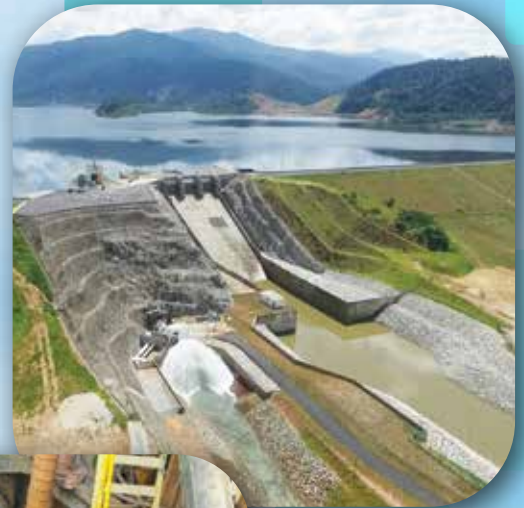




# JAKS RESOURCES BERHAD

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Sustaining  
Growth



2015 annual report



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## ***JAKS at a Glance***

The business of JAKS was started by our founder Datuk Ang Ken Seng in the 60's from the humble beginning as a plumber providing services to residential premises. With the aim to be a major player in the water reticulation works, Datuk Ang later incorporated JAKS Sdn Bhd (formerly known as Ang Ken Seng & Sons Sdn Bhd) in 1987, which eventually became the core business and subsidiary of JAKS Resources Berhad (JAKS) for its listing on the Main Market of Bursa Malaysia on 1 July 2004.

JAKS' group of companies is primarily engaged in water supply and infrastructure construction projects, manufacturing, supply and trading of mild steel pipes, steel pipes and other steel related products. From there, the Group expanded its construction activities to cover property construction in recent years. With the experience and skills gained in the construction business, the Group has moved into property development of mixed residential and commercial development projects namely the strategically located projects at Ara Damansara and at Section 13 in Petaling Jaya.

On the international front, the Group is diversifying into power and other large scale infrastructure projects. The strategy to invest overseas is to provide a safeguard against any adverse effects of cyclical local business activities especially in the manufacturing and construction activities.





## *Our Vision*

**"To be a leader in the integrated water resources management industry by providing a comprehensive range of services including designing, supplying, pipe laying, construction of water related infrastructures and moving forward to become a leading construction, property and project development company."**

The Group initially commenced operations as a water supply contractor and other water related works but advanced into pipe laying and reservoir construction works. Over the years, we have built a consistent record for quality and dependability in the design and construction activities. Besides the core operations, our trading operations are also actively involved in the infrastructure projects, construction and development activities.

Today, our extensive expertise and experience enable us to adopt and implement solutions to meet our customers' specific requirements. We will use our competitive strengths and continue to strive for greater growth by seizing the opportunities of tomorrow.

The Group will continue its drive to become the leading construction and property development company by consistently delivering projects that meet the industry standards requirements in relation to quality, timeliness, safety and environmental concerns. The Group will also continue to pursue investments opportunities including power project development in the region.

## *Our Mission*

- To provide total customer satisfaction by providing cost effective, quality products and services on a timely basis.
- To fully utilise integrated technology and information systems to improve operational processes to ensure a sustainable and competitive advantage.
- To optimise shareholders' wealth by continuously exploring new business opportunities while strengthening and expanding current core businesses with good corporate governance and prudent risk management.
- To build a dynamic, innovative and competent workforce through teamwork and commitment to excel.
- To build strategic alliance with our consultants, contractors, suppliers and other business associates for further growth and expansion.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Tan Sri Datuk Hussin Bin Haji Ismail** (Chairman)  
(Independent Non-Executive Director)

**Ang Lam Poah**  
(Chief Executive Officer)

**Dato' Razali Merican Bin Naina Merican**  
(Executive Director)

**Ang Lam Aik**  
(Executive Director)

**Dato' Azman Bin Mahmood**  
(Independent Non-Executive Director)

**Liew Jee Min @ Chong Jee Min**  
(Independent Non-Executive Director)

### SECRETARY

**Leong Oi Wah** (MAICSA 7023802)

### REGISTERED OFFICE

802, 8th Floor  
Block C, Kelana Square  
17, Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel No : 603-7803 1126  
Fax No : 603-7806 1387

### REGISTRARS

**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  
Wilayah Persekutuan  
Tel No : 603 -27839299  
Fax No : 603 -27839222

### AUDITORS

**ECOVIS AHL PLT**  
AF 001825  
Chartered Accountants  
No. 9-3, Jalan 109F  
Plaza Danau 2  
Taman Danau Desa  
58100 Kuala Lumpur

### PRINCIPAL PLACE OF BUSINESS

Lot 526, Persiaran Subang Permai  
Sungai Penaga Industrial Park, USJ 1  
47600 Subang Jaya  
Selangor Darul Ehsan  
Tel No : 603-5633 1988  
Fax No : 603-5633 3571  
Website : www.jaks.com.my

### PRINCIPAL FINANCIERS

United Overseas Bank (Malaysia) Berhad  
Malayan Banking Berhad  
Great Eastern Life Assurance (Malaysia) Berhad  
AmBank (M) Berhad  
Bangkok Bank Berhad  
Hong Leong Bank Berhad

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market)  
Stock Name : JAKS  
Stock Code : 4723

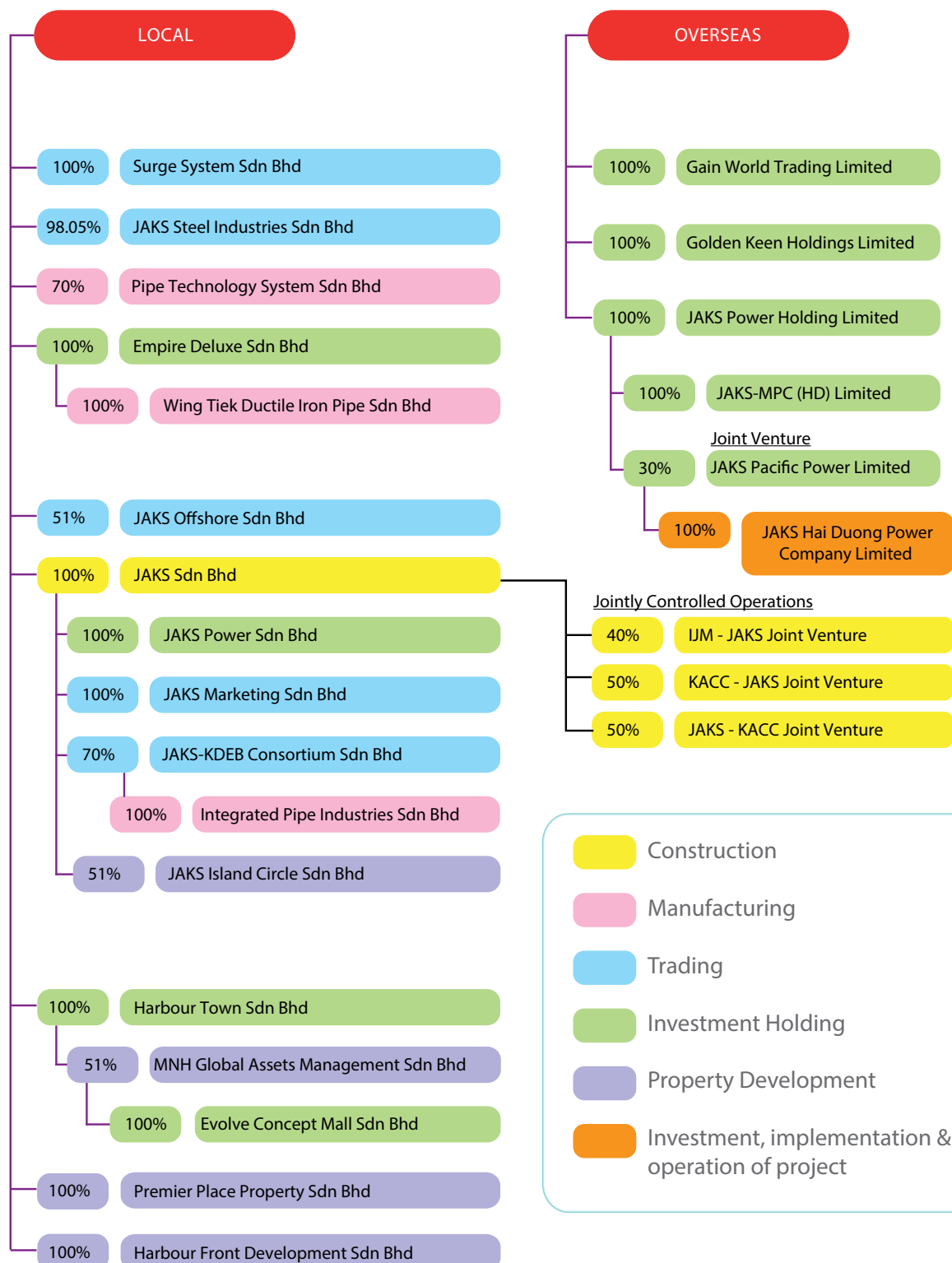


# CORPORATE STRUCTURE



**JAKS RESOURCES BERHAD**

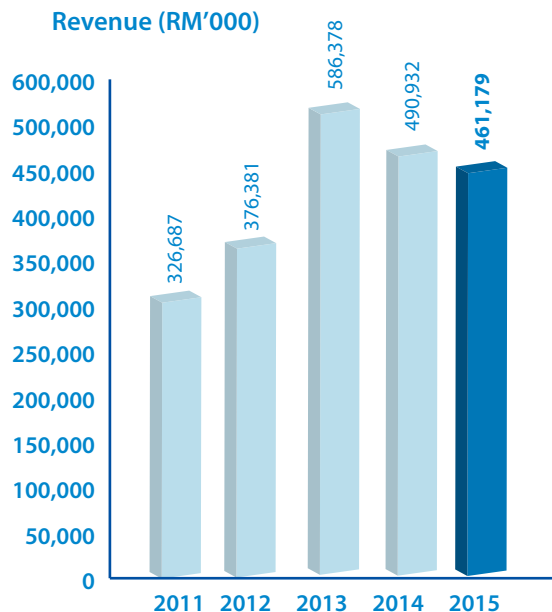
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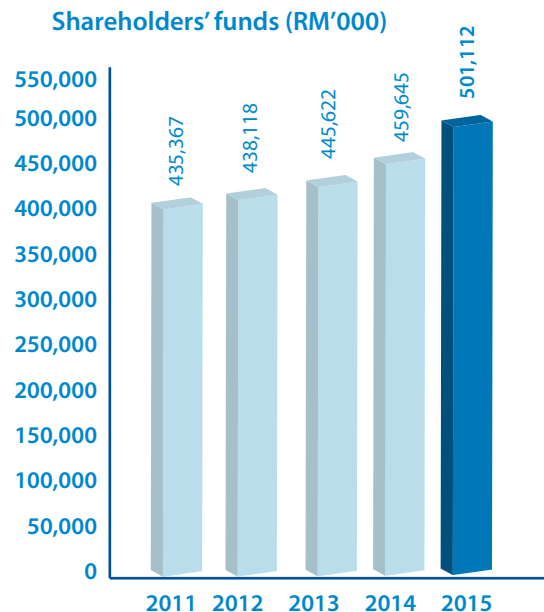
## 5 YEARS FINANCIAL HIGHLIGHTS

Group Five Years Summary	<u>12 Months Year</u> <u>Ended 31 October</u>		<u>14 Months</u> <u>Period</u> <u>Ended</u> <u>December</u> <u>2013</u>	<u>12 Months</u> <u>Year</u> <u>Ended</u> <u>December</u> <u>2014</u>	<u>12 Months</u> <u>Year</u> <u>Ended</u> <u>December</u> <u>2015</u>
	2011	2012			
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	326,687	376,381	586,378	490,932	461,179
Profit / (Loss) before tax	(19,238)	8,223	19,783	54,316	55,282
Profit / (Loss) attributable to owners of the Company	(22,896)	2,751	7,503	14,024	41,467
Paid up Capital	438,361	438,361	438,361	438,361	438,361
Shareholders' funds	435,367	438,118	445,622	459,645	501,112
Net assets per share (RM)	0.99	1.00	1.02	1.05	1.14

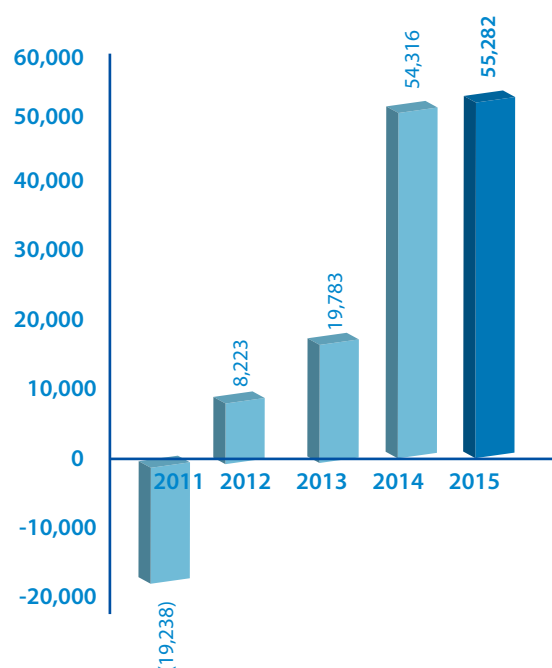
Revenue (RM'000)



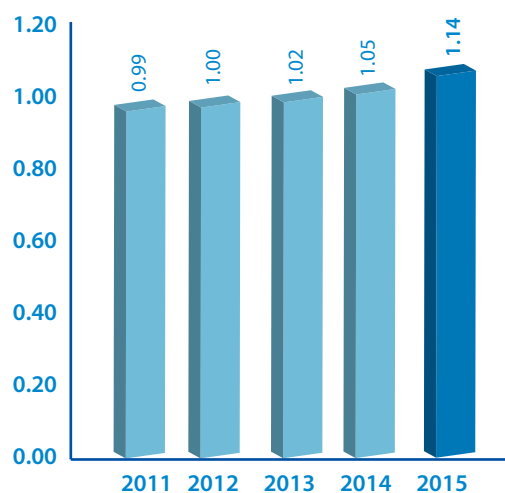
Shareholders' funds (RM'000)



Profit / (Loss) before tax (RM'000)



Net assets per share (RM)



## BOARD OF DIRECTORS



### TAN SRI DATUK HUSSIN BIN HAJI ISMAIL

A Malaysian, aged 63, was appointed to the Board on 28 June 2011 as an Independent Non-Executive Director of the Company and on 24 September 2012, he was appointed the Chairman of the Company. He is a member of Audit Committee, Remuneration Committee and Nomination Committee.

Tan Sri Hussin holds a Diploma in Police Science from Universiti Kebangsaan Malaysia and is a former Deputy Inspector General of Police in Royal Malaysian Police (RMP). His excellent achievements are attributed to 39 years of working experience in various senior positions in RMP. The exposure of managing at various levels in RMP are added values to extensive policing knowledge and skills which have further enhanced personal capabilities and credibility in managing the force in the higher position. Tan Sri Hussin is also a member of the Police Force Commission appointed by SPB Yang Di-Pertuan Agong in 2013 and the Deputy Chairman of Yayasan Pengaman Malaysia.

Tan Sri Hussin also sits on the board of Tecnic Group Berhad and EP Manufacturing Berhad, both public companies listed on the Main Market of Bursa Malaysia Securities Berhad.

Tan Sri Hussin does not have any family relationship with any other Director and/or major shareholder of the Company and has no other conflict of interest with the Company. He has no convictions for offence within the past ten years.



### ANG LAM POAH

A Malaysian, aged 48 was appointed to the Board on 23 December 2003. He is the Chief Executive Officer of the Company. He is a member of the Remuneration Committee.

He holds a Diploma in Business Administration from Toronto School of Business. Upon obtaining his diploma in 1990, he started his career in JAKS.

He has been actively involved in the day-to-day operations and management of the water construction projects and properties construction activities undertaken by JAKS upon his graduation. Apart from the water and properties construction activities, he has also been involved in setting up companies manufacturing mild steel pipes and manufacturing common clay bricks. He also holds directorships in several other private limited companies.

Ang Lam Poah is the brother to the Director, Ang Lam Aik. Save as disclosed, he does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past ten years.



### DATO' RAZALI MERICAN BIN NAINA MERICAN

A Malaysian, aged 45 was appointed to the Board on 23 December 2003. He is an Executive Director of the Company.

He has been actively involved in business after the completion of his University degree in 1995. Since then, he has acquired extensive experience and expertise especially in water and properties construction and steel manufacturing.

Dato' Razali does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past ten years.



## Board Of Directors (cont'd)



### ANG LAM AIK

A Malaysian, aged 42, was appointed to the Board on 23 December 2003. He is an Executive Director of the Company.

He holds a Diploma in Computer Science from Canada and has been involved in project management and construction related fields since 1995.

Ang Lam Aik is the brother to the Director/Chief Executive Officer, Ang Lam Poah. Save as disclosed, he does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past ten years.



### DATO' AZMAN BIN MAHMOOD

A Malaysian, aged 64, was appointed to the Board as Director on 23 December 2003. He is an Independent Non-Executive Director of the Company and the Chairman of the Audit Committee as well as the Nomination Committee.

Dato' Azman is a member of the Institute of Chartered Accountants in England and Wales. He has vast experience working in a number of auditing firms in London and Johor Bahru, Malaysia.

He joined Kumpulan Perangsang Selangor Berhad in 1983 and left in 1990 to become the Managing Director of Worldwide Holdings Berhad, a public listed company in Bursa Malaysia Securities Berhad until 1996.

Presently, Dato' Azman is the Executive Chairman of Fine Access Sdn Bhd, a company involved with property development and the Chairman of Cocoland Holdings Berhad, a food confectionary manufacturer listed on the Main Market of Bursa Malaysia Securities Berhad.

Dato' Azman does not have any family relationship with any other Director and/or major shareholder and has no conflict of interest with the Company. He has no convictions for offence within the past ten years.



