

JAKS RESOURCES BERHAD
REGISTRATION NO. 200201017985 (585648-T)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

THE FIGURES HAVE NOT BEEN AUDITED

The Directors are pleased to announce the 4th Quarter unaudited financial results for the financial year ended 31 December 2020.

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Year Quarter ended 31-Dec-2020	Preceding Year Quarter ended 31-Dec-2019	Current Year To-date ended 31-Dec-2020	Preceding Year To-date ended 31-Dec-2019
	RM'000	RM'000	RM'000	RM'000
Revenue	45,992	222,474	259,378	1,051,737
Cost of Sales	(45,078)	(163,293)	(242,496)	(856,191)
Gross Profit	914	59,182	16,882	195,547
Other Operating Income / (Loss)	(68,848)	4,010	92,416	5,852
Other Operating, Administrative Expenses	(117,511)	(69,080)	(197,949)	(127,783)
Operating Profit/(Loss) before finance cost	(185,445)	(5,888)	(88,651)	73,616
Finance cost	(5,580)	(5,967)	(24,917)	(20,948)
Operating Profit/(Loss) after finance cost	(191,025)	(11,855)	(113,568)	52,667
Share of Profit / (Loss) in Joint Venture	7,568	79	7,568	(37)
Profit/(Loss) Before Taxation	(183,457)	(11,776)	(106,000)	52,630
Taxation	(16,079)	(3,425)	(18,196)	(6,749)
Net Profit/(Loss) For The Period	(199,536)	(15,201)	(124,196)	45,882
Total Comprehensive Income/(Loss) for the Period	(199,536)	(15,201)	(124,196)	45,882
<u>Net Profit/(Loss) For The Period Attributable to :</u>				
Owners of the Company	(103,188)	17,181	(80,497)	108,050
Non-Controlling Interests	(96,348)	(32,382)	(43,699)	(62,168)
	(199,536)	(15,201)	(124,196)	45,882
Earnings/(Loss) Per Share attributable to Owners of the Company (sen) :				
- Basic	(13.16)	2.79	(10.28)	17.55
- Diluted	(10.06)	2.69	(7.85)	16.94
Weighted average number of Ordinary Shares in issue	784,003	615,531	784,003	615,531
Weighted average number of Ordinary Shares in issue (diluted)	1,025,824	638,016	1,025,824	638,016

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 2019 and the accompanying notes attached to the interim financial statements.

JAKS RESOURCES BERHAD
REGISTRATION NO. 200201017985 (585648-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	(Unaudited) As At End Of Financial Year End 31-Dec-2020 RM'000	(Audited) As At End Of Financial Year End 31-Dec-2019 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	102,807	947
Investment properties	623,177	690,011
Investment in Joint Venture	485,366	357,408
Golf Club memberships	311	318
Goodwill on Consolidation	76,136	128,136
Right of use of Assets	264	2,163
	1,288,061	1,178,983
Current Assets		
Inventories	483	1,027
Property Development Costs	-	75,545
Amount due from customers for contract works	276,709	301,158
Trade and Other Receivables	381,721	531,405
Amount due from Joint Venture	10,588	9,203
Deposits placed with licensed banks	49,690	49,234
Cash and bank balances	124,893	102,253
	844,084	1,069,825
Total Assets	2,132,145	2,248,808
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	924,998	659,642
Reserves	8,675	16,632
Accumulated Profit	214,339	301,675
	1,148,012	977,949
Non-controlling interests	(16,173)	(58,094)
TOTAL EQUITY	1,131,839	919,855
Non-Current Liabilities		
Long Term Borrowings	311,442	306,232
Deferred Tax Liabilities	101	-
	311,543	306,232
Current Liabilities		
Trade and Other Payables	612,984	907,267
Bank borrowings	67,586	102,881
Bank overdraft	8,193	12,573
	688,763	1,022,721
TOTAL EQUITY AND LIABILITIES	2,132,145	2,248,808
No of Ordinary Shares	1,755,167	643,118
Net Assets Per Share attributable to Owners of the parent (RM)	0.65	1.52

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying notes attached to the interim financial statements).

