,248)	-	-
		264,764,825	70,506,222	407,410	225,297
Total		264,764,825	71,831,779	407,410	225,297

The movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017	**2016**
	RM	**RM**
At 1 January/31 December	1,552,248	1,552,248

(i) Included in other receivables of the Group, there are RM46,512,845 (2016: RM30,291,715) in which its currency exposure profile is United States Dollar.

(ii) Included in other receivables of the Group is an amount of RM3,079,582 (2016: RM2,008,787) due from one (2016: one) receivable which is controlled by a director of a subsidiary company. The amount is unsecured, interest free and repayable on demand.

(iii) Other receivables of the Group that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties.

13. **Golf Club Memberships**

	Group	
	2017	**2016**
	RM	**RM**
Non-current		
At cost		
At 1 January/31 December	600,000	600,000
Less: Accumulated amortisation		
At 1 January	86,840	78,946
Amortisation for the financial year	7,896	7,894
At 31 December	94,736	86,840
Less: Accumulated impairment		
At 1 January/31 December	171,054	171,054
Carrying amount		
At 31 December	334,210	342,106

The golf club membership is amortised over the period of 80 years which expires on 31 December 2082.

14. **Amount Due from Customers on Contracts**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
		Restated		
Contract costs incurred to date	3,212,329,525	2,548,889,232	-	337,717,240
Attributable profits	561,776,706	438,952,827	-	21,571,340
	3,774,106,231	2,987,842,059	-	359,288,580
Less: Progress billings	(3,244,564,417)	(2,739,223,741)	-	(358,097,540)
Exchange differences	(14,542,384)	15,655,326	-	-
	514,999,430	264,273,644	-	1,191,040
Represented as:				
Amount due from customers on contracts	514,999,430	264,273,644	-	1,191,040
Advances received from customer (included in other payables)	276,926,850	101,944,350	-	-
Retention sums on contracts (included in trade receivables)	15,869,197	14,332,443	8,327,490	8,327,490

Include in amount due from customers on contract of the Group, there are RM385,449,538 (2016: RM205,952,475) in which its currency exposure profile is United States Dollar.

15. Inventories

	Group 2017 RM	Group 2016 RM
At cost		
Properties held for sales	1,813,137	4,170,288

16. Trade Receivables

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Trade receivables	80,744,571	106,072,266	24,038,813	22,741,830
Less: Accumulated impairment losses	(11,223,901)	(18,169,028)	(8,609,130)	(15,554,257)
	69,520,670	87,903,238	15,429,683	7,187,573

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2016: 14 to 90 days) term. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Group and the Company have other credit term and assessed and approved on a case to case basis, no concentration of credit risk except for the amounts owing by six (2016: three) and one (2016: one) which constituted approximately 91% (2016: 57%) and 100% (2016: 100%) of its trade receivables respectively as at the end of the reporting period.

Included in trade receivables of the Group is an amount of RM32,743,360 (2016: RM28,381,191) due from one (2016: one) receivable jointly controlled by directors of a subsidiary company. The amount is unsecured and interest free.

Included in trade receivable of the Group is an amount of RM5,094,794 (2016: RM6,991,537) due from one (2016: one) receivable which is a non-controlling interest of certain subsidiary companies. The amount is unsecured and interest free.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
At 1 January	18,169,028	10,226,776	15,554,257	7,600,000
Impairment losses recognised	-	8,068,085	-	7,954,257
Impairment losses reversed	(6,945,127)	(125,833)	(6,945,127)	-
At 31 December	11,223,901	18,169,028	8,609,130	15,554,257

16. **Trade Receivables (Cont'd)**

Analysis of the trade receivables ageing as at the end of the financial year is as follow:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Neither past due nor impaired	5,054,043	15,227,378	-	7,187,573
Past due not impaired:				
Less than 30 days	4,184,623	19,884,279	1,946	-
31 to 60 days	1,581,484	18,491,176	2,905	-
61 to 90 days	1,476,525	11,654,721	4,028	-
More than 90 days	57,223,995	22,645,684	15,420,804	-
	64,466,627	72,675,860	15,429,683	-
	69,520,670	87,903,238	15,429,683	7,187,573
Impaired	11,223,901	18,169,028	8,609,130	15,554,257
	80,744,571	106,072,266	24,038,813	22,741,830

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

As at 31 December 2017, trade receivables of RM64,466,627 (2016: RM72,675,860) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM11,223,901 and RM8,609,130 (2016: RM18,169,028 and RM15,554,257) respectively, related to customers that are in financial difficulties and have defaulted on payments.

17. **Amount Due from/(to) Subsidiary Companies**

	Company	
	2017	**2016**
	RM	**RM**
Amount due from subsidiary companies:		
Non-interest bearing		
Non-trade	359,197,373	288,219,214
Less: Accumulated impairment losses	(5,525,027)	(5,525,027)
	353,672,346	282,694,187

17. Amount Due from/(to) Subsidiary Companies (Cont'd)

	Company	
	2017	**2016**
	RM	**RM**
Amount due to subsidiary companies:		
Non-interest bearing		
Trade	-	27,933,838
Non-trade	47,744,622	39,667,268
	47,744,622	67,601,106

Movements in the allowance for impairment loss are as follows:

	2017	**2016**
	RM	**RM**
As at 1 January/ 31 December	5,525,027	5,525,027

Amount due from/(to) subsidiary companies are unsecured and repayable on demand.

18. Amount Due from Joint Ventures

	Group	
	2017	**2016**
	RM	**RM**
		Restated
Non-interest bearing		
Non-trade	10,156,809	9,792,054

Amount due from joint ventures are unsecured and repayable on demand.

19. Deposits Placed with Licensed Banks

Group

Deposits placed with licensed banks are pledged to the banks to secure credit facilities granted to the Group as disclosed in Note 24 to the financial statements.

The effective interest rates for the Group's deposits range from 2.55% to 3.25% (2016: 2.50% to 3.15%) per annum respectively.

20. Cash and Bank Balances

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Housing development accounts	27,121,337	2,251,012	-	-
Project development accounts	28,017,752	5,659,234	-	-
Debt service reserve accounts	1,213,738	1,192,094	-	-
Cash and bank balances	73,625,826	32,100,372	582,762	952,802
	129,978,653	41,202,712	582,762	952,802

(a) Housing Development Accounts are maintained pursuant to the Housing Development (Control and Licensing) Act, 1966 in connection with the Group's property development projects. The utilisation of these balances are restricted before completion of the housing development projects and fulfilling all relevant obligations to the purchasers and therefore restricted from use in other operations.

(b) Project Developments Account and Debt Service Reserve Account are pledged as security for bank borrowings as disclosed in Note 24 to the financial statements.

(c) Included in cash and bank balances of the Group is RM290,532 (2016: RM358,158) relating Escrow Account and Operating Account pledged for bank borrowings as disclosed in Note 24 to the financial statements.

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Ringgit Malaysia	73,909,883	40,576,797	261,262	326,891
United States Dollar	56,068,770	625,915	321,500	625,911
	129,978,653	41,202,712	582,762	952,802

21. Asset Classified as Held for Sale

	Group 2017 RM	Group 2016 RM
As at 1 January	-	3,248,594
Disposal during the year	-	(3,248,594)
At 31 December	-	-

On 9 September 2015, a subsidiary of the Company, Pipe Technology System Sdn. Bhd. has entered into Sales and Purchases Agreements with Truck World Assembly Sdn. Bhd. to dispose a piece of its leasehold industrial land known as HS (D) 11480, No. PT 12186, Mukim and District of Bentong and State of Pahang together with a single storey factory/office building with a lean to extension thereto and a separate single storey factory erected thereon, measuring approximately 25,657 square metres for a total cash consideration of RM5,600,000. The disposal was completed on 3 November 2016 and had resulted in a gain from disposal of land and buildings of RM2,498,277 and gain from disposal of plant and machinery of RM749,362.

22. Share Capital

	Group and Company			
	Number of shares		Amount	
	2017 Unit	2016 Unit	2017 RM	2016 RM
Authorised				
Ordinary share of RM1 each	*	1,000,000,000	*	1,000,000,000
Issued and fully paid:				
Ordinary shares with no par value (2016: par value of RM1 each)				
At 1 January	438,361,072	438,361,072	438,361,072	438,361,072
Private share placement	43,836,100	-	59,617,096	-
Exercise of LTIP	10,550,000	-	18,040,500	-
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 (Note 22.1)	-	-	8,368,710	-
At 31 December	492,747,172	438,361,072	524,387,378	438,361,072
			Note 22.2	

* The new Companies Act 2016, which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

22. Share Capital (Cont'd)

During the financial year, the Company issued:

(a) 10,550,000 new ordinary shares of RM1.40 per ordinary share for a total consideration of RM14,770,000 from the exercise of employees' share options for Long Term Incentive Plan.

(b) 43,836,100 new ordinary shares of RM1.36 each for a total cash consideration of RM59,617,096 for working capital purposes.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

Note 22.1

In accordance with Section 618(2) of Companies Act 2016 any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has 24 months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

Note 22.2

Included in the share capital is share premium amounting to RM8,368,710 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

23. Reserves

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
			Restated		
Non-distributable					
Share premium	(a)	-	8,368,710	-	8,368,710
Translation reserve	(b)	(11,071,465)	13,180,599	-	-
LTIP reserve	(c)	4,324,500	-	4,324,500	-
		(6,746,965)	21,549,309	4,324,500	8,368,710
Distributable					
Retained earnings		180,437,479	55,080,314	38,800,907	41,480,815
		173,690,514	76,629,623	43,125,407	49,849,525

23. Reserves (Cont'd)

(a) Share premium

	Group and Company	
	2017	2016
	RM	RM
		Restated
At 1 January	8,368,710	8,368,710
Transfer to share capital in accordance with Section 618(2) of the Companies Act 2016	(8,368,710)	-
At 31 December	-	8,368,710

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. As disclosed in Note 22, share premium has become part of the Company's share capital.

(b) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

(c) Long Term Incentive Plan ("LTIP") reserve

The LTIP reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the reserve is transferred to share capital. When the share options expire, the amount from the reserve is transferred to retained earnings. Share option is disclosed in Note 33 to the financial statements.

24. Bank Borrowings

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Secured				
Current liabilities				
Finance lease liabilities	473,699	1,978,262	56,507	330,376
Term loans	8,916,603	42,704,452	-	-
Trade Commodity Financing	39,530,016	29,359,862	-	-
Bill payables	72,762,556	107,028,317	-	-
Revolving credits	31,500,000	16,000,000	20,000,000	16,000,000
Bank overdrafts	65,176,119	86,380,300	30,165,749	34,733,074
	218,358,993	283,451,193	50,222,256	51,063,450

24. Bank Borrowings (Cont'd)

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Non-current liabilities				
Finance lease liabilities	111,029	503,647	-	56,507
Term loans	310,500,000	246,960,474	-	-
	310,611,029	247,464,121	-	56,507
Total borrowings				
Finance lease liabilities	584,728	2,481,909	56,507	386,883
Term loans	319,416,603	289,664,926	-	-
Trade Commodity Financing	39,530,016	29,359,862	-	-
Bill payables	72,762,556	107,028,317	-	-
Revolving credits	31,500,000	16,000,000	20,000,000	16,000,000
Bank overdrafts	65,176,119	86,380,300	30,165,749	34,733,074
	528,970,022	530,915,314	50,222,256	51,119,957

The range of interest rates per annum at the reporting date for borrowings were as follows:

	Group 2017 %	Group 2016 %	Company 2017 %	Company 2016 %
Finance lease liabilities	2.40 - 4.83	2.40 - 4.83	2.40	2.40
Term loans	6.00 - 7.65	6.00 - 7.81	-	-
Trade Commodity Financing	5.84 - 6.13	5.84	-	-
Bill payables	4.60 - 8.06	4.61 - 8.06	-	-
Revolving credits	4.50 - 6.81	6.79	6.81	6.79
Bank overdrafts	7.60 - 8.45	7.60 - 8.45	8.15	8.15

Finance lease liabilities

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Future minimum finance lease payments				
- not later than one year	489,630	2,060,593	56,816	340,896
- later than one year and not later than five year	111,067	520,576	-	56,816
	600,697	2,581,169	56,816	397,712
Less: Future interest charges	(15,969)	(99,260)	(309)	(10,829)
	584,728	2,481,909	56,507	386,883

24. **Bank Borrowings (Cont'd)**

Finance lease liabilities (Cont'd)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Represented by:				
Current				
- not later than one year	473,699	1,978,262	56,507	330,376
Non-current				
- later than one year and not later than five year	111,029	503,647	-	56,507
	111,029	503,647	-	56,507
	584,728	2,481,909	56,507	386,883

The term loans, bill payables, trade commodity financing, revolving credits and bank overdrafts of the Group and of the Company are secured as follows:

i) fixed charges over certain investment properties as disclosed in Note 5 to the financial statements;

ii) fixed charges over certain land held for property development and property development costs as disclosed in Note 6 to the financial statements;

iii) legal assignment of all cashflows, sale or tenancy agreements, insurance policies, construction contracts, construction guarantees and performance bonds in relation to a project developed by certain subsidiary companies;

iv) fixed and floating charge over the present and future assets of certain subsidiary companies;

v) first legal charge over the equity acquired in a subsidiary company;

vi) facilities agreements together with interest, commission and all other charges thereon;

vii) assignment over proceeds under certain contracts, Letter of Notification and Letter of Instruction;

viii) assignment of all dividends and/or distribution from a subsidiary company's shares;

ix) negative pledge over certain subsidiary companies' assets both present and future;

x) corporate guarantees provided by the Company, a subsidiary company, and a non-controlling interest;

xi) personal guarantee by the Director of subsidiary company;

24. Bank Borrowings (Cont'd)

The term loans, bill payables, trade commodity financing, revolving credits and bank overdrafts of the Group and of the Company are secured as follows: (Cont'd)

xii) deposits, debt service reserve, housing development account, project development account, escrow and operating account as indicated in Notes 19 and 20 to the financial statements;

xiii) specific debenture by way of fixed and floating charge over investment properties as disclosed in Note 5;

xiv) lodgement of private caveat over strata titles of the investment properties as disclosed in Note 5;

xv) legal assignment of the present and future proceeds from the car parks' and investment properties' rental income of certain subsidiary companies; and

xvi) first legal charge over all its unencumbered shares of a non-controlling interest of a subsidiary company.

25. Trade Payables

	Group	
	2017	2016
	RM	RM
Trade payables	256,565,102	156,564,341
Deferred contract revenue	17,806,579	41,419,541
	274,371,681	197,983,882

(a) The normal trade credit terms granted to the Group range from 1 to 90 (2016: 1 to 90) days from date of invoice.