### LIEW JEE MIN @ CHONG JEE MIN

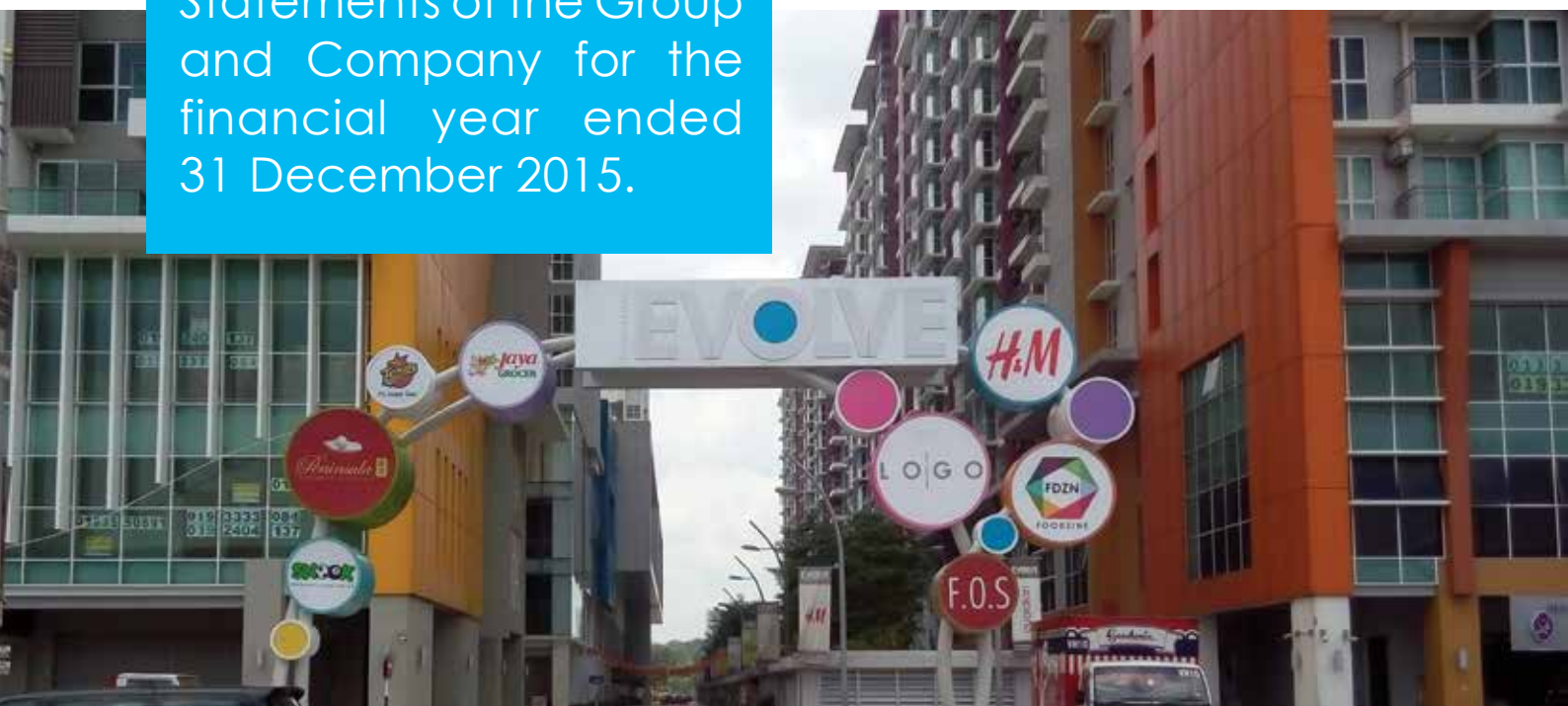
A Malaysian, aged 57, was appointed to the Board on 23 December 2003. He is an Independent Non-Executive Director of the Company and the Chairman of the Remuneration Committee. He is also a member of the Audit Committee and Nomination Committee.

He holds the LLB (Hons) degree from University of Leeds, England and was admitted as an advocate and solicitor at the High Court of Malaya in 1986. He is a partner of the legal firm, J.M. Chong, Vincent Chee & Co and has been practicing since the date of admission. He also sits on the board of Lion Industries Corporation Berhad, YKGI Holdings Berhad, Weida (M) Berhad and Sunsuria Berhad.

Chong Jee Min does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past ten years.

## CHAIRMAN'S STATEMENT

On behalf of the Board, it is my privilege to present to you JAKS Resources Berhad's (JAKS) Annual Report and Financial Statements of the Group and Company for the financial year ended 31 December 2015.



### FINANCIAL REVIEW

For the year ended 31 December 2015, the Group achieved revenue of RM461.2 million, lower by RM29.7 million or 6% compared to the previous year's revenue of RM490.9 million. Despite the lower revenue, the Group achieved higher profit before tax of RM55.3 million, representing a growth of approximately RM1.0 million or 2% from the profit before tax of RM54.3 million in the previous year. The higher profit stems mainly from the gain on the deemed disposal of 70% equity interest in the subsidiary companies in relation to the power plant project in Vietnam of RM50.0 million and a gain on disposal of the land at Meru, Klang of RM35.9 million. This was then offset by an impairment on goodwill of RM30.0 million and impairment of receivables of RM10.5 million, together with the write-down of obsolete stock of RM3.7 million as part of the Group's strategy to rationalise the Manufacturing division.

For the year under review, the largest contributor to the Group's profit was the Investment division that achieved profit before tax of RM29.7 million as a result of the deemed disposal of the 70% equity interest in the subsidiary companies and gain on disposal of the land at Meru, Klang mentioned above. This was followed by the Property Development division that achieved revenue of RM129.0 million and profit before tax of RM17.6 million. The Construction division contributed more than half of the revenue achieved by the Group in 2015 and continued to be profitable as it achieved revenue of RM466.5 million and profit before tax of RM14.3 million. The other division that was profitable in the Group was the Trading division that achieved revenue of RM82.3 million and profit before tax of RM2.1 million. The Manufacturing division only generated revenue of RM2.5 million and incurred a loss before tax of RM8.4 million, mainly due to the RM2.8 million loss recognised on the disposal of old and obsolete machinery and another RM3.7 million provision for write down of the inventories that were obsolete at the year end.

## Chairman's Statement (cont'd)

The performance in 2015 was still considered commendable even though the Group only grew its profit before tax by 2%, albeit a lower revenue. All the divisions other than the Manufacturing division had turned in profitable results.

The Group's earnings per share ("EPS") for financial year 2015 stood at 9.46 sen in comparison to EPS of 3.20 sen in the previous year. The net asset per share rose from RM1.05 in the previous year end of 31 December 2014 to RM1.14 for the year ended 31 December 2015.

One of the major highlights of the year was the successful joint venture with China Power Engineering Consulting Group Co., Limited ("CPECC") in relation to the USD1.9 billion 2 x 600 Megawatt Coal-Fired Thermal Power Plant Project located in Hai Duong Province, Vietnam ("IPP Project"). On 6 July 2015, JAKS Resources Berhad ("JRB"), JAKS Power Holding Limited ("JPH"), JAKS Pacific Power Limited ("JPP") had entered into the Subscription Agreement with CPECC in relation to the joint venture whereby JPH would subscribe for approximately 140.14 million USD ordinary shares in JPP ("JPP USD Shares") at the subscription price of approximately USD140.14 million; and CPECC to subscribe for approximately 140.14 million JPP USD Shares at subscription price of approximately USD140.14 million, 186.85 million redeemable convertible preference shares in JPP ("RCPS") at subscription price of USD186.85 million and 100 ordinary shares in JPP ("JPP HKD Shares") at subscription price of HKD100.

In addition to this, the parties involved also entered into a Shareholders Agreement and a Call Option Agreement in which JPH shall have the Effective Economic Interest of up to 40% in JPP. The Subscription Agreement was executed by CPECC and as allowed under the Subscription Agreement, CPECC had assigned and transferred all rights, title, interests, benefits and obligations in relation to the Subscription Agreement, Shareholders Agreement and Option Agreement to China Power Engineering Consulting Group (Hong Kong) Investment Co., Limited ("CPECHK"), an indirect wholly-owned subsidiary of CPECC.

JAKS Hai Duong Power Company Limited ("JHDP") has been awarded the IPP Project by the Vietnam Government on a Build-Operate-Transfer basis and this comes with a 25-year Power Purchase Agreement with the Electricity of Vietnam, which is guaranteed by the Government of Vietnam and a 25-year Coal Supply Agreement with Vinacomin.

As announced on 16 December 2015, all the conditions precedent of the Subscription Agreement has been fulfilled and the First Call has been made with payment received from CPECHK. With the issuance of shares to CPECHK, JRB Group's interest in JPP and JHDP ("JPP Group") is diluted. The deemed disposal of JPP Group has derived the gain of approximately RM50 million to the Group. The Second Call has also been completed on 5 February 2016.

### DIVIDEND

The Company is not recommending any dividends to be paid out for the financial year ended 31 December 2015 as the Board views that priority be given to reserve the cash to pare down the Group's gearing position. The Group borrowings as at 31 December 2015 stood at RM556.5 million as compared to RM603.7 million in the preceding year end as repayments were made during the year under review. The Group is confident that the continuous investment back into the core businesses will create more sustainable growth for the Group in the long-term.





## Chairman's Statement (cont'd)

### OPERATIONS REVIEW

#### Construction division

The Construction division achieved revenue of RM466.5 million in financial year 2015 against RM387.4 million in the financial year 2014. On the back of the higher revenue achieved, this division achieved profit before tax of RM14.3 million as compared to profit before tax RM7.5 million in 2014.

The construction projects completed during the year was the Paya Peda Dam in Besut, Terengganu and Evolve Concept Mall at Ara Damansara. The construction works at the Paya Peda Dam had some challenges earlier due to the heavier rainfall but the completion of this project signifies the Group's ability to manage such major water infrastructure project. The joint operation in Sarawak for the construction of the Batang Sadong Bridge has progressed on schedule and is expected to be completed in 2016. The road upgrading works near Penang International Airport worth RM208 million is also due for completion in 2017.

During the financial year 2015, this division secured new projects for the construction of the sewage treatment plant at Jinjang, Kepong and the construction of the Sri Aman Hospital in Sarawak worth a combined value of RM273 million, being 50% interest in the jointly controlled operations. These are still at the preliminary stages where the profit recognised are still at minimal levels as the projects are due for completion in 2018 only. There has been little progress on the construction works for the RM55.3 million Langat 2 Water Treatment Plant and Water Reticulation System in Selangor Darul Ehsan/Wilayah Persekutuan Kuala Lumpur due to land acquisition issues faced by the authorities.

The Group's construction orderbook, mainly comprising water and sewerage infrastructure-related projects and property construction stands at RM1.1 billion as at the end of March 2016 covering construction period till 2018.



#### Property Development division

For the year under review, the Property Development division achieved revenue of RM129.0 million compared to RM264.9 million in 2014 as the revenue recognition from the construction progress were mainly at the tail end. The Property Development division achieved profit before tax of RM17.6 million compared to RM57.3 million in 2014.

The remaining of the units at the mixed property development project in Ara Damansara known as Pacific Place were handed over towards the end of 2015. The Evolve Concept Mall was opened for operations in November 2015 with gross floor area of 478,318 sq. ft. and 2,650 car parks. The mall has attracted key anchor tenants like LOGO, H&M, Jaya Grocer, Peninsula Chinese Fusion Cuisine and also other tenants like Texas Chicken, F.O.S., Celebrity Fitness which have make up about 76% occupancy rate for the mall. Furthermore, a cinema operator has confirmed that they would take up about 25,000 sq.ft. of the lettable space in the mall.

The mixed development project at Section 13, Petaling Jaya known as Pacific Star has achieved sales of RM536 million, being 49% of the total GDV of approximately RM1.1 billion. The commercial blocks of 14-storeys Menara Star 2 is expected to be handed over to Star Publications (Malaysia) Berhad, for the settlement of the land purchased, by end August 2016.

Due to the soft property market, the Group has decided to defer the launch of its development at USJ 1, Subang Jaya and would review this when the market picks up. As at the end of March 2016, the Group has unbilled sales of RM317 million from its property development projects, giving the Group clear earnings visibility for the coming years.

#### Trading division

In the financial year under review, the Trading division dealt mainly with sales of steel related products and building materials and managed to achieve revenue of RM82.3 million as compared to RM90.0 million in the financial year 2014. This division made profit before tax of RM2.1 million compared to a loss before tax of RM3.0 million in 2014 as the division switched to higher margin products.





## Chairman's Statement (cont'd)

### IPP Project

JHDP has entered into two separate Engineering, Procurement and Construction ("EPC") Contracts (totaling USD1,515 million) on 3 August 2015 with the consortium of CPECC International and SWEPTDI, both wholly-owned subsidiaries of CPECC and another contract with Golden Keen Holdings Limited, a wholly-owned subsidiary of the Company for contract value of USD454.5 million or 24% of the USD1.87 billion Vietnam project for both civil engineering works (such as construction of infrastructure and buildings) as well as M&E engineering works, over a construction period of 48 months. This will significantly boost the Group's construction order book.

The works that have been completed by JHDP at the Project site so far includes backfilling, the site access road, high voltage transmission lines relocation, boundary wall, site office, flood mitigation drainage works at the northern boundary of the site, and upgrading of 2.3km Lau Dong Linkage Road, Phuc Thanh Commune in Vietnam.

### Manufacturing division

The Manufacturing division continued to face challenges due to the highly competitive market and only generated revenue of RM2.5 million in the year under review compared to RM9.3 million in 2014. The low revenue was also due to the Group's strategy to rationalise this division. As a result, the Manufacturing division incurred a loss before tax of RM8.4 million compared to a loss before tax of RM10.0 million in the preceding year, mainly due to the RM2.8 million loss on disposal of old and obsolete machinery and another RM3.7 million for write down of the inventories that were obsolete at the year end.

With volatile steel prices, high raw material costs and rampant dumping activities by Chinese mills globally, this division had registered losses over the past few years. In view of this situation, the Company propose to closed off this division to enable the Group to concentrate on the more profitable business.

### CORPORATE EXERCISE

The Company announced on 13 April 2016 the proposal to terminate the Company's existing Employees' Share Option Scheme and 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 for eligible Directors and employees ("Eligible Persons"). The proposed long term incentive plan comprise of a share option scheme which will entitle the Eligible Persons, upon exercise, to subscribe for new ordinary shares of RM1.00 each in the Company and a share grant scheme comprising the restricted share plan and performance share plan which entitles the Eligible Persons to receive new fully paid shares. The rationale for the proposed long term incentive plan is amongst others, to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the JRB Group and motivate the Eligible Persons towards improved performance through greater productivity and loyalty. It is also a retention tool for the Group as key talents are important to the success of the Group.

The termination of the existing Employees' Share Option Scheme and the proposed term incentive plan will be tabled to the shareholders for approval.

### BUSINESS OUTLOOK

The Malaysian economy grew by 5.0% in 2015 (2014: 6.0%), supported by the continued expansion of domestic demand (2015: 5.1%, 2014: 5.9%). Domestic demand was primarily driven by the private sector. Modest improvements in external demand in the second half of the year also provided additional impetus to economic growth. Private consumption continued to expand, albeit at a more moderate pace as households adjusted their spending to the higher cost of living arising from the implementation of Goods and Services Tax (GST), adjustments in administrative prices, and the depreciation in the ringgit.



## Chairman's Statement (cont'd)

On the outlook for the Malaysian Economy in 2016, Bank Negara Malaysia had mentioned in their 2015 Annual Report that the international economic and financial landscape is likely to remain challenging in 2016 and will be a key factor that will influence the prospects of the Malaysian economy. Depending on their nature, global developments can pose both upside and downside risks to the Malaysian economic growth. The Malaysian economy is expected to grow by 4.0 – 4.5% in 2016. Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending.

Private consumption growth is expected to trend below its long-term average, reflecting largely the continued household adjustments to an environment of higher prices and greater uncertainties. These moderating effects, however, will be partially offset by continued growth in income and employment, as well as some support from Government measures targeted at enhancing households' disposable income. In an environment of prolonged uncertainties and cautious business sentiments, private sector investment growth is projected to be slower compared to its performance in the past five years.

Reflecting the Government's commitment to more prudent spending, growth of public sector expenditure is also expected to be more moderate but would continue to be supportive of overall growth. Public investment is, however, projected to turn around to register a positive growth, reflecting higher spending by the Federal Government on fixed assets and the continued implementation of key infrastructure projects by public corporations.

With the expected slower private sector investment growth, the Property Development division of the Group anticipate lower sales and will phase out new launches to ensure the margins are optimised. It is part of the Group's strategy to lower its gearing by monetising some of its assets. The present focus is to increase the market value of the Evolve Concept mall by filling up the balance of lettable space. With its prime location next to the LRT station in Ara Damansara, the Group view that the fair market valuation of the mall will increase once the LRT line is operational.

In the coming financial year 2016, the Group is expecting minimal contribution from Vietnam in the first half of the year as the contribution is only expected to gradually increase in the second half of the year when construction progress picks up pace. As for its local projects, the Group has amassed a total outstanding order book of around RM1.1 billion and coupled with property unbilled sales of RM317 million, it will keep the Group busy for the next 2–3 years. Added to this, the Group is also confident of securing more sewerage-related infrastructure projects on the back of the higher spending by the Federal Government on fixed assets and the continued implementation of key infrastructure projects by public corporations.

The Trading division which focus on sale of steel related products and building materials is expected to face tight margins as cost of sales have been on the increasing trend.

Barring any adverse developments, the Group will endeavor to achieve a commendable performance for 2016.

### ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my utmost gratitude to our shareholders for your steadfast trust and confidence in JAKS. To our employees, as well as the Management team and the Boards of all our Group's companies, I wish to convey my deep appreciation for their worthy sacrifices, hard work and loyalty. My sincere thanks to the many external partners that work with or alongside us whose support and reliability has been critical to our success. Our heartfelt appreciation also to our valued customers and clients, bankers, government departments and agencies, vendors, suppliers and all others who have lent us their unwavering support and cooperation.

I also wish to thank my colleagues on the Board for their guidance and counsel. I am grateful that JAKS has a formidable Board with the vision, expertise and experience to provide sound counsel and corporate strategies in propelling the Group forward.



