

JAKS RESOURCES BERHAD
(COMPANY NO. 585648-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014.

THE FIGURES HAVE NOT BEEN AUDITED

The Directors are pleased to announce the 2nd Quarter unaudited financial results for the financial period ended 30 June 2014.

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Year Quarter ended 30-Jun-2014 RM'000	Preceding Year Quarter ended 30-Jun-2013 RM'000	Current Year 6 months period ended 30-Jun-2014 RM'000	Preceding Year 6 months period ended 30-Jun-2013 RM'000
Revenue	98,310	N/A	207,990	N/A
Cost of Sales	(68,164)	N/A	(155,416)	N/A
Gross Profit	30,146	N/A	52,574	N/A
Other Operating Income	67	N/A	97	N/A
Other Operating, Administrative, Selling and Distribution expenses	(11,549)	N/A	(22,405)	N/A
Operating Profit before finance cost	18,664	N/A	30,266	N/A
Finance cost	(4,032)	N/A	(7,759)	N/A
Profit Before Taxation	14,632	N/A	22,507	N/A
Taxation	(4,791)	N/A	(7,957)	N/A
Net Profit For The Period	9,841	N/A	14,550	N/A
Other Comprehensive Income	-	N/A	-	N/A
Total Comprehensive Income for the Period	9,841	N/A	14,550	N/A
<u>Total Comprehensive Income for the Period</u>				
<u>Attributable to :</u>				
Owners of the Company	3,402	N/A	4,281	N/A
Non-Controlling Interests	6,439	N/A	10,269	N/A
	9,841	N/A	14,550	N/A
Earnings Per Share attributable to Owners of the Company (sen) :				
- Basic	0.78	N/A	0.98	N/A
- Diluted	N/A	N/A	N/A	N/A

Notes :

- There are no comparative figures disclosed for the current quarter and the cumulative year-to-date of the preceding quarter / year following the change in the financial year end from October 2013 to December 2013.
- The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2013 and the accompanying notes attached to the interim financial statements.

JAKS RESOURCES BERHAD
(COMPANY NO. 585648-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014.

	(Unaudited) As At End Of Financial Period End 30-Jun-2014 RM'000	(Audited) As At End Of Financial Year End 31-Dec-2013 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	38,418	37,975
Investment properties	213	213
Development Expenditure	138,641	107,065
Golf Club memberships	537	537
Goodwill on Consolidation	185,225	185,225
Deferred Tax Assets	9,631	9,631
Land held for Development	56,494	56,494
	<u>429,159</u>	<u>397,140</u>
Current Assets		
Inventories	12,112	15,622
Property Development Costs	443,302	412,336
Amount due from customers for contract works	94,385	81,431
Trade and Other Receivables	238,630	222,250
Deposits placed with licensed banks	103,216	38,222
Cash and bank balances	74,359	94,189
	<u>966,004</u>	<u>864,050</u>
Total Assets	<u>1,395,163</u>	<u>1,261,190</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	438,361	438,361
Share Premium	8,369	8,369
Retained Earnings /(Accumulated Losses)	3,173	(1,108)
	<u>449,903</u>	<u>445,622</u>
Non-controlling interests	79,148	68,879
TOTAL EQUITY	<u>529,051</u>	<u>514,501</u>
Non-Current Liabilities		
Long Term Borrowings	247,902	193,925
Deferred Tax Liabilities	203	203
	<u>248,105</u>	<u>194,128</u>
Current Liabilities		
Trade and Other Payables	259,152	264,356
Tax Payable	6,283	7,588
Bank borrowings	311,520	240,184
Bank overdraft	41,052	40,433
	<u>618,007</u>	<u>552,561</u>
TOTAL EQUITY AND LIABILITIES	<u>1,395,163</u>	<u>1,261,190</u>
Net Assets Per Share attributable to Owners of the parent (RM)	<u>1.03</u>	<u>1.02</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2013 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 2014.