(b) Included in trade payables of the Group are RM159,899,773 (2016: RM101,639,461) in which its currency exposure profile is United States Dollar.

(c) Deferred contract revenue

	Group	
	2017	2016
	RM	RM
Deferred contract revenue	135,000,000	135,000,000
Deposit paid	(500,000)	(500,000)
Contract revenue recognised	(116,693,421)	(93,080,459)
	17,806,579	41,419,541

25. **Trade Payables (Cont'd)**

(c) Deferred contract revenue (Cont'd)

On 19 August 2011, a subsidiary of the Company, JAKS Island Circle Sdn. Bhd. ('JICSB") and Star Media Group Berhad entered into a Sale and Purchase Agreement to purchase a 99 years leasehold land which is located at PN97384, Lot 141 (previously known as HS(D) 259880, Lot PT 16), Seksyen 13, Bandar Petaling Jaya, to develop into a mixed residential and commercial development, for a purchase consideration of RM135,000,000.

The purchase consideration is to be satisfied within 3 years by the completion, delivery and transfer of legal title with vacant possession and Certified of Completion and Compliance, free from all encumbrances of Tower A of the mixed residential and commercial development of JICSB.

During the financial year, RM23,612,962 (2016: RM35,547,522) has been recognised based on the stage of completion of the said development.

26. **Other Payables**

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
		Restated		
Other payables	71,749,094	28,512,965	2,612,119	276,330
Advance payment on construction contract	276,926,850	101,944,350	-	-
Deposits received	30,944,222	35,204,711	28,434,000	31,412,500
Liquidated ascertained damages	25,375,672	17,252,454	-	-
Accruals	117,355,504	120,542,572	24,475,384	25,978,084
	522,351,342	303,457,052	55,521,503	57,666,914

Included in other payables of the Group is an amount of RM2,808,430 (2016: RM2,324,039) due to one (2016: two) payables which are jointly controlled by directors of a subsidiary company. The amount is unsecured, interest free and repayable on demand.

Included in other payables, advance payment on construction contract, deposits received and accruals of the Group and the Company, there are RM326,613,869 and RM49,658,867 (2016: RM159,079,106 and RM57,104,453) respectively in which its currency exposure profile is United States Dollar.

26. Other Payables (Cont'd)

The movements in provision for liquidated ascertained damages are as follows:

	Group	
	2017	2016
	RM	RM
As at 1 January	17,252,454	3,790,771
Current year provision	20,858,341	13,461,683
Reversal during the year	(12,735,123)	-
As at 31 December	25,375,672	17,252,454

Provision for liquidated ascertained damages refer to liquidated ascertained damages expected to be claimed by the customers based on the terms of the applicable sale and purchase agreements.

27. Revenue

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Construction contract works	535,459,293	449,662,689	-	1,854,562
Property development activities	134,619,249	154,201,532	-	-
Sales of goods	6,426,577	22,262,695	-	-
Management fees	-	-	10,200,000	6,000,000
Property investment	8,410,399	6,074,307	-	-
	684,915,518	632,201,223	10,200,000	7,854,562

28. Cost of Sales

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Construction contract works	449,712,916	373,245,354	-	1,741,116
Property development activities	119,483,349	139,251,053	-	-
Cost of finished goods	4,932,792	18,166,220	-	-
Property investment	12,757,735	10,721,571	-	-
	586,886,792	541,384,198	-	1,741,116

29. Finance Costs

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Interest expenses				
Bank overdrafts	5,774,404	6,973,794	2,557,423	3,008,613
Bill payables	5,529,758	5,894,640	-	-
Finance lease	59,471	213,971	10,520	25,606
Term loans	17,633,342	20,453,246	-	-
Bank guarantee	47,083	40,589	-	-
Revolving credit	1,370,530	1,023,657	1,340,189	926,404
Trade commodity financing	2,245,446	316,029	-	-
	32,660,034	34,915,926	3,908,132	3,960,623
Less: Interest expense included in property development costs (Note 6(ii))	(1,368,743)	(5,513,832)	-	-
Interest expense capitalised in investment property (Note 5(d))	(3,765,193)	(3,072,127)	-	-
	27,526,098	26,329,967	3,908,132	3,960,623

30. Profit/(Loss) Before Tax

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Allowance for impairment - trade receivables	-	8,068,085	-	7,954,257
Amortisation of golf club memberships	7,896	7,894	-	-
Auditors' remuneration (Note a)	341,192	325,677	89,300	68,000
Depreciation				
- property, plant and equipment	2,516,977	3,060,451	314,879	330,187
- investment properties	11,591,989	11,490,477	49,209	49,210
(Gain)/Loss on disposal of property, plant and equipment	(11,782,456)	206,165	-	-
Liquidated and ascertained damages	8,123,218	13,461,683	-	-
Realised loss on foreign exchange	-	2,348,100	-	-
Unrealised (gain)/loss on foreign exchange	(5,632,439)	5,889,853	7,102,589	34,902
Rental expenses	604,179	475,549	50,000	-

30. Profit/(Loss) Before Tax (Cont'd)

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Forfeiture of deposits from purchasers	(90,154)	(190,120)	-	-
Disposal of scrap	-	(200,000)	-	-
Gain on disposal of:-				
- asset held for sale	-	(3,247,639)	-	-
Impairment of receivables no longer required	(6,945,127)	(125,833)	(6,945,127)	-
Late payment interest received	(91,370)	(154,291)	-	-
Rental income	(235,351)	(251,044)	-	-
Gain on disposal of land held for development	(76,798,883)	-	-	-
Gain on disposal of investment property	-	-	(11,985,995)	-
Management fees	-	-	(10,200,000)	(6,000,000)
Reversal on provision for foreseeable losses	-	(377,496)	-	-
Reversal on impairment on investment in subsidiaries	-	-	-	(1,945,000)
Salary payment in lieu	-	(21,800)	-	-
Share of result of joint venture	101,948	(263,029)	-	-
Other income	(809,549)	(79,034)	-	-

(a) Auditors' remuneration

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Auditors' remuneration				
- Audit fee				
- Current year	322,481	325,677	75,000	68,000
- Under provision in prior year	18,711	-	14,300	-
	341,192	325,677	89,300	68,000

31. Taxation

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Tax expenses recognised in profit or loss				
Current income tax:				
Current tax provision				
- in Malaysia	2,386,447	3,722,354	322,753	-
(Over)/Under provision in prior years	(1,081,083)	561,528	-	-
Real property gain tax	776,203	247,018	776,203	-
	2,081,567	4,530,900	1,098,956	-
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	(261,021)	4,664,632	-	-
Under provision in prior years	323,103	295,507	-	-
	62,082	4,960,139	-	-
	2,143,649	9,491,039	1,098,956	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

31. **Taxation (Cont'd)**

A reconciliation of income tax expenses applicable to profit/ (loss) before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and the Company are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Profit/(loss) before tax	112,211,124	(7,019,404)	(297,687)	(13,803,894)
At Malaysian statutory rate rate of 24%	26,930,671	(1,684,657)	(71,445)	(3,312,935)
Income not subject to tax	(47,997,851)	(9,210,068)	(1,667,025)	(520,652)
Expenses not deductible for tax purposes	18,582,304	13,191,146	2,535,109	3,401,195
Deferred tax assets not recognised	5,108,656	6,027,438	-	432,392
Utilisation of previously unrecognised deferred tax assets	(473,886)	-	(473,886)	-
Effect of income subject to real property gain tax	776,203	247,018	776,203	-
Share of result of joint venture	(24,468)	63,127	-	-
(Over)/Under provision of current tax in prior year	(1,081,083)	561,528	-	-
Under provision of deferred tax in prior year	323,103	295,507	-	-
Tax expense for the financial year	2,143,649	9,491,039	1,098,956	-

32. **Earnings per Share**

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2017	**2016**
	RM	**RM**
Net profit for the financial year, attributable to owners of the parent	126,640,430	697,778
Weighted average number of ordinary shares in issue in 1 January	438,361,072	438,361,072
Effect of ordinary shares issued during the financial year	36,283,606	-
Weighted average number of ordinary shares in issue in 31 December	474,644,678	438,361,072
Basic earnings per share (in sen)	26.68	0.16

(b) Diluted earnings per share

The diluted earnings per share has been calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2017	**2016**
	RM	**RM**
Net profit attributable to owners of the parent	126,640,430	697,778
Weighted average number of ordinary shares used in the calculation of basic earnings per share	474,644,678	438,361,072
Adjustment for incremental shares from assumed exercise of:		
- LTIP	777,983	-
Weighted average number of ordinary shares at 31 December (diluted)	475,422,661	438,361,072
Diluted earnings per share (in sen)	26.64	0.16

32. **Earnings per Share (Cont'd)**

(b) Diluted earnings per share (Cont'd)

There have been no other transaction involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements except as disclosed in Note 42(b).

33. **Long Term Incentive Plan ("LTIP")**

On 28 June 2016, the shareholders of JRB have at Extraordinary General Meeting approved the establishment of a LTIP of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time for the Directors and employees of JRB and its subsidiary companies.

The salient terms of the LTIP are as follows:

(a) The maximum number of Shares to be allotted and issued pursuant to the LTIP shall not at any point in time in aggregate exceed fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time.

(b) The basis of allocation of the number of shares which may be offered to an Eligible Person pursuant to LTIP shall be determined entirely at the discretion of the LTIP Committee. The LTIP Committee will ensure that there should be equitable allocation to the Eligible Persons, after taking into consideration, amongst others, the appraised performance, seniority and/or length of service, contributions to the success and development as well as such other criteria as the LTIP Committee may deem fit and relevant. The LTIP Committee has the discretion in determining whether the allocation available shall be staggered over the duration of the LTIP period.

(c) A person who fulfils the following criteria as at the date of an LTIP Grant shall be eligible to be considered by the LTIP Committee as an Eligible Person:-

(i) has attained the age of eighteen (18) years;
(ii) has not been adjudicated a bankrupt;
(iii) has entered into a full-time or fixed-term contract of service/employment with any company within the Group;
(iv) whose service/employment has been confirmed in writing;
(v) a Director or Senior Management of JRB Group;
(vi) has fulfilled any other eligibility criteria to be determined by the LTIP Committee from time to time at its discretion, as the case may be.

(d) The LTIP shall be in force for a duration of five (5) years from the effective date of the implementation. The LTIP may be extended or renewed for a further period of five (5) years, at the sole discretion of the Board upon recommendation of the LTIP Committee.

33. Long Term Incentive Plan ("LTIP") (Cont'd)

(e) The new shares to be issued pursuant to the LTIP shall upon allotment and issue, rank pari passu in respects with the existing shares except that the new shares shall not be entitled to any dividends, rights, allotment and/or other distributions which entitlements date precedes the date of allotment of the said shares.

(f) The option price shall be based on the 5 day weighted average market price of the underlying shares at the time the option is offered, with a discount of not more than 10%.

On 24 May 2017, the Company granted 24,500,000 LTIP options to eligible Directors and employees of the Company and its subsidiary companies to purchase shares in the Company.

Movement in the number of share options and the exercise price are as follows:

	Group and Company Number of share option	
	2017 Unit	2016 Unit
At 1 January	-	-
Granted during the financial year	24,500,000	-
Exercised during the financial year	(10,550,000)	-
At 31 December	13,950,000	-
Exercise price (RM)	RM1.40	-
Options exercisable at 31 December	13,950,000	-

During the financial year, 10,550,000 (2016: Nil) share options were exercised. The weighted average share price at the date of exercise was RM1.34 (2016: Nil).

The fair value of share options granted to eligible employees and Directors, was determined using Black-Scholes Option Pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at the grant date and the input assumed by the Company in arising the fair value are as follows:

	Group and Company	
	2017	2016
Fair value at grant date (RM)	0.31	-
Share price	1.39	-
Exercise price	1.41	-
Expected volatility (%)	34.38%	-
Expected life (years)	1 year	-
Risk-free interest rate (%)	3.53%	-

34. Staff Costs

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Fees	157,500	174,000	157,500	126,000
Salaries, wages and other emoluments	19,152,031	19,811,653	6,152,313	5,619,896
Defined contributions plan	1,782,231	1,936,836	663,797	615,150
Share options granted under LTIP	7,595,000	-	7,595,000	-
	28,686,762	21,922,489	14,568,610	6,361,046

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors of the Company during the financial year as below:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Executive Directors				
Salaries, wages and other emoluments	2,446,815	2,366,586	2,125,986	1,792,965
Defined contributions plan	279,600	255,924	241,200	187,200
Share options granted under LTIP	3,720,000	-	3,720,000	-
	6,446,415	2,622,510	6,087,186	1,980,165
Non-executive Directors				
Fees	157,500	174,000	157,500	126,000
Other emoluments	94,000	58,588	94,000	58,588
	251,500	232,588	251,500	184,588
Total Directors' remuneration	6,697,915	2,855,098	6,338,686	2,164,753

The estimated monetary value of Directors' benefit-in-kind is RM71,900 (2016: RM 71,900).

35. Contingent Liability

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Unsecured				
Bank guarantees issued for				
- execution of contracts of the subsidiary companies	140,363,152	149,876,017	53,375,000	53,375,000
Corporate guarantees given to licensed banks to secure credit facilities granted to the subsidiary companies	-	-	478,219,545	477,700,331
Liquidated and ascertained damages	23,495,123	-	-	-
	163,858,275	149,876,017	531,594,545	531,075,331

Liquidated and ascertained damages

Star Media Group Berhad claimed for payment of interest from JICSB, a subsidiary of the Company, for failure to deliver vacant possession of Tower A within 3 years completion period as stated in the Sale and Purchase Agreement disclosed in Note 25(c).

Based on the circumstances of this matter, the Directors are of the opinion that JICSB would be entitled to an extension of time to complete Tower A. In view of this, the Directors have not made any provision in the financial statements of the Group based on advice from external solicitors.

36. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and certain members of senior management of the Group.

36. Related Party Disclosures (Cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2017 RM	2016 RM
Group		
Management fee paid to a non-controlling interest of a subsidiary company	-	600,000
Rental expense paid to a non-controlling interest of a subsidiary company	92,200	121,200
Rental income from a company controlled by a Director of a subsidiary company	417,750	459,525
Service charges received/receivable from a company controlled by a Director of a subsidiary company	1,320,512	1,378,575
Construction cost charged to a non-controlling interest of a subsidiary company	11,223,233	21,081,122
Company		
Management fees received/receivable from subsidiary companies		
- JAKS Sdn. Bhd.	6,000,000	6,000,000
- Fortress Pavilion Sdn. Bhd.	600,000	-
- JAKS Island Circle Sdn. Bhd.	3,600,000	-
Consultancy fee paid/payable to a subsidiary company	550,000	-
Construction costs charged by a subsidiary company - JAKS Sdn. Bhd.	-	1,741,116

(c) Compensation of key management personnel

Compensation of key management personnel is as follow:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short term employees benefits	6,304,125	6,281,223	4,324,768	3,929,556
Defined contribution plans	682,899	645,220	491,761	428,346
Share options granted under LTIP	7,595,000	-	4,786,400	-

Included in compensation of key management personnel is remuneration of Directors as disclosed in Note 34.