**Tan Sri Datuk Hussin Bin Haji Ismail**  
Chairman

## PERUTUSAN PENERUSI

**Bagi pihak Ahli Lembaga Pengarah, saya dengan sukacitanya ingin membentangkan Laporan Tahunan dan Penyata Kewangan untuk Kumpulan dan Syarikat JAKS Resources Berhad (JAKS) bagi tahun kewangan berakhir 31 Disember 2015.**

### TINJAUAN KEWANGAN

Bagi tahun berakhir 31 Disember 2015, Kumpulan telah mencatatkan pendapatan sebanyak RM461.2 juta, penurunan sebanyak RM29.7 juta atau 6% lebih rendah berbanding dengan pendapatan tahun sebelumnya iaitu sebanyak RM490.9 juta. Walaupun memperoleh pendapatan yang lebih rendah, Kumpulan telah mencatat keuntungan yang lebih tinggi sebelum cukai sebanyak RM55.3 juta, iaitu penambahan lebih kurang RM1.0 juta atau 2% berbanding keuntungan sebelum cukai pada tahun sebelumnya sebanyak RM54.3 juta. Keuntungan yang lebih tinggi ini diperolehi melalui keuntungan pelupusan 70% kepentingan ekuiti di dalam syarikat subsidiari yang berkaitan dengan projek di Vietnam, sebanyak RM50.0 juta dan hasil keuntungan dari penjualan tanah di Meru, Klang sebanyak RM35.9 juta. Dari keuntungan ini, ditolak kemerosotan "Goodwill" sebanyak RM30.0 juta, kemerosotan nilai penghutang sebanyak RM10.5 juta dan penurunan nilai stok lama sebanyak RM3.7 juta. Ini adalah sebahagian daripada pelaksanaan strategi Kumpulan untuk merasionalkan divisyen Pembuatan.

Bagi tahun yang ditinjau, penyumbang terbesar kepada keuntungan Kumpulan adalah divisyen Pelaburan yang mencatat keuntungan sebelum cukai sebanyak RM29.7 juta hasil daripada pelupusan 70% kepentingan ekuiti dan hasil keuntungan dari penjualan tanah di Meru, Klang seperti yang dinyatakan di atas. Ini diikuti oleh divisyen Pembangunan Hartanah yang mencatat pendapatan sebanyak RM129.0 juta dan keuntungan sebelum cukai sebanyak RM17.6 juta. Divisyen Pembinaan telah menyumbang lebih separuh daripada hasil yang dicatatkan oleh Kumpulan pada tahun 2015. Divisyen ini juga telah mencatatkan pendapatan sebanyak RM466.5 juta dan keuntungan sebelum cukai sebanyak RM14.3 juta. Divisyen lain yang menyumbangkan keuntungan bagi Kumpulan adalah divisyen Perdagangan yang mencatat pendapatan sebanyak RM82.3 juta dan keuntungan sebelum cukai sebanyak RM2.1 juta. Divisyen Pembuatan hanya menjana pendapatan sebanyak RM2.5 juta dan mengalami kerugian sebelum cukai sebanyak RM8.4 juta. Ini disebabkan oleh kerugian RM2.8 juta daripada penjualan mesin lama dan usang serta RM3.7 juta daripada penurunan nilai inventori lama pada akhir tahun ini.

Prestasi pada tahun 2015 masih membanggakan walaupun keuntungan sebelum cukai Kumpulan hanya meningkat sebanyak 2%, dan mencatat pendapatan yang lebih rendah. Semua divisyen kecuali divisyen Pembuatan telah mencatat keputusan yang memuaskan.

Pendapatan Kumpulan sesaham ("EPS") bagi tahun kewangan 2015 adalah sebanyak 9.46 sen berbanding dengan EPS sebanyak 3.20 sen pada tahun sebelumnya. Aset bersih sesaham telah meningkat daripada RM1.05 pada akhir tahun sebelumnya kepada RM1.14 bagi tahun berakhir 31 Disember 2015.

Salah satu pencapaian utama tahun ini adalah kejayaan usaha sama dengan China Power Engineering Consulting Group Co., Limited ("CPECC") dalam projek bernilai USD1.9 bilion 2 x 600 Megawatt "Coal-Fired Thermal Power Plant" yang terletak di Wilayah Hai Duong, Vietnam ("IPP Project"). Pada 6 Julai 2015, JAKS Resources Berhad ("JRB"), JAKS Power Holding Limited ("JPH"), JAKS Pacific Power Limited ("JPP") telah memeterai "Subscription Agreement" dengan CPECC di mana JPH akan melanggan kira-kira 140.14 juta USD saham biasa dalam JPP ("JPP USD Shares") pada harga langganan lebih kurang USD140.14 juta. CPECC juga akan melanggan lebih kurang 140.14 juta JPP USD Shares pada harga langganan lebih kurang USD140.14 juta saham dan 186.85 juta USD saham "Redeemable Convertible Preference Shares" ("RCPS") di JPP pada harga langganan sebanyak USD186.85 juta dan 100 saham biasa di JPP ("HKD JPP Shares") pada harga langganan sebanyak HKD100.

Di samping itu, pihak-pihak yang terlibat juga memeterai "Shareholders Agreement" dan "Call Option Agreement" di mana JPH akan memiliki "Effective Economic Interest" sehingga 40% di JPP. "Subscription Agreement" telah disempurnakan oleh CPECC dan seperti yang dibenarkan, CPECC telah memindahkan semua hak, hak milik, kepentingan, faedah dan obligasi yang berhubungan dengan Subscription Agreement, Shareholders Agreement dan Call Option Agreement ke China Power Engineering Consulting Group (Hong Kong) Investment Co., Limited ("CPECHK"), sebuah anak syarikat milik penuh tidak langsung CPECC.

JAKS Hai Duong Power Limited ("JHDP") telah dianugerahkan IPP project oleh Kerajaan Vietnam secara "Build-Operate-Transfer" yang disertai dengan "Power Purchase Agreement" untuk pembelian kuasa bekalan elektrik dan "Coal Supply Agreement" untuk bekalan arang batu dengan Vinacomin selama 25 tahun dan dijamin oleh Kerajaan Vietnam.



## Perutusan Pengerusi (sambungan)

Seperti yang diumumkan pada 16 Disember 2015, semua syarat dalam Subscription Agreement telah disempurnakan dan "First Call" telah dibuat dengan bayaran diterima daripada CPECHK. Dengan pemberian saham kepada CPECHK, kepentingan Kumpulan dalam JPP dan JHDP ("JPP Group") telah dikurangkan. Pelupusan 70% JPP Group telah menyumbang keuntungan sebanyak RM50 juta kepada Kumpulan. "Second Call" juga telah disempurnakan pada 5 Februari 2016.

### DIVIDEN

Syarikat tidak mencadangkan sebarang dividen bagi tahun kewangan berakhir 31 Disember 2015 kerana Lembaga Pengarah berpendapat bahawa keutamaan perlu diberikan kepada wang tunai bagi tujuan mengurangkan pinjaman Kumpulan. Pada 31 Disember 2015 pinjaman Kumpulan adalah berjumlah RM556.5 juta berbanding RM603.7 juta pada tahun sebelumnya kerana pembayaran balik dibuat sepanjang tempoh tahun tinjauan. Dengan meneruskan pelaburan balik ke dalam perniagaan dan terasnya, Kumpulan yakin ini akan terus mewujudkan pertumbuhan yang mapan bagi Kumpulan untuk jangka masa panjang.

### TINJAUAN OPERASI

#### Divisyen Pembinaan

Divisyen Pembinaan mencatat pendapatan sebanyak RM466.5 juta pada tahun kewangan 2015 berbanding RM387.4 juta pada tahun kewangan 2014. Selaras dengan pencapaian pendapatan yang tinggi, divisyen ini telah memperolehi keuntungan sebelum cukai sebanyak RM14.3 juta berbanding dengan keuntungan sebelum cukai RM7.5 juta pada 2014.

Projek-projek pembinaan yang telah disiapkan pada tahun ini ialah Empangan Paya Peda di Besut, Terengganu dan Evolve Concept Mall di Ara Damansara. Kerja-kerja pembinaan di Empangan Paya Peda menghadapi cabaran sebelum ini berikutan hujan yang lebat tetapi dengan siapnya projek ini, ia membuktikan keupayaan Kumpulan untuk menguruskan projek infrastruktur air utama tersebut. Usahasama di Sarawak bagi Pembinaan Jambatan Batang Sadong sedang dilaksanakan mengikut jadual dan dijangka akan siap pada tahun 2016. Manakala kerja-kerja menaiktaraf jalan berhampiran Lapangan Terbang Antarabangsa Pulau Pinang yang bernilai RM208 juta dijangka akan siap pada 2017.

Pada tahun kewangan 2015, divisyen ini telah memperolehi projek baru iaitu, kerja-kerja pembinaan loji rawatan kumbahan di Jinjang, Kepong dan pembinaan Hospital Sri Aman di Sarawak di mana kedua projek tersebut berjumlah RM273 juta. Jumlah ini adalah 50% dari nilai kontrak yang dimiliki melalui operasi usahasama Kumpulan. Projek baru ini masih di peringkat awal di mana keuntungan yang diiktiraf masih pada tahap minima kerana projek-projek ini dijangka siap pada tahun 2018. Kemajuan projek kerja-kerja pembinaan untuk Loji Rawatan Air Langat 2 dan

Sistem Retikulasi Air di Selangor Darul Ehsan / Wilayah Persekutuan Kuala Lumpur agak perlahan berikutan isu-isu pengambilan tanah oleh pihak berkuasa.

Buku pesanan kontrak pembinaan Kumpulan terdiri daripada projek-projek infrastruktur berkaitan air dan pembetulan serta pembinaan hartanah yang berjumlah RM1.1 bilion pada akhir Mac 2016 yang merangkumi tempoh pembinaan sehingga 2018.

#### Divisyen Pembangunan Hartanah

Bagi tahun yang ditinjau, divisyen Pembangunan Hartanah mencatatkan pendapatan sebanyak RM129.0 juta berbanding RM264.9 juta pada tahun 2014 hasil daripada pengiktirafan kemajuan pembinaan yang hampir disiapkan. Divisyen Pembangunan Hartanah memperolehi keuntungan sebelum cukai sebanyak RM17.6 juta berbanding RM57.3 juta pada tahun 2014.

Baki unit projek pembangunan hartanah bercampur di Ara Damansara dikenali sebagai Pacific Place telah diserahkan pada akhir tahun 2015. Evolve Concept Mall telah mula beroperasi pada bulan November 2015 dengan keluasan lantai kasar sebanyak 478,318 kaki persegi dan 2,650 ruang parkir. Pusat membeli-belah ini telah menarik penyewa utama seperti LOGO, H & M, Jaya Grocer, Peninsula Chinese Cuisine dan juga penyewa lain seperti Texas Chicken, F.O.S., Celebrity Fitness yang memenuhi kira-kira 76 % ruang pusat membeli-belah tersebut. Tambahan pula, operator pawagam telah mengesahkan untuk mengambil lebih kurang 25,000 kaki persegi ruang pusat membeli-belah ini.

Projek pembangunan bercampur di Seksyen 13, Petaling Jaya yang dikenali sebagai Pacific Star telah mencapai jualan sebanyak RM536 juta, iaitu kira-kira 49% daripada jumlah GDV sebanyak RM1.1 bilion. Bangunan blok komersial dengan 14 tingkat, Menara Star 2 dijangka siap dan diserahkan kepada Star Publications (Malaysia) Berhad pada Ogos 2016 sebagai penyelesaian bayaran tanah.





## Perutusan Pengerusi (sambungan)

Ekoran dari pasaran hartanah yang agak lembap, Kumpulan telah memutuskan untuk menangguh pelancaran pembangunannya di USJ 1, Subang Jaya dan akan mengkaji semula pelancaran ini apabila pasaran mulai pulih. Pada akhir Mac 2015, Kumpulan mempunyai jualan yang belum dibilkan sebanyak RM317 juta daripada projek pembangunan hartanah, dan ini memberi Kumpulan anggaran pendapatan yang baik pada tahun akan datang.

### Divisyen Perdagangan

Bagi tahun kewangan yang ditinjau, divisyen Perdagangan melalui jualan produk-produk berkaitan keluli dan bahan binaan telah berjaya mencapai hasil sebanyak RM82.3 juta berbanding RM90 juta pada tahun kewangan 2014. Divisyen ini mencapai keuntungan sebelum cukai sebanyak RM2.1 juta berbanding dengan kerugian sebelum cukai sebanyak RM3.0 juta pada tahun 2014. Keuntungan tersebut adalah disebabkan pertukaran strategi kepada jualan produk-produk yang bermargin tinggi.

### Projek IPP

JHDP telah memeterai dua kontrak yang berasingan "Engineering, Procurement and Construction" ("EPC") berjumlah USD1,515 juta pada 3 Ogos 2015 dengan konsortium CPECC International dan SWEPTDI, keduanya merupakan anak syarikat penuh milik CPECC dan kontrak lain dengan Golden Keen Holdings Limited ("GKHL"), sebuah anak syarikat milik penuh JAKS bagi kontrak yang bernilai USD454.5 juta atau 24% daripada USD1.87 bilion projek di Vietnam untuk kerja-kerja kejuruteraan awam (seperti pembinaan infrastruktur dan bangunan) serta kerja-kerja kejuruteraan M&E untuk tempoh 48 bulan. Ini akan meningkatkan buku pesanan pembinaan Kumpulan.

Kerja-kerja yang telah disiapkan oleh JHDP di tapak projek setakat ini termasuk penimbunan, jalan akses ke tapak, penempatan semula talian penghantaran voltan tinggi, dinding sempadan, pejabat tapak, saluran tebatan banjir di sempadan utara tapak projek dan menaik taraf sepanjang 2.3 km Lau Dong Linkage Road, Phuc Thanh Commune di Vietnam.



### Divisyen Pembuatan

Divisyen Pembuatan terus menghadapi cabaran disebabkan oleh pasaran yang kompetitif dan hanya menjana pendapatan sebanyak RM2.5 juta pada tahun yang ditinjau berbanding RM9.3 juta pada tahun 2014. Pendapatan rendah ini disebabkan oleh strategi Kumpulan untuk merasionalkan divisyen ini. Kesannya, divisyen Pembuatan mencatatkan kerugian sebelum cukai sebanyak RM8.4 juta berbanding kerugian sebelum cukai sebanyak RM10.0 juta pada tahun sebelumnya. Ini disebabkan oleh kerugian sebanyak RM2.8 juta daripada penjualan mesin lama dan usang serta RM3.7 juta untuk penurunan nilai inventori lama di akhir tahun ini.

Oleh kerana harga keluli yang tidak menentu, kos bahan mentah yang tinggi dan aktiviti lambakan berleluasa di peringkat global, divisyen ini telah mengalami kerugian sejak beberapa tahun kebelakangan ini. Memandangkan situasi semasa ini, pihak Syarikat mensyorkan divisyen Pembuatan ditutup agar Kumpulan dapat menumpukan perhatian kepada perniagaan yang lebih menguntungkan.

### LANGKAH KORPORAT

Pada 13 April 2016, Syarikat mengumumkan cadangan untuk menamatkan Skim Opsyen Saham Kakitangan Syarikat yang sedia ada untuk menubuhkan dan melaksanakan Pelan Insentif Jangka Panjang ("LTIP") baru sehingga lima belas peratus (15%) daripada modal terbitan dan saham berbayar Syarikat bagi Pengarah dan kakitangan yang layak ("Eligible Persons"). Cadangan LTIP terdiri daripada skim opsyen saham yang akan memberi hak kepada Eligible Persons untuk melanggan saham biasa baru bernilai RM1.00 setiap satu di dalam Syarikat dan skim geran saham yang terdiri daripada pelan saham terhad dan prestasi saham kepada Eligible Persons untuk menerima saham baru yang akan dibayar sepenuhnya. Rasional bagi LTIP yang dicadangkan ini antara lain adalah untuk mengiktiraf sumbangan Eligible Persons yang perkhidmatannya dihargai dan dianggap penting kepada operasi dan pertumbuhan Kumpulan JAKS. Skim yang dicadangkan akan memberi motivasi kepada Eligible Persons ke arah prestasi yang lebih baik melalui produktiviti yang lebih tinggi, seterusnya kesetiaan mereka kepada Kumpulan. Ini akan mengekalkan bakat yang sedia ada dan ianya adalah penting bagi kejayaan Kumpulan.

Penamatan Skim Opsyen Saham Kakitangan Syarikat yang sedia ada dan Cadangan LTIP akan dibentangkan kepada pemegang saham untuk kelulusan.

## Perutusan Pengerusi (sambungan)

### TINJAUAN PERNIAGAAN

Ekonomi Malaysia berkembang sebanyak 5.0% pada tahun 2015 (2014: 6.0%), disokong oleh pengembangan berterusan permintaan domestik (2015: 5.1%, 2014: 5.9%). Permintaan domestik didorong terutamanya oleh sektor swasta. Pada separuh tahun kedua ini, peningkatan sederhana dalam permintaan luar dijangka memberi dorongan tambahan kepada pertumbuhan ekonomi. Pengguna secara keseluruhannya terus berkembang, walaupun pada kadar yang lebih sederhana memandangkan perbelanjaan isi rumah akan diselaraskan kesan dari kos sara hidup yang lebih tinggi daripada pelaksanaan Cukai Barangan dan Perkhidmatan (GST), pelarasan harga secara umum, dan juga susut nilai ringgit.

Untuk tinjauan Ekonomi Malaysia pada 2016, Bank Negara Malaysia telah menyatakan dalam Laporan Tahunan 2015, lanskap ekonomi dan kewangan antarabangsa dijangka kekal mencabar pada tahun 2016 dan ini menjadi faktor utama yang akan mempengaruhi prospek ekonomi Malaysia. Seterusnya, perkembangan global ini akan mempengaruhi perkembangan ekonomi Malaysia. Ekonomi Malaysia dijangka berkembang sebanyak 4.0 - 4.5% pada tahun 2016. Permintaan domestik akan terus menjadi pemacu utama pertumbuhan, terutamanya oleh perbelanjaan sektor swasta.

Pertumbuhan penggunaan swasta dijangka meningkat dalam masa jangka panjang, di mana ianya mencerminkan pelarasan isi rumah di persekitaran harga yang lebih tinggi dan tidak menentu. Kesan ini, bagaimanapun, akan diimbangi sebahagiannya oleh pertumbuhan berterusan dalam pendapatan dan pekerjaan, serta sokongan daripada langkah-langkah Kerajaan untuk meningkatkan pendapatan isi rumah. Dalam persekitaran yang tidak menentu dan sentimen perniagaan yang berhati-hati, pertumbuhan pelaburan sektor swasta dijangka akan lebih perlahan berbanding prestasinya dalam tempoh lima tahun yang lalu.

Dalam mencerminkan komitmen kerajaan untuk perbelanjaan yang lebih berhemat, pertumbuhan perbelanjaan sektor awam juga dijangka lebih sederhana tetapi akan terus menyokong pertumbuhan yang menyeluruh. Walau bagaimanapun pelaburan awam dijangka pulih dan mencatat pertumbuhan yang positif, dan ini menunjukkan peningkatan perbelanjaan oleh Kerajaan Persekutuan dalam aset tetap serta pelaksanaan berterusan projek infrastruktur utama oleh syarikat awam.

