

JAKS RESOURCES BERHAD
(COMPANY NO. 585648-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

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 2016.

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Year Quarter ended 30-Jun-2016	Preceding Year Quarter ended 30-Jun-2015	Current Year To-date ended 30-Jun-2016	Preceding Year To-date ended 30-Jun-2015
	RM'000	RM'000	RM'000	RM'000
Revenue	159,129	88,265	281,936	200,096
Cost of Sales	(138,249)	(65,363)	(240,852)	(152,791)
Gross Profit	20,880	22,902	41,084	47,305
Other Operating Income	4,749	495	4,922	983
Other Operating, Administrative, Selling and Distribution expenses	(11,458)	(11,058)	(25,684)	(24,139)
Operating Profit before finance cost	14,171	12,339	20,322	24,149
Finance cost	(6,563)	(3,905)	(12,628)	(7,474)
Operating Profit after finance cost	7,608	8,434	7,694	16,675
Share of Profit in Joint Venture	-	-	156	-
Profit Before Taxation	7,608	8,434	7,850	16,675
Taxation	(1,353)	(3,171)	(2,773)	(5,809)
Net Profit/(Loss) For The Period	6,255	5,263	5,077	10,866
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Loss) for the Period	6,255	5,263	5,077	10,866
<u>Total Comprehensive Income/(Loss) for the Period</u>				
<u>Attributable to:</u>				
Owners of the Company	9,832	3,261	10,903	6,333
Non-Controlling Interests	(3,577)	2,002	(5,826)	4,533
	6,255	5,263	5,077	10,866
Earnings Per Share attributable to Owners of the Company (sen):				
- Basic	2.24	0.74	2.49	1.44
- Diluted	N/A	N/A	N/A	N/A

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 2015 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 2016.

	(Unaudited) As At End Of Financial Period End 30-Jun-2016 RM'000	(Audited) As At End Of Financial Year End 31-Dec-2015 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	18,743	19,855
Investment properties	446,120	450,482
Investment in Joint Venture	128,297	62,090
Golf Club memberships	350	350
Goodwill on Consolidation	148,501	148,501
Deferred Tax Assets	7,422	7,422
Land held for Development	39,032	38,879
	<u>788,465</u>	<u>727,579</u>
Current Assets		
Inventories	7,615	9,186
Property Development Costs	304,001	301,840
Amount due from customers for contract works	89,341	68,566
Trade and Other Receivables	136,095	136,221
Amount due by Joint Venture	32,765	151,151
Deposits placed with licensed banks	62,360	41,370
Cash and bank balances	26,048	46,048
	<u>658,225</u>	<u>754,382</u>
Asset classified as held for sale	3,058	3,249
Total Assets	<u>1,449,748</u>	<u>1,485,210</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	438,361	438,361
Share Premium	8,369	8,369
Accumulated Profit / (Losses)	65,285	54,382
	<u>512,015</u>	<u>501,112</u>
Non-controlling interests	89,087	94,913
TOTAL EQUITY	<u>601,102</u>	<u>596,025</u>
Non-Current Liabilities		
Long Term Borrowings	299,813	326,216
Deferred Tax Liabilities	227	227
	<u>300,040</u>	<u>326,443</u>
Current Liabilities		
Trade and Other Payables	335,202	330,286
Tax Payable	1,664	2,110
Bank borrowings	137,051	145,694
Bank overdraft	74,689	84,652
	<u>548,606</u>	<u>562,742</u>
TOTAL EQUITY AND LIABILITIES	<u>1,449,748</u>	<u>1,485,210</u>
Net Assets Per Share attributable to Owners of the parent (RM)	<u>1.17</u>	<u>1.14</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 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 2016.