JAKS RESOURCES BERHAD

REGISTRATION NO. 200201017985 (585648-T)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Current Year 12 Months ended 31-Dec-2020 RM'000	Preceding Year 12 Months ended 31-Dec-2019 RM'000
Cash flows from operating activities		
Profit before tax for the year	(106,000)	52,630
Adjustment for:		
Depreciation and amortisation	18,903	15,493
Interest expense	24,917	27,059
Interest income	(485)	(2,463)
Gain on disposal of plant & equipment	(53)	312
Gain on disposal of subsidiary	(89,114)	-
Loss / (Gain) on disposal of investment property	4,968	-
Share of (Profit) / Loss in Joint Venture	(7,568)	37
Impairment Loss on Goodwill	52,000	20,365
Allowance for impairment of receivables	69,507	12,490
Impairment on Investment Property	571	10,399
Unrealised (Gain) / Loss on foreign exchange	(2,501)	(1,858)
Restricted Share plan ("RSP") expenses	17,053	19,742
Provision for liquidated ascertained damages	29,513	37,428
Operating profit before working capital changes	11,711	191,635
(Increase)/Decrease in working capital		
Inventories	-	(29,384)
Amount due from customers for contract works	8,571	199,908
Trade and other receivables	18,554	(47,249)
Property Development Expenditure	(15,523)	-
Trade and other payables	(18,249)	(94,792)
	(6,647)	28,483
Net Cash from/(used) in Operating activities	5,064	220,117
Interest paid	(11,127)	(5,649)
Income tax paid	(1,803)	(2,815)
Net Operating Cash Flow	(7,866)	211,653
Cash flows from investing activities		
Purchase of property, plant & equipment	(31,995)	(84)
Interest received	485	2,463
Proceeds from disposal of property, plant & equipment	53	621
Addition to investment properties	-	(71,038)
Addition to investment in Joint Venture company	(121,775)	(166,024)
Withdrawal / (Placement) of Fixed Deposits	(456)	24,374
Disposal of subsidiary net of cash disposed	(1,058)	-
Net Investing Cash Flow	(154,746)	(209,688)
Cash flows from financing activities		
Net Proceeds from shares issued	-	40,926
Proceeds from Rights Issue	237,622	-
Proceeds from conversion of warrant to share	7,681	-
Interest paid	(13,789)	(21,410)
Drawdown / (Repayment) of short term borrowings	(28,797)	(9,194)
Drawdown (Repayment) of hire purchase liabilities	(102)	(1,549)
Drawdown / (Repayment) of bank term loans	(1,188)	(8,500)
Share issuance expenses	(6,839)	(1,285)
Net Financing Cash Flow	194,588	(1,012)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020. (Cont.)**

	Current Year 12 Months ended 31-Dec-2020	Preceding Year 12 Months ended 31-Dec-2019
	RM'000	RM'000
Net Change in Cash & Cash Equivalents	31,976	953
Cash & Cash Equivalents at beginning of the year	85,976	82,223
Translation Reserve	(4,957)	2,800
Cash & Cash Equivalents at end of the year.	<u>112,995</u>	<u>85,976</u>

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	49,690	49,234
Cash & bank balances	124,893	102,253
Bank overdrafts	(8,193)	(12,573)
	<u>166,390</u>	<u>138,914</u>
Less : Deposit held as security values	(49,690)	(49,234)
Debt service reserves account	(3,705)	(3,705)
	<u>112,995</u>	<u>85,976</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying notes attached to the interim financial statements).

JAKS RESOURCES BERHAD
REGISTRATION NO. 200201017985 (585648-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020.