Sektor swasta diramalkan mengalami pertumbuhan yang lebih perlahan. Oleh yang demikian, divisyen Pembangunan Hartanah Kumpulan meramalkan jualan yang lebih rendah dan menangguhkan pelancaran baru untuk memastikan margin yang optima. Tumpuan pada masa ini adalah untuk mengurangkan pinjaman bank dan meningkatkan nilai pasaran pusat membeli-belah dengan mengisi ruang sewa yang sedia ada. Dengan lokasi utama yang terletak bersebelahan LRT di Ara Damansara,

Kumpulan berpendapat bahawa nilai pasaran pusat membeli-belah akan meningkat apabila laluan LRT itu mula beroperasi.

Bagi tahun kewangan 2016 separuh tahun pertama, Kumpulan hanya menjangkakan sumbangan minima dari projek di Vietnam, kerana sumbangan ini hanya dijangka meningkat pada separuh tahun kedua apabila kemajuan pembinaan semakin meningkat. Bagi projek-projek tempatan, Kumpulan juga mempunyai buku pesanan berjumlah sebanyak RM1.1 bilion. Tambahan pula, Kumpulan juga mempunyai harga jualan yang belum dibilkan sebanyak RM317 juta. Seterusnya, ini akan mengekalkan kedudukan Kumpulan untuk 2-3 tahun akan datang. Selain daripada itu, Kumpulan juga yakin untuk memperoleh lebih banyak projek infrastruktur yang berkaitan pembetulan dan kumbahan memandangkan adanya perbelanjaan yang lebih tinggi oleh Kerajaan Persekutuan dan pelaksanaan berterusan projek infrastruktur utama oleh syarikat awam.

Divisyen Perdagangan akan memberi tumpuan kepada penjualan produk berkaitan keluli dan bahan binaan dan dijangka menghadapi margin yang rendah kerana kos jualan yang semakin meningkat.

Sekiranya tiada perkembangan yang kurang memberangsangkan, Kumpulan akan berusaha untuk mencapai prestasi yang membanggakan bagi tahun 2016.

### PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan ribuan terima kasih kepada para pemegang saham di atas kepercayaan penuh dan keyakinan terhadap JAKS. Kepada kakitangan-kakitangan serta bahagian pengurusan dan Lembaga Pengarah bagi kesemua syarikat-syarikat Kumpulan, saya ingin menyampaikan penghargaan saya di atas kerja keras dan kesetiaan mereka. Beberapa kakitangan telah bersama kami lebih daripada 10 tahun dan kami memuji mereka atas kesabaran dan komitmen padu mereka. Saya mengucapkan terima kasih kepada rakan kongsi di atas kepercayaan dan sokongan mereka kepada kejayaan Kumpulan. Penghargaan yang tulus ikhlas juga kepada para pelanggan kami yang dihargai, pihak bank, jabatan dan agensi kerajaan, para pembekal dan semua pihak yang telah memberi kerjasama dan sokongan yang tidak berbelah bahagi.

Saya juga ingin mengucapkan terima kasih kepada rakan-rakan ahli Lembaga Pengarah atas bimbingan dan nasihat mereka. Saya bersyukur bahawa Kumpulan JAKS mempunyai Lembaga Pengarah yang mantap dengan visi, kepakaran dan berpengalaman dalam menyediakan bimbingan dan strategi korporat yang bernas demi menggerakkan Kumpulan untuk terus maju ke hadapan.

**Tan Sri Datuk Hussin Bin Haji Ismail**  
Pengerusi

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors supports high standards of corporate governance and assumes responsibility in ensuring that principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("the Code") are followed where possible or provide alternatives in meeting them. The Group believes that good governance will help to realise long-term shareholders value, whilst taking into account the interest of other stakeholders.

Set out herewith are the corporate governance principles and recommendations that were applied during the financial year ended 31 December 2015.

## A. THE BOARD OF DIRECTORS

### a. Duties of Board of Directors

The Board of Directors takes full responsibility for the performance of the Group. The Board provides stewardship to the Group's strategic direction and operations which will ultimately maximise shareholders' value. To fulfill this role, the Board provides advice to the Management in monitoring and achieving the Group's goals.

The Board's most important functions are as follows:

- ensuring that the Group's goals are clearly established, and strategies are in place to achieve them;
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build business through innovation, initiative, technology and the development of its business capital;
- monitoring the performance of Management;
- appointing the Chief Executive Officer ("CEO") and setting the terms of his employment contract;
- deciding on steps which are deemed necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company's financial statements are true and fair and conform with law;
- ensuring that the Company adheres to high standards of ethics and corporate behavior; and
- ensuring that the Company has appropriate risk management or regulatory compliances policies in place.

In discharging its fiduciary duties, the Board has delegated specific tasks to three Board Committees namely Audit Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own terms of reference and the authority to act on behalf of the Board within the authorities as lay out in the terms of reference and report to the Board with the necessary recommendation.

The Company has adopted a Board Charter in 2004 which sets out the Board Governance process and Board-Management relationship. A review of the Board Charter will be conducted in 2016 in view of the impending changes expected on the Code of Corporate Governance. A formal schedule of matters reserved for the Board had been adopted covering the limits of authority for:

- Acquisition & Disposal of Assets
- Investments in Capital Projects
- Treasury Policies
- Risk Management policies

### b. Board Composition and Balance

The Board of JAKS Resources Berhad has six members comprising of the CEO, two Executive Directors and three Independent Non-Executive Directors.

The Board Meetings are presided by the Chairman, whose role is clearly separated from role of the CEO to ensure a balance of power and authority.

## Corporate Governance Statement (cont'd)

### b. Board Composition and Balance (Cont'd)

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as managing the development and implementation of business and corporate strategies. The Independent Non-Executive Directors are independent of Management and free from any business relationship which could materially interfere with their independent judgement. Their presence ensures that issues of strategies, performance and resources proposed by the Management are objectively evaluated and thus provide a capable check and balance for the Executive Directors.

On the tenure of the independent directors who have exceeded the term of 9 years, the Company's shareholders had at the Annual General Meeting in 2013 pass the resolution to allow Mr. Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood who have both served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company and the shareholders also granted authority to the Board of Directors henceforth to determine on a year to year basis the continuation in office of these independent directors until such authority is revoked at a general meeting.

### c. Board Meetings

During the financial year ended 31 December 2015, five Board Meetings were held and the respective Directors' attendance record is as shown in the table below:

Director	No. of meetings attended
Tan Sri Datuk Hussin Bin Haji Ismail	5/5
Ang Lam Poah	4/5
Ang Lam Aik	5/5
Dato' Razali Merican Bin Naina Merican	4/5
Dato' Azman Bin Mahmood	5/5
Liew Jee Min @ Chong Jee Min	5/5

The Board meets at least five times a year and as and when it is necessary. Due notice of matters to be discussed are provided to the Board. The proceedings, deliberations and conclusions made by the Board were properly recorded in the minutes of meetings kept by the Company Secretary and was confirmed by the Board and signed by the Chairman of the meeting.

### d. Supply of Information

The Board is provided with the agenda and board papers prior to Board Meetings with sufficient time to enable the Board to solicit further explanations and/or information, where necessary, to enable them to discharge their duties.

The board papers provided include inter alia, financial results, business plan and budget, status of major projects, minutes of meetings of Board/ Board Committees, circulars from Bursa Malaysia Securities Berhad ("Bursa Securities"), announcements made to Bursa Securities, Directors' resolution in writing that had been passed and other major operational and financial issues for the Board's information and/or approval.

All Directors have access to the advices and services of the Company Secretary and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in discharging their duties. The Board or the individual Director may seek independent advice from independent professional advisers at the Group's expense, if necessary in accordance to the prescribed policy.



## Corporate Governance Statement (cont'd)

### e. Directors' Training

The Group acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies. The Directors are encouraged to attend continuous education programmes to further enhance their skills and knowledge, where relevant. New directors appointed are required to attend the Mandatory Accreditation Programme pursuant to the Listing Requirements of Bursa Securities and will be briefed by Management on the operations and policies of the Company to familiarise themselves with the Company's business.

During the financial year ended 31 December 2015, all the Directors attended an in-house training on the topic of "Latest Emerging Issues". Directors also attended the following training programs:-

Director	Mode of Training	Title of Training	Duration of Training
Tan Sri Datuk Hussin Bin Haji Ismail	Seminar	Management Seminar For Directors and Share Holders of Malaysian Security Companies by Ministry of Home Affairs	2 days
	Workshop	Risk Management And Internal Control Workshop	1 day
		Lead The Change - Getting Women On Board	1 day
Dato' Azman Bin Mahmood	Internal Training	Directors Continuing Education Programme 2015 (for the Directors of Fraser & Neave Holdings Berhad & Cocaland Holdings Berhad )	1 day
Mr. Liew Jee Min @ Chong Jee Min	Internal Training	The key Factors of Goods and Services Tax (GST) & Its Implementation Transfer Pricing	1.5 day
	Workshop	Risk Management & Internal Control for Audit Committees	1.5 day
		Corporate Governance Breakfast Series with Directors : Bringing the best out in boardroom	1.5 day
		Sustainability Symposium : Responsible Business, Responsible Investing	1 day
		Bursa Malaysia CG Breakfast with Directors : Future of Auditor reporting : The Game Changer for Boardroom	1.5 day

## Corporate Governance Statement (cont'd)

### f. Appointments and Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board shall hold office only until the next annual general meeting after their appointment and shall then be eligible for re-election. The Articles also provide that at least one-third of the remaining Directors be subject to retirement by rotation at each annual general meeting provided always that all Directors including the CEO shall retire from office at least once every three years but shall be eligible for re-election.

The Board has empowered the Nomination Committee to consider and make their recommendation to the Board for the continuation in service of those Directors who are due for retirement and recommendation of new Directors, if required to enhance the composition of the Board. The Nomination Committee will recommend candidates for all directorships to be filled to the Board. The Nomination Committee also review the composition of the Board to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge their duties efficiently and effectively.

The Company does not have policy on diversity of gender, ethnicity and age. The age of the Directors range from 42 to 64 and the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board. The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximise the effectiveness of the Board. Should there be a vacancy on the Board, the Directors will take into consideration the gender diversity.

## B. DIRECTORS' REMUNERATION

### a. Level and Make-up

The Company has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts are designed to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

### b. Procedure

The Remuneration Committee recommends for the Board's approval on all elements of remuneration and terms of employment for Executive Directors with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. The Remuneration Committee met once during the financial year 2015 to review the bonuses and increments of the Executive Directors.

Non-Executive Directors' fees are determined by the Board as a whole. The fees payable to Non-Executive Directors are subject to the approval of shareholders.

### c. Details of Remuneration

Details of the remuneration received by the Directors from the Group and Company for the financial year ended 31 December 2015 are set out on page 106 of the Audited Financial Statements.

The aggregate remuneration paid/payable to all Directors of the Company are further categorised into the following components.

	Fees (RM)	Salaries (RM)	EPF & SOCSO (RM)	Total (RM)
Executive Directors	-	1,670,000	193,859	1,863,859
Non-Executive Directors	126,000	-	-	126,000

## Corporate Governance Statement (cont'd)

The number of Directors whose remuneration falls under the following remuneration bands:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	3
RM350,001 – RM400,000	1	-
RM500,001 – RM550,000	1	-
RM900,001 – RM950,000	1	-

### C. SHAREHOLDERS

The Company recognises the importance of transparency and accountability in the disclosure of the Group's business activities to its shareholders and investors. The Board has maintained an effective communication policy that enables both the Board and Management communicate effectively with its stakeholders, investors and even the public.

The Company uses its annual general meeting as the main channel of communication with its shareholders where the Board of Directors and Auditors of the Company are present to answer any queries from shareholders.

### D. ACCOUNTABILITY AND AUDIT

#### a. Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board of Directors has ensured that the financial statements represent a true and fair assessment of the Company and Group's financial position. The Responsibility Statement by the Directors pursuant to the Bursa Securities Listing Requirements is set out on page 32.

#### b. Internal Control and Risk Management

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investment and Group's assets and to provide assurance on the reliability of the financial statements.

While the internal control system is devised to cater for particular needs of the Group, such controls by their nature can only provide reasonable assurance but not absolute assurance against material misstatement or loss. A Statement on Risk Management and Internal Control is set out on pages 28 and 29.

#### c. Relationship with Auditors

The Company maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

## Corporate Governance Statement (cont'd)

### E. ADDITIONAL COMPLIANCE INFORMATION

#### 1. Share Buy-back

No share buy-back scheme was in place during the financial year ended 31 December 2015.

#### 2. Options, Warrants or Convertible Securities Exercised in the Financial Year Ended 31 December 2015

There were no options, warrants or convertible securities issued during the financial year ended 31 December 2015.

#### 3. American Depositary Receipt ("ADR")/Global Depositary Receipt ("GDR")

During the financial year ended 31 December 2015, the Company did not sponsor any ADR or GDR programme.

#### 4. Sanctions and/or Penalties Imposed on the Company & its Subsidiaries, Directors or Management by the Relevant Regulatory

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2015.

#### 5. Non-audit Fees

The amount of non-audit fees paid to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2015 amounting to RM6,000.

#### 6. Profit Guarantee

During the financial year ended 31 December 2015, there was no profit guarantee received by the Company.

#### 7. Material Contract

There was no material contract entered into by the Company and/or its subsidiary companies which involves Directors' and Major Shareholders' interest during the financial year ended 31 December 2015.

#### 8. Variation of Results

There was no material variation between the audited financial statements for the financial year ended 31 December 2015 and the unaudited results announced.



# BOARD COMMITTEES REPORT

## A. AUDIT COMMITTEE REPORT

### a. Members

The Audit Committee consists of the following members:

**Chairman**                      **Dato' Azman Bin Mahmood**  
(Independent Non-Executive Director)

**Members**                      **Tan Sri Datuk Hussin Bin Haji Ismail**  
(Independent Non-Executive Director)

**Liew Jee Min @ Chong Jee Min**  
(Independent Non-Executive Director)

### b. Functions and Responsibilities

The key functions and responsibilities of the Audit Committee are:

- To consider the appointment of the External Auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- To review the quarterly and year-end financial statements of the Company, focusing particularly on:
  - Any changes in accounting policies and practices;
  - Significant adjustments arising from the audit;
  - The going concern assumption;
  - Compliance with accounting standards and other legal requirements.
- To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditor may wish to discuss (in the absence of management where necessary);
- To review the External Auditors' management letter and management's response;
- To consider any related party transactions that may arise within the Company or the Group;
- To consider the major findings of internal investigations and management's response;
- To do the following in relation to the internal audit function:
  - Identify the head of internal audit;
  - Review the adequacy of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;
  - Review the internal audit programme and results of the internal audit programme and the results of the internal audit process and where necessary ensure that appropriate actions taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of members of the internal audit functions;
  - Approve any appointment or termination of senior staff members of the internal audit function;
  - Inform the Company on the resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning; and
  - To consider other topics as defined by the Board.

## Board Committees Report (cont'd)

### c. Summary of Activities of Audit Committee for the financial year ended 31 December 2015

The Audit Committee held five meetings during the financial year ended 31 December 2015.

The attendance record for the financial year ended 31 December 2015 of each member of the Audit Committee is shown in the table below:

Audit Committee Members	Meeting Attendance	
	No of meetings attended	Percentage of attendance
Dato' Azman Bin Mahmood	5/5	100
Liew Jee Min @ Chong Jee Min	5/5	100
Tan Sri Datuk Hussin Bin Haji Ismail	5/5	100

The minutes of each Audit Committee Meeting were distributed to the Board members at the subsequent Board Meeting. The Audit Committee Chairman will inform the Directors at Board Meetings, matters and recommendations which the Audit Committee's view ought to be highlighted to the Board.

For the financial year ended 31 December 2015, the Audit Committee:

- i. Reviewed the quarterly results and Audited Financial Statements;
- ii. Reviewed the internal audit report tabled by Internal Auditors;
- iii. Reviewed and approve the Internal Audit Plan;
- iv. Reviewed the Audit Review Memorandum and discussed with External Auditors on their findings;
- v. Reviewed the Statement on Risk Management & Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Annual Report;
- vi. Review Audit Planning Memorandum for the financial year ended 31 December 2015;
- vii. Reviewed the performance of Internal Auditors; and
- viii. Recommended the External Auditors' fees and re-appointment of External Auditors.

### d. Summary of Activities of the Internal Audit Division for the financial year ended 31 December 2015.

The Group outsourced its internal audit function to external consultant who assist in the setting up as well as manage a sound system of internal control to safeguard the shareholders' interest and the Group's assets.

The total cost incurred for the Group's internal audit function was approximately RM52,858.

The Group's Statement on Risk Management & Internal Control is set out on pages 28 and 29 of this Annual Report.

## B. NOMINATION COMMITTEE REPORT

### a. Members

The Nomination Committee comprises exclusively of Non-Executive Directors. The Chief Executive Officer ("CEO") and Group Senior General Manager, Finance attend the meeting on the invitation of the Committee.

**Chairman**                      **Dato' Azman Bin Mahmood**  
(Independent Non-Executive Director)

**Members**                      **Liew Jee Min @ Chong Jee Min**  
(Independent Non-Executive Director)

**Tan Sri Datuk Hussin Bin Haji Ismail**  
(Independent Non-Executive Director)

## Board Committees Report (cont'd)

### b. Functions and Responsibilities

The key functions and responsibilities of the Nomination Committee are:

- To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- To review and recommend new nominees for appointment to the Board of Directors.
- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Committee should consider the candidates'
  - skills, knowledge, expertise and experience;
  - professionalism;
  - integrity; and
  - in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from independent non-executive directors.
- To consider, in making its recommendations, candidates for directorships proposed by the CEO and, within the bounds of practicability, by any other senior executive or any director or shareholder.
- To recommend to the Board, Directors to fill the seats on Board Committees.
- To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board. This should be disclosed in the Annual Report.
- To recommend to the Board for continuation (or not) in service of executive Director(s) and Directors who are due for retirement by rotation.
- On invitation of Chairman or the Board, recommend to the Board for continuation (or not) in service of executive Directors(s) and Directors who are due for retirement by rotation.
- To orient and educate new Directors as the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.