	Current Year 6 Months ended 30-Jun-2016 RM'000	Preceding Year 6 Months ended 30-Jun-2015 RM'000
Cash flows from operating activities		
Profit before tax for the period	7,850	10,866
Adjustment for:		
Depreciation and amortisation	6,558	1,899
Taxation	-	5,809
Interest expense	12,735	8,136
Interest income	(107)	(662)
Loss / (Gain) on disposal of property, plant & equipment	9	-
Allowance for doubtful debts no longer required	(4,489)	-
Share of Profit in Joint Venture	(156)	-
Unrealised Loss / (Gain) on foreign exchange	806	-
Operating profit before working capital changes	<u>23,206</u>	<u>26,048</u>
(Increase)/Decrease in working capital		
Inventories	1,571	9,970
Amount due from customers for contract works	(16,286)	(9,696)
Trade and other receivables	22	(2,670)
Amount refund from Joint Venture company	52,334	-
Property Development Expenditure	(2,161)	(27,243)
Trade and other payables	4,110	14,183
Land held for property development	(153)	(201)
	<u>39,437</u>	<u>(15,657)</u>
	62,643	10,391
Interest paid	(7,002)	(6,184)
Interest received	107	662
Income tax paid	(3,115)	(2,274)
Net Operating Cash Flow	<u>52,633</u>	<u>2,595</u>
Cash flows from investing activities		
Net Movement in Development expenditure	-	(11,796)
Purchase of property, plant & equipment	(433)	(2,477)
Proceeds from disposal of property, plant & equipment	53	-
Addition to investment properties	(712)	(69,084)
Addition to asset classified as held for sale	191	-
Cash outflow arising from disposal of subsidiaries	-	(636)
Net Investing Cash Flow	<u>(901)</u>	<u>(83,993)</u>
Cash flows from financing activities		
Interest paid	(5,733)	(1,952)
Drawdown / (Repayment) of short term borrowings	(1,903)	(14,179)
Drawdown (Repayment) of hire purchase liabilities	(1,057)	(122)
Drawdown / (Repayment) of bank term loans	(32,086)	(1,919)
Withdrawal / (Placement) of Fixed Deposits	(20,990)	18,224
Net Financing Cash Flow	<u>(61,769)</u>	<u>52</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016. (Cont.)**

	Current Year 6 Months ended 30-Jun-2016 RM'000	Preceding Year 6 Months ended 30-Jun-2015 RM'000
Net Change in Cash & Cash Equivalents	(10,037)	(81,346)
Cash & Cash Equivalents at beginning of the year	(48,469)	24,424
Cash & Cash Equivalents at end of the period.	(58,506)	(56,922)

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	62,360	73,858
Cash & bank balances	26,048	21,994
Bank overdrafts	(74,689)	(77,770)
	13,719	18,082
Less : Deposit held as security values	(62,360)	(73,858)
Debt service reserves account	(9,865)	(1,146)
	(58,506)	(56,922)

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 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 2016.

	Attributable to Equity Holders of the Company				Non-Controlling Interest RM'000	Total Equity RM'000
	Non-Distributable		Distributable	Sub-Total RM'000		
	Share Capital RM'000	Share Premium RM'000	Retained Earnings/ (Accumulated Losses) RM'000			
Current Year to-date ended 30 June 2016.						
Balance as at 1 January 2016	438,361	8,369	54,382	501,112	94,913	596,025
Total Comprehensive Income for the Year	-	-	10,903	10,903	(5,826)	5,077
Balance as at 30 June 2016.	438,361	8,369	65,285	512,015	89,087	601,102
Preceding Year to-date ended 30 June 2015.						
Balance as at 1 January 2015	438,361	8,369	12,915	459,645	89,218	548,863
Total Comprehensive Income for the Year	-	-	6,333	6,333	4,533	10,866
Balance as at 30 June 2015.	438,361	8,369	19,248	465,978	93,751	559,729

(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 2015 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 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 year ended 31 December 2015.

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 2015, except for the adoption of the relevant new FRSs, amendments to FRSs and IC Interpretations that are effective and not yet adopted. The adoption of the new FRSs, amendments to FRSs and IC Interpretations does not have any material impact on the financial position and results of the Group.

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new 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 and/or IC Interpretation 15 Agreements for Construction of Real Estate*, including the entities parent, significant investor and venturer (referred to as “Transitioning Entities” collectively).