	Current Year 6 months period ended 30-Jun-2014	Audited 14 months period ended 31-Dec-2013
	RM'000	RM'000
Cash flows from operating activities		
Profit for the period	4,281	7,503
Adjustment for:		
Depreciation and amortisation	1,882	5,164
Taxation	7,957	9,126
Interest expense	8,857	18,536
Interest income	(1,098)	(767)
Loss / (Gain) on disposal of property, plant & equipment	-	(12)
Non-Controlling interests	10,269	3,154
Allowance for impairment	-	25
Property, Plant & Equipment write-off	-	1
Written down of inventories	-	97
Impairment of receivables no longer required	-	(32)
Operating profit before working capital changes	32,148	42,795
(Increase)/Decrease in working capital		
Inventories	3,510	(2,529)
Amount due from customers for contract works	(12,954)	73,275
Trade and other receivables	(15,394)	20,247
Property Development Expenditure	(30,966)	(53,443)
Trade and other payables	(5,204)	(7,025)
	(61,008)	30,525
	(28,860)	73,320
Interest paid	(6,345)	(16,093)
Income tax paid	(10,251)	(13,760)
Net Operating Cash Flow	(45,456)	43,467
Cash flows from investing activities		
Development expenditure	(31,576)	(13,679)
Interest received	1,098	767
Acquisition of subsidiary company net of cash acquired	-	(40,137)
Purchase of property, plant & equipment	(2,325)	(1,332)
Proceeds from disposal of property, plant & equipment	-	60
Net Investing Cash Flow	(32,803)	(54,321)
Cash flows from financing activities		
Interest paid	(2,511)	(2,445)
Drawdown / (Repayment) of short term borrowings	(27,316)	25,284
Drawdown (Repayment) of hire purchase liabilities	535	(2,691)
Drawdown / (Repayment) of bank term loans	152,096	86,152
Fixed Deposits held as security value	(64,994)	(21,517)
Net Financing Cash Flow	57,810	84,783

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014. (Cont.)**

	Current Year 6 months period ended 30-Jun-2014	Audited 14 months ended 31-Dec-2013
	RM'000	RM'000
Net Change in Cash & Cash Equivalents	(20,449)	73,929
Cash & Cash Equivalents at beginning of the year	52,622	(21,307)
Cash & Cash Equivalents at end of the period.	32,173	52,622

Cash and Cash Equivalents

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

Deposits placed with licensed banks	103,216	38,222
Cash & bank balances	74,359	94,189
Bank overdrafts	(41,052)	(40,433)
	136,523	91,978
Less : Deposit held as security values	(103,216)	(38,222)
Debt service reserves account	(1,134)	(1,134)
	32,173	52,622

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2013 and the accompanying notes attached to the interim financial statements).

JAKS RESOURCES BERHAD
(COMPANY NO. 585648-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014.

	Attributable to Equity Holders of the Company				Non-Controlling Interest RM'000	Total Equity RM'000
	Non-Distributable		Distributable			
	Share Capital RM'000	Share Premium RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Sub-Total RM'000		
Current Year						
6 Months period ended						
30 June 2014.						
Balance as at						
1 January 2014	438,361	8,369	(1,108)	445,622	68,879	514,501
Total Comprehensive						
Income / (Loss) for the Period	-	-	4,281	4,281	10,269	14,550
Balance as at						
30 June 2014.	438,361	8,369	3,173	449,903	79,148	529,051
Preceding Year						
14 Months period ended						
31 December 2013.						
Balance as at						
1 November 2012	438,361	8,369	(8,611)	438,119	5,005	443,124
Acquisition of a subsidiary	-	-	-	-	60,720	60,720
Total Comprehensive						
Income / (Loss) for the Period	-	-	7,503	7,503	3,154	10,657
Balance as at						
31 December 2013.	438,361	8,369	(1,108)	445,622	68,879	514,501

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 31 December 2013 and the accompanying notes attached to the interim financial statements).

A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation.

The interim financial report is 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 report should be read in conjunction with the audited financial statements of the Group for the period ended 31 December 2013.

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 2013, except for the adoption of the relevant new FRSs, amendments to FRSs and 1C Interpretations that are effective for year beginning on or after 1 January 2014.

The adoption of the new FRSs, amendments to FRSs and 1C Interpretations does not have any material impact on the financial position and results of the Group.

The Group falls within the definition of "Transitioning Entities" and accordingly, will adopt the MFRS Framework for the financial year beginning on 1 July 2015.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs Framework").

The MFRSs Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and/or IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. On 7 August 2013, MASB further deferred the effective date of MFRS Framework for Transitioning Entities for an additional one year from 1 January 2014 to 1 January 2015.

The Group falls within the definition of Transitioning Entities and have opted to defer adoption of the new MFRSs Framework. Accordingly, the Group will prepare its financial statements using the MFRSs Framework in its first MFRSs financial statements for the financial year ending 31 December 2015.

A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

2. Qualification of Audit Report on Financial Statements.

The financial statements of JAKS for the financial period ended 31 December 2013 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 except during Hari Raya and Chinese New Year festive seasons where business activities were generally lower.

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.

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.

7. Dividend.

No dividend has been paid 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 2014.