### c. Summary of Activities of Nomination Committee for the financial year ended 31 December 2015

The Nomination Committee met once during the financial year ended 31 December 2015. For the financial year ended 31 December 2015, the following activities were carried out by the Nomination Committee:

- i. Reviewed the size and composition of the Board and Board Committees;
- ii. Reviewed the mix of skill and experience and other qualities of the Board;
- iii. Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors; and
- iv. Discussed and recommended the re-election of retiring Directors;

## Board Committees Report (cont'd)

The Nomination Committee upon its annual assessment carried out for financial year 2015, was satisfied that:

- The size and composition of the Company Board is optimum with appropriate mix of knowledge skills, attribute and core competencies;
- The Board has been able to discharge its duties professionally and effectively;
- All the Directors continues to uphold the highest governance standards in discharging their duties and responsibilities;
- All the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors, namely Tan Sri Datuk Hussin Bin Haji Ismail, Dato' Azman Bin Mahmood and Mr Liew Jee Min @ Chong Jee Min are demonstrably independent;
- The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and
- The Directors have received training during the financial year ended 31 December 2015 that is relevant and would serve to enhance their effectiveness in the Board.

### C. REMUNERATION COMMITTEE REPORT

The Remuneration Committee comprises of a majority of Non-Executive Directors.

**Chairman**      **Liew Jee Min @ Chong Jee Min**  
(Independent Non-Executive Director)

**Members**      **Ang Lam Poah**  
(Chief Executive Officer)

**Tan Sri Datuk Hussin Bin Haji Ismail**  
(Independent Non-Executive Director)

The Committee met once during the financial year ended 31 December 2015.

The Remuneration Committee shall ensure that the levels of remuneration are sufficient to attract and retain Directors of the quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors, by linking their rewards to corporate and individual performance with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

The Board of Directors of JAKS Resources Berhad ("JAKS") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2015 which has been prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). This statement outlines the nature and state of the risk management and internal control of the Group during the financial year.

## Board Responsibility

The Board acknowledges its responsibility for maintaining a sound and effective systems of risk management and internal controls and for reviewing the adequacy and integrity of the said systems to ensure shareholders' interests and the Group's assets are safeguarded. These responsibilities have been delegated to the Audit Committee, which is empowered by its terms of reference to seek the assurance on the adequacy and effectiveness of the Group's internal controls system through independent reviews conducted by the internal audit function and the annual statutory audits conducted by the external auditors. The Audit Committee reports significant controls matters to the Board at their scheduled meetings.

However, as there are inherent limitations in any system of risk management and internal control, such system can only manage rather than eliminate all possible risks that may impede the achievement of the Group's business objectives or goals. Therefore, the system can only provide reasonable and not absolute assurance against material misstatements or losses.

## Risk Management Framework

The Group has a structured risk management framework where an assessment process is available to identify, evaluate and manage significant risks that may affect the achievement of the Group's business objectives. The respective Heads of Department and key management staffs are assigned with responsibilities to manage identified risks within defined parameters and standards. Periodic management meetings were held in which key risks and the appropriate mitigating controls were discussed and communicated to Senior Management. Significant risks are also brought to the attention of Board members at their scheduled meetings.

The above-mentioned risk management practices of the Group serves as the on-going process used to identify, evaluate and managed significant risks of the Group for the year under review and up to the date of approval of this Statement. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements.

## Internal Audit Function

The Group's internal audit function is outsourced to a professional services firm, to assist the Board and the Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The internal audit function reports directly to the Audit Committee.

During the financial year ended 31 December 2015, internal audits were carried out in accordance with the risk based internal audit plan approved by the Audit Committee. The business processes reviewed were project management and project tender management processes of JAKS Sdn Bhd and pre-development and tender management processes of JAKS Island Circle Sdn Bhd. The results of the audit reviews were discussed with Senior Management and subsequently, the audit findings, including the recommendations for improvement were presented to the Audit Committee at their scheduled meetings. In addition, follow up reviews on previous auditable activities of JAKS Resources Berhad and JAKS Sdn Bhd were also conducted to ensure that corrective actions have been implemented in a timely manner and the results of follow up reviews were also reported to the Audit Committee at their scheduled meetings.

Based on the internal audit review conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in the annual report.

Total costs incurred for the outsourcing of the Internal Audit Function for the financial year ended 31 December 2015 was RM52,858.

# Statement On Risk Management And Internal Control

(cont'd)

## Others Key Elements of Internal Control

The other key elements of the Group's internal control systems are described below:

- An organisational structure with clearly defined lines responsibility, accountability, and proper segregation of duties;
- Written operational policies and procedures that are established and regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities as the Group's grows;
- Human resource policies encompassing areas of recruitment, training and development, health and safety, staff performance, appraisal and succession planning with the objective to enhance staff integrity and the development of professionalism and competency of employees in the Group;
- Quality management in the form of policies and objectives as outlined in the Quality Manual issued by the Chief Executive Officer. The Management Review Team periodically reviews this quality management process that is implemented throughout the financial year.
- Monitoring of results by the senior management team on a monthly basis where appropriate management action will be undertaken to address deviations. The Chief Executive Director also reviews the management accounts covering financial performance, key business indicators on a quarterly basis and the cash flow position on a regular basis; and
- Executive Directors are actively involved in the running of the business and operations of the Group and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group.
- The Group's risk management process, internal audit process and internal control system do not apply to jointly controlled operations and joint ventures where the Group does not have full management control. The Group's interest in these jointly controlled operations and joint ventures are closely monitored through periodic receipt of the operations management accounts and representation in the jointly controlled operations' Board.

At a meeting held on 19 April 2016, the Board obtained assurance from the Chief Executive Officer and Group Senior General Manager of Finance that the Group's risk management and internal controls systems are operating adequately and effectively in all material respects.

The Board is of the view that the risk management and internal control system is satisfactory and have not resulted in any material losses or contingencies that would require disclosure in the Group's annual report. The Board shall continue to take the pertinent measures to improve the Group's risk management and internal control in meeting the Group's corporate objectives.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 19 April 2016.

# CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Group has consistently taken considerable effort in maintaining corporate social responsibility. As part of the corporate vision and mission, the Group is not only aiming at maximising shareholders' return but at the same time emphasising on the importance of environmental factors as well as protecting the health and safety of our employees and communities in which we operate.

To achieve these goals, the Group is committed to deploy and implement policies and guidelines that help to ensure the operations are conducted in compliance with applicable regulations and standards. It is always the Group's objectives to incorporate these environmental, health and safety standards into the business operations to reduce risks and work towards an accident-free workplace.

In this regards, the Group always believes that this will build public confidence and hence strengthen the stakeholders' relationship with all these social, economic, environmental and ethical responsibilities in place.

## **Employees**

Employees are always the greatest assets of the Group. Appropriate training on skills development, team building, motivation courses and internal recognition programmes are developed for employees. These employment development opportunities are structured to enhance the employees' skills. Leadership development and succession are also critical to the success of the business. Leadership courses are provided to develop and enhance the leadership qualities and managerial capabilities of the employees to meet our business needs. In addition, safety measures workshops were also conducted to ensure high level of awareness of safety requirements at all levels.

The Group does not have a policy on workforce diversity of gender, ethnicity and age. However, the Group is committed to cultivate a climate of diversity and inclusiveness via our non-discriminatory recruitment processes. The Group is committed to practice fair opportunity to all existing and prospective employees without unlawful or unfair. In so doing, employees from all functional discipline and at all levels will have the opportunity to contribute and provide input on how our business is to be managed. Suggestion box is made available for staff to contribute constructive ideas to the Management.

In addition, activities organised by sports club such as trips, family days, badminton events, bowling competitions etc. also promote better team spirit among the employees and also improve the work-life balance of employees.

## **Health and Safety**

As part of recognising our employees as the greatest asset, the Group aims to ensure a safe and healthy working environment for all our employees. The Group makes great effort to protect the well-being of its employees through the effective and stringent implementation of good Occupational Safety and Health practices in the business operations. Guidelines are developed, implemented and continuously improved to meet the current international best practices. Safety and Healthy committee meetings are held regularly to update and improve on the business operations practices.

The Group aims to comply with all relevant local legislation or regulations, and best practice guidelines recommended by national health and safety authorities. We also liaise with staff regarding our policies and practices so that we can continue to maintain a healthy, safe and enjoyable environment.

The Group is consistently providing updated information and encouraging self consciousness of importance of the healthy and safe working environment. The Group continuously provides first aid training and fire drills for the employees. As for the properties and equipments, the Group continues to ensure that equipment and building systems are functioning properly and are well maintained. All these will lead to a conducive and safe working environment to the employees.

# Corporate Social Responsibility Statement (cont'd)

## Environment

In today's world, environmental protection is a global necessity. In the course of our operations we seek to identify opportunities to reduce consumption of energy, water and other natural resources. All staffs are encouraged in the process to recycle papers, use electronic mail and also other energy saving practices to protect our surrounding environment.

It is anticipated that by adopting simple, environmentally friendly initiatives, the Group will raise awareness amongst stakeholders and the wider community.

The Group regularly reviews its environmental policy to ensure that it reflects changes in regulations and best practice. We aim to continually to manage the impact of our operations and develop initiatives to improve our environmental footprint.

In addition, as part of the our support for a greener environment, we have established proper disposal of toxic and hazardous waste as per the Environment Quality (Schedule Waste) Regulation 2005. These scheduled wastes are treated and disposed-off at facility approved by the authorities. Relevant budget has been allocated for environment protection expenditure. This includes environment monitoring for noise and dust, audiometric hearing test, filtering system, internal audit, awareness training and also personnel protective equipments. We undertake measures to minimise any adverse impact of our operations on the environment.

## Community

The Group actively participates in social and community event to help the less fortunate. As a mean of serving the community, the Group elevates the standards of living and the quality of life of communities by supporting worthy causes and sponsoring educational, welfare and sports events. The Group also assists in developing fresh young talent from local universities, where industrial trainings are provided for interested students.

Employees are also encouraged to volunteer their time and talent to assist in various societies and programmes. Staff members who volunteer regularly in these community service projects have demonstrated improved personal development and also better leadership qualities. The employees also responded to the donations from various organisations for those in need.

## Clients

The Group strongly believes that integrity is a key to success in building sustainable business relationship with our clients.

The Group aims at providing products and services which are value for money, coupled with consistent quality, reliability and safety in return for fair reward. We operate policies of continual improvement, with processes and the skills of our staff, to take best advantage of technology advancement. This safeguards our operations in the future, ensuring that we continue to add value to our customers' businesses.

The Board always believes that a good corporate citizen should fulfill its responsibilities owing to its shareholders, employees, communities, environment and the clients and this will bring business success to a greater height. We at JAKS will continue to improve and execute policies set out regularly to address any new concerns or issues that may arise.



## DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2015, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose the financial position of the Group with reasonable accuracy and ensure that the financial statements are comply with the Companies Act, 1965.



# ***Financial Statements***

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## DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

### Principal activities

The principal activities of the Company are that of investment holding and general contractor. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

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

### Results

	Group RM	Company RM
Net profit for the financial year	47,162,365	32,131,729
Attributable to:		
Owners of the Company	41,467,071	32,131,729
Non-controlling interests	5,695,294	-
	47,162,365	32,131,729

### Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2015.

### Reserves and provisions

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

### Issue of shares and debentures

The Company did not issue any new shares or debentures during the financial year.

## Directors' Report (cont'd)

### Options granted over unissued shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company apart from the share options pursuant to the Employees Share Option Scheme below.

### Employees' share option scheme ("ESOS")

At an extraordinary general meeting held on 28 April 2008, the Company's shareholders approved the establishment of an ESOS of up to 10% of the issued and paid up share capital of the Company, to eligible Executive and Non-Executive Directors and employees of the Company and its subsidiaries. Bursa Malaysia Securities Berhad had approved in-principle the listing of the additional 10% of the issued and paid-up share capital of the Company to be issued pursuant to the exercise of the share options granted under the ESOS.

On 6 March 2013, the Company extended the duration of its ESOS which expired on 28 April 2013 for another 5 years to 28 April 2018. This was in accordance with the terms of the ESOS By-Laws. The ESOS extension was not subject to any regulatory or shareholders' approval.

The salient terms of the ESOS are set out in Note 26 to the financial statements.

As at the reporting date, no ESOS was granted by the Company.

### Directors

The Directors who served since the date of the last report are as follows:

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 Haji Ismail

### Directors' interests

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of Directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31 December 2015 are as follows:

The Company	Number of ordinary shares of RM1 each			At 31.12.2015
	At 1.1.2015	Bought	Sold	
<b>Direct</b>				
Ang Lam Poah	32,600,002	-	-	32,600,002
<b>Indirect</b>				
Dato' Razali Merican Bin Naina Merican	*25,000,000	-	-	*25,000,000

\* Deemed interest by virtue of his shareholdings in Original Invention Sdn. Bhd..

By virtue of their interests in shares of the Company, Ang Lam Poah and Dato' Razali Merican Bin Naina Merican are deemed to have interest in the shares of the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interests in the ordinary shares and options in the Company and its related corporations.



## Directors' Report (cont'd)

### 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 emoluments received or due and receivable by the Directors or the fixed salary as a full-time employee of the Company as disclosed in 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, other than as disclosed in Note 38 to the financial statements.

Neither during nor at the end of the financial year was the Company or any of its related corporations 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 as may arise from the Directors' entitlements to subscribe for new ordinary shares in the Company under the ESOS of the Company of which the entitlement is to be determined by the ESOS Committee.

### Other statutory information

#### (I) As at the end of the financial year

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment and have satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than those disclosed in Note 34 to the financial statements.

#### (II) From the end of the financial year to the date of this report

- (a) The Directors are not aware of any circumstances:
  - (i) which would necessitate the writing off of bad debts or render the amount of the allowance for impairment in the financial statements of the Group and of the Company inadequate to any material extent; or
  - (ii) which would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) 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.
- (b) In the opinion of the Directors:
  - (i) there has not arisen 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; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

## Directors' Report (cont'd)

### Other statutory information (cont'd)

#### (III) As at the date of this report

- (a) There are no changes on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (b) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (c) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### Significant events and material litigation

Significant events that occurred during and subsequent to the financial year and material litigation are disclosed in Note 41 (A) and 41 (B) to the financial statements respectively.

### Auditors

The auditors, ECOVIS AHL PLT, 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 19 April 2016.

.....  
**Ang Lam Poah**  
Director

.....  
**Dato' Razali Merican Bin Naina Merican**  
Director

Kuala Lumpur

## STATEMENT BY DIRECTORS

We, **Ang Lam Poah** and **Dato' Razali Merican Bin Naina Merican**, being two of the Directors of **JAKS Resources Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 42 to 124 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out in Note 45, on page 125 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 April 2016.

.....  
**Ang Lam Poah**  
Director

.....  
**Dato' Razali Merican Bin Naina Merican**  
Director

Kuala Lumpur

## STATUTORY DECLARATION

I, **Chee Seong Heng**, 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 set out on pages 42 to 124 and the supplementary information in Note 45 on page 125 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.

.....  
**Chee Seong Heng**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory dated 19 April 2016.

Before me,

.....  
Commissioner for Oaths  
**YM TENGKU FARIDDUDIN BIN TENGKU SULAIMAN**  
**No. W533**



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF JAKS RESOURCES BERHAD

### Report on the Financial Statements

We have audited the financial statements of JAKS Resources Berhad, which comprise the statements of financial position as at 31 December 2015 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 for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 124.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) Other than those subsidiaries without the audited financial statements and the auditors' reports as disclosed in Note 8 to the financial statements, we have considered the financial statements and the auditors' reports of all the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.
- (c) Other than those subsidiaries without the audited financial statements as disclosed in Note 8 to the financial statements, we are satisfied that the financial statements of the remaining subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) Other than those subsidiaries with emphasis of matter paragraph in the auditors' report as disclosed in Note 8 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

# Independent Auditors' Report

## To The Members Of JAKS Resources Berhad (cont'd)

### Other Reporting Responsibilities

The supplementary information set out in Note 45 on page 125 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**ECOVIS AHL PLT**  
AF 001825  
Chartered Accountants

Kuala Lumpur

19 April 2016

**CHUA KAH CHUN**  
No. 2696/09/17 (J)  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	19,855,380	28,025,802	1,368,893	576,795
Investment properties	6	450,482,130	291,651,140	6,926,927	6,976,137
Land held for property development	7	38,879,225	38,579,722	-	-
Investment in subsidiaries	8	-	-	219,673,151	221,823,151
Investment in joint venture	9	62,089,543	-	-	-
Golf club memberships	11	350,000	528,948	-	-
Goodwill on consolidation	12	148,500,905	178,500,905	-	-
Development expenditure	13	-	153,358,658	-	66,869,630
Deferred tax assets	14	7,421,985	9,277,481	-	-
		727,579,168	699,922,656	227,968,971	296,245,713
<b>CURRENT ASSETS</b>					
Property development costs	15	301,839,940	272,053,212	-	-
Amount due from customers on contracts works	16	68,565,859	63,021,903	1,090,201	7,498,089
Inventories	17	9,186,112	25,662,008	-	-
Trade receivables	18	71,205,620	110,056,411	25,189,950	26,004,225
Accrued billings	19	-	3,009,482	-	-
Other receivables, deposits and prepayments	20	63,760,485	76,635,812	206,602	191,995
Amount owing by subsidiaries	21	-	-	480,729,457	350,367,707
Amount owing by joint venture	22	151,151,368	-	-	-
Tax recoverable		1,255,846	1,302,962	-	-
Deposits placed with licensed banks	23	41,369,569	92,082,086	8,194,431	23,589,793
Cash and bank balances	24	46,047,813	80,342,382	1,344,530	1,928,776
		754,382,612	724,166,258	516,755,171	409,580,585
Asset classified as held for sale	25	3,248,594	19,048,391	-	-
		757,631,206	743,214,649	516,755,171	409,580,585
<b>TOTAL ASSETS</b>		1,485,210,374	1,443,137,305	744,724,142	705,826,298

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

# Statements Of Financial Position

As At 31 December 2015 (cont'd)

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	26	438,361,072	438,361,072	438,361,072	438,361,072
Share premium		8,368,710	8,368,710	8,368,710	8,368,710
Retained profits		54,382,536	12,915,465	55,284,709	23,152,980
Equity attributable to owners of the Company		501,112,318	459,645,247	502,014,491	469,882,762
Non-controlling interests		94,912,792	89,217,498	-	-
<b>TOTAL EQUITY</b>		<b>596,025,110</b>	<b>548,862,745</b>	<b>502,014,491</b>	<b>469,882,762</b>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	27	326,216,038	343,085,272	386,883	31,083
Deferred tax liabilities	14	227,690	197,798	-	-
		326,443,728	343,283,070	386,883	31,083
<b>CURRENT LIABILITIES</b>					
Trade payables	28	150,445,833	152,708,267	-	-
Progress billings	19	2,068,877	-	-	-
Other payables and accruals	29	177,770,720	130,287,595	57,811,077	17,516,069
Amount owing to subsidiaries	21	-	-	129,564,256	159,937,951
Borrowings	27	230,346,326	260,657,412	54,667,768	57,527,953
Tax payable		2,109,780	7,338,216	279,667	930,480
		562,741,536	550,991,490	242,322,768	235,912,453
<b>TOTAL LIABILITIES</b>		<b>889,185,264</b>	<b>894,274,560</b>	<b>242,709,651</b>	<b>235,943,536</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,485,210,374</b>	<b>1,443,137,305</b>	<b>744,724,142</b>	<b>705,826,298</b>