On 8 September 2015, MASB confirmed the effective date of MFRS 15 Revenue from Contracts with Customer will be deferred to annual periods beginning on or after 1 January 2018. However, early application of MFRS 15 is still permitted. MFRS 15 was issued in September 2014 with the original effective date of 1 January 2017.

The Company falls within the scope definition of Transitioning Entities and accordingly, will prepare its first set of MFRSs financial statements for the financial year ending 31 December 2018.

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

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 year ended 31 December 2015 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 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 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 2016.

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 & Manufacturing RM'000	Investment RM'000	Elimination RM'000	Total RM'000
REVENUE						
External Revenue	200,265	70,595	11,076	-	-	281,936
Inter-Company	62,063	-	3,532	3,000	(68,595)	-
	262,328	70,595	14,608	3,000	(68,595)	281,936
Segment Results	21,551	(5,407)	1,928	(2,672)		15,400
Other Income						4,922
Finance Cost						(12,628)
Profit After Finance cost						7,694
Share of Profit in Joint Venture						156
Profit before Taxation						7,850
Taxation						(2,773)
Loss After Taxation						5,077
<u>Attributable to :</u>						
Owners of the Company						10,903
Non-Controlling Interests						(5,826)
						5,077

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 2015.

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.

12. Changes in Contingent Liabilities.

The changes in contingent liabilities of the Group since 31 December 2015 until 30 June 2016 were as follows: -

	As at 30 Jun 2016 RM'000	As at 31 Dec 2015 RM'000
Bank guarantees issued for - execution of contracts of the Company or Subsidiaries company	224,875	209,497
Guarantees given to suppliers Of goods for credit terms granted to subsidiaries	2,000	2,000
	----- 226,875 =====	----- 211,497 =====

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 RM444.08 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 RM159.1 million for the current quarter ended 30 June 2016, an increase of approximately 80% from the previous year's corresponding quarter of RM88.3 million. The current quarter's revenue was contributed mainly by the Construction division of RM120.7 million and Property Development division of RM33.6 million following the progress billings achieved, in particular RM48.0 million from the Vietnam EPC construction revenue coming on stream. The Trading and Manufacturing divisions generated revenue of RM4.8 million in the quarter under review.

On the back of an 80% increase in its revenue, the Construction division achieved a higher profit before tax of RM12.6 million compared to RM4.8 million in the second quarter of 2015. The Trading and Manufacturing divisions revenue was lower but these divisions managed to improve its profitability from the loss before tax of RM413,000 in the second quarter of 2015 to a profit before tax of RM674,000 this second quarter with the rationalisation of the manufacturing division and better margin from the trading activities. In the second quarter of 2016, the Property Development division's revenue had improved by 174% on the back of higher unbilled sales recognition. However, a loss before tax of RM7.1 million was incurred in the quarter under review as the operating and financing expenses for the Property Development division was higher. With the EVOLVE mall in full operation during the quarter, there was also higher depreciation charges.

Although the overall revenue in the quarter under review was higher than the previous year's corresponding quarter, the Group achieved a lower profit before tax of RM7.6 million as compared to the profit before tax of RM8.4 million in the preceding year's corresponding quarter as the higher profits of the Construction division was dragged down by the loss incurred by the Property Development division.

2. Variation of Results against Preceding Period.

	Current Year Quarter 1/4/16-30/6/16 RM'000	Immediate Preceding Quarter 1/1/16 – 31/3/16 RM'000
Revenue	159,129	122,807
Profit before tax	7,608	242

The Group's achieved RM159.1 million revenue for the current quarter, an increase of 30% from the revenue of RM122.8 million in the preceding quarter ended 31 March 2016. The increase in revenue was mainly due to recognition of the progress works from the Vietnam EPC construction revenue coming on stream for the current quarter. This had improved the profit before tax in the current quarter under review.

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

3. Prospects.

With the existing order book in hand on jobs from the domestic market and construction jobs that would be coming on-stream from the Vietnam venture, the Group's Construction division is expected to perform satisfactorily as the progress of work moves according to schedule.