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 RM'000	Trading RM'000	Manufacturing RM'000	Investment RM'000	Elimination RM'000	Total RM'000
REVENUE							
External Revenue	56,632	118,481	25,424	7,453	-	-	207,990
Inter-Company	129,386	-	6,970	3,737	1,860	(141,953)	-
	186,018	118,481	32,394	11,190	1,860	(141,953)	207,990
Segment Results	5,891	24,313	2,687	(1,956)	(766)		30,169
Other Income							97
Finance Cost							(7,759)
Profit Before Taxation							22,507
Taxation							(7,957)
Profit After Taxation							14,550
<u>Attributable to:</u>							
Owners of the Company							4,281
Non-Controlling Interests							10,269
							14,550

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 period ended 31 December 2013.

JAKS RESOURCES BERHAD (Company No. 585648-T)

A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)

10. Subsequent Events.

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 under review save as listed below:

On 6 March 2014, a 51% owned subsidiary of the Company, MNH Global Assets Management Sdn Bhd had acquired a wholly-owned subsidiary, Evolve Concept Mall Sdn Bhd with authorized capital of RM400,000.00 and issued and paid-up capital of RM2.00.

12. Changes in Contingent Liabilities.

The changes in contingent liabilities of the Group since 31 December 2013 until 30 June 2014 were as follows: -

	As at 30 Jun 2014 RM'000	As at 31 Dec 2013 RM'000
Bank guarantees issued for - execution of contracts of the Company or Subsidiaries company	133,492	110,271
Guarantees given to suppliers Of goods for credit terms granted to subsidiaries	2,000	2,000
	----- 135,492 =====	----- 112,271 =====

13. Capital Commitment.

As at 30 June 2014, Capital commitment contracted for but not provided in the financial statements amounted to RM5,531.54 million.

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

1. Review of Financial Performance.

The Group achieved revenue of RM98.3 million in the current quarter ended 30 June 2014. The revenue achieved were mainly derived from the Construction division of RM33.1 million and Property Development division of RM47.5 million following the progress billings achieved. In addition, the Trading division also generated revenue of RM12.3 million. The current active construction activities within the Group has assisted in driving the revenue of the Trading division.

The Construction, Property Development and Trading divisions achieved profit before tax of RM1.5 million, RM15.7 million and RM283,000 respectively for the current quarter under review. However, the Manufacturing and Investment divisions recorded a loss before tax of RM288,000 and RM2.6 million respectively. The losses in the Manufacturing division were due to the competitive market and higher unit cost as the production levels could not be optimized. The Investment losses arose mainly from the higher interest expense incurred as the Company had in the previous year taken additional borrowings to finance the investment in the subsidiary company involved in property development. This subsidiary has since generated positive earnings to the Group including for the quarter under review.

Following the change of financial year end from 31 October 2013 to December 2013 in the preceding year, no comparative figures for preceding year corresponding quarter are presented.

2. Variation of Results against Preceding Period.

	Current Year Quarter (3 months) 1/4/14-30/6/14 RM'000	Immediate Preceding period (3 months) 1/1/14 – 31/3/14 RM'000
Revenue	98,310	109,680
Profit before tax	14,632	7,875

The higher profit before tax in the current quarter ended 30 June 2014 as compared with previous quarter under review in the preceding period was mainly due to the reversal of cost charged out earlier in view that such project cost could be re-allocated to certain property assets that would be retained by the Group.

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

3. Prospects.

For the current financial year, the Construction and Property Development divisions will continue to drive the revenues and profit for the Group as it is able to recognize them from the construction projects that are already in progress as well as the encouraging property sales.

Barring any unforeseen circumstances, the Group can expect to see improvement in the current financial year.

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 June 2014 RM'000	Period-to-date Ended 30 June 2014 RM'000
<u>Taxation</u>		
Current Year	4,791	7,957

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 utilized to set off against losses of other companies within the Group.

The deferred tax asset of the Group is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

6. Status of the Corporate Exercise

There were no corporate proposals announced but not completed as at the date of this report except as stated in Note B, Item 13 in relation to the Proposed Joint Venture.