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



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	30	461,178,578	490,932,434	37,156,684	69,396,373
Cost of sales	31	(368,203,077)	(379,185,771)	(31,938,192)	(57,034,895)
<b>GROSS PROFIT</b>		92,975,501	111,746,663	5,218,492	12,361,478
Other income		88,816,309	16,377,686	50,312,777	-
Selling and distribution expenses		(4,178,761)	(3,140,506)	-	-
Administrative expenses		(48,703,191)	(40,637,957)	(9,936,637)	(8,141,909)
Other operating expenses		(54,448,543)	(14,681,380)	(9,841,684)	-
<b>OPERATING PROFIT</b>		74,461,315	69,664,506	35,752,948	4,219,569
Finance income	32	2,945,936	3,498,940	435,245	488,846
Finance costs	33	(22,125,222)	(18,847,119)	(4,224,744)	(4,923,407)
<b>PROFIT/(LOSS) BEFORE TAX</b>	34	55,282,029	54,316,327	31,963,449	(214,992)
Tax expense	35	(8,119,664)	(19,954,329)	168,280	(1,117,323)
<b>NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		47,162,365	34,361,998	32,131,729	(1,332,315)
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR</b>		47,162,365	34,361,998	32,131,729	(1,332,315)
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO:</b>					
Owners of the Company		41,467,071	14,023,683	32,131,729	(1,332,315)
Non-controlling interests		5,695,294	20,338,315	-	-
		47,162,365	34,361,998	32,131,729	(1,332,315)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:</b>					
Owners of the Company		41,467,071	14,023,683	32,131,729	(1,332,315)
Non-controlling interests		5,695,294	20,338,315	-	-
		47,162,365	34,361,998	32,131,729	(1,332,315)
<b>EARNING PER ORDINARY SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)</b>					
- Basic	36(a)	9.46	3.20		
- Diluted	36(b)	9.46	3.20		

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	← Attributable to Owners of the Company →					Total Equity RM
	Share Capital RM	Non- Distributable Share Premium RM	Distributable Retained Profit/ (Accumulated Losses) RM	Total RM	Non- Controlling Interests RM	
<b>Group</b>						
At 1 January 2014	438,361,072	8,368,710	(1,108,218)	445,621,564	68,879,183	514,500,747
Total comprehensive income for the financial year	-	-	14,023,683	14,023,683	20,338,315	34,361,998
At 31 December 2014/ 1 January 2015	438,361,072	8,368,710	12,915,465	459,645,247	89,217,498	548,862,745
Total comprehensive income for the financial year	-	-	41,467,071	41,467,071	5,695,294	47,162,365
At 31 December 2015	438,361,072	8,368,710	54,382,536	501,112,318	94,912,792	596,025,110

	← Attributable to Owners of the Company →				Total RM
	Share Capital RM	Non- Distributable Share Premium RM	Distributable Retained profits RM	Total RM	
<b>Company</b>					
At 1 January 2014		438,361,072	8,368,710	24,485,295	471,215,077
Total comprehensive loss for the financial year		-	-	(1,332,315)	(1,332,315)
At 31 December 2014/ 1 January 2015		438,361,072	8,368,710	23,152,980	469,882,762
Total comprehensive income for the financial year		-	-	32,131,729	32,131,729
At 31 December 2015		438,361,072	8,368,710	55,284,709	502,014,491

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before tax	55,282,029	54,316,327	31,963,449	(214,992)
Adjustments for:				
Allowance for impairment				
- third parties	10,486,067	-	7,600,000	-
- subsidiaries	-	-	91,684	-
Amortisation of golf club membership	7,894	7,894	-	-
Bad debt recovered	-	(9,656)	-	-
Depreciation:				
- property, plant and equipment	3,673,565	4,133,195	469,518	211,062
- investment properties	3,044,937	4,468	49,210	33,444
Loss/(Gain) on disposal of property, plant and equipment, net	2,783,106	(11,438,651)	-	-
Gain on disposal of asset held for sale	(35,936,935)	-	-	-
Gain on disposal of subsidiaries	(50,055,066)	-	-	-
Impairment loss on investment in subsidiaries	-	-	2,150,000	-
Interest expense (Note 33)	22,125,222	18,847,119	4,224,744	4,923,407
Interest income (Note 32)	(2,945,936)	(3,498,940)	(435,245)	(488,846)
Property, plant and equipment write off	642	-	-	-
Provision for foreseeable losses	758,521	-	-	-
Reversal of impairment on amount owing by subsidiaries	-	-	(7,304,886)	-
Impairment of receivables no longer required	-	(12,872)	-	-
Impairment on golf club membership	171,054	-	-	-
Impairment on goodwill	30,000,000	6,723,975	-	-
Impairment on plant and equipment	-	3,733,556	-	-
Inventories written down to net realisable value	3,725,201	4,223,849	-	-
Inventories written off	151,081	-	-	-
Unrealised loss/(gain) on foreign exchange, net	6,614,937	-	(42,256,316)	-
<b>Operating profit/(loss) before working capital changes</b>	<b>49,886,319</b>	<b>77,030,264</b>	<b>(3,447,842)</b>	<b>4,464,075</b>
<b>Changes in working capital:</b>				
Inventories	12,599,614	(14,264,337)	-	-
Amount due from customers on contract works	(5,543,956)	18,409,248	6,407,888	11,546,459
Receivables	43,958,018	30,714,027	(6,800,332)	(10,152,985)
Payables	49,185,533	18,640,004	33,680,071	5,463,402
Property development costs	(30,545,303)	140,283,038	-	-
Land held for property development	(299,503)	(1,134,415)	-	-
<b>Cash generated from operations</b>	<b>119,240,722</b>	<b>269,677,829</b>	<b>29,839,785</b>	<b>11,320,951</b>
Interest paid	(14,172,835)	(13,970,621)	(4,186,928)	(4,612,789)
Tax paid	(11,415,597)	(19,301,797)	(482,533)	(312,305)
<b>Net cash from operating activities</b>	<b>93,652,290</b>	<b>236,405,411</b>	<b>25,170,324</b>	<b>6,395,857</b>

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

# Statements Of Cash Flows

For The Financial Year Ended 31 December 2015 (cont'd)

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Increase in development expenditure (Note 13)	(20,636,921)	(46,293,778)	(5,835,590)	(5,370,089)
Proceeds from disposal of property, plant and equipment	2,038,086	21,127,124	-	-
Interest received	2,945,936	3,498,940	435,245	488,846
Net cash outflows from acquisition of interest in subsidiaries	-	-	-	(499,996)
Purchase of property, plant and equipment (Note A)	(2,180,171)	(2,659,851)	(307,616)	(25,997)
Addition to investment properties (Note 6)	(161,800,327)	(291,442,129)	-	(859,962)
Addition to asset classified as held for sale	(91,075)	-	-	-
Net proceeds from disposal of asset held for sale	58,136,075	-	-	-
Disposal of subsidiaries, net of cash disposed (Note 8)	(469,272)	-	-	-
<b>Net cash used in investing activities</b>	<b>(122,057,669)</b>	<b>(315,769,694)</b>	<b>(5,707,961)</b>	<b>(6,267,198)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advances (to)/from subsidiaries	-	-	(31,945,770)	12,599,512
Withdrawal/(Placement) of deposits and debt service reserve	41,993,307	(53,872,234)	15,395,362	(4,548,031)
Interest paid	(7,952,387)	(4,876,498)	(37,816)	(310,618)
Net movement on bill payables	19,134,451	(17,078,430)	-	-
Net movement on factoring loan	(10,389,825)	(16,732,236)	-	-
Repayments of hire purchase liabilities	(3,016,558)	(2,644,141)	(406,632)	(147,820)
Repayments of revolving loan	(20,000,000)	-	(20,000,000)	-
Net movement on term loans	(64,257,565)	146,369,919	-	(3,796,569)
<b>Net cash (used in)/generated from financing activities</b>	<b>(44,488,577)</b>	<b>51,166,380</b>	<b>(36,994,856)</b>	<b>3,796,474</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(72,893,956)</b>	<b>(28,197,903)</b>	<b>(17,532,493)</b>	<b>3,925,133</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<b>24,424,178</b>	<b>52,622,081</b>	<b>(20,444,137)</b>	<b>(24,369,270)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE B)</b>	<b>(48,469,778)</b>	<b>24,424,178</b>	<b>(37,976,630)</b>	<b>(20,444,137)</b>

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

# Statements Of Cash Flows

For The Financial Year Ended 31 December 2015 (cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>NOTE A :</b>				
<b>PURCHASE OF PROPERTY, PLANT AND EQUIPMENT</b>				
Purchase of property, plant and equipment (Note 5)	3,649,171	7,605,922	1,261,616	25,997
Financed by hire purchase liabilities	(1,469,000)	(4,946,071)	(954,000)	-
Cash payments on purchase of property, plant and equipment	2,180,171	2,659,851	307,616	25,997
<b>NOTE B :</b>				
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>				
Deposits placed with licensed banks	41,369,569	92,082,086	8,194,431	23,589,793
Cash and bank balances	46,047,813	80,342,382	1,344,530	1,928,776
Bank overdrafts - secured (Note 27)	(84,652,211)	(54,772,034)	(39,321,160)	(22,372,913)
	2,765,171	117,652,434	(29,782,199)	3,145,656
Less: Deposits held as security values	(41,369,569)	(92,082,086)	(8,194,431)	(23,589,793)
Debt service reserve account (Note 24)	(9,865,380)	(1,146,170)	-	-
	(48,469,778)	24,424,178	(37,976,630)	(20,444,137)

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. General 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 activities of the Company are that of investment holding and general contractor. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

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

The principal place of business and the registered office are as follows:

Principal place of business : Lot 526, Persiaran Subang Permai,  
Sungai Penaga Industrial Park,  
USJ 1, 47600 Subang Jaya,  
Selangor Darul Ehsan.

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

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 19 April 2016.

## 2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is also their functional currency.

### 2.1 Adoption of Amendments to Financial Reporting Standards during the Current Financial Year

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year, except for the adoption of the following Amendments to FRSs:

#### **Effective for financial periods beginning on or after 1 July 2014**

- Amendments to FRS 119 *Defined Benefit Plans: Employee Contributions*
- Annual improvements to FRSs 2010 - 2012 Cycle
- Annual improvements to FRSs 2011 - 2013 Cycle

The adoption of Amendments to FRSs did not result in significant changes in the accounting policies of the Group and Company and has no significant effect on the financial performance or position of the Group and Company for the current financial year.



# Notes To The Financial Statements (cont'd)

## 2. Basis of preparation (cont'd)

### 2.2 FRSs that Have Been Issued, But Not Yet Effective and Not Yet Adopted

The following are Standards, Amendments and Annual improvements of the FRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

#### **Effective for financial periods beginning on or after 1 January 2016**

- FRS 14 *Regulatory Deferral Accounts*
- Amendments to FRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 101 *Disclosure Initiative*
- Amendments to FRS 127 *Equity Method in Separate Financial Statements*
- Amendments to FRS 10, FRS 12 and FRS 128 *Investment Entities: Applying the Consolidated Exception*
- Amendments to FRS 116 and FRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Annual improvements to FRSs 2012 - 2014 Cycle

#### **Effective for financial periods beginning on or after 1 January 2017**

- Amendments to FRS 107 *Disclosure Initiative*
- Amendments to FRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

#### **Effective for financial periods beginning on or after 1 January 2018**

- FRS 9 *Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)*

#### **To be announced**

- Amendments to FRS 10 and FRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and Company upon their initial application, except as described below:

#### **FRS 9 Financial Instruments**

In November 2014, the MASB issued the final version of FRS 9 Financial Instruments, replacing FRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

FRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the FRS 139 incurred loss model. Finally, FRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The impact of the adoption of this Standard in relation to the new requirements for classification and measurement and impairment are still being assessed, but the requirements for hedge accounting is not relevant to the Group and the Company.

## Notes To The Financial Statements (cont'd)

### 2. Basis of preparation (cont'd)

#### 2.3 Malaysian Financial Reporting Standards ("MFRSs Framework") That Have Been Issued, But Have Yet To be Adopted

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new approved accounting framework, i.e. 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. In presenting its first set of MFRSs financial statements, the Company will quantify the financial effects arising from the differences between MFRSs and the currently applied FRSSs. The majority of the adjustments required on transition are expected to be made, retrospectively, against opening retained earnings of the Company.

Certain subsidiaries of the Group prepare their financial statements using the MFRS framework. However, these do not have significant impact to these consolidated financial statements.

### 3. Significant accounting policies

#### (a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the followings:

- i) power over the entity;
- ii) exposure, or rights, to variable returns from its involvement with the entity; and
- iii) the ability to use its power over the entity to affect the amount of the investor's returns.

Potential voting rights are considered when assessing control only if the rights are substantive. The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

All intra-group balances, income and expense and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

#### Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (a) Basis of Consolidation (cont'd)

##### ***Business combinations (cont'd)***

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### ***Transaction with non-controlling interest***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests in the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Company ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

##### ***Loss of control***

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amount previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (b) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost investments includes transaction costs.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary disposed is recognised in profit or loss.

#### (c) Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follow:-

- i) A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- ii) A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using equity method. Investments in joint venture are measured in a subsidiary's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled activities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in a jointly controlled entity diminishes by virtue of losses to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity.

The results and reserves of jointly controlled entities are accounted for in the consolidated financial statements based on audited and/or unaudited management financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

#### (d) Goodwill on Consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (d) Goodwill on Consolidation (cont'd)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 3(r).

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in Ringgit Malaysia ("RM") at the rates prevailing at the date of acquisition.

#### (e) Development Expenditure

Development expenditure is stated at cost less accumulated amortisation and impairment loss, if any. Development costs are amortised from the commencement of the income recognition.

Development expenditures are expenditure incurred for development of Coal Fired Thermal Power Plant. Development expenditures are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Other development expenditures which do not meet these criteria are expensed when incurred.

#### (f) Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 3(m) to the financial statements.

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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.

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 between knowledgeable willing parties 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 available and replacement cost when appropriate.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (f) Property, Plant and Equipment, and Depreciation (cont'd)

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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 carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to profit or loss as incurred.

Freehold land is not depreciated as it has indefinite useful life. All property, plant and equipment are depreciated on the straight line basis to write off the cost over the estimated useful lives of the assets concerned. The principal annual rates used for this purposes are as follows:

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

The residual values and useful lives of assets and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values, useful lives and depreciation method are included in profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial year the asset is derecognised.

#### (g) Investment Properties

Investment properties are freehold and leasehold land and buildings which are held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the productivity or supply of goods or services or for administrative purposes. Such properties are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Subsequent to the initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Investment under construction are measured at cost and not depreciated until the assets are ready for its intended use. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m) to the financial statements.

Properties that occupied by companies in the Group are accounted for as owner-occupied rather than as investment properties in the consolidated financial statements.

No depreciation is provided on the freehold land as it has indefinite useful life.

Depreciation of freehold investment properties are provided on the straight line basis to write off the cost of investment properties to their residual value over their estimated useful lives of the investment properties.

The annual rate used to depreciate the freehold and leasehold buildings is 2%.

Leasehold land is depreciated evenly over their remaining lease periods of 82 years.

Investment properties are derecognised when they have been disposed off or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposals. The gain or loss arising from the retirement or disposal of an investment properties are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use.



## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (h) Golf Club Memberships

Golf club memberships are stated at cost less accumulated amortisation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m) to the financial statements.

On disposal of the golf club memberships, the difference between the net disposal proceeds and its carrying amount is recognised in the profits or loss.

#### (i) Property Development Activities

##### *Land held for property development*

Land held for property development consists of land where no significant development activity have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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

Land held for property development is classified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

##### *Property development costs*

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the costs of land under development, construction costs and other related development costs common to the whole project including administrative overheads and borrowing costs.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion. The stage of completion is measured by reference to the proportion of property development costs incurred for work performed up to the end of the reporting period over the estimated total property development costs.

When the 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 properties 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 immediately in profit or loss.

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of development, the unsold completed development properties are transferred to inventories.

Where revenue recognised in the profit or loss exceeds billings to purchasers, the balance is shown as accrued billings (within current assets). Where the billings to purchasers exceed revenue recognised in the profit or loss, the balance is shown as progress billings under (within current liabilities).

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (j) Construction Contract

Contract cost comprises cost related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract. Contract costs includes direct materials, expenses, labour and an appropriate proportion of construction overheads.

Revenue from work done on construction contracts is recognised based on the stage of completion method. The stage of completion is determined based on the proportion of contract costs incurred for work performed up to the reporting period over the estimated total contract costs and/or survey of work performed.

When the outcome of a construction contract cannot be estimated reliably, contract revenue shall be recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

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

The aggregate costs incurred and profit or loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contract works. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on contract works.

#### (k) Inventories

Inventories comprise raw materials, work-in-progress, finished goods and building materials that are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis.

The costs of raw material consist of purchase and costs incurred in bringing the inventories to their present location and condition. Costs for work-in-progress and finished goods include cost of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

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

#### (l) Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company becomes a party to the contract provisions of the financial instruments.

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (I) Financial Instruments (cont'd)

The Group and the Company categorise the financial instruments as follows:

##### (i) Financial Assets

###### Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in statements of profit or loss and other comprehensive income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

###### Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

###### Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

###### Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (I) Financial Instruments (cont'd)

##### (ii) Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Financial liabilities are classified as current liabilities unless the Group and Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### (iii) Financial Guarantee Contracts

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

The Group and the Company designate corporate guarantees given to financial institutions for credit facilities granted to related / subsidiaries and third parties as insurance contracts as defined in FRS 4 Insurance Contracts. The Group and the Company recognise these corporate guarantees as liabilities when there is a present obligation, legal or constructive, 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 a reliable estimate can be made of the amount of the obligation.