37. **Commitment**

(a) Capital commitment

	Group	
	2017	**2016**
	RM	**RM**
Capital contribution contracted but not provided for in respect of shares subscription in JAKS Pacific Power Limited, a joint venture of the Group, amounted to USD110.1million (2016: USD110.1million)#	447,388,680	494,076,825

\# If JAKS Power Holding Limited ("JPH"), a subsidiary company of the Company, fails or refuses to contribute Shareholder's Funding in the manner contemplated in the Subscription Agreement, China Power Engineering Consulting Group Co. Ltd ("CPECC") is obliged to do the following:-

i) CPECC shall provide Shareholder Funding to JAKS Pacific Power Limited ("JPP") in lieu of such Shareholder Funding that was contemplated to be paid by JPH, and CPECC may subscribe for a corresponding number of additional Redeemable Convertible Preference Shares ("RCPS"), which subscription shall result in the dilution of the Effective Economic Interest of JPH in JPP; and/or

ii) CPECC shall provide Shareholder Funding to JPP by way of interest-bearing shareholder's loan to JPP to cover such Shareholder Funding that is outstanding from JPH. JPH shall rectify its default and restore CPECC as soon as possible but in any event no later than three (3) months from the date of default, failing which CPECC, have the rights, at any time to convert the said shareholder's loans to additional RCPS of equivalent amount of the outstanding Shareholder Funding at the conversion ratio of 1 RCPS for each USD 1.00 of the outstanding shareholder's loan.

(b) Operating lease commitments – as lessor

The Group leases out its investment properties (Note 5(a)). The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Less than 1 year	4,040,450	3,991,806
Between 1 and 5 years	770,242	3,977,423
	4,810,692	7,969,229

38. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable segments as follows:

Manufacturing	: Comprise mainly manufacturing of pipes.
Trading	: Comprise mainly trading in sheet piles, steel bars, mild steel and special pipes, other steel related products, building materials and supply of products for water supply industry.
Construction	: Comprise mainly provision of sub-contracting activities, general contractor, supplier of building materials and also construction.
Property Development/ Property Investment	: Development of residential and commercial properties and management of shopping mall.
Others	: Investment holding.

There are varying levels of integration between the segments such as the transfer of raw materials and shared distribution and administrative services. Inter-segment pricing is determined on negotiated basis.

Segment performance is evaluated based on segment profit/(loss) before tax and is measured consistently with profit or loss in the consolidated financial statements.

Segment assets and liabilities information are not regularly provided to the chief operating decision-maker. Hence, no disclosure is made on segment assets and liabilities.

38. **Segment Information (Cont'd)**

Group	Manufacturing RM	Trading RM	Construction RM	Property Development/ Property Investment RM	Others RM	Elimination RM	Total RM
2017							
Revenue							
External revenue	-	6,426,577	535,459,293	143,029,648	-	-	684,915,518
Inter-company	-	7,749,286	91,129,311	183,951,967	10,200,000	(293,030,564)	-
	-	14,175,863	626,588,604	326,981,615	10,200,000	(293,030,564)	684,915,518
Results							
Segment results	(56,421)	942,819	65,216,945	(23,021,604)	(9,666,121)	1,250,995	34,666,613
Other income	-	12,000	1,530,289	(47,033,154)	25,758,641	124,802,833	105,070,609
Finance costs - (net)	(421)	(2,010,512)	(9,107,627)	(12,499,406)	(3,908,132)	-	(27,526,098)
Profit/(loss) before tax	(56,842)	(1,055,693)	57,639,607	(82,554,164)	12,184,388	126,053,828	112,211,124

38. **Segment Information (Cont'd)**

Group	Manufacturing RM	Trading RM	Construction RM	Property Development/ Property Investment RM	Others RM	Elimination RM	Total RM
2016							
Revenue							
External revenue	-	22,262,695	449,662,689	160,275,839	-	-	632,201,223
Inter-company	-	8,781,103	128,257,915	-	6,000,000	(143,039,018)	-
	-	31,043,798	577,920,604	160,275,839	6,000,000	(143,039,018)	632,201,223
Results							
Segment results	(639,293)	3,074,506	56,208,819	(24,768,838)	(20,194,666)	(899,445)	12,781,083
Other income	3,707,146	12,696	1,583,817	990,939	2,179,882	(1,945,000)	6,529,480
Finance costs - (net)	(2,648)	(2,493,116)	(7,958,143)	(11,915,437)	(3,960,623)	-	(26,329,967)
Profit/(loss) before tax	3,065,205	594,086	49,834,493	(35,693,336)	(21,975,407)	(2,844,445)	(7,019,404)

38. Segment Information (Cont'd)

Geographical Segments

Segment information is presented in respect of the Group's geographical segments. The geographical segments are based on the Group's management and internal reporting structure.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment non-current assets are based on the geographical location of assets. The Group's principal geographical areas for its operations are located in Malaysia and Vietnam.

	Malaysia RM	Vietnam RM	Total RM
2017			
Revenue from external customer by location of Customer	433,752,091	251,163,427	684,915,518
Segment non-current assets	800,426,372	-	800,426,372
2016			
Revenue from external customer by location of Customer	482,050,617	150,150,606	632,201,223
Segment non-current assets	654,798,876	-	654,798,876

39. Financial Instruments

(a) Classification of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total carrying amount RM
Group			
2017			
Financial Assets			
Trade receivables	69,520,670	-	69,520,670
Other receivables	258,652,702	-	258,652,702
Amount due from joint ventures	10,156,809	-	10,156,809
Fixed deposits with licensed banks	88,030,863	-	88,030,863
Cash and bank balances	129,978,653	-	129,978,653
	556,339,697	-	556,339,697

39. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total carrying amount RM
Group			
2017			
Financial Liabilities			
Trade payables	-	256,565,102	256,565,102
Other payables	-	496,975,670	496,975,670
Bank borrowings	-	528,970,022	528,970,022
	-	1,282,510,794	1,282,510,794
2016			
Financial Assets			
Trade receivables	87,903,238	-	87,903,238
Other receivables	70,595,585	-	70,595,585
Amount due from joint ventures	9,792,054	-	9,792,054
Fixed deposits with licensed banks	60,536,366	-	60,536,366
Cash and bank balances	41,202,712	-	41,202,712
	270,029,955	-	270,029,955
Financial Liabilities			
Trade payables	-	156,564,341	156,564,341
Other payables	-	286,204,598	286,204,598
Bank borrowings	-	530,915,314	530,915,314
	-	973,684,253	973,684,253
Company			
2017			
Financial Assets			
Trade receivables	15,429,683	-	15,429,683
Other receivables	353,340	-	353,340
Amount due from subsidiary companies	353,672,346	-	353,672,346
Cash and bank balances	582,762	-	582,762
	370,038,131	-	370,038,131
Financial Liabilities			
Other payables	-	55,521,503	55,521,503
Amount due to subsidiary companies	-	47,744,622	47,744,622
Bank borrowings	-	50,222,256	50,222,256
	-	153,488,381	153,488,381

39. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

Company	Loans and receivables RM	Financial liabilities at amortised cost RM	Total carrying amount RM
2016			
Financial Assets			
Trade receivables	7,187,573	-	7,187,573
Other receivables	124,621	-	124,621
Amount due from subsidiary companies	282,694,187	-	282,694,187
Cash and bank balances	952,802	-	952,802
	290,959,183	-	290,959,183
Financial Liabilities			
Other payables	-	57,666,914	57,666,914
Amount due to subsidiary companies	-	67,601,106	67,601,106
Bank borrowings	-	51,119,957	51,119,957
	-	176,387,977	176,387,977

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks and financial institutions for credit facilities granted to certain subsidiary companies.

39. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks and financial institutions for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and financial institutions for banking facilities granted to certain subsidiary companies and corporate guarantee provided to a non-financial institution for performance guarantee in respect of property development of a subsidiary company. The Company's maximum exposure in this respect is RM531.60 million (2016: RM531.08 million), representing the performance guarantee provided and outstanding banking facilities of the subsidiary companies at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group's has no significant concentration to credit risk except as disclosed in Note 16. The Company has no significant concentration of credits risks except as disclosed in Note 16 and advances to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

39. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2017					
Non-derivative financial liabilities					
Trade payables	256,565,102	-	-	256,565,102	256,565,102
Other payables	496,975,670	-	-	496,975,670	496,975,670
Bank borrowings	237,508,639	130,682,055	275,096,203	643,286,897	528,970,022
	991,049,411	130,682,055	275,096,203	1,396,827,669	1,282,510,794
2016					
Non-derivative financial liabilities					
Trade payables	156,564,341	-	-	156,564,341	156,564,341
Other payables	286,204,598	-	-	286,204,598	286,204,598
Bank borrowings	299,942,265	89,628,024	236,382,785	625,953,074	530,915,314
	742,711,204	89,628,024	236,382,785	1,068,722,013	973,684,253

39. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

Company	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2017					
Non-derivative financial liabilities					
Other payables	55,521,503	-	-	55,521,503	55,521,503
Amount due to subsidiary companies	47,744,622	-	-	47,744,622	47,744,622
Bank borrowings	50,222,565	-	-	50,222,565	50,222,256
Financial guarantee*	531,594,545	-	-	531,594,545	-
	685,083,235	-	-	685,083,235	153,488,381
2016					
Non-derivative financial liabilities					
Other payables	57,666,914	-	-	57,666,914	57,666,914
Amount due to subsidiary companies	67,601,106	-	-	67,601,106	67,601,106
Bank borrowings	51,073,970	56,816	-	51,130,786	51,119,957
Financial guarantee*	531,075,331	-	-	531,075,331	-
	707,417,321	56,816	-	707,474,137	176,387,977

* Being corporate guarantee granted for banking facilities of certain subsidiary companies which will only be encashed in the event of default by these companies.

39. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2017 RM	2016 RM
Group		
Denominated in United States Dollar		
Cash and bank balances	321,500	625,911
Other payables and accruals	(49,658,867)	(57,104,453)
	(49,337,367)	(56,478,542)

	2017 RM	2016 RM
Company		
Denominated in United States Dollar		
Cash and bank balances	321,500	625,911
Capital contribution to a subsidiary company	128,020,792	142,428,477
Other payables and accruals	(49,658,867)	(57,104,453)
	78,683,425	85,949,935

39. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's and of the Company's profit/(loss) before tax to a reasonably possible change in USD exchange rate against RM, with all other variables held constant.

		2017	2016
	Change in currency rate	**Effect on profit /(loss) before tax**	**Effect on profit /(loss) before tax**
	RM	RM	RM
Group			
USD	Strengthened 10%	(4,933,737)	(5,647,854)
	Weakened 10%	4,933,737	5,647,854
Company			
USD	Strengthened 10%	7,868,343	8,594,994
	Weakened 10%	(7,868,343)	(8,594,994)

b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in market interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in market interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

39. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

b) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Financial assets				
Deposits placed with licensed banks	88,030,863	60,536,366	-	-
Financial liabilities				
Finance lease liabilities	(584,728)	(2,481,909)	(56,507)	(386,883)
Term loans	(243,416,603)	(248,965,000)	-	-
	(155,970,468)	(190,910,543)	(56,507)	(386,883)
Floating rate instruments				
Financial liabilities				
Bank overdrafts - secured	(65,176,119)	(86,380,300)	(30,165,749)	(34,733,074)
Bills payables	(72,762,556)	(107,028,317)	-	-
Revolving credits	(31,500,000)	(16,000,000)	(20,000,000)	(16,000,000)
Term loans	(76,000,000)	(40,699,926)	-	-
Trade Commodity Financing	(39,530,016)	(29,359,862)	-	-
	(284,968,691)	(279,468,405)	(50,165,749)	(50,733,074)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in market interest rates at the end of the reporting period would not affect profit or loss.

39. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

b) Interest rate risk (Cont'd)

Cash flow sensitivity analysis for floating rate instruments

An increase in 0.5% (2016: 0.5%) interest rate at the end of the reporting period would have decreased/increased the Group and the Company's profit/(loss) before tax by RM1,424,843 and RM250,829 (2016: RM1,397,342 and RM253,665) respectively. A decrease in 0.5% (2016: 0.5%) interest rate at the end of the reporting period would have had equal but opposite effect to the aforesaid amounts. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of receivables and payables, cash and cash equivalents and borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

40. **Reconciliation of Liabilities Arising from Financing Activities**

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January 2017 RM	Financing cash flow (i) RM	Non-cash changes Foreign exchange adjustment	At 31 December 2017 RM
Group				
Finance lease liabilities (Note 24)	2,481,909	(1,897,181)	-	584,728
Term loans (Note 24)	289,664,926	29,751,677	-	319,416,603
Trade Commodity Financing (Note 24)	29,359,862	10,170,154	-	39,530,016
Bill payables (Note 24)	107,028,317	(34,265,761)	-	72,762,556
Revolving credits (Note 24)	16,000,000	15,500,000	-	31,500,000
	444,535,014	19,258,889	-	463,793,903
Company				
Finance lease liabilities (Note 24)	386,883	(330,376)	-	56,507
Revolving credits (Note 24)	16,000,000	4,000,000	-	20,000,000
Amount due to subsidiary companies	67,601,106	(18,784,109)	(1,072,375)	47,744,622
	83,987,989	(15,114,485)	(1,072,375)	67,801,129

(i) The cash flows make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

41. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a debt-to-equity ratio. The Group's policy is to maintain a prudent level of debt-to-equity ratio that complies with debt covenants and regulatory requirements. The debt-to-equity ratio at end of the reporting period are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Total loans and borrowings	528,970,022	530,915,314	50,222,256	51,119,957
Less: Fixed deposits, cash and bank balances (Note 19 and 20)	(218,009,516)	(101,739,078)	(582,762)	(952,802)
Net debt	310,960,506	429,176,236	49,639,494	50,167,155
Total equity	764,109,508	592,695,266	567,512,785	488,210,597
Debt-to-equity ratio	0.41	0.72	0.09	0.10

There were no changes in the Group's approach to capital management during the financial year.