	Attributable to Equity Holders of the Company							Non-Controlling Interest RM'000	Total Equity RM'000
	Non-Distributable				Distributable				
	Share Capital RM'000	Share Options Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Sub-Total RM'000		
Current Year									
Quarter ended									
31 December 2020.									
Balance as at									
1 January 2020	659,642	2,576	25,607	-	(11,551)	301,675	977,949	(58,094)	919,855
Total Comprehensive Income for the Period	-	-	-	-	-	(80,497)	(80,497)	(43,699)	(124,196)
Foreign currency translation	-	-	-	-	(4,957)	-	(4,957)	-	(4,957)
Issuance of ordinary shares									
LTIP shares ("RSP")	17,053	-	-	-	-	-	17,053	-	17,053
Rights Issue	237,622	-	-	-	-	-	237,622	-	237,622
Issue of Warrants	-	-	197,118	(197,118)	-	-	-	-	-
Exercise of Warrants	10,681	-	(3,000)	-	-	-	7,681	-	7,681
Right issue expenses	-	-	-	-	-	(6,839)	(6,839)	-	(6,839)
Disposal of Subsidiary	-	-	-	-	-	-	-	85,620	85,620
Balance as at									
31 December 2020.	924,998	2,576	219,725	(197,118)	(16,508)	214,339	1,148,012	(16,173)	1,131,839
Preceding Year									
Quarter ended									
31 December 2019									
Balance as at									
1 January 2019	598,974	3,219	25,607	-	(3,796)	194,199	818,203	4,074	822,277
Effect of adopting MFRS 9	-	-	-	-	-	68	68	-	68
Total Comprehensive Income for the Period	-	-	-	-	-	108,050	108,050	(62,168)	45,882
Foreign currency translation	-	-	-	-	(7,755)	-	(7,755)	-	(7,755)
Issuance of ordinary shares									
Private placement	40,926	-	-	-	-	(1,285)	39,641	-	39,641
LTIP shares ("RSP")	19,742	-	-	-	-	-	19,742	-	19,742
Share options granted	-	(643)	-	-	-	643	-	-	-
Balance as at									
31 December 2019	659,642	2,576	25,607	-	(11,551)	301,675	977,949	(58,094)	919,855

(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 2019 and the accompanying notes attached to the interim financial statements).

A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation.

The interim financial statements are unaudited and have 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 2019.

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 2019.

2. Qualification of Audit Report on Financial Statements.

The financial statements of JAKS for the financial year ended 31 December 2019 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.

6. Issuance and Repayment of Debt and Equity Securities.

There was no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the financial period under review and up to date of this report, save as listed below:

a) Rights Issue with Warrants

On 24 September 2020, the shareholders of the Company had resolved to approve the Rights Issue with Warrants, and on 9 October 2020, the Company announced that the entitlement basis for the Rights Issue with Warrants is fixed at 8 Rights Shares together with 4 Warrants for every 5 existing shares held, with the issue price of RM0.22 per Rights Share and the exercise price of the Warrants at RM0.49 per share.

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

On 26 November 2020, the Rights Issue with Warrants was completed with the listing and quotation of 1,080,101,412 Rights Shares and 540,050,650 Warrants on the Official List of Bursa Securities, raising a total proceeds of approximately RM237.62 million.

The status of utilisation of proceeds as at 31 December 2020 is as follows.

Proposed utilisation of proceeds	Proceeds raised RM'000	Utilised as at 31.12.2020 RM'000	Timeframe for utilisation
(i) Subscription of USD30 million ordinary shares in JPP	128,400	61,470	Within 6 months
(ii) Repayment of Bank Borrowings	31,581	31,581	Within 24 months
(iii) Preliminary expenses in relation to venture into new construction projects in Vietnam	10,000	-	Within 36 months
(iv) Future business projects or investments	48,366	25,375	Within 36 months
(v) Working capital	13,675	7,302	Within 36 months
(vi) Estimated expenses for the Right Issue	5,600	5,600	Immediate
	237,622	131,328	

b) Award of Shares under the Restricted Share Plan (Long-Term Incentive Plan)

On 6 October 2020, the Company awarded 19,945,000 ordinary shares (“LTIP shares”) under the Restricted Share Plan (“RSP”) to selected employees / executives of the Company.

7. Dividend.

No dividend has been paid in respect of the financial period under review.