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

7. Group Borrowings

Group borrowings as at 30 June 2014 including interest denominated in Ringgit Malaysia are as follows: -

	<u>Secured</u> <u>RM'000</u>	<u>Unsecured</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
Short term borrowings	311,520	-	311,520
Overdraft	41,052	-	41,052
Long term borrowings	247,902	-	247,902
Total	<u>600,474</u>	<u>-</u>	<u>600,474</u>

8. Realised and Unrealised Profit or Loss

The breakdown of the Group's retained profits / (accumulated losses) as at 30 June 2014 into realised and unrealised profits or losses are as follows:

	As At 30 June 2014 RM'000	As At 31 December 2013 RM'000
Retained profits / Accumulated losses		
- Realised	(6,255)	(10,536)
- Unrealised	9,428	9,428
	<u>3,173</u>	<u>(1,108)</u>

9. Notes to the statement of comprehensive income

The profit before taxation is derived after taking into consideration the following:

Expense / (Income)	Current Period-to-date 30 June 2014 RM'000
Rental Income	(120)
Interest Income	(1,098)
Interest Expense	8,857
Depreciation and amortization	1,882
Provision for and write off	
Of receivables no longer required	-
Provision for and write off	
Of inventories	-
Gain on disposal of property, Plant & equipment	-
Impairment of Assets	-
Foreign exchange gain or loss	-
Exceptional item	-

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

10. Changes in Material Litigation

On 4 February 2014, JAKS-KDEB Consortium Sdn Bhd (“JKDEB”) filed to the Federal Court a Notice of Motion for leave to appeal to the Federal Court against the decision of the Court of Appeal dated 14 November 2013. On 5 August 2014, the Federal Court dismissed JKDEB's Notice of Motion for leave to appeal to the Federal Court against the decision of the Court of Appeal.

11. Dividend

No dividend has been declared for the quarter under review.

12. 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.

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Year Ended 30/6/14 RM'000	Preceding Year Ended 30/6/13 RM'000	Current Year Ended 30/6/14 RM'000	Preceding Year Ended 30/6/13 RM'000
Profit for the period attributable to owners of the Company	3,402	N/A	4,281	N/A
Weighted average Number of Share in issue (RM1.00 each)	438,361	438,361	438,361	438,361
Basic Earnings Per Share (sen)	0.78	N/A	0.98	N/A

b) Diluted Earnings Per Share

This is not applicable, as there exists no share option, warrants or other financial instruments that will dilute or have the effect of diluting the basic earnings per share.

13. Independent Power Plant Venture in Vietnam

The Group was awarded the contract to undertake the design, engineering, construction, operation and maintenance of a 2 x 600 megawatt coal-fired thermal power plant project (“IPP Project”) in Hai Doung Province in Vietnam pursuant to a Build-Operate-Transfer contract (“BOT Contract”) for a 25-year operation term in June 2011.

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS (Cont'd)

On 16 April 2013, the Company announced that the following agreements had been entered into on 15 April 2013 to facilitate the Proposed Joint Venture between JAKS Power Holding Limited (“JPH”) and Wuhan Kaidi Electric Power Engineering Co., Ltd (“Kaidi”) under a 60:40 shareholding structure:-

- (a) subscription agreement between JAKS Pacific Power Limited (a wholly-owned subsidiary of JPH which in turn is a wholly-owned subsidiary of JRB) and Kaidi for Kaidi to subscribe for 80 JPP Shares at the subscription price of HKD1.00 per JPP Share; and
- (b) shareholders’ agreement and supplemental shareholders’ agreement between JPH, Kaidi and JPP to regulate their proposed relationship inter se as shareholders of JPP as well as certain other matters relating to the management of JPP and also to govern their relationship inter se in respect of matters related to JAKS Hai Duong Power Company Limited.

On 28 June 2013, the shareholders of the Company approved the Proposed Joint Venture at an Extraordinary General Meeting held so that it can proceed with the joint venture partner in raising the required funding to fully implement the project. One of the important milestones in the BOT Contract relates to the Financial Close (“FC”) date where the Proposed Joint Venture will have to make available the project financing for the IPP Project.

On 26 March 2014, the Group received approval from the Ministry of Industry and Trade for an extension of 12 months from 30 October 2013 to 31 October 2014 to achieve the FC of the IPP Project. However, despite efforts made with the joint venture partner, Kaidi to proceed with the IPP project, on 1 April 2014, the Company announced that the Kaidi Subscription Agreement, Shareholders’ Agreement, and Supplement shareholders’ Agreement signed on 15 April 2013 have lapsed following the non-fulfillment of the condition precedents by Kaidi on or before the extended cut-off date of 31 March 2014. Accordingly, the Kaidi Proposed Joint Venture shall not take effect.

The Group is currently evaluating new potential partners and is confident of attracting the right potential partner within the extended financial close deadline and achieve the above endeavour considering the various strengths the project holds.

14. Authorisation for issue.

The interim financial statements were authorized for issue by the Board of Directors on 27 August 2014.

Date : 27 August 2014.