42. Significant Events

(a) Significant events during the financial year

During the financial year, the following significant events took place for the Company and its subsidiary companies:

(1) Proposed Private Placement

The Company (also known as "JRB") proposed to undertake a private placement of up to 43,836,100 new ordinary shares representing approximately 10% of the existing total number of issued shares of the Company ("Proposed Private Placement"), and the application in relation to the Proposed Private Placement was submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 6 March 2017.

Bursa Securities had, vide its letter dated 16 March 2017, approved the listing and quotation of up to 43,836,100 new JRB Shares to be issued pursuant to the Proposed Private Placement.

42. **Significant Events (Cont'd)**

(a) **Significant events during the financial year (Cont'd)**

(1) Proposed Private Placement (Cont'd)

The Company had on 17 March 2017 fixed the issue price at RM1.36 per Placement Share. The issue price of the Placement Shares of RM1.36 represents a discount of approximately 3.55% from the 5-day VWAMP of JRB Shares up to and including 16 March 2017, being the market day immediately prior to the price fixing date, of RM1.41 per JRB Share.

The Private Placement had been completed on 24 March 2017 following the listing of and quotation for 43,836,100 Placement Shares on the Main Market of Bursa Securities.

(2) Acquisition of Fortress Pavilion Sdn. Bhd.

The Company's wholly owned subsidiary company, JAKS Sdn. Bhd. ("JSB") had on 29 March 2017 acquired 51 ordinary shares, representing 51% equity interest of the enlarged paid-up capital in a new company, Fortress Pavilion Sdn. Bhd. ("FPSB") at a cash consideration of RM51 ("the Investment"). The balance of 49% equity interest in FPSB is held by Island Circle Development (M) Sdn. Bhd. ("ICD"), a major shareholder of JRB's 51%-owned subsidiary, JAKS Island Circle Sdn. Bhd..

On 9 August 2017, JSB increased an additional 5,099,949 shares in FPSB, representing 51% equity interest of the enlarged share capital of 10 million. As at 31 December 2017, JSB's investment in FPSB is 5,100,000 shares.

(3) Disposal of land

(a) Premier Place Property Sdn. Bhd.

On 17 August 2017, the Company's wholly-owned subsidiary company, Premier Place Property Sdn. Bhd. ("Premier Place") entered into a conditional Sale & Purchase Agreement with Sunway Supply Chain Enterprises Sdn. Bhd. ("SSCE"), a wholly-owned subsidiary company of Sunway Holdings Sdn. Bhd. which in turn is a wholly-owned subsidiary company of Sunway Berhad (**"Sunway"**), to dispose the following 4 parcels of freehold land totalling approximately 5.988 hectares or 644,576 square feet for a total cash consideration of RM167,589,760 (excluding Goods and Services tax) (**"Sale Consideration"**):

(i) Geran Mukim 85 Lot 526, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,674 square feet (**"Land 1"**);

42. **Significant Events (Cont'd)**

(a) Significant events during the financial year (Cont'd)

(3) Disposal of land (Cont'd)

(a) Premier Place Property Sdn. Bhd. (Cont'd)

(ii) Geran Mukim 84 Lot 527, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,674 square feet ("**Land 2**");

(iii) Geran Mukim 83 Lot 528, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,674 square feet ("**Land 3**"); and

(iv) Geran Mukim 319 Lot 62506, Tempat Sungai Penaga, Pekan Subang Jaya, Daerah Petaling, Negeri Selangor measuring approximately 2.346 hectares or 252,554 square feet ("**Land 4**").

The SPA became unconditional on 15 December 2017 upon approval of the shareholders of JRB for the Proposed Disposal.

On 1 February 2018, Premier Place entered into a supplementary agreement with SSCE ("Supplementary Agreement"). The terms and conditions of the Supplementary Agreement are as follows:

(i) Pending the issuance of the written confirmation from Authorities before the Completion date, Premier Place and SSCE agreed inter alia as follows:

(1) A sum of RM13.00 million ("**Escrow Amount**") calculated based on the aggregate area of the Affected Portions on the basis of RM260 per square foot shall be deposited with SSCE's solicitors; and

(2) a sum of RM0.78 million being the sum equivalent to the GST payable on the Escrow Amount and a sum of RM0.39 million being the estimated stamp duty on the Escrow Amount shall also be deposited with SSCE's solicitors ("**Estimated Expenses**").

(ii) In the event the Written Confirmation from Authorities is not issued before the Completion Date, Premium Place and SSCE agree that the payment of the Balance Purchase Price shall not be due and payable on the Completion Date and that payment of the Balance Purchase Price shall be due and payable on or before the expiry of the Extended Period free of interest;

42. **Significant Events (Cont'd)**

(a) **Significant events during the financial year (Cont'd)**

(3) Disposal of land (Cont'd)

(a) Premier Place Property Sdn. Bhd. (Cont'd)

(iii) SSCE shall not be obliged to pay the purchase price for the excluded portions based on the land area stated in the extracted issue documents of title for Lots 526, 527 and 528 which have taken into account the confirmations stated in the Written Confirmation from Authorities;

(iv) SSCE shall be entitled to the refund of such part of the Purchase Price equivalent to the shortfall in the land area as reflected in the issue documents of title for Lots 526, 527 and 528 as extracted from the relevant Land Registry/Office calculated on the basis of RM260 per square foot.

On 13 April 2018, the Disposal had been completed pursuant to the sale and purchase agreement dated 17 August 2017 and the supplementary agreement dated 1 February 2018.

(b) Fortress Pavilion Sdn. Bhd.

The Company's subsidiary companies, JAKS Island Circle Sdn. Bhd. ("JIC") and Fortress Pavilion Sdn. Bhd. ("FPSB") had undertaken an internal reorganisation whereby, JIC had on 9 August 2017 entered into a Sale and Purchase Agreement ("SPA") with FPSB for the sale of Pacific Star Business Hub ("the Property") situated at Section 13, Petaling Jaya for a total consideration of RM240,000,000 ("the Purchase Price").

(c) JAKS Resources Berhad

The Company had, on 2 October 2017, entered into a sale and purchase agreement (**"SPA"**) with Hectare Square Sdn. Bhd. (**"HSSB"**) to dispose a piece of freehold industrial land measuring approximately 1.214 hectares or 130,674 square feet held under individual title GM 110, Lot 541, Tempat Sungai Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor (**"Land"**) together with a one storey factory building erected thereon (**"Building"**) bearing the postal address of Lot 541, Jalan Subang 2, Taman Industri Sungai Penaga, 47620 Petaling Jaya, Selangor Darul Ehsan (the Land and Building shall collectively be referred to as **"the Property"**) for a total cash consideration of RM25,873,452.00 (excluding Goods and Services tax) (**"Sale Consideration"**) (**"Proposed Disposal"**).

On 2 January 2018, the Proposed Disposal has been completed and full consideration has been received by the Company.

42. **Significant Events (Cont'd)**

(b) Subsequent events

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies:

(1) Placement Shares

On 14 March 2018, the Company proposed to implement a proposed placement share of up to 50,669,717 new ordinary shares, and the application in relation to the Proposed Private Placement was submitted to Bursa Securities on 15 March 2018.

The Proposed Placement was implemented in accordance with the general mandate under Section 76 of the Companies Act, 2016 ("Act"), which the Company obtained from its shareholders at its 15th annual general meeting ("AGM") on 22 June 2017 ("Current General Mandate").

Under the Current General Mandate, the Board is empowered (subject to the approvals of the relevant government/regulator authorities) to issue new JRB Shares at any time, upon terms and conditions and for purposes that the Board deems fit, provided that the total number of JRB Share issued does not exceed 10% of the Company's total number of issued shares.

Bursa Securities had, through its letter dated 22 March 2018, approved the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities, subject to terms and conditions therein.

On 23 March 2018, the Company had fixed the Issue Price at RM1.38 per Placement Share. The Issue Price represents a discount of 6.72% to the 5 day VWAP of JRB Shares up to and including 22 March 2018, which is the last full trading day immediately prior to the Price-Fixing Date, of RM1.4794 per JRB Share.

The Placement had been completed on 30 March 2018 following the listing of and quotation for 49,631,200 Placement Shares on the Main Market of Bursa Securities.

43. **Material Litigation**

(a) Kuala Lumpur High Court Suit No. 22C-26-05/2014

On 16 May 2014, JAKS Sdn. Bhd., a wholly-owned subsidiary company of JAKS Resources Berhad, filed a suit against Multi-Purpose Insurans Berhad in relation to the project known as "Pembinaan Loji Air Beaufort Fasa II dan Pemasangan Paip Dasar Laut dan Loji Ke Labuan – Kontrak 2: Pemasangan Paip Dasar Laut dan Loji ke Labuan dan Kerja-Kerja Berkaitan di Beaufort dan Labuan" ("Project") under Kuala Lumpur High Court Suit No. 22C-26-05/2014.

43. **Material Litigation (Cont'd)**

(a) Kuala Lumpur High Court Suit No. 22C-26-05/2014 (Cont'd)

In the suit, JAKS Sdn. Bhd. was claiming from Multi-Purpose Insurans Berhad the sum of RM14,806,723.46 together with interest at the rate of 5% per annum from 16 May 2014 (being the date of the Writ of Summons) until full realisation in respect of JAKS Sdn. Bhd.'s insurance claim in relation to the Project.

On 27 October 2016, the Kuala Lumpur High Court delivered its decision whereby the case with Multi-Purpose Insurans Berhad was dismissed with costs of RM50,000. However, the Company had appealed on the court decision and the Notice of Appeal was filed on 23 November 2016.

On 13 April 2017, the lawyer attended the Court and was given the following directions where:

a) Common Core Bundles of 'Common Chronology of Facts' are to be filed by 17 July 2017;
b) The next Case Management Date is 18 July 2017;
c) Written Submission is to be filed by 3 August 2017; and
d) The Hearing Date is 17 August 2017.

On 17 August 2017, JAKS Sdn. Bhd.'s appeal was heard first and its appeal was dismissed with cost.

(b) Shah Alam High Court Suit No. 22NCVC-630-11/2015

JAKS Sdn. Bhd. was the main contractor for the project known as "Cadangan Pembangunan Perniagaan 5 Blok Komersial - 15 Tingkat dan 4 Tingkat Aras Basement (Phase 1) di atas Lot 59215 (PM 55) dan Lot 59216 (PN 8025), Jalan PJU 1A/44, Ara Damansara, Mukim Damansara, Daerah Petaling, Negeri Selangor". Everfort Builders Sdn. Bhd. ("Everfort") was engaged by JAKS Sdn. Bhd. as the sub-contractor for "Design, Fabricate, Supply, Deliver, Install, and Guarantee of Structural Steel Works for Shops Apartments for Blocks A, B, C, D and E" ("Works") under the said project.

On 24 April 2015, Everfort filed a suit in the Shah Alam Sessions Court against JAKS Sdn. Bhd. claiming the sum of RM447,512 based on its alleged completion of the Works and the final payment certificate.

On 25 June 2015, JAKS Sdn. Bhd. counterclaimed for the sum of RM15,566,368 against Everfort for Everfort's failure in the completion of its scope of work, additional costs incurred due to delay in Everfort's work and liquidated and ascertained damages.

In view of the amount of the counterclaim, the case was transferred to the Shah Alam High Court, and the trial has been fixed on 25 September 2017 to 27 September 2017 and on 09 November 2017.

43. Material Litigation (Cont'd)

(b) Shah Alam High Court Suit No. 22NCVC-630-11/2015 (Cont'd)

At the hearing on 9 November 2017, the trial had been adjourned to 19 and 20 March 2018 for continued hearing. The trial had been concluded and the Court had directed the following:

(a) Both parties to file their written submission on or before 4 May 2018;
(b) Both parties to file their submission in reply (if any) on or before 11 May2018; and
(c) Decision for the above matter to be fixed on 1 June 2018.

(c) Kuala Lumpur High Court Suit No. WA-24C (ARB) - 02/2018

On 19 August 2011, JAKS Island Circle Sdn. Bhd. ("JIC"), the Company's subsidiary company, executed the Sale and Purchase Agreement ("SPA") with Star Media Group Berhad ("STAR"), on the acquisition of land at Seksyen 13, Petaling Jaya ("the Land") for a consideration of RM135,000,000.00 ("Purchase Consideration"). In return, JIC constructed Tower A for STAR.

As security for the performance of JIC's obligations under the SPA, JIC provided inter-alia, an irrevocable and on demand bank guarantee in favour of STAR for the sum of RM50.0 million ("the Bank Guarantee") guaranteeing the completion and delivery of vacant possession by the Purchaser of Tower A within 3 years from the vacant possession date or 3 years from the date of approval of the Agreed Plans for Tower A, whichever later ("the Completion Period").

On 15 February 2018, STAR had called the RM50 million bank guarantees for the project on the ground that JIC had not delivered the vacant possession based on the completion period. On 19 February 2018, JIC instructed its solicitors to file with the High Court in Kuala Lumpur an injunction (either on an ex-parte basis or if the Court so directs, an inter-parte basis) to restrain the issuing financial institutions of the Bank Guarantee from releasing, and the beneficiary of the Bank Guarantee, i.e. STAR from receiving, the proceeds of the Bank Guarantee.

On 21 February 2018, the solicitors of JIC filed an injunction with the High Court in Kuala Lumpur to restrain the beneficiary of the Bank Guarantee, i.e. STAR from receiving the proceeds of the Bank Guarantee.

On 26 February 2018, High Court Judge had granted an interim stay restraining the issuing financial institutions from paying out the proceeds of the Bank Guarantee. The interim stay granted would last until the High Court could hear the inter-parte injunction applications filed by the solicitors of JIC on 7 March 2018.

43. **Material Litigation (Cont'd)**

(c) Kuala Lumpur High Court Suit No. WA-24C (ARB) - 02/2018 (Cont'd)

On 28 February 2018, the Company received a notice of demand from the STAR under the Corporate Guarantee dated 17 October 2013, requiring the Company to complete or cause to be completed JIC obligations under the Sale and Purchase Agreement dated 19 August 2011 including but not limited to completing and delivering the STAR's Entitlement, i.e. the delivery of Tower A by end of June 2018. The STAR has requested the Company to give respond within next seven (7) days on whether the Company will complete and deliver the STAR's entitlement by end June 2018.

On 6 March 2018, the solicitors of JIC has served a notice of arbitration pursuant to clause 19.2 of the Sales and Purchase Agreement dated 19 August 2011 to resolve all disputes between the two parties by way of arbitration including issues arising from the claim by the STAR on interest as disclosed in Note 35 and the call on the bank guarantees.

The JIC has on 6 March 2018 responded to the STAR that JRB shall endeavour to cause to be completed the project and Tower A by 30 June 2018 as indicated in the notice of demand from the STAR dated 28 February 2018.