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

8. Segmental Information for the Financial Year Ended 31 December 2020.

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	271,580	(12,737)	535	-	259,378
Inter-Company	10,473	-	213,522	(223,995)	-
	282,053	(12,737)	214,057	(223,995)	259,378
Segment Results	8,577	(70,138)	(62,538)	(56,968)	(181,067)
Other Income					92,416
Loss Before Finance Cost					(88,651)
Finance Cost					(24,917)
Loss After Finance cost					(113,568)
Share of Profit in Joint Venture					7,568
Loss Before Taxation					(106,000)
Taxation					(18,196)
Loss After Taxation					(124,196)
<u>Attributable to:</u>					
Owners of the Company					(80,497)
Non-Controlling Interests					(43,699)
					(124,196)

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

The Group's revenue for the financial year ended 31 December 2020 based on geographical location is presented as follows:

	RM'000
Malaysia	100,309
Vietnam	159,069

Total	259,378
	=====

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 2019.

10. Significant 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 29 September 2020, JAKS Sdn Bhd, a wholly-owned subsidiary of the Company entered into a shares sale and purchase agreement with Island Circle Development (M) Sdn Bhd in relation to the disposal of its entire 510,000 Ordinary Shares, representing 51% of equity interest in JAKS Island Circle Sdn Bhd for a total cash consideration of RM1.00. The disposal was completed in September 2020.

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

12. Changes in Contingent Liabilities.

The changes in contingent liabilities of the Group since 31 December 2019 until 31 December 2020 were as follows: -

	As at 31 Dec 2020 RM'000	As at 31 Dec 2019 RM'000
Bank guarantees issued for execution of contracts of the Company or Subsidiaries company	41,203	61,891
Liquidated and ascertained damages	-	37,428
	----- 41,203 =====	----- 99,319 =====

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 USD22.14 million or RM88.85 million, using exchange rate of USD1 : RM4.013.

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

1. Review of Financial Performance.

a) Revenue

Segment	Current Year Quarter Ended 31/12/2020 RM'000	Preceding Year Quarter Ended 31/12/2019 RM'000	Changes %	Current Year To-date Ended 31/12/2020 RM'000	Preceding Year To-date Ended 31/12/2019 RM'000	Changes %
Construction	46,670	224,517	(79)	271,580	1,027,636	(74)
Property Development & Investment Less Provision for Liquidated ascertained damages ("LAD")	(1,092)	7,745	(114)	16,776	60,788	(72)
	-	(9,855)	(100)	(29,513)	(37,428)	(21)
	<u>(1,092)</u>	<u>(2,110)</u>	<u>(48)</u>	<u>(12,737)</u>	<u>23,360</u>	<u>(155)</u>
Investment Holding & Others	414	67	518	535	741	(28)
Total	45,992	222,474	(79)	259,378	1,051,737	(75)

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

b) Profit / (Loss) Before Taxation

Segment	Current Year Quarter Ended 31/12/2020 RM'000	Preceding Year Quarter Ended 31/12/2019 RM'000	Changes %	Current Year To-date Ended 31/12/2020 RM'000	Preceding Year To-date Ended 31/12/2019 RM'000	Changes %
Construction	(57,991)	26,379	(320)	(28,872)	177,328	(116)
Property Development & Investment	(21,309)	(28,707)	(26)	(104,593)	(87,859)	19
Gain / (Reversal of NCI Gain) on disposal of subsidiary	(85,298)	-	(100)	89,114	-	100
	(106,607)	(28,707)	(271)	(15,479)	(87,859)	82
Investment Holding & Others	(18,859)	(9,448)	(99)	(61,649)	(36,839)	(67)
Total	(183,457)	(11,776)	(1,458)	(106,000)	52,630	(301)

The Group achieved revenue of RM46.0 million for the current quarter ended 31 December 2020, compared to the previous year's corresponding quarter of RM222.5 million. The decrease was mainly due to the lower revenue recognised from the Construction division, in particular from the Vietnam EPC construction works as it had reached the tail end of the project. Correspondingly, the Group recorded a loss before tax RM183.5 million in the current fourth quarter as compared to a loss before tax of RM11.8 million in the preceding year's corresponding quarter.