##### (iv) 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 the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date, and;
- (ii) the derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

##### (v) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (m) Impairment of Assets

##### (i) *Impairment of Financial Assets*

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at the end of 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. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised in the fair value reserve. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through the profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

With the exception of available-for-sales equity instruments, if, in a subsequent period, the fair value of the instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed.

##### (ii) *Impairment of Non-financial Assets*

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and where there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment is recognised as income in profit or loss.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (n) Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash in hand, bank balances, demand deposits and other short term and highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts, deposits and designated bank balances pledged to banks.

#### (o) Revenue Recognition

##### (i) Construction Contract

Revenue from construction contracts is recognised based on the stage of completion method as described in Note 3(j) to the financial statements.

##### (ii) Property Development

Revenue from sale of development properties is recognised based on the stage of completion method as described in Note 3(i).

Revenue from the sale of completed development properties is measured at the fair value of the consideration receivable and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

##### (iii) Sales of Finished Goods

Revenue from sale of finished goods is measured at the fair value of the consideration receivable and is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

##### (iv) Management Fee

Management fee is recognised upon services rendered.

##### (v) Rental Income

Rental income from investment properties are recognised on an accrual basis based on the agreed upon rental rates.

##### (vi) Interest Income

Interest income is recognised on an accrual basis.

##### (vii) Dividend Income

Dividend income is recognised when the right to receive payment is established.



# Notes To The Financial Statements (cont'd)

## 3. Significant accounting policies (cont'd)

### (p) Taxation

#### i) Current tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date, and adjustment of tax payable in respect of the previous financial year.

#### ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is charged or credited in other comprehensive income or directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

#### iii) Goods and service tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables related to such revenue, expenses or acquisitions of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

### (q) Employee Benefits

#### (i) Short-term Employee Benefits

Wages, salaries, bonuses and social security contributions and non-monetary benefits are recognised as expenses in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

#### (ii) Post-Employment Benefits

The Group and the Company contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once contributions have been paid, the Group and the Company has no further payment obligations.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (q) Employee Benefits (cont'd)

##### (iii) Share-based Compensation

The Company's Employees' Share Option Scheme ("ESOS"), when it becomes operative, is an equity-settled, share-based compensation plan for employees of the Group which allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable on the vesting date.

At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable on the vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to the share premium account, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

#### (r) Foreign Currencies

##### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the functional currency which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

##### (ii) Foreign currency transactions and translations

Transactions in foreign currencies are translated into Ringgit Malaysia at exchange rates ruling at the transaction date. Monetary assets and liabilities in foreign currencies at the statements of financial position are translated into Ringgit Malaysia at the rates ruling at the reporting date. All exchange differences are included in the profit or loss.

Non-monetary items are measured in term of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

##### (iii) Translation of foreign operations

For consideration purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the exchange translation differences relating to that foreign operation are recognised in profit or loss as part of gain or loss on disposal.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (s) Operating Segments

Segment reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide how to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenues, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenues, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

#### (t) Leases

##### (i) Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the statements of financial position as borrowings.

In calculating the present value of the minimum lease payments, the discount factor used in the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowings rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3(f) to the financial statements.

##### (ii) Operating leases

Leases of assets where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (u) Equity Instruments

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

#### (v) Borrowing Costs

Borrowing costs incurred on property development projects are capitalised and included as part of property development costs. The capitalisation of borrowing costs commences when expenditure for the property development projects and borrowing costs are being incurred and the activities that are necessary to prepare the property development projects for its intended sale are in progress. However, capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Capitalisation of borrowing costs should cease when substantially all the activities necessary to prepare the property development projects for its intended sale are completed.

Borrowing costs incurred in financing the construction-in-progress are capitalised as part of the cost of the assets. Capitalisation will cease when the relevant assets are ready for their intended use.

All other borrowing costs are charged to the profit or loss as an expense in the period in which they are incurred.

#### (w) Related Parties

A party is related to an entity if:

- i. directly, or indirectly through one or more intermediaries, the party:
  - control, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - has an interest in the entity that gives it significant influence over the entity; or
  - has joint control over the entity;
- ii. the party is an associated of the entity;
- iii. the party is a joint venture in which the entity is a venturer;
- iv. the party is a member of the key management personnel of the entity or its parent;
- v. the party is a close member of the family of any individual referred to in (i) or (iv);
- vi. the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- vii. the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

## Notes To The Financial Statements (cont'd)

### 3. Significant accounting policies (cont'd)

#### (x) Provisions

Provision are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligations. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

#### (y) Fair Value Measurement

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principle market or in the absence of a principle 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.

For financial reporting purpose, the fair value measurements are analysed into level 1 to level 3 as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or in directly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

### 4. Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustments to the carrying amount of the asset or liability affected in the future.

#### (a) Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, the Directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements excepts for the matter discussed below:

##### *Revenue recognition on property development projects*

The Group recognises property development projects in the profit or loss by using the percentage of completion method, which is the standard for similar industries.

The percentage of completion is determined by the proportion that property development and contract costs incurred for work performed to date bear to the estimated total property development and contract costs. Estimated losses are recognised in full when determined. Property development projects and expenses estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

## Notes To The Financial Statements (cont'd)

### 4. Significant accounting judgements and estimates (cont'd)

#### (a) Judgements made in applying accounting policies (cont'd)

##### *Revenue recognition on property development projects (cont'd)*

Significant judgement is required in determining the percentage of completion, the extent of the property development projects incurred, the estimated total property development and contract revenue and costs as well as the recoverability of the project undertaken. In making the judgement, the Group evaluates based on the past experience and by relying on the work of specialists. If the Group is unable to make reasonably dependable estimates, the Group would not recognise any profit before a contract is completed, but would recognise a loss as soon as the loss become evident.

Adjustments based on the percentage of completions method are reflected in property development and contract revenue in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported property development and contract revenue and costs, the Group recognises a charge or credit against current earnings and amounts in prior periods, if any, are not restated.

#### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material judgement to the carrying amounts of assets and liabilities within the next financial year are as stated below:

##### (i) *Depreciation and useful life of property, plant and equipment and investment properties*

Property, plant and equipment and investment properties are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful life. Management estimates the useful lives of these assets to be within 3 to 50 years for property, plant and equipment and 50 to 82 years for investment properties.

The carrying amounts of the Group's and the Company's property, plant and equipment and investment properties as at 31 December 2015 are disclosed in Notes 5 and 6 to the financial statements.

Changes in the expected level of usage and physical wear and tear could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

##### (ii) *Impairment of investment in subsidiaries*

The Company carried out the impairment test based on a variety estimation of including the value-in-use of the cash-generating unit. Estimating a value-in-use amount requires the Company to make an estimation 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.

The management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at reporting date. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than carrying amount.

In view of the above, the management are in the opinion that no further impairment, other than as disclosed in Note 8, is required for the investment in subsidiaries as at the reporting date.

##### (iii) *Impairment of property, plant and equipment*

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Where there is objective evidence, impairment losses are recognised in profit or loss. In the previous financial year, the Group recognised an impairment of RM3,733,556 on plant and equipment as disclosed in Note 5 to the financial statements.



## Notes To The Financial Statements (cont'd)

### 4. Significant accounting judgements and estimates (cont'd)

#### (b) Key sources of estimation uncertainty (cont'd)

##### (iv) *Impairment of investment properties*

The Group assesses at each reporting date whether there is any objective evidence that the investment properties are impaired to determine whether there is objective of impairment. The Group considers internal and external factors such as market price of properties within the same vicinity and nature.

The Group assessed the market price of the investment properties based on information available through internal research and Directors' best estimates.

Where there is objective evidence, impairment losses are recognised in profit or loss. As at reporting date, the Directors of the Company are of the opinion that there is no impact resulting from the impairment review.

##### (v) *Net realisable values of inventories*

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. Changes in these estimates may result in revisions to the valuation of inventories. As at reporting date, the Group has written down an amount of RM3,725,201 (2014: RM4,223,849) on its inventories.

##### (vi) *Allowance for impairment of receivables*

The Group makes allowances for impairment based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

##### (vii) *Taxation*

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (viii) *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 losses and 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. The total recognised and unrecognised deferred tax assets of the Group were RM7,421,985 (2014: RM9,277,481) and RM15,645,197 (2014: RM13,188,317) respectively as disclosed in Note 14 to the financial statements.

##### (ix) *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 of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2015 was RM148,500,905 (2014: RM178,500,905) with an impairment of RM30,000,000 (2014: RM6,723,975) recognised during the financial year as disclosed in Note 12 to the financial statements.

## Notes To The Financial Statements (cont'd)

### 4. Significant accounting judgements and estimates (cont'd)

#### (b) Key sources of estimation uncertainty (cont'd)

##### (x) *Revenue recognition on property development projects*

The Group recognises property development projects in profit or loss by using the stage of completion method, which is the standard for similar industries.

The stage of completion is determined by the proportion of the property development costs incurred to date over the estimated total property development costs. Estimated losses are recognised in full when determined. Property development projects and expenses estimates are reviewed and revised periodically as work progresses and as variation orders are approved.

Estimation is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs as well as the recoverability of the project undertaken. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

##### (xi) *Construction contracts*

The Group recognises construction revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the survey of work performed. Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

## Notes To The Financial Statements (cont'd)

## 5. Property, plant and equipment

Group	Freehold land RM	Freehold buildings RM	Leasehold land RM	Factory buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Total RM
<b>2015</b>								
<b>At cost</b>								
At 1 January	4,853,200	2,822,643	1,108,760	3,331,654	36,423,614	10,043,243	6,127,212	64,710,326
Additions	-	-	-	-	243,880	1,882,460	1,522,831	3,649,171
Transfer to investment property (Note 6)	-	(75,600)	-	-	-	-	-	(75,600)
Transfer to asset classified as held for sale (Note 25)	-	-	(1,108,760)	(3,331,654)	(7,152,282)	(55,542)	(90,535)	(11,738,773)
Disposals	-	-	-	-	(13,525,207)	(1,096,300)	(121,539)	(14,743,046)
Written off	-	-	-	-	-	-	(83,362)	(83,362)
At 31 December	4,853,200	2,747,043	-	-	15,990,005	10,773,861	7,354,607	41,718,716
<b>Accumulated depreciation</b>								
At 1 January	-	357,582	191,770	1,059,206	21,461,732	6,268,959	3,611,719	32,950,968
Depreciation for the financial year (Note 34)	-	50,641	20,920	66,799	988,950	1,652,828	893,427	3,673,565
Transfer to asset classified as held for sale (Note 25)	-	-	(212,690)	(1,126,005)	(7,005,426)	(55,538)	(90,520)	(8,490,179)
Disposals	-	-	-	-	(6,290,516)	(731,259)	(35,041)	(7,056,816)
Written off	-	-	-	-	-	-	(82,720)	(82,720)
At 31 December	-	408,223	-	-	9,154,740	7,134,990	4,296,865	20,994,818
<b>Accumulated impairment</b>								
At 1 January	-	-	-	-	3,648,744	-	84,812	3,733,556
Disposals	-	-	-	-	(2,780,226)	-	(84,812)	(2,865,038)
	-	-	-	-	868,518	-	-	868,518
<b>Carrying amount</b>								
At 31 December	4,853,200	2,338,820	-	-	5,966,747	3,638,871	3,057,742	19,855,380

## Notes To The Financial Statements (cont'd)

## 5. Property, plant and equipment (cont'd)

Group	Freehold land RM	Freehold buildings RM	Leasehold land RM	Factory buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Total RM
<b>2014</b>								
<b>At cost</b>								
At 1 January	7,734,869	4,966,985	1,108,760	3,331,654	36,853,614	8,471,670	5,022,825	67,490,377
Additions	-	859,962	-	-	4,070,000	1,571,573	1,104,387	7,605,922
Disposals	(2,881,669)	(3,004,304)	-	-	(4,500,000)	-	-	(10,385,973)
At 31 December	4,853,200	2,822,643	1,108,760	3,331,654	36,423,614	10,043,243	6,127,212	64,710,326
<b>Accumulated depreciation</b>								
At 1 January	-	322,707	170,850	992,573	19,993,076	5,018,171	3,017,896	29,515,273
Depreciation for the financial year (Note 34)	-	34,875	20,920	66,633	2,166,156	1,250,788	593,823	4,133,195
Disposals	-	-	-	-	(697,500)	-	-	(697,500)
At 31 December	-	357,582	191,770	1,059,206	21,461,732	6,268,959	3,611,719	32,950,968
<b>Accumulated impairment</b>								
Impairment loss for the financial year (Note 34)	-	-	-	-	3,648,744	-	84,812	3,733,556
<b>Carrying amount</b>								
At 31 December	4,853,200	2,465,061	916,990	2,272,448	11,313,138	3,774,284	2,430,681	28,025,802

# Notes To The Financial Statements (cont'd)

## 5. Property, plant and equipment (cont'd)

	Motor Vehicles RM	Office Equipment and Renovation RM	Total RM
<b>Company 2015</b>			
<b>At cost</b>			
At 1 January	2,133,873	549,922	2,683,795
Additions	1,217,030	44,586	1,261,616
Written off	-	(54,858)	(54,858)
At 31 December	3,350,903	539,650	3,890,553
<b>Accumulated Depreciation</b>			
At 1 January	1,955,613	151,387	2,107,000
Depreciation for the financial year (Note 34)	403,872	65,646	469,518
Written off	-	(54,858)	(54,858)
At 31 December	2,359,485	162,175	2,521,660
<b>Carrying amount</b>			
At 31 December	991,418	377,475	1,368,893
<b>Company 2014</b>			
<b>At Cost</b>			
At 1 January	2,133,873	523,925	2,657,798
Additions	-	25,997	25,997
At 31 December	2,133,873	549,922	2,683,795
<b>Accumulated Depreciation</b>			
At 1 January	1,795,422	100,516	1,895,938
Depreciation for the financial year (Note 34)	160,191	50,871	211,062
At 31 December	1,955,613	151,387	2,107,000
<b>Carrying amount</b>			
At 31 December	178,260	398,535	576,795

## Notes To The Financial Statements (cont'd)

### 5. Property, plant and equipment (cont'd)

- a) Carrying amounts for property, plant and equipment of the Group that have been pledged to licensed banks to partially secure the credit facilities granted to the Group as disclosed in Note 27 to financial statements are as follows:

	2015 RM	Group 2014 RM
Freehold land	4,853,200	4,853,200
Freehold buildings	2,073,727	2,122,937
Leasehold land	-	916,990
Factory buildings	-	2,272,448
Plant and machinery	-	198,065
	6,926,927	10,363,640

- b) Carrying amounts for motor vehicles and plant and machinery of the Group and of the Company that have been acquired under hire purchase instalment plans are as follows:

	2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Motor vehicles	3,452,913	3,526,445	991,418	178,260
Plant and machinery	5,459,400	7,528,293	-	-

### 6. Investment properties

	2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
<b>Carrying amounts</b>				
<b>Investment properties</b>				
- freehold land and buildings	280,309	209,011	6,926,927	6,976,137
- leasehold shopping mall and car parks	396,848,682	-	-	-
	397,128,991	209,011	6,926,927	6,976,137
<b>Investment properties under construction</b>				
- shopping mall and car park podium	53,353,139	291,442,129	-	-
	450,482,130	291,651,140	6,926,927	6,976,137

## Notes To The Financial Statements (cont'd)

### 6. Investment properties (cont'd)

#### (a) Investment properties

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>At Cost</b>				
At 1 January	223,418	223,418	7,313,681	6,453,719
Additions	-	-	-	859,962
Reclassified from investment properties under construction	399,889,317	-	-	-
Transfer from property, plant and equipment (Note 5)	75,600	-	-	-
At 31 December	400,188,335	223,418	7,313,681	7,313,681
<b>Accumulated depreciation</b>				
At 1 January	14,407	9,939	337,544	304,100
Depreciation for the financial year (Note 34)	3,044,937	4,468	49,210	33,444
At 31 December	3,059,344	14,407	386,754	337,544
<b>Carrying amount</b>	397,128,991	209,011	6,926,927	6,976,137

#### (b) Investment properties under construction

	Group	
	2015 RM	2014 RM
<b>At Cost</b>		
At 1 January	291,442,129	-
Additions	161,800,327	-
Transferred from property development cost (Note 15)	-	291,442,129
Reclassified to investment properties	(399,889,317)	-
At 31 December	53,353,139	291,442,129



## Notes To The Financial Statements (cont'd)

### 6. Investment properties (cont'd)

#### (b) Investment properties under construction (cont'd)

- (i) The investment properties and investment properties under construction of the Group and of the Company are pledged to licensed banks to secure the credit facilities granted to the Group and to the Company as disclosed in Note 27 to the financial statements.
- (ii) The fair values of the investment properties of freehold land and buildings of the Group and of the Company were estimated at RM280,309 (2014: RM209,011) and RM22,000,000 (2014: RM22,000,000) respectively at Directors' valuation which were made based on current prices in an active market for the said properties.
- (iii) The fair values of the investment properties of leasehold shopping mall and car parks (exclude investment properties under construction) of the Group were estimated at RM450,000,000 by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent professional valuer, registered with Board of Valuers, Appraisers and Estate Agents, based on comparison and investment method.
- (iv) Rental income earned from the investment properties of the Group during the financial year amounted to RM542,719 (2014: RM12,000).
- (v) Direct operating expenses on income generating investment properties of the Group during the financial year amounted to RM4,707,123 (2014: RM180,882).
- (vi) Interest expense capitalised during the financial year under investment properties under construction amounted to RM252,239 (2014: 3,245,897).
- (vii) Interest expense capitalised during the financial year under investment properties amounted to RM5,699,498.
- (viii) The Group is obliged to rent 900 units of car park podium to Star Publication (Malaysia) Berhad in accordance with the terms agreed in the Land Sale and Purchase Agreement as disclosed in Note 28 to the financial statements.

### 7. Land held for property development

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
<b>Freehold land</b>		
<b>At cost</b>		
At 1 January	38,579,722	56,493,698
Additions	299,503	1,134,415
Transfer to asset classified as held for sale (Note 25)	-	(19,048,391)
At 31 December	38,879,225	38,579,722

Land held for property development have been charged to banks to partially secure the bank borrowings as disclosed in Note 27 to the financial statements.