On 7 March 2018, the High Court has fixed the hearing of the 2 applications for injunction on 20 March 2018 and the ad interim stay restraining the issuing financial institutions from paying out the proceeds of the Bank Guarantee and the STAR from receiving the proceeds until the hearing on 20 March 2018. The hearing has been subsequently fixed on 26 March 2018, 6 April 2018 and 11 May 2018.

The Group had been advised by the legal counsel that it is only possible, but not probable that the action of the STAR to call on bank guarantees will succeed. Accordingly, no provision for any liability had been made in those financial statements.

(d) Kuala Lumpur High Court Suit No. WA-21NCvC-95-09/2017

JAKS Sdn. Bhd. was the main contractor for the project known as "Pakej 43 – Pembinaan Rangkaian Paip Pembetungan di Batu, Jinjang Kepong, Kuala Lumput (Reka & Bina)". Jabatan Perkhidmatan Pembetungan is the client for the project.

The New Way Trading ("the Claimant") was suing JAKS Sdn. Bhd. and Jabatan Perkhidmatan Pembentungan (JPP) as parties to the suit for the amount of RM645,209 being the total claim amount as at 19 September 2017.

The Claimant sues JAKS briefly for the following purported claim:-

1) Negligence in construction works and failure to ensure a proper system is organised to avoid leakage of underground piping which caused damage to the Claimant's access to building, business premises.
2) Failure to take cautious safety measures for construction works causing damage.

43. Material Litigation (Cont'd)

(d) Kuala Lumpur High Court Suit No. WA-21NCvC-95-09/2017 (Cont'd)

On 19 September 2017, the Claimant had filed a Writ of Summons & Statement of Claim with the Kuala Lumpur High Court (the "Court") and attended Case Management meetings held on 25 October 2017, 23 November 2017, 15 December 2017 and 3 January 2018 respectively, whereby the Court advised on the conduct of assessment on the damages and defects until the completion of construction works which is estimated to be by May 2018.

The next Case Management is fixed on 27 February 2018 for both parties to update the Court in relation to liability. At this point, the Plaintiff will prepare the Engineer's report on the defects/damages.

Both parties reached a settlement at the Mediation held on 27 February 2018.

44. Prior Year Adjustments

(a) In the previous financial year, the exchange differences arising from investment in joint ventures of the Group was not taken up. The financial statements for prior year have therefore been retrospectively restated.

As a result of the above, certain comparative amounts have been adjusted and disclosed below:

	As previously stated RM	Prior year adjustments RM	As restated RM
Group			
As at 31 December 2016			
Statements of financial position			
Investment in joint ventures	127,289,520	10,105,803	137,395,323
Reserves	66,523,820	10,105,803	76,629,623
For the financial year ended 31 December 2016			
Statements of profit or loss and other comprehensive income			
Foreign currency translation	2,976,716	10,203,883	13,180,599
Share of results of joint ventures	361,109	(98,080)	263,029

44. **Prior Year Adjustments (Cont'd)**

(b) In the previous financial year, the amount due from customers on contracts and advance payments received from joint ventures were wrongly accounted for as amount due from joint ventures. The financial statements for prior year have therefore been retrospectively restated.

As a result of the above, certain comparative amounts have been adjusted and disclosed below:

	As previously stated RM	Prior year adjustments RM	As restated RM
Group			
As at 31 December 2016			
Statements of financial position			
Amount due from customers on contracts	101,770,479	162,503,165	264,273,644
Amount due from joint ventures	70,350,869	(60,558,815)	9,792,054
Other payables and accruals	(201,512,702)	(101,944,350)	(303,457,052)

	As previously stated RM	Reclassification RM	As restated RM
Company			
As at 31 December 2016			
Statement of financial position			
Investment in subsidiary companies	221,608,151	142,428,477	364,036,628
Amount due from subsidiary companies	425,122,664	(142,428,477)	282,694,187

These prior year adjustments do not affect the financial statements as at 1 January 2016 and has insignificant impact on profit or loss.

45. **Comparatives**

Certain comparative figures have been reclassified to conform with current year's presentation.

	As previously stated RM	Reclassification RM	As restated RM
Company			
As at 31 December 2016			
Statement of financial position			
Investment in subsidiary companies	221,608,151	142,428,477	364,036,628
Amount due from subsidiary companies	425,122,664	(142,428,477)	282,694,187

46. **Date of Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 April 2018.

Company No. 585648-T

UNAUDITED CONSOLIDATED RESULTS OF OUR GROUP FOR THE 6-MONTH FPE 30 JUNE 2018

JAKS RESOURCES BERHAD
(COMPANY NO. 585648-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018.

THE FIGURES HAVE NOT BEEN AUDITED

CERTIFIED TRUE COPY
25 OCT 2018
LEONG
COMPANY SECRETARY
MAICSA 702

The Directors are pleased to announce the 2nd Quarter unaudited financial results for the financial period ended 30 June 2018.

	Individual Period		Cumulative Period	
	Current Year Quarter ended 30-Jun-2018	Preceding Year Quarter ended 30-Jun-2017	Current Year To-date ended 30-Jun-2018	Preceding Year To-date ended 30-Jun-2017
	RM'000	RM'000	RM'000	RM'000
Revenue	178,336	170,945	388,533	325,733
Cost of Sales	(152,390)	(150,735)	(326,740)	(277,707)
Gross Profit	25,946	20,210	61,793	48,026
Other Operating Income	7,342	8,216	8,656	8,354
Other Operating, Administrative, Selling and Distribution expenses	(22,104)	(18,208)	(42,202)	(37,069)
Share options expenses	-	(7,595)	-	(7,595)
Operating Profit before finance cost	11,184	2,623	28,247	11,716
Finance cost	(5,156)	(7,164)	(11,388)	(13,249)
Operating Profit after finance cost	6,028	(4,541)	16,859	(1,533)
Share of Profit / (Loss) in Joint Venture	-	(18)	(50)	(68)
Profit Before Taxation	6,028	(4,559)	16,809	(1,601)
Taxation	(1,036)	(250)	(1,474)	(586)
Net Profit For The Period	4,992	(4,809)	15,335	(2,187)
Other Comprehensive Income / (Loss) Foreign currency translation	-	-	-	-
Total Comprehensive Income for the Period	4,992	(4,809)	15,335	(2,187)
Net Profit For The Period Attributable to :				
Owners of the Company	12,737	1,979	30,579	9,523
Non-Controlling Interests	(7,745)	(6,788)	(15,244)	(11,710)
	4,992	(4,809)	15,335	(2,187)
Earnings Per Share attributable to Owners of the Company (sen) :				
- Basic	2.44	0.44	5.87	2.12
- Diluted	2.44	0.44	5.87	2.12
Weighted average number of Ordinary Shares in issue	520,979	450,251	520,979	450,251
Weighted average number of Ordinary Shares in issue (diluted)	520,979	451,068	520,979	451,068

Notes :

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying notes attached to the interim financial statements.

UNAUDITED CONSOLIDATED RESULTS OF OUR GROUP FOR THE 6-MONTH FPE 30 JUNE 2018 (Cont'd)

JAKS RESOURCES BERHAD
(COMPANY NO. 585648-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018.

	(Unaudited) As At End Of Financial Period End 30-Jun-2018	(Audited) As At End Of Financial Year End 31-Dec-2017
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	5,578	6,955
Investment properties	644,482	644,636
Investment in Joint Venture	119,515	119,565
Golf Club memberships	334	334
Goodwill on Consolidation	148,501	148,501
Deferred Tax Assets	2,324	2,325
	920,734	922,316
Current Assets		
Inventories	1,813	1,813
Property Development Costs	57,134	71,450
Amount due from customers for contract works	482,451	514,999
Trade and Other Receivables	462,822	352,072
Amount due by Joint Venture	11,083	10,157
Deposits placed with licensed banks	77,835	88,031
Cash and bank balances	139,875	129,979
	1,233,013	1,168,501
Total Assets	2,153,747	2,090,817
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	598,974	524,387
Share Options Reserve	3,219	4,325
Translation Reserve	(10,428)	(11,071)
Accumulated Profit	209,535	180,437
	801,300	698,078
Non-controlling interests	50,787	66,031
TOTAL EQUITY	852,087	764,109
Non-Current Liabilities		
Long Term Borrowings	323,194	310,611
Deferred Tax Liabilities	153	153
	323,347	310,764
Current Liabilities		
Trade and Other Payables	837,137	796,723
Tax Payable	954	862
Bank borrowings	113,042	153,183
Bank overdraft	27,180	65,176
	978,313	1,015,944
TOTAL EQUITY AND LIABILITIES	2,153,747	2,090,817
No of Ordinary Shares	545,943	492,747
Net Assets Per Share attributable to Owners of the parent (RM)	1.47	1.42

(The Condensed Consolidated Statement of Financial Position should be read in conjuction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying notes attached to the interim financial statements).

JAKS RESOURCES BERHAD

(COMPANY NO. 585648-T)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018.

	Current Year 6 Months ended 30-Jun-2018 RM'000	Preceding Year 6 Months ended 30-Jun-2017 RM'000
Cash flows from operating activities		
Profit before tax for the period	16,809	(1,601)
Adjustment for:		
Depreciation and amortisation	6,823	6,546
Interest expense	11,388	13,419
Interest income	(175)	(170)
Gain on disposal of land held for development	(5,830)	-
Loss / (Gain) on disposal of plant & equipment	(528)	225
Allowance for doubtful debts no longer required	-	(6,945)
Share of (Profit) / Loss in Joint Venture	50	68
Unrealised (Gain) / Loss on foreign exchange	-	(804)
Share options expenses	-	7,595
Provision for liquidated ascertained damages	16,038	13,020
Operating profit before working capital changes	44,575	31,353
(Increase)/Decrease in working capital		
Inventories	-	1,088
Amount due from customers for contract works	32,548	31,302
Trade and other receivables	(199,304)	(38,119)
Amount due from Joint Venture company	(926)	(3,073)
Property Development Expenditure	14,316	11,815
Trade and other payables	24,375	(56,768)
Land held for property development	-	(151)
	(128,991)	(53,906)
	(84,416)	(22,553)
Interest paid	(4,825)	(6,901)
Income tax paid	(1,495)	(3,843)
Net Operating Cash Flow	(90,736)	(33,297)
Cash flows from investing activities		
Purchase of property, plant & equipment	-	(26)
Interest received	175	170
Proceeds from disposal of property, plant & equipment	868	432
Proceeds from disposal of land held for development (net)	94,498	-
Addition to investment properties	(5,631)	(2,183)
Withdrawal / (Placement) of Fixed Deposits	10,196	981
Bank balance held as security values	(50,000)	-
Net Investing Cash Flow	50,106	(626)
Cash flows from financing activities		
Net Proceeds from shares issued	72,001	58,334
Interest paid	(6,562)	(6,517)
Drawdown / (Repayment) of short term borrowings	(39,912)	2,091
Drawdown (Repayment) of hire purchase liabilities	(230)	(1,228)
Drawdown / (Repayment) of bank term loans	12,583	(21,900)
Net Financing Cash Flow	37,880	30,780

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018. (Cont.)

	Current Year 6 Months ended 30-Jun-2018	Preceding Year 6 Months ended 30-Jun-2017
	RM'000	RM'000
Net Change in Cash & Cash Equivalents	(2,750)	(3,143)
Exchange translation differences		
Cash & Cash Equivalents at beginning of the year	63,610	(46,370)
Translation Reserve	643	(2,080)
Cash & Cash Equivalents at end of the period.	61,503	(51,593)

<u>Cash and Cash Equivalents</u>

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts.

Deposits placed with licensed banks	77,835	59,555
Cash & bank balances	139,875	17,710
Bank overdrafts	(27,180)	(68,111)
	190,530	9,154
Less : Deposit held as security values	(77,835)	(59,555)
Bank balance held as security values	(50,000)	-
Debt service reserves account	(1,192)	(1,192)
	61,503	(51,593)

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying notes attached to the interim financial statements).

Company No. 585648-T

UNAUDITED CONSOLIDATED RESULTS OF OUR GROUP FOR THE 6-MONTH FPE 30 JUNE 2018 (Cont'd)

JAKS RESOURCES BERHAD
(COMPANY NO. 585648-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD 30 JUNE 2018.

	Attributable to Equity Holders of the Company						Non-Controlling	Total
	Non-Distributable				Distributable			
	Share Capital	Share Premium	Share Options Reserve	Translation Reserve	Retained Earnings	Sub-Total	Interest	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current Year Quarter ended 30 June 2018.								
Balance as at 1 January 2017	524,387	-	4,325	(11,071)	180,437	698,078	66,031	764,109
Total Comprehensive Income for the Period	-	-	-	-	30,579	30,579	(15,244)	15,335
Foreign currency translation	-	-	-	643	-	643	-	643
Issuance of ordinary shares								
Private placement	68,491	-	-	-	-	68,491	-	68,491
Private placement expenses	-	-	-	-	(1,481)	(1,481)	-	(1,481)
LTIP shares	6,096	-	-	-	-	6,096		6,096
Share options issued	-	-	(1,106)	-	-	(1,106)	-	(1,106)
Balance as at 30 June 2018.	598,974	-	3,219	(10,428)	209,535	801,300	50,787	852,087
Preceding Year Quarter ended 30 June 2017.								
Balance as at 1 January 2017	438,361	8,369	-	2,977	55,178	504,885	77,704	582,589
Total Comprehensive Income for the Period	-	-	-	-	9,523	9,523	(11,710)	(2,187)
Foreign currency translation	-	-	-	(2,080)	-	(2,080)	-	(2,080)
Issuance of ordinary shares								
Private placement	58,334	-	-	-	-	58,334	-	58,334
Share options issued	-	-	7,595	-	-	7,595	-	7,595
Transfer from share premium	8,369	(8,369)	-	-	-	-	-	-
Balance as at 30 June 2017.	505,064	-	7,595	897	64,701	578,257	65,994	644,251

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying notes attached to the interim financial statements).

JAKS RESOURCES BERHAD (*Company No. 585648-T*)

A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation.

The interim financial statements are unaudited and has been prepared in compliance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017.

The accounting policies and methods of computations followed by the Group in this interim financial report are consistent with those adopted in financial statements of the Group for the year ended 31 December 2017, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2018 :

MFRS 9	Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 140	Investment Property – Transfers of Investment Property

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2018 is not expected to result in any material impact on the financial position and results of the Group.

2. Qualification of Audit Report on Financial Statements.

The financial statements of JAKS for the financial year ended 31 December 2017 have been reported on without any audit qualification.