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

The higher loss before tax for the current quarter was mainly due to:-

- (i) the reduction in revenue by 79% from the previous year's corresponding quarter;
- (ii) impairment provision on goodwill of RM52.0 million;
- (iii) impairment loss on trade and other receivables of RM23.6 million; and
- (iv) re-statement of the gain on disposal of the 51% equity interest in JIC, from RM174.4 million to RM89.1 million, where RM85.3 million is now allocated to the Non-Controlling Interest.

The Construction division contributed a lower revenue of RM46.7 million (Q4 2019: RM224.5 million) and incurred a loss before tax of RM58.0 million (Q4 2019: profit before tax RM26.4 million) in the current quarter under review. The Vietnam EPC construction works contributed to 8% of this division's revenue compared to 74% in the preceding year's corresponding quarter. The local construction works has been adversely affected by various factors including additional MCO related costs, supply chain disruption as well as shortage of subcontractors and materials.

A reversal in revenue of RM1.1 million has been made in the Property Development & Investment division due to the over-recognition in the preceding quarter from the subsidiary, JAKS Island Circle Sdn Bhd ("JIC") that was disposed towards the end of the preceding quarter. In the previous year's corresponding quarter, this division achieved revenue of negative RM2.1 million after provision for liquidated ascertained damages ("LAD") charges of RM9.9 million which was netted off against the gross revenue RM7.7 million achieved on application of the accounting standards, MFRS 15 *Revenue*. This division recorded a higher loss before tax of RM106.6 million as compared to a loss before tax of RM28.7 million in the fourth quarter of 2019. The Property Development & Investment division also had to re-state the gain on disposal of the 51% equity interest in JIC, from RM174.4 million to RM89.1 million, where RM85.3 million is now allocated to the Non-Controlling Interest.

The Investment Holding & Others division recorded a higher loss before tax of RM18.8 million in the quarter under review as compared to a loss before tax of RM9.4 million incurred in the preceding year's corresponding quarter. For the quarter under review, the Company had issued share grants under the Restricted Share Plan and this resulted in share grant expenses of RM17.1 million in fourth quarter of 2020.

For the financial year ended 31 December 2020, the Group achieved revenue of RM259.4 million and a loss before tax of RM106.0 million as compared to the preceding year's revenue of RM1,051.7 million and a profit before tax of RM52.6 million.

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

The current year's revenue was 75% lower than the previous year as the revenue of both the Construction division and Property Development & Investment division dropped by 74% and 72% respectively. The Vietnam EPC construction works had contributed revenue of RM817.6 million in the previous year and for the current year, since the project is at the tail end, substantially lower revenue of RM159.1 million was recognised.

The current year's losses in the Group were mainly attributed by the lower revenue, impairment of goodwill of RM52.0 million, impairment loss on trade and other receivable of RM69.5 million and LAD of RM29.5 million. These expenses were offset to some extent by the recognition of RM89.1 million gain arising from the disposal of the 51% equity interest in JIC.

2. Variation of Results against Preceding Period.

	Current Year Quarter 1/10/20-31/12/20 <u>RM'000</u>	Immediate Preceding Quarter 1/7/20 – 30/9/20 <u>RM'000</u>	Changes <u>%</u>
Revenue	45,992	63,162	(27)
Profit / (Loss) before tax	(183,457)	102,676	(279)

The Group achieved RM46.0 million revenue for the current quarter, compared to revenue of RM63.2 million in the preceding quarter ended 30 September 2020. The Group recorded a loss before tax of RM183.5 million in the current quarter compared to a profit before tax of RM102.7 million in the preceding quarter ended 30 September 2020. In the immediate preceding quarter, the Group recognised Other income of RM174.4 million for the disposal of a subsidiary. This is now revised to reflect the RM85.3 million belonging to the Non-Controlling Interest. With this re-statement, the net one-off gain is revised to RM89.1 million. Impairment of RM52.0 million for goodwill and trade and other receivable of RM23.6 million were charged to this current quarter.

3. Prospects

The year 2020 was very much impacted by COVID-19 pandemic and the various Movement Control Orders ("MCO") where the Malaysian economy contracted by 5.6%. With the expected roll-out of vaccines in 2021, it is hoped that we will start to see a swift economic recovery.