However, the property market remains challenging on the back of the slower economic momentum, due to the weaker purchasing sentiment post-GST, coupled with the tighter lending from banks that impacts both the sales of commercial and residential units of the Property Development division.

Barring any adverse developments, the Group will endeavor to achieve satisfactory performance in 2016.

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 2016 RM'000	Period-to-date Ended 30 Jun 2016 RM'000
<u>Taxation</u>		
Current Year	1,353	2,773

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.

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 2016 including interest denominated in Ringgit Malaysia are as follows: -

	<u>Secured</u> RM'000	<u>Unsecured</u> RM'000	<u>Total</u> RM'000
Short term borrowings	137,051	-	137,051
Overdraft	74,689	-	74,689
Long term borrowings	299,813	-	299,813
Total	<u>511,553</u>	<u>-</u>	<u>511,553</u>

7. Realised and Unrealised Profit or Loss.

The breakdown of the Group's retained profits as at 30 June 2016 into realised and unrealised profits are as follows:

	As At 30 Jun 2016 RM'000	As At 31 Dec 2015 RM'000
Retained profits		
- Realised	64,706	53,803
- Unrealised	579	579
	<u>65,285</u>	<u>54,382</u>

8. Notes to the statement of comprehensive income.

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

<u>Expenses</u>	Current Period-to-date 30 Jun 2016 RM'000
Interest Expense	12,735
Depreciation and Amortisation	6,558
Unrealised loss on foreign exchange	806
<u>Income</u>	
Interest Income	(107)
Allowance for doubtful debts no longer required	(4,489)

JAKS RESOURCES BERHAD (Company No. 585648-T)

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

9. 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.

10. Dividend

No dividend has been declared for the quarter under review.

11. 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 30/6/16 RM'000	Preceding Year Ended 30/6/15 RM'000	Current Year Ended 30/6/16 RM'000	Preceding Year Ended 30/6/15 RM'000
Profit for the period attributable to owners of the Company	9,832	3,261	10,903	6,333
Weighted average Number of Share in issue (RM1.00 each)	438,361	438,361	438,361	438,361
Basic Earnings Per Share (sen)	2.24	0.74	2.49	1.44

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.

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

12. 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 13 April 2016, the Company announced to undertake the following proposals:-

- (a) to terminate the Company's existing Employees' Share Option Scheme; and
- (b) to establish and implement a new long-term incentive plan of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time for the Directors and employees of JRB and its subsidiaries, who meet the criteria of eligibility for participation ("Eligible Person(s)"), comprising the following:
 - a share option scheme which will entitle the Eligible Persons, upon exercise, to subscribe for new ordinary shares of RM1.00 each in JRB ("JRB Shares") at a specified future date at a pre-determined price; and
 - a share grant scheme comprising the restricted share plan and performance share plan which entitles the Eligible Persons to receive new fully paid JRB Shares.(Collectively, referred to as Proposed Long Term Incentive Plan ("LTIP"))

Bursa Securities had vide its letter dated 4 May 2016, approved the listing and quotation for such number of new JRB Shares, representing up to fifteen percent (15%) of the issued and paid-up ordinary share capital of JRB (excluding treasury shares), to be issued pursuant to the Proposed LTIP subject to the following conditions:-

- RHB Investment Bank is required to submit a confirmation to Bursa Securities of full compliance of the Proposed LTIP pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting.
- JRB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of LTIP Shares listed as at the end of each quarter together with a detailed computation of the listing fees payable.

The Proposed LTIP obtained the shareholders' approval of the Company at an Extraordinary General Meeting convened on 28 June 2016. On 5 July 2016, the confirmation was submitted to Bursa that the effective date for the implementation of the LTIP has been fixed on 5 July 2016, being the date of full compliance of the LTIP. As at end of 30 June 2016, there was no LTIP allocation yet.

13. Authorisation for issue.

The interim financial statements were authorised for issue by the Board of Directors on 22 August 2016.