3. Seasonal or Cyclical Factors.

The business activities of the Group are not significantly affected by seasonal and cyclical factors.

4. Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows.

There are no major unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the period under review.

5. Material changes in estimates.

There are no material changes in estimates for the period under review.

JAKS RESOURCES BERHAD (*Company No. 585648-T*)

A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

6. Issuance and Repayment of Debt and Equity Securities.

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the financial period under review save as listed below:

a) Private Placement

On 30 March 2018, 49,631,200 ordinary shares were issued under the proposed private placement at an issue price of RM1.38 per ordinary share. The private placement raised proceeds of RM68,491,056.

The status of utilisation of proceeds as at 30 June 2018 is as follows.

Proposed utilisation of proceeds	Proceeds raised RM'000	Utilised as at 30.6.2018 RM'000	Timeframe for utilisation
On-going projects undertaken by JRB and its subsidiaries ("JRB Group" or "Group")	45,000	25,000	Within 12 months
Working capital for the EVOLVE Concept Mall	20,000	12,500	Within 12 months
Working capital	1,791	1,791	Within 6 months
Estimated expenses relating to the Proposed Private Placement	1,700	1,700	Within 3 months
	68,491	40,991	

b) Long Term Incentive Plan ("LTIP")

On 24 May 2017, 24,500,000 share options under the LTIP were granted to eligible directors and employees of the Group at an exercise price of RM1.40.

For the 6 months ended 30 June 2018, 3,565,000 LTIP share options were exercised and the Company allotted 3,565,000 ordinary shares in the same period under review. As at 30 June 2018, 14,115,000 of the LTIP share options granted were exercised.

7. Dividend.

No dividend has been paid in respect of the financial period under review.

JAKS RESOURCES BERHAD (*Company No. 585648-T*)

A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

8. Segmental Information for the Financial Period Ended 30 June 2018.

Segment information was presented in respect of the Group's business segment. Inter-segment pricing was determined based on a negotiated basis.
Business Segments.

	Construction RM'000	Property Development & Investment RM'000	Investment Holding & Others RM'000	Elimination RM'000	Total RM'000
REVENUE					
External Revenue	323,620	63,148	1,765	-	388,533
Inter-Company	44,954	8,960	6,723	(60,637)	-
	368,574	72,108	8,488	(60,637)	388,533
Segment Results	47,368	(25,823)	(1,954)		19,591
Other Income					8,656
Finance Cost					(11,388)
Profit After Finance cost					16,859
Share of Loss in Joint Venture					(50)
Profit Before Taxation					16,809
Taxation					(1,474)
Profit After Taxation					15,335
Attributable to :					
Owners of the Company					30,579
Non-Controlling Interests					(15,244)
					15,335

The Group's revenue for the period ended 30 June 2018 based on geographical location is presented as follows:

	RM'000
Malaysia	232,008
Vietnam	156,525
Total	388,533

JAKS RESOURCES BERHAD (*Company No. 585648-T*)

A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

9. Valuation of Property, Plant & Equipment.

The valuations of property, plant and equipment and investment properties have been brought forward without amendment from the financial statement for the year ended 31 December 2017.

10. Subsequent Events.

Save for the status of the information as described in Note 12 in Part B, there were no significant subsequent events between the date of the last financial statements used in the preparation of this report and the date of this report, which will affect materially the content of this report.

11. Effect of Changes in the Composition of the Group.

There were no changes in the composition of the Group during the period.

12. Changes in Contingent Liabilities.

The changes in contingent liabilities of the Group since 31 December 2017 until 30 June 2018 were as follows: -

	As at 30 Jun 2018 RM'000	As at 31 Dec 2017 RM'000
Bank guarantees issued for execution of contracts of the Company or Subsidiaries company	140,854	140,363
Liquidated and ascertained damages	28,830	23,495
	169,684	163,858

13. Material Commitment

Save as disclosed below, there are no material commitments incurred or known to be incurred by the Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results/position of the Group:-

Capital contribution contracted but not provided for in respect of shares subscription in JAKS Pacific Power Limited, joint venture of the Group amounted to approximately USD110.14 million or RM444.80 million, using exchange rate of USD1 : RM4.0385.

JAKS RESOURCES BERHAD ***(Company No. 585648-T)***

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

1. Review of Financial Performance.

	Current Year Quarter ended 30/6/2018 RM'000	Preceding Year Quarter Ended 30/6/2017 RM'000	Changes %	Current Year To-date Ended 30/6/2018 RM'000	Preceding Year To-date Ended 30/6/2017 RM'000	Changes %
Revenue						
Construction	140,053	131,695	6	323,620	251,867	28
Property Development & Investment	37,233	37,940	(2)	63,149	70,623	(11)
Investment Holding & Others	1,050	1,310	(20)	1,764	3,243	(46)
Total	178,336	170,945	4	388,533	325,733	19
Profit/(Loss) Before Taxation						
Construction	17,549	11,644	51	44,642	27,190	64
Property Development & Investment	(10,164)	(13,853)	27	(25,004)	(23,884)	(5)
Investment Holding & Others	(1,357)	(2,350)	42	(2,829)	(4,907)	42
Total	6,028	(4,559)	32	16,809	(1,601)	1,150

The Group achieved revenue of RM178.3 million for the current quarter ended 30 June 2018, an increase of approximately 4% from the previous year's corresponding quarter of RM170.9 million. The current quarter's revenue was contributed mainly by the Construction division of RM140.1 million of which RM63.5 million was derived from the Vietnam EPC construction work. The Property Development & Investment division contributed RM37.2 million to the Group revenue for the current quarter under review.

JAKS RESOURCES BERHAD *(Company No. 585648-T)*

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

The Group achieved a profit before tax of RM6.0 million in the current year's second quarter as compared to a loss before tax of RM4.6 million in the previous year's corresponding quarter. The Construction division recorded a higher profit before tax of RM17.5 million in the quarter under review as compared to RM11.6 million achieved in the preceding year's corresponding quarter on the back of higher progress billings from the Vietnam EPC construction works. Correspondingly, the Construction division achieved higher profit before tax in the quarter under review of RM17.5 million, of which profit of RM16.9 million was recognised from the Vietnam EPC construction works.

The Property Development & Investment division recorded a loss before tax of RM10.2 million in the quarter under review as compared to a loss before tax of RM13.8 million in the second quarter of 2017. The lower loss in the current year quarter was mainly due to the recognition of the gain arising from the disposal of land held for development in Subang Jaya, i.e. the USJ Land properties which amounted to RM5.8 million. If this one off gain of RM5.8 million had not been included, the Property Development & Investment division would have incurred a higher loss before tax of RM16.0 million due mainly to the liquidated and ascertained damages (LAD) provision.

The Investment Holding & Others division recorded a lower loss before tax of RM1.4 million in the quarter under review as compared to a loss before tax of RM2.4 million incurred in the previous year's corresponding quarter. This was in line with the division's strategy to manage its cost to achieve some cost savings in the Group.

For the 6 months' financial period ended 30 June 2018, the Group achieved revenue of RM388.5 million and profit before tax of RM16.8 million. This represents a year-on-year growth of 19% to the revenue and a turnaround from the loss position of RM1.60 million. The Construction division was the main contributor with revenue of RM323.6 million and profit before tax of RM44.6 million of which RM156.5 million revenue and RM42.2 million profit were derived from the Vietnam EPC construction works. The overall profitability of the Group was dragged down by the Property Development & Investment division as this division incurred a higher loss before tax of RM25.0 million in the first six months of 2018 as compared to a loss before tax of RM23.9 million in the corresponding period of 2017.

2. Variation of Results against Preceding Period.

	Current Year Quarter 1/4/18-30/6/18 RM'000	Immediate Preceding Quarter 1/1/18 – 31/3/18 RM'000	Changes %
Revenue	178,336	210,797	(15)
Profit before tax	6,028	10,831	(44)

JAKS RESOURCES BERHAD *(Company No. 585648-T)*

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

The Group achieved RM178.3 million revenue for the current quarter, a decrease of 15% from the revenue of RM210.8 million in the preceding quarter ended 31 March 2018. There was higher revenue of RM93.0 million recognised in the preceding quarter from the EPC construction work with the higher work progress billings as compared to RM63.5 million revenue on the progress work in the quarter under review in line with the progress of the work schedule.

Corresponding with the schedule of work progress, the Group's profit before tax reduced from RM10.8 million in the preceding quarter to RM6.0 million in the second quarter of 2018 despite the recognition of gain of RM5.8 million arising from the disposal of USJ Land properties.

3. Prospects.

The progress of the construction works for Vietnam EPC is proceeding well as scheduled. The local Construction division outlook is challenging but the progress is meeting expectation. Overall, the Construction division is expected to perform satisfactorily in 2018.

The performance of the Property Development and Investment division had been dragged by the high operating cost, depreciation charge and financing expenses at the EVOLVE Mall, much lower recognition of sales revenue from the property development as most of the units have been taken up coupled with the LAD charges. With the oversupply of retail space in the Klang Valley, the EVOLVE Mall will continue to face challenges in improving its rental yield. However, the Group is working to reduce the costs and to improve the performance of this division.

4. Profit Forecast / Guarantee.

The Company did not issue any profit forecast or guarantees.

5. Taxation.

Included in the taxation are the following:

	Current Quarter Ended 30 Jun 2018 RM'000	Year-to-date Ended 30 Jun 2018 RM'000
Taxation	1,036	1,474

The tax provision was based on the estimated taxable amount. The tax charge of the Group is mainly from profitable subsidiaries' taxation, and for tax purposes, cannot be utilised to set off against losses of other companies within the Group.

The deferred tax asset of the Group is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

JAKS RESOURCES BERHAD ***(Company No. 585648-T)***

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

6. Group Borrowings.

Group borrowings as at 30 June 2018 including interest denominated in Ringgit Malaysia are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	113,042	-	113,042
Overdraft	27,180	-	27,180
Long term borrowings	323,194	-	323,194
Total	463,416	-	463,416

7. Notes to the statement of comprehensive income.

The profit before taxation is derived after taking into consideration the following:

	Current Year-to-date Ended 30 Jun 2018 RM'000
Expenses	
Interest Expense	11,388
Depreciation and Amortisation	6,823
Share of Loss in Joint Venture	50
Liquidated and ascertained damages provision	16,038
Income	
Interest Income	175
Gain on disposal of plant & equipment	501
Gain on disposal of land held for development	5,830

8. Material Litigation.

The Group is not engaged in any material litigation other than those carried out in the ordinary course of business on recovery of debts and the injunction filed with the High Court, Court of Appeal and Federal Court in relation to the Bank Guarantee claimed by STAR as stated in Note 12 of this Part B.

9. Dividend

No dividend has been declared for the quarter under review.

JAKS RESOURCES BERHAD (*Company No. 585648-T*)

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

10. Earnings Per Ordinary Share

a) Basic Earnings Per Share

The earnings per share has been calculated based on the Group's profit attributable to owners of the Company for the period and the weighted average number of ordinary shares outstanding as at end of the period.

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31/3/18 RM'000	Preceding Year Quarter Ended 31/3/17 RM'000	Current Year To-date Ended 31/3/18 RM'000	Preceding Year To-date Ended 31/3/17 RM'000
Profit for the period attributable to owners of the Company	12,737	1,979	30,579	9,523
Weighted average Number of Share in issue (RM1.00 each)	520,979	450,251	520,979	450,251
Basic Earnings Per Share (sen)	2.44	0.44	5.87	2.12

Diluted Earnings Per Share

	Individual Period		Cumulative Period	
	Current Year Quarter Ended 31/3/18 RM'000	Preceding Year Quarter Ended 31/3/17 RM'000	Current Year To-date Ended 31/3/18 RM'000	Preceding Year To-date Ended 31/3/17 RM'000
Diluted				
Profit for the period attributable to owners of the Company	12,737	1,979	30,579	9,523
Weighted average Number of Share in issue (RM1.00 each)	520,979	450,251	520,979	450,251
Effect of dilution due to issuance of LTIP	-	817	-	817
Adjusted weighted average Number of Share in issue applicable to diluted earnings /(loss) per share (RM1.00 each)	520,979	451.068	520,979	451,068
Diluted Earnings Per Share (sen)	2.44	0.44	5.87	2.12

JAKS RESOURCES BERHAD ***(Company No. 585648-T)***

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

11. Status of the Corporate Exercise

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this report:-

On 6 June 2018, the Company announced the proposal to undertake a renounceable rights issue of up to 278,164,186 Warrants in JRB at an indicative issue price of RM0.25 per Warrant, on the basis of 1 Warrant for every 2 existing Ordinary Shares held in the Company on an entitlement date to be determined and announced later. The Company had applied an extension of time of up to 3 September 2018 to submit the draft circular in relation to the Proposed Rights issue of Warrants for Bursa Securities' review. On 3 August 2018, Bursa Securities granted the extension of time until 3 September 2018 for the Company to submit the draft circular.

12. Other Information

On 19 February 2018, the Company announced that its subsidiary, JAKS Island Circle Sdn Bhd ("JIC") which had provided a bank guarantee in favour of Star Media Group Berhad ("STAR") for the sum of RM50.0 million was notified that STAR had called on the bank guarantee.

JIC had filed with the High Court in Kuala Lumpur for an injunction to restrain the issuing financial institutions of the Bank Guarantee from releasing, and the beneficiary of the Bank Guarantee, i.e. STAR from receiving the proceeds of the Bank Guarantee.

The High Court on 12 July 2018 dismissed the application for the injunction and the issuing financial institutions were directed to make payment within 5 working days. On 13 July 2018, JIC filed a Notice of Appeal to the Court of Appeal for stay of execution of the High Court order as well as filed to the High Court for an Erinford Injunction on the issuing financial institutions and STAR pending the hearings of the appeals.

On 23 July 2018, the High Court dismissed JIC's applications for Erinford Injunction but an appeal on this dismissal has been filed to the Court of Appeal.

JIC motions for Erinford injunction were heard on 27 July 2018 before the Court of Appeal but was dismissed, leaving JIC with the final option to file an application to the Federal Court for an interim order to prevent release of the Bank Guarantees pending JIC's leave application to the Federal Court.

JAKS RESOURCES BERHAD (*Company No. 585648-T*)

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

On 30 July 2018, the Federal Court granted an interim order to prevent the release of the monies under the Bank Guarantees until 1 August 2018, which is the date fixed for the Company's subsidiary, JIC motions for an Erinford injunction.

On 1 August 2018, where the application for interim injunction was heard in the Federal Court. The Federal Court granted JIC's applications for interim injunction to restrain Star from receiving and the financial institutions from paying on the Bank Guarantees pending the hearing and disposal of JIC's motions for leave to appeal to the Federal Court, which has been fixed on the 26 September 2018.