The commercial operation of the first unit of the JAKS Hai Duong Power Plant in Vietnam had commenced towards the end of fourth quarter of 2020 and the second unit had commenced commercial operation in the January 2021, ahead of the scheduled completion. With the completion of the Power Plant, going forward, the

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

Group will then be able to generate recurrent concession earnings from the power generation to cover the depletion from the EPC construction works there. The earnings from the power generation is expected to be the main contributor to the profits in the financial year 2021.

The Group has been shortlisted by the Energy Commission of Malaysia in the bid to develop the new large scale solar photovoltaic plants (“LSS4”) in Peninsular Malaysia for Package P2 (50MW). This marks a significant step in the Group’s strategic focus in the Renewable Energy sector. The Group continues to work on growth prospects and identifying opportunities particularly in the Power & Energy sector.

Whilst the construction works for the Vietnam EPC project will taper down with the commissioning of the second unit of the power plant, the Group expects the Construction division continue to contribute positively to the Group. The Group is actively bidding and/ or negotiating for new construction projects by selectively targeting higher margin projects to replenish its order book for the local construction division.

The outlook for the Group’s investment properties remains challenging following the reinstatement of movement control order (MCO) in January 2021 in the Klang Valley on the back of resurgence of COVID-19 transmission. The uncertainties surrounding the roll-out of vaccine and prolonged restrictive movements are expected to further delay the recovery for the Evolve Concept Mall in Ara Damansara, Selangor and the Pacific Towers Business Hub in Section 13, Petaling Jaya, Selangor. Nevertheless, the Group is consistently exploring various options and initiatives to revamp and rejuvenate the Mall and Business Hub to improve its occupancy rate and rental yield.

Barring any unforeseen circumstances, the Group is cautiously optimistic of the future prospects.

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 31 Dec 2020 RM’000	Year-to-date Ended 31 Dec 2020 RM’000
Taxation	16,079	18,196
	=====	=====

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

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 effective tax rate was lower as most of the Group's profit generated were derived from the Vietnam operations with low tax rate of 1% to 2%.

There is an additional tax of RM15.6 million charged out in the last quarter of 2020 for taxes under provided previously.

6. Group Borrowings.

Group borrowings as at 31 December 2020 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	67,586	-	67,586
Overdraft	8,193	-	8,193
Long term borrowings	311,442	-	311,442
	<hr/>	<hr/>	<hr/>
Total	387,221	-	387,221
	=====	=====	=====

7. Notes to the statement of comprehensive income.

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

	Year-to-date Ended 31 Dec 2020 RM'000
<u>Expenses</u>	
Interest Expense	24,917
Depreciation and Amortisation	18,903
Liquidated and ascertained damages provision	29,513
Allowance for impairment of receivables	69,507
Impairment loss of goodwill	52,000
Impairment loss of investment property	571
Share grant plan expenses	17,053
Loss on disposal of investment property	4,968
<u>Income</u>	
Interest Income	485
Gain on disposal of subsidiary	89,114
Share of result of joint venture	7,568
Unrealised gain on foreign exchange	2,501
Gain on disposal of plant & equipment	53

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

8. Material Litigation.

(a) Star Media Group Berhad (“STAR”) Claim

The Star Media Group Berhad (“STAR”) had on 30 April 2019 served a Writ of Summons and Statement of Claims against the Company claiming that the Company as corporate guarantor to JAKS Island Circle Sdn Bhd (“JIC”) is liable for JIC’s purported default of obligations under the Sale and Purchase Agreement (“SPA”) dated 19 August 2011 executed by STAR with JIC. The claim is for specific relief and damages for the total amount of RM177.7 million. On 27 May 2019, the Company also filed its Defence and Counterclaim.

On 01.08.2019, STAR had filed an application pursuant to Order 14A, Order 18 and Order 81 of the Rules of Court 2012 (“**ROC**”) to have their claim decided based on question of law and/or construction of orders and grounds of judgement which they have previously obtained.

On 7 August 2020, the Company announced that the High Court has allowed STAR’s application in part and ruled that the Company is to pay damages to STAR, being late payment interest at the rate of 8% per annum on the Balance Purchase Price of RM134,500,000 from 25 October 2015 to 6 July 2020.

The Company was further advised by its solicitors that in delivering the High Court’s decision: -

1. the High Court did not allow STAR’s claim for payment of RM134,500,000 being the Balance Purchase Price;
2. the High Court was of the view that delivery of the STAR’s entitlement as defined in the Sale and Purchase Agreement dated 19 August 2011, had occurred on 6 July 2020;
3. the High Court did not allow any late payment interest on the Balance Purchase Price thereafter from 6 July 2020
4. STAR’s claim and the Company’s counterclaim had been disposed by the High Court.

Accordingly, the Company’s counterclaim was struck out.

The Company filed for an appeal to the Court of Appeal against the decision of the High Court on 7 August 2020. Similarly, STAR also appealed to the Court of Appeal against the decision of the High Court on 7 August 2020. Upon counsel’s advice, the parties have agreed for both appeals to be heard on 27 July 2021.

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

(b) Claim against STAR at Kuala Lumpur High Court

On 30 May 2019, the Company and JIC filed a claim against STAR at the Kuala Lumpur High Court for breach of the Sale and Purchase Agreement dated 19 August 2011 on the following reliefs:

- a declaration that the Completion Period for JIC to deliver STAR's entitlement under the SPA is on 20 June 2020;
- a declaration that STAR has breached SPA;
- a declaration that STAR is unjustly enriched;
- the sum of RM248,242,987.62 to be paid to JIC as liquidated ascertained damages;
- the sum of RM297,035,481 to be paid to JRB as loss of proceeds from corporate fund raising exercises;
- the sum of RM50,000,000 together with all interests and all related costs incurred thereto pursuant to the Bank Guarantee that is to be refunded and/or returned to JIC within 7 days from the date of the Court Order, and
- damages.

Similarly, STAR had filed an application pursuant to Order 14A and Order 18 Rule 19 of the ROC to have Company's claim decided based on question of law and/or construction of orders and grounds of judgement which they have previously obtained.

On 28 September 2020, the High Court dismissed the application filed by STAR. STAR had appealed against the decision dated 28 September 2020.

By consensus of the parties, the appeal will be heard together with the two appeal(s) lodged by the Company and Star against the decision of the High Court dated 7 August 2020 on 27 July 2021.

9. Dividend

No dividend has been declared for the quarter under review.

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

10. Earnings / (Loss) Per Ordinary Share

The earnings per share has been calculated based on the Group's profit / (loss) 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 Quarter Ended 31/12/20 RM'000	Preceding Year Quarter Ended 31/12/19 RM'000	Current Year To-date Ended 31/12/20 RM'000	Preceding Year To-date Ended 31/12/19 RM'000
a) <u>Basic Earnings/(Loss) Per Share</u>				
Profit/(Loss) for the period attributable to owners of the Company	(103,188)	17,181	(80,497)	108,050
Weighted average Number of Share in issue (RM1.00 each)	784,003	615,531	784,003	615,531
Basic Earnings / (Loss) Per Share (sen)	(13.16)	2.79	(10.28)	17.55
b) <u>Diluted Earnings/(Loss) Per Share</u>				
Profit/(Loss) for the period attributable to owners of the Company	(103,188)	17,181	(80,497)	108,050
Weighted average Number of Share in issue (RM1.00 each)	784,003	615,531	784,003	615,531
Effect of dilution due to issuance of shares	241,821	22,485	241,821	22,485
Adjusted weighted average Number of Share in issue applicable to diluted Earnings/(Loss) per share (RM1.00 each)	1,025,824	638,016	1,025,824	638,016
Earnings/(Loss) Per Share (sen)	(10.06)	2.69	(7.85)	16.94

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

11. Status of the Corporate Exercise

There were no corporate proposals announced but not completed as at the date of this report.

12. Authorisation for issue.

The interim financial statements were authorised for issue by the Board of Directors on 26 March 2021.