13. Authorisation for issue.

The interim financial statements were authorised for issue by the Board of Directors on 28 August 2018.

DIRECTORS' REPORT

Company No.: (585648-T)

JAKS RESOURCES BERHAD

Lot 541, Jalan Subang 2,
Sungai Penaga Industrial Park, USJ1,
47600 Subang Jaya,
Selangor Darul Ehsan, Malaysia.
Tel +603 8011 5019
Fax +603 8011 5079 (HR/Admin)
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+603 8011 5490 (Acoounts)
www.jaks.com my

Registered Office:-

802, 8th Floor
Block C, Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

Date: 08 NOV 2018

To: The Shareholders of JAKS Resources Berhad ("**JRB**" or the "**Company**")

On behalf of the Board of Directors of JRB ("**Board**"), I wish to report that after making due enquiries in relation to JRB and its subsidiary companies ("**Group**") during the period between 31 December 2017, being the date to which the latest audited consolidated financial statements of our Group have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:-

i. In the opinion of the Board, the business of our Group has been satisfactorily maintained;

ii. In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

iii. The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

iv. Save as disclosed in Section 10.2 of this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

v. There has been no default or any known event that could give rise to a default situation in respect of payment of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and

vi. Save as disclosed in Section 7 of Appendix II of this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements of our Group.

Yours faithfully,
For and on behalf of the Board
JAKS RESOURCES BERHAD

ANG LAM POAH
Chief Executive Officer / Executive Director

ADDITIONAL INFORMATION

1. SHARE CAPITAL

(i) Save for the Warrants and the new JRB Shares to be issued arising from the exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.

(ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares, all of which rank *pari passu* with one another.

(iii) As at the date of this Abridged Prospectus, save for Provisional Warrants and the LTIP Options, no person has been or is entitled to be granted an option to subscribe for any of our securities.

(iv) All the new JRB Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing JRB Shares, save and except that such Shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of such Shares.

2. DIRECTORS' REMUNERATION

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are set out below:-

Article 82

The fees of the Directors shall from time to time be determined by the Company in general meeting. Unless otherwise directed by the resolution by which it is voted, any such fees shall be divided amongst the Directors as they may agree, or, failing agreement, equally. Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of proposed increase has been given in the notice convening the meeting.

The Directors shall also be entitled to be repaid all travelling and hotel expenses properly incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from meeting of Directors or any Committee of Directors or general meetings or which he may otherwise incur on or about the business of the Company.

If by arrangement with the Directors, any Director shall perform or render any special duties or service outside his ordinary duties as a Director, in particular without limited to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a Committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

Provided that no Non-Executive Director shall be remunerated by a commission on or percentage of profits or turnover and no Directors (Non-Executive or Executive) shall be remunerated by a commission on or percentage of turnover and that nothing herein shall prejudice the power of the Directors to appoint any of their number to be the employee or agent of the Company at such remuneration shall not include a commission on or percentage of turnover.

3. MATERIAL CONTRACTS

Save for the Deed Poll and as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past 2 years immediately preceding the date of this Abridged Prospectus:-

(i) Sale and Purchase Agreement dated 17 August 2017 and a Supplementary Sale and Purchase Agreement dated 1 February 2018 between Premier Place Property Sdn Bhd ("**Premier Property**"), a wholly-owned subsidiary of JRB, and Sunway Supply Chain Enterprise Sdn Bhd ("**Sunway Supply**"), for the disposal of 4 parcels of freehold land totalling approximately 5.988 hectares or 644,576 square feet located in Daerah Petaling, Selangor for a total cash consideration of RM167,589,760 (excluding Goods and Services tax) ("**Sunway Supply SPAs**") ("**Sunway Disposal**")

The Sunway Disposal was subsequently completed pursuant to the Sunway Supply SPAs on 13 April 2018.

(ii) Sale and Purchase Agreement dated 2 October 2017 between JRB and Hectare Square Sdn Bhd ("**Hectare Square**") for the disposal of a piece of freehold industrial land measuring approximately 1.214 hectares or 130,674 square feet, together with a 1-storey factory building erected thereon bearing postal address of Lot 541, Jalan Subang 2, Taman Industri Sungai Penaga, 47620 Petaling Jaya, Selangor for a total cash consideration of RM25,873,452 (excluding Goods and Services tax) ("**Hectare Disposal**").

The Hectare Disposal was subsequently completed on 2 January 2018.

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4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant, which has a material effect on the financial position or the business of our Group, and our Board does not have any knowledge of any proceedings pending or threatened against our Group, or of any fact likely to give rise to any proceedings, which may materially or adversely affect the financial position or business of our Group:-

(a) Kuala Lumpur High Court
Originating Summons No. WA-24C(ARB)-9-02/2018
JAKS Island Circle Sdn Bhd v Star Media Group Berhad & AmBank (M) Berhad

Kuala Lumpur High Court
Originating Summons No. WA-24C(ARB)-10-02/2018
JAKS Island Circle Sdn Bhd v Star Media Group Berhad & United Overseas Bank (Malaysia) Bhd

On 19 August 2011, JAKS Island Circle Sdn Bhd ("**JICSB**"), a 51%-owned subsidiary of JRB, entered into a Sale and Purchase Agreement ("**SPA**") with Star Media Group Berhad ("**STAR**") to purchase a 99-year leasehold land located at Seksyen 13, Petaling Jaya ("**Land**") for a mixed residential and commercial development for a purchase consideration of RM135,000,000 ("**Purchase Consideration**"). The Purchase Consideration was to be satisfied by JICSB through the completion, delivery and transfer of legal title with vacant possession, free from all encumbrances, of a portion of the mixed residential and commercial development known as "Tower A".

As security for the performance of JICSB's obligations under the SPA, JICSB had provided, inter-alia, irrevocable and on demand bank guarantees in favour of STAR for the sum of RM50,000,000 ("**Bank Guarantees**") guaranteeing the completion and delivery of vacant possession by JICSB of Tower A within 3 years from the vacant possession date or 3 years from the date of approval of the plans for Tower A, whichever is later ("**Completion Period**").

On 15 February 2018, STAR called on the Bank Guarantees on the grounds that JICSB had not delivered vacant possession based on the Completion Period. On 21 February 2018, the solicitors of JICSB filed with the High Court in Kuala Lumpur for injunction to restrain the issuing financial institutions of the Bank Guarantees from releasing, and STAR, being the beneficiary of the Bank Guarantees, from receiving, the proceeds of the Bank Guarantees. The High Court granted an interim stay restraining the issuing financial institutions from paying out the proceeds of the Bank Guarantees until the hearing of the inter-partes injunction applications filed by the solicitors of JICSB on 7 March 2018.

On 6 March 2018, the solicitors of JICSB served a notice of arbitration pursuant to the SPA to resolve all disputes between the two parties by way of arbitration including issues arising from the claim by STAR on interest and the call on the Bank Guarantees. The validity of said the notice is disputed by STAR's solicitors. No further steps have been taken in respect of the arbitration.

The High Court fixed the hearing of the applications for injunction on 20 March 2018, with the interim stay restraining the issuing financial institutions from paying out the proceeds of the Bank Guarantees remaining in effect. Further hearings had been subsequently fixed on 26 March 2018, 6 April 2018 and 11 May 2018.

On 31 May 2018, the High Court adjourned the hearing of the applications for injunction until 12 July 2018. The applications for injunction were heard and dismissed by the High Court on 12 July 2018. The High Court directed the Bank Guarantees by the issuing financial institutions to be paid and released to STAR.

Appeals had been filed in the Court of Appeal by the solicitors of JICSB.

Motions for Erinford Injunction in the Court of Appeal had earlier been heard and dismissed on 27 July 2018. The solicitors of JICSB thereafter filed motions for leave to appeal to the Federal Court regarding the Court of Appeal's dismissal of the Erinford Injunction which were fixed to be heard on 26 September 2018 and subsequently adjourned to 7 November 2018 and further adjourned to 19 November 2018 for hearing. In the meantime, the Federal Court granted an interim stay order pending the hearing of the motions for leave to appeal, which remains until the hearing and disposal of the leave to appeal applications on 19 November 2018 or until the Court of Appeal hears and disposes of the substantive appeals, whichever is earlier.

On 14 November 2018, the Court of Appeal heard and dismissed the appeals of JICSB and upheld the judgment of the High Court made on 12 July 2018. Subsequently, on 15 November 2018, the solicitors of JISCB filed applications for leave to appeal to the Federal Court against the decision of the Court of Appeal and for injunctive relief pending hearing of the leave applications.

If leave to appeal is granted, the Federal Court will go on to hear the appeals; and if leave to appeal is not granted, the judgment of the High Court made on 12 July 2018 will be upheld. The solicitors of JICSB are hopeful that the Federal Court can grant leave so that the issues that they have raised to restrain the calls on the Bank Guarantees can be fully argued upon.

(b) Shah Alam High Court Suit No. 22NCVC-630-11/2015
Everfort Builders Sdn Bhd v JAKS Sdn Bhd

JAKS Sdn Bhd is the main contractor for the project known as "Cadangan Pembangunan Perniagaan 5 Blok Komersial – 15 Tingkat dan 4 Tingkat Aras Basement (Phase 1) di atas Lot 59215 (PM 55) dan Lot 59216 (PN 8025), Jalan PJU 1A/44, Ara Damansara, Mukim Damansara, Daerah Petaling, Negeri Selangor".

Everfort Builders Sdn Bhd ("**Everfort**") was engaged by JAKS Sdn Bhd as the sub-contractor for "Design Fabricate Supply Deliver Install and Guarantee of Structural Steel Works for Shops Apartments for Blocks A, B, C, D and E" ("**Works**") under the said project.

On 24 April 2015, Everfort filed a suit in the Shah Alam Sessions Court against JAKS Sdn Bhd claiming the sum of approximately RM447,512 based on its alleged completion of the Works and the final payment certificate.

JAKS Sdn Bhd counterclaimed for the sum of approximately RM15,566,368 against Everfort for Everfort's failure in the completion of its scope of work, additional costs incurred due to delay in Everfort's work and liquidated and ascertained damages.

In view of the amount of the counterclaim, the case was transferred to the Shah Alam High Court.

The case had gone for trial on 25 to 26 September 2017, 9 November 2017 and 19 to 20 March 2018.

The matter was then fixed for decision on 26 July 2018 wherein the High Court gave judgment in favour of Everfort whereby a sum of approximately RM351,836 together with interest on the said sum at 5% per annum from the judgment date until full and final settlement and cost shall be paid by JAKS Sdn Bhd to Everfort. JAKS Sdn Bhd's counterclaim was dismissed with cost to be paid by JAKS Sdn Bhd to Everfort.

JAKS Sdn Bhd has filed an appeal to the Court of Appeal on 23 August 2018. JAKS Sdn Bhd's solicitors are of the opinion that there are merits to the appeal.

5. GENERAL

(i) There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

(ii) Save as disclosed in this Abridged Prospectus, after having made all reasonable enquiries and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:-

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;

(b) material commitments for capital expenditure of our Group, the purpose of such commitments and the source(s) of funding;

(c) unusual, infrequent events or transactions or significant economic changes which materially affect the amount of reported income from the operations of our Group;

(d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on the revenue or operating income of our Group;

(e) substantial increase in revenues; and

(f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

6. CONSENTS

Our Principal Adviser, Company Secretary, Principal Banker, Principal Financier, Share Registrar, Solicitors for the Rights Issue of Warrants and Bloomberg Finance LP have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names, the letter on the proforma consolidated statements of financial position of our Group as at 31 December 2017, the audited consolidated financial statements of our Group for the FYE 31 December 2017 together with the auditors' report thereon, and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

7. DOCUMENTS FOR INSPECTION

The copies of the following documents are made available for inspection at the registered office of our Company at 802, 8th Floor, Block C Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, during normal business hours from Monday to Friday (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

(i) The Memorandum and Articles of Association of our Company;

(ii) The Deed Poll;

(iii) The material contracts referred to in **Section 3** of this **Appendix VII**;

(iv) The relevant cause papers in respect of the material litigations referred to in **Section 4** of this **Appendix VII**;

(v) Our audited consolidated financial statements for the past 2 financial years up to the FYE 31 December 2017;

(vi) Our unaudited consolidated results for the 6-month FPE 30 June 2018;

(vii) The proforma consolidated statements of financial position of our Group as at 31 December 2017 together with the notes and Reporting Accountants' letter thereon as set out in **Appendix III** of this Abridged Prospectus;

(viii) Our Directors' Report as set out in **Appendix VI** of this Abridged Prospectus;

(ix) The consent letters referred to in **Section 6** of this **Appendix VII**; and

(x) The Undertaking letters from the Undertaking Shareholders as referred to in **Section 9** of this Abridged Prospectus.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

UOBKH, being our Principal Adviser for the Rights Issue of Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue of Warrants.

NOTICE OF PROVISIONAL ALLOTMENT OF WARRANTS

All abbreviations used herein shall have the same meaning as those defined in the "**Definitions**" section of the abridged prospectus dated 21 November 2018 ("**Abridged Prospectus**") unless stated otherwise. The provisional allotment of Warrants (as defined herein) are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**") and therefore, the SICDA and the Rules of Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") shall apply in respect of dealings in the provisional allotment of Warrants.

JAKS RESOURCES BERHAD

(Company No. 585648-T)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 278,164,186 WARRANTS IN JAKS RESOURCES BERHAD ("JRB") ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN JRB ("JRB SHARE(S)") HELD AT 5.00 P.M. ON WEDNESDAY, 21 NOVEMBER 2018 ("ENTITLEMENT DATE"), AT AN ISSUE PRICE OF RM0.25 PER WARRANT ("RIGHTS ISSUE OF WARRANTS")

Principal Adviser

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

(Company No. 194990-K)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

To: The shareholders of JRB

Dear Sir/Madam,

Our Board of Directors ("**Board**") has provisionally allotted to you, in accordance with the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") dated 19 September 2018 and the ordinary resolution passed by our shareholders at the extraordinary general meeting convened on 18 October 2018, the number of Warrants as indicated below ("**Provisional Allotment**").

We wish to advise that the following number of Warrants provisionally allotted to you in respect of the Rights Issue of Warrants have been confirmed by Bursa Depository upon acceptance, and will be credited into your Central Depository System ("**CDS**") account(s) subject to the terms and conditions stated in the Abridged Prospectus and the Rights Subscription Form ("**RSF**") issued by our Company.

The Provisional Allotment is made subject to the provisions in the Abridged Prospectus issued by our Company. Bursa Securities has already prescribed the securities of our Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Allotment arising from the Rights Issue of Warrants are prescribed securities and, as such, all dealings in the Provisional Allotment will be by way of book entries through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository.

ALL THE WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE OF WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL WARRANTS CERTIFICATES WILL BE ISSUED.

It is the intention of our Board to allot the Excess Warrants, if any, on a fair and equitable basis and in the following priority:-

(i) Firstly, to minimise the incidence of odd lots;
(ii) Secondly, for allocation to Entitled Shareholders who have applied for Excess Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
(iii) Thirdly, for allocation to Entitled Shareholders who have applied for Excess Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Warrants applied for; and
(iv) Fourthly, for allocation to renouncee(s) or transferee(s) who have applied for Excess Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Warrants applied for.

In the event there is any remaining balance of the Excess Warrants applied for by the Entitled Shareholders and/or renouncee(s) who have applied for the Excess Warrants after carrying out steps (i)-(iv) as set out above, steps (ii)-(iv) will be repeated to allocate the remaining balance of the Excess Warrants to the Entitled Shareholders and/or renouncee(s) who have applied for the Excess Warrants until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Warrants applied for under Part I of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in steps (i)-(iv) above are achieved. Our Board also reserves the right at its absolute discretion to accept in full or in part any application for the Excess Warrants without assigning any reason thereof.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF JRB SHARES HELD AT 5.00 P.M. ON WEDNESDAY, 21 NOVEMBER 2018	NUMBER OF WARRANTS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.25 PER WARRANT (RM)

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	:	Wednesday, 21 November 2018 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	:	Wednesday, 28 November 2018 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	:	Monday, 3 December 2018 at 4.00 p.m.
Last date and time for acceptance and payment	:	Thursday, 6 December 2018 at 5.00 p.m.
Last date and time for excess application and payment	:	Thursday, 6 December 2018 at 5.00 p.m.

By order of the Board

LEONG OI WAH (MAICSA 7023802)
Company Secretary

Share Registrar

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (Company No.11324-H)
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel no.: 03 - 2783 9299
Fax no.: 03 - 2783 9222

THIS NOTICE OF PROVISIONAL ALLOTMENT IS DATED 21 NOVEMBER 2018

RIGHTS SUBSCRIPTION FORM

THIS RIGHTS SUBSCRIPTION FORM ("RSF") IS FOR THE PURPOSE OF ACCEPTING THE WARRANTS (AS DEFINED HEREIN) AND APPLYING FOR EXCESS WARRANTS PURSUANT TO THE RIGHTS ISSUE OF WARRANTS OF JAKS RESOURCES BERHAD ("JRB" OR THE "COMPANY"). THE LAST TIME AND DATE FOR ACCEPTANCE AND PAYMENT IS 5.00 P.M. ON THURSDAY, 6 DECEMBER 2018. THIS RSF IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL RIGHTS STANDING TO THE CREDIT OF HIS/HER CENTRAL DEPOSITORY SYSTEM ("CDS") ACCOUNT.

JAKS RESOURCES BERHAD

(Company No. 585648-T)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 278,164,186 WARRANTS IN JRB ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN JRB ("JRB SHARE(S)") HELD AT 5.00 P.M. ON WEDNESDAY, 21 NOVEMBER 2018 ("ENTITLEMENT DATE"), AT AN ISSUE PRICE OF RM0.25 PER WARRANT ("RIGHTS ISSUE OF WARRANTS")

NAME AND ADDRESS OF APPLICANT (in block letters as per Bursa Depository's records)

NRIC NO./ PASSPORT NO. (state country)/ **COMPANY NO.**

CDS ACCOUNT NO. [ ][ ][ ] - [ ][ ][ ] - [ ][ ][ ][ ][ ][ ][ ][ ][ ]

NUMBER OF JRB SHARES HELD AT 5.00 P.M. ON WEDNESDAY, 21 NOVEMBER 2018	NUMBER OF WARRANTS PROVISIONALLY ALLOTTED TO YOU	AMOUNT PAYABLE IN FULL UPON ACCEPTANCE AT RM0.25 PER WARRANT (RM)

To: The Board of Directors of JRB ("**Board**")

PART I – ACCEPTANCE OF WARRANTS AND APPLICATION FOR EXCESS WARRANTS

In accordance with the terms of this RSF and the Abridged Prospectus, #I/we hereby irrevocably:

(a) #accept the number of Warrants as stated below, which were provisionally #allotted/renounced/transferred to #me/us;
(b) #apply for the number of Excess Warrants as stated below in addition to the above;

in accordance with and subject to the Memorandum and Articles of Association of our Company.

#I/We enclose herewith the appropriate remittance(s)/reference(s) for payment as stated below being the full and exact amount payable for the Warrants and/or Excess Warrants accepted/applied for, and hereby request for the said Warrants and/or Excess Warrants to be credited into #my/our valid and subsisting CDS Account as stated above:

NUMBER OF WARRANTS ACCEPTED/ NUMBER OF EXCESS WARRANTS APPLIED		AMOUNT PAYABLE AT RM0.25 PER WARRANT (RM)	#BANKER'S DRAFT/#CASHIER'S ORDER/#MONEY ORDER/ #POSTAL ORDER NO.	PAYABLE TO
(A) ACCEPTANCE				JAKS RIGHTS WARRANTS ACCOUNT
(B) EXCESS				JAKS EXCESS RIGHTS WARRANTS ACCOUNT

Note: If you have subsequently purchased additional Provisional Warrants from the open market, you should indicate your acceptance of the total Warrants that you have standing to the credit in your CDS Account under Part I(A).

#I/We authorise you to return the full amount or the balance of #my/our application monies (without interest) should #my/our application for the Excess Warrants be unsuccessful or partially successful by ORDINARY POST to #me/us at #MY/OUR OWN RISK

PART II – DECLARATION

#I/We hereby confirm and declare that:

(i) All information provided by #me/us is true and correct;
(ii) All information is identical with the information in the records of the Bursa Depository and further agree and confirm that in the event the said information differs from Bursa Depository's record as mentioned earlier, the exercise of #my/our rights may be rejected; and
#I am 18 years of age or over.
#I am/We are resident(s) of Malaysia.
#I am/We are resident(s) of …………………..… (country) and having …………………..… citizenship.
#I am/We are nominees(s) of a person who is a #Bumiputera/#Non-Bumiputera/#Non-Citizen resident in …………………..… (country) and having …………………..… citizenship.
#I/We consent to JRB and the Share Registrar of JRB collecting the information and personal data (collectively, "**Data**") required herein, to process and disclose such Data to any person for the purposes of implementing the Rights Issue of Warrants and storing such Data in any servers located in Malaysia or outside Malaysia in accordance with the relevant laws and regulations.

#I/We have read and understood and hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus and further confirm compliance with all the requirements for acceptance and payment as set out therein.

AFFIX MALAYSIAN REVENUE STAMP RM10.00 HERE

Signature / Authorised Signatory(ies)
(Corporate bodies may affix their Common Seal)

Date

Contact number (Office / Mobile)

Last date and time for:

Acceptance and payment for Warrants	:	Thursday, 6 December 2018 at 5.00 p.m.
Excess Warrants application and payment	:	Thursday, 6 December 2018 at 5.00 p.m.

 # Please delete whichever is not applicable

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RSF

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT. IN ACCORDANCE WITH THE CAPITAL MARKETS AND SERVICES ACT, 2007, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS DATED 21 NOVEMBER 2018 ("ABRIDGED PROSPECTUS").

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY. If you have sold or transferred all your JRB Shares, you should at once hand the Abridged Prospectus together with the Notice of Provisional Allotment ("**NPA**") and RSF to the agent through whom you have affected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue of Warrants should be addressed to JRB's Share Registrar, **Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF.**

The Rights Issue of Warrants is only for the entitled shareholders whose names are registered in the Record of Depositors maintained by Bursa Depository at 5.00 p.m. on Wednesday, 21 November 2018. The Abridged Prospectus, together with the NPA and RSF are not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue of Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Any entitled shareholders and/or their renouncees who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult your legal adviser as to whether the acceptance or renunciation (as the case may be) of your entitlements to the Rights Issue of Warrants would result in the contravention of any law of such countries or jurisdictions. JRB and UOB Kay Hian Securities (M) Sdn Bhd shall not accept any responsibility or liability, whatsoever, in the event that any acceptance or renunciation of provisional allotment by any entitled shareholders and/or their renouncee(s) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

The Abridged Prospectus has been registered by Securities Commission Malaysia ("**SC**"). The registration of the Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue of Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in the Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents.

Approval from JRB's shareholders has been obtained at JRB's extraordinary general meeting held on 18 October 2018. Approval has also been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") via its letter dated 19 September 2018 for the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Warrants as well as the new JRB Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. Admission to the Official List of Bursa Securities and quotation for the new securities are in no way reflective of the merits of the Rights Issue of Warrants.

The Board has seen and approved all the documentation relating to the Rights Issue of Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make the statement in the Abridged Prospectus, NPA and RSF false or misleading.

Unless otherwise stated, the unit of currency used in this RSF is Ringgit Malaysia or "**RM**" in abbreviation.

INSTRUCTIONS:

(I) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

The last date and time for acceptance of and payment for the Warrants is at 5.00 p.m. on Thursday, 6 December 2018.

(II) FULL OR PART ACCEPTANCE AND PAYMENT FOR THE WARRANTS

If you wish to accept all or any part of the Provisional Warrants, please complete Part I and Part III of this RSF in accordance with the notes and instructions contained herein and return this RSF, together with the appropriate remittance made in RM for the full amount payable for the Warrants accepted in the form of Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed "**ACCOUNT PAYEE ONLY**", made payable to "**JAKS RIGHTS WARRANTS ACCOUNT**" and endorsed on the reverse side with your name, contact number, address and CDS account number in block letters, so as to be received by the Share Registrar by 5.00 p.m. on Thursday, 6 December 2018, at the following address:

Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone no : 03-2783 9299 Fax no : 03-2783 9222 Email : is.enquiry@my.tricorglobal.com	or alternatively at	Tricor's Customer Service Centre Unit G-3, Ground Floor Vertical Podium, Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur

Cheques or any other mode of payments are not acceptable. The remittance must be made in the exact amount payable for the Warrants accepted. No acknowledgement of receipt of this RSF or application monies in respect of the Rights Issue of Warrants will be issued by our Company or the Share Registrar. However, if your application is successful, a notice of allotment will be despatched to you by ordinary post to the address as shown on the Record of Depositors provided by Bursa Depository at your own risk within 8 market days from the last date for acceptance of and payment for the Warrants or such other period as may be prescribed by Bursa Securities.

(III) APPLICATION FOR EXCESS WARRANTS

If you wish to apply for additional Warrants in excess to your entitlement, please complete Part I(B) of this RSF (in addition to Parts I(A)) and forward this RSF with a separate remittance made in RM for the full amount payable in respect of the Excess Warrants applied for, to the Share Registrar. Payment for the Excess Warrants applied for should be made in the same manner described in note (II) above, and in the form of Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia crossed "**ACCOUNT PAYEE ONLY**", made payable to "**JAKS EXCESS RIGHTS WARRANTS ACCOUNT**" and endorsed on the reverse side with your name in block letters, contact number, address and CDS account number, so as to be received by the Share Registrar by 5.00 p.m. on Thursday, 6 December 2018.

No acknowledgement of receipt of this RSF or application monies in respect of the Excess Warrants will be issued by our Company or the Share Registrar. However, if your application is successful, a notice of allotment will be despatched to you by ordinary post to the address as shown on the Record of Depositors provided by Bursa Depository at your own risk within 8 market days from the last date for application of and payment for the Excess Warrants or such other period as may be prescribed by Bursa Securities.

In respect of unsuccessful or partially successful Excess Warrants applications, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest and shall be despatched to the applicant by ordinary post to the address as shown on the Record of Depositors provided by Bursa Depository at your own risk within 15 market days from the last date for application of and payment for the Excess Warrants.

It is the intention of our Board to allot the Excess Warrants, if any, on a fair and equitable basis and in the following priority:-

(i) Firstly, to minimise the incidence of odd lots;
(ii) Secondly, for allocation to Entitled Shareholders who have applied for Excess Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
(iii) Thirdly, for allocation to Entitled Shareholders who have applied for Excess Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Warrants applied for; and
(iv) Fourthly, for allocation to renouncee(s) or transferee(s) who have applied for Excess Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Warrants applied for.

In the event there is any remaining balance of the Excess Warrants applied for by the Entitled Shareholders and/or renouncee(s) who have applied for the Excess Warrants after carrying out steps (i)-(iv) as set out above, steps (ii)-(iv) will be repeated to allocate the remaining balance of the Excess Warrants to the Entitled Shareholders and/or renouncee(s) who have applied for the Excess Warrants until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Warrants applied for under Part I of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in steps (i)-(iv) above are achieved. Our Board also reserves the right at its absolute discretion to accept in full or in part any application for the Excess Warrants without assigning any reason thereof.

(IV) SALE/TRANSFER OF THE PROVISIONAL ALLOTMENT OF WARRANTS

If you wish to sell or transfer all or part of your entitlement to the Provisional Warrants to one or more person(s), you may do so immediately through your stockbroker(s) for the period up to the last date and time for sale or transfer of such Provisional Warrants, without first having to request for a split of the Provisional Warrants standing to the credit of your CDS account. To sell or transfer all or part of your entitlement to the Provisional Warrants, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository.

If you have sold or transferred only part of the Provisional Warrants, you may still accept the balance of the Provisional Warrants by completing Parts I(A) and II of this RSF.

In selling or transferring all or part of your Provisional Warrants, you need not deliver any document including this RSF to your stockbroker(s). However, you must ensure that there is sufficient Provisional Warrants standing to the credit of your CDS Account that are available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Warrants may obtain a copy of this RSF from his/her/their stockbroker(s), the Share Registrar, the Registered Office of JRB or the website of Bursa Securities (http://www.bursamalaysia.com).

(V) GENERAL INSTRUCTIONS

(a) All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals. You are advised to read, understand and consider carefully the contents of the Abridged Prospectus before signing this RSF.
(b) Warrants subscribed by the entitled shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) will be credited into their respective CDS accounts as stated in this RSF or the exact accounts appearing on Bursa Depository's Record of Depositors.
(c) Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of our Company and our Company shall not be under any obligation to account for such interest or other benefit to you.
(d) The contract arising from the acceptance of the Provisional Warrants by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract arising therefrom.
(e) Our Board reserves the right not to accept or to accept any application in part only if the instructions herein stated are not strictly adhered to or which are illegible.
(f) Malaysian Revenue Stamp (NOT POSTAGE STAMP) of RM10.00 must be affixed on this RSF. Entitled shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) should note that the RSF and remittances so lodged with the Share Registrar shall not be subsequently withdrawn.