## Notes To The Financial Statements (cont'd)

### 8. Investment in subsidiaries

	Company	
	2015 RM	2014 RM
<b>Unquoted shares, at cost</b>		
At 1 January	238,286,615	237,786,619
Additional investment in subsidiaries	-	499,996
At 31 December	238,286,615	238,286,615
<b>Accumulated impairment</b>		
At 1 January	16,463,464	16,463,464
Impairment during the financial year (Note 34)	2,150,000	-
At 31 December	18,613,464	16,463,464
<b>Carrying amount</b>	219,673,151	221,823,151

a) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Direct subsidiaries				
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 during the year
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
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	Investment holding and general contractor
JAKS Power Holding Limited *β	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

## Notes To The Financial Statements (cont'd)

### 8. Investment in subsidiaries (cont'd)

a) Details of the subsidiaries are as follows (cont'd):

Name of subsidiaries	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Direct subsidiaries (cont'd)				
Premier Place Property Sdn. Bhd.	Malaysia	100	100	Property development
Harbour Front Development Sdn. Bhd.	Malaysia	100	100	Dormant
Indirect subsidiaries held through 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
Indirect subsidiary held through JAKS-KDEB Consortium Sdn. Bhd.				
Integrated Pipe Industries Sdn. Bhd. #	Malaysia	70	70	Pipes manufacturer. However, temporarily ceased manufacturing operation during the year
Indirect subsidiary held through 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
Indirect subsidiary held through JAKS Power Holding Limited				
JAKS Pacific Power Limited * (Note 8(b))	Hong Kong	-	100	Investment holding
JAKS-MPC (HD) Limited ^	British Virgin Islands	100	100	Investment holding

## Notes To The Financial Statements (cont'd)

### 8. Investment in subsidiaries (cont'd)

a) Details of the subsidiaries are as follows (cont'd):

Name of subsidiaries	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Indirect subsidiary held through JAKS Pacific Power Limited				
JAKS Hai Duong Power Company Limited *a (Note 8(b))	Vietnam	-	100	Develop and operate coal-fired thermal power plant
Indirect subsidiary held through 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
Indirect subsidiary held through MNH Global Assets Management Sdn. Bhd.				
Evolve Concept Mall Sdn. Bhd. #	Malaysia	51	51	Management of mall and other properties. However, not commenced its business operations yet since the date of incorporation

\* Not audited by ECOVIS AHL PLT.

<sup>Δ</sup> The audited financial statements and auditors' report of these subsidiaries are not available for consolidation. These subsidiaries are currently dormant or inactive.

# The audited reports of these subsidiaries contain an emphasis of matter relating to the appropriateness of the going concern basis used in the preparation of their financial statements. The Company has confirmed to provide continued financial support to these subsidiaries to continue its business without any significant curtailment of its operations.

<sup>a</sup> The financial year of this subsidiary ends on 30 September.

<sup>Δ</sup> The shares held in this subsidiary are pledged to bank for banking facilities granted to the Group as disclosed in Note 27 to the financial statements.

<sup>β</sup> The audited financial statements are not available and the management's financial statements were used in the preparation of the consolidated financial statements.

## Notes To The Financial Statements (cont'd)

### 8. Investment in subsidiaries (cont'd)

#### b) Disposal of subsidiaries

As disclosed in Note 13 to the financial statements, on 6 July 2015, JAKS Resources Berhad ("the Company"), JAKS Power Holding Limited ("JPH") and JAKS Pacific Power Limited ("JPP") entered into Subscription Agreement, Shareholders Agreement and Call Option Agreement (collectively referred to as "Agreements") with China Power Engineering Consulting Group Co., Ltd ("CPECC"), a wholly-owned subsidiary of China Energy Engineering Group Co., Ltd, a company registered under the laws of People's Republic of China.

The Agreements entered between the parties above was to regulate JPH's and CPECC's ordinary shares participation in JPP of 50% and 50% respectively, to jointly develop the 2x600 MW coal-fired thermal power plant project undertaken by JAKS Hai Duong Power Company Limited ("JHDP"), a subsidiary of JPP. Based on the terms of the Agreements, JPP Group is presented as a joint venture of the Group, as disclosed in Note 9 to the financial statements. Pursuant to the Agreements, the effective economic interest of JPH and CPECC shall be distributed at 30% and 70% respectively.

The disposal is deemed completed on 15 December 2015 and has the following financial effects to the Group as at the end of the current financial year:

	<b>At the date of disposal RM</b>
Development expenditure (Note 13)	173,995,579
Receivables	291,516
Cash and bank balances	469,327
Payables	(224,811,433)
Net liabilities	(50,055,011)
Net liabilities disposed (at 70%)	(35,038,508)
Total disposal proceeds settled by cash	(55)
Gain on disposal to the Group	(35,038,563)
Gain on re-measurement of interest retained in JPP Group	(15,016,503)
Total gain on disposal to the Group (Note 34)	(50,055,066)
Disposal proceeds settle by cash:	55
Cash outflow arising on disposals:	
Cash consideration	55
Cash and bank balances of subsidiaries disposed	(469,327)
Net cash outflow on disposal	(469,272)

## Notes To The Financial Statements (cont'd)

### 8. Investment in subsidiaries (cont'd)

#### c) Material partly-owned subsidiaries

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

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

Name	Country of incorporation	Proportion of ownership interest	
		2015 %	2014 %
JAKS Island Circle Sdn. Bhd. ("JIC")	Malaysia	49	49
MNH Global Assets Management Sdn. Bhd. ("MNH")	Malaysia	49	49
		Group	
		2015 RM	2014 RM
Accumulated balances of material non-controlling interest:			
JIC		3,346,660	1,971,432
MNH		87,699,357	83,122,163
Other individually immaterial non-controlling interest		3,866,775	4,123,903
		94,912,792	89,217,498

Total comprehensive income/(loss) allocated to material non-controlling interest

JIC	1,375,228	183,153
MNH	4,577,194	20,620,923
Other individually immaterial non-controlling interest	(257,128)	(465,761)
	5,695,294	20,338,315

The summarised financial information for these subsidiaries that have material non-controlling interest (amounts before intra-group eliminations) is as follows:

Summarised statements of comprehensive income for the year ended 2015:

	JIC RM	MNH RM	Total RM
Revenue	93,193,733	35,818,077	129,011,810
Expenses including taxation	(90,387,145)	(26,476,865)	(116,864,010)
Net profit for the financial year, representing total comprehensive income for the financial year	2,806,588	9,341,212	12,147,800
Attributable to:			
Non-controlling interest	1,375,228	4,577,194	5,952,422
Other individually immaterial non-controlling interest	-	-	(257,128)
Total non-controlling interest	1,375,228	4,577,194	5,695,294

## Notes To The Financial Statements (cont'd)

### 8. Investment in subsidiaries (cont'd)

#### c) Material partly-owned subsidiaries (cont'd)

Summarised statements of comprehensive income for the year ended 2014:

	<b>JIC RM</b>	<b>MNH RM</b>	<b>Total RM</b>
Revenue	31,190,714	233,709,271	264,899,985
Expenses including taxation	(30,816,932)	(191,625,755)	(222,442,687)
Net profit for the financial year, representing total comprehensive income for the financial year	373,782	42,083,516	42,457,298
Attributable to:			
Non-controlling interest	183,153	20,620,923	20,804,076
Other individually immaterial non-controlling interest	-	-	(465,761)
Total non-controlling interest	183,153	20,620,923	20,338,315

Summarised statements of financial position as at 31 December 2015:

	<b>JIC RM</b>	<b>MNH RM</b>	<b>Total RM</b>
Non-current assets	53,678,444	345,765,488	399,443,932
Current assets	337,012,826	158,934,114	495,946,940
Total assets	390,691,270	504,699,602	895,390,872
Current liabilities	306,322,739	132,052,285	438,375,024
Non-current liabilities	77,538,613	246,500,000	324,038,613
Total liabilities	383,861,352	378,552,285	762,413,637
Total equity	6,829,918	126,147,317	132,977,235
Attributable to:			
Non-controlling interest	3,346,660	87,699,357	91,046,017
Other individually immaterial non-controlling interest	-	-	3,866,775
Total non-controlling interest	3,346,660	87,699,357	94,912,792

## Notes To The Financial Statements (cont'd)

### 8. Investment in subsidiaries (cont'd)

#### c) Material partly-owned subsidiaries (cont'd)

Summarised statements of financial position as at 31 December 2014:

	<b>JIC RM</b>	<b>MNH RM</b>	<b>Total RM</b>
Non-current assets	41,138,811	198,949,923	240,088,734
Current assets	300,308,696	262,206,511	562,515,207
<b>Total assets</b>	<b>341,447,507</b>	<b>461,156,434</b>	<b>802,603,941</b>
Current liabilities	230,697,057	145,190,329	375,887,386
Non-current liabilities	106,727,120	199,160,000	305,887,120
<b>Total liabilities</b>	<b>337,424,177</b>	<b>344,350,329</b>	<b>681,774,506</b>
<b>Total equity</b>	<b>4,023,330</b>	<b>116,806,105</b>	<b>120,829,435</b>
Attributable to:			
Non-controlling interest	1,971,432	83,122,163	85,093,595
Other individually immaterial non-controlling interest	-	-	4,123,903
<b>Total non-controlling interest</b>	<b>1,971,432</b>	<b>83,122,163</b>	<b>89,217,498</b>

Summarised statements of cash flows for the year ended 31 December 2015:

	<b>JIC RM</b>	<b>MNH RM</b>
Operating	(81,781,792)	157,490,204
Investing	(58,392)	(113,490,257)
Financing	82,504,617	(73,859,215)
<b>Net increase/(decrease) in cash and cash equivalents during the financial year</b>	<b>664,433</b>	<b>(29,859,268)</b>

Summarised statements of cash flows for the year ended 31 December 2014:

	<b>JIC RM</b>	<b>MNH RM</b>
Operating	(67,321,134)	29,462,258
Investing	(48,299)	(37,553,143)
Financing	70,101,009	(29,256,739)
<b>Net increase/(decrease) in cash and cash equivalents during the financial year</b>	<b>2,731,576</b>	<b>(37,347,624)</b>



## Notes To The Financial Statements (cont'd)

### 9. Investment in joint venture ("JV")

	2015 RM	Group 2014 RM
Unquoted shares, at cost	62,089,543	-

a) Details of the JV are as follows:

Name of JV	Country of Incorporation	Effective Economic Interest		Principal Activities
		2015 %	2014 %	
JV held through JAKS Power Holding Limited ) ("JPH")				
JAKS Pacific Power Limited*∞^ ("JPP")	Hong Kong	30	-	Investment holding
Indirect JV held through JAKS Pacific Power Limited				
JAKS Hai Duong Power Company Limited*^à ("JHDP")	Vietnam	30	-	Develop and operate coal-fired thermal power plant

\* Not audited by ECOVIS AHL PLT.

∞ The audited report of the JV contains emphasis of matter and basis of qualified opinion in the preparation of financial statements, which stated as follow:-

The company has not prepared consolidated financial statements in accordance with Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements", issued by the Hong Kong Institute of Certified Public Accountants and section 379(2) of Companies Ordinance. In our opinion, there is insufficient information concerning the subsidiary in the financial statements to give a true and fair view of the financial position of the company and its subsidiary as at 31 December 2015 and 2014 of the group's results as a whole for the year then ended. This caused us to qualify our audit opinion on the financial statements in respect of the year then ended 31 December 2015. It is not practicable to quantify the effects of the departure from this requirement on the financial statements for the year ended 31 December 2015 or on the corresponding figures for the year ended 31 December 2014.

^ JPP is a wholly owned subsidiary of JPH before 15 December 2015. In view of the members benefits, the Directors considered it is not cost effective to prepare consolidated financial statements for current year ended 31 December 2015.

The Group has not equity accounted the share of results in these JVs as the Directors are of the opinion that the 15 days financial results from the date of disposal as of 15 December 2015 to the financial year ended of 31 December 2015 are deemed to be immaterial.

à The financial year of this JV ends on 30 September.

## Notes To The Financial Statements (cont'd)

### 9. Investment in joint venture ("JV") (cont'd)

- b) As disclosed in Note 8(b) to the financial statements, the Group had entered into several agreements with CPECC to regulate JPH's and CPECC's joint participation in JPP and JHDP. The disposal of these subsidiaries are deemed completed on 15 December 2015 and JPP and JHDP are presented as a joint venture of the Group. Details of the assets, liabilities and gain arising from the loss of controlling interest in JPP and JHDP are disclosed in Note 8(b) to the financial statements.
- c) The summarised financial information of the above joint venture is as follow:-

	<b>JPP RM</b>	<b>JHDP RM</b>	<b>Total RM</b>
<b>2015</b>			
Non-current assets	-	173,995,579	173,995,579
Current assets	419,557,569	678,118	420,235,687
Total assets	419,557,569	174,673,697	594,231,266
Total current liabilities	213,245,097	224,076,220	437,321,317
Total equity	206,312,472	(49,402,523)	156,909,949
Net liabilities acquired during the financial year	(652,488)	(49,402,523)	(50,055,011)
Capital contribution during the year	206,964,960	-	206,964,960
Net assets/(liabilities) as at end of financial year	206,312,472	(49,402,523)	156,909,949
Interest in joint venture as at the end of financial year	30%	30%	
Carrying value of Group's interest	61,893,742	(14,820,757)	47,072,985
Fair value adjustment	195,746	14,820,757	15,016,503
Goodwill	55	-	55
Carrying amount at end of financial year	62,089,543	-	62,089,543

### 10. Jointly controlled operations

The details of the jointly controlled operations are as follows:

Name of Companies	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
IJM – JAKS Joint Venture *#	Malaysia	40	40	Construction
KACC – JAKS Joint Venture *#	Malaysia	50	50	Construction
JAKS – KACC Joint Venture *	Malaysia	50	50	Construction

\* Not audited by Ecovis AHL PLT

# The audited financial statements are not available and the management's financial statements were used in the preparation of the consolidated financial statements.

## Notes To The Financial Statements (cont'd)

### 10. Jointly controlled operations (cont'd)

The Group's share of assets and liabilities of the jointly controlled operations are as follows:

	2015 RM	Group 2014 RM
Non-current assets	97,013	219,700
Current assets	26,931,872	25,761,678
Current liabilities	(12,162,084)	(19,398,837)
Net assets	14,866,801	6,582,541

The Group's share of the revenue and expenses of the jointly controlled operations are as follows:

	2015 RM	Group 2014 RM
Revenue	54,355,105	38,060,124
Expenses including taxation	(46,070,845)	(36,995,126)
Net profit for the financial year	8,284,260	1,064,998

### 11. Golf club memberships

	2015 RM	Group 2014 RM
<b>At cost</b>		
At 1 January/31 December	600,000	600,000
<b>Less: Accumulated amortisation</b>		
At 1 January	71,052	63,158
Amortisation for the financial year (Note 34)	7,894	7,894
At 31 December	78,946	71,052
<b>Less: Accumulated impairment</b>		
At 1 January	-	-
Impairment for the financial year (Note 34)	171,054	-
At 31 December	171,054	-
<b>Carrying amount</b>		
At 31 December	350,000	528,948

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

# Notes To The Financial Statements (cont'd)

## 12. Goodwill on consolidation

	2015 RM	Group 2014 RM
<b>At cost</b>		
At 1 January/31 December	211,092,762	211,092,762
<b>Accumulated impairment</b>		
At 1 January	32,591,857	25,867,882
Impairment for the financial year (Note 34)	30,000,000	6,723,975
At 31 December	62,591,857	32,591,857
<b>Carrying amount</b>		
At 31 December	148,500,905	178,500,905

### Impairment test of goodwill

Goodwill as at the end of the financial year has been allocated to the Group's cash generating units ("CGUs") identified according to business segments as follows:

	2015 RM	Group 2014 RM
Construction	125,499,000	148,499,000
Property development and management of shopping mall	23,001,905	30,001,905
	148,500,905	178,500,905

### (a) Key assumptions used in value-in-use 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

	2015 RM	Group 2014 RM
Period covered	5 years	5 years
Gross profit margin	8% - 9%	10% - 13%
Growth rate	5% - 12%	10% - 15%
Pre-tax discount rate	11.5%	7%

#### ii) Property development and management of shopping mall

	2015 <sup>#</sup> RM	2014 RM
Period covered	5 years	5 years
Gross profit margin	26% - 55%	21% - 73%
Growth rate	14% - 64%	5% - 11%
Pre-tax discount rate	7.85%	7%

<sup>#</sup> The assumptions are related to rental income generated from the management of shopping mall and car parks.

## Notes To The Financial Statements (cont'd)

### 12. Goodwill on consolidation (cont'd)

#### (b) Sensitivity to changes in assumptions

The following provides sensitives related to the significant estimates and assumptions as stated in Note 12(a):

##### i) Construction

- a 3% increase in discount rate would result in RM57.09 million increase in the impairment charges;
- a 3% decrease in gross profit margin would result in RM125.49 million increase in the impairment charges; and
- a 3% decrease in growth rate would result in RM36.92 million increase in the impairment charges.

##### ii) Property development and management of shopping mall

- a 3% increase in discount rate would result in RM22.63 million increase in the impairment charges;
- a 3% decrease in gross profit margin would result in RM6.79 million increase in the impairment charges; and
- a 3% decrease in growth rate would result in RM5.37 million increase in the impairment charges.

### 13. Development expenditure

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January	153,358,658	107,064,880	66,869,630	61,499,541
Addition	20,636,921	46,293,778	5,835,590	5,370,089
Transfer from a subsidiary	-	-	24,036,817	-
Transfer to a subsidiary	(173,995,579)	-	(96,742,037)	-
At 31 December	-	153,358,658	-	66,869,630

The development expenditure represented expenditure and incidental costs incurred for the development of the 2 units of 600 MW Coal Fired Thermal Power Plant Project at Phuc Thanh Commune, Kinh Mon District in Hai Duong Province, Vietnam ("the Project"). The construction of the Project is expected to take 4 years for the first unit, followed by the second unit 6 months later, with investment capital of approximately USD1.9 billion.

On 13 May 2009, a Memorandum of Understanding was signed between the Ministry of Industry and Trade ("MOIT") and the Company for the construction of the Power Plant on a "Build, Operate and Transfer" ("BOT") basis. The Principles of the Project Agreement which sets out the common principles for all project agreements was completed and signed on 10 July 2009.

On 8 April 2010, the relevant authorities and Government agencies in Vietnam entered into various Memorandum of Agreements ("MOA") with the Company to confirm the terms and conditions of the documents as follows:

- MOA with Ministry of Industry and Trade of Vietnam ("MOIT"), in relation to the BOT Contract, where the parties confirmed their agreement on all terms of the BOT Contract.

## Notes To The Financial Statements (cont'd)

### 13. Development expenditure (cont'd)

- (ii) MOA with Electricity of Vietnam ("EVN"), in relation to the Power Purchase Agreement ("PPA") where the parties confirmed their agreement to the terms and conditions to the PPA subject to the finalisation of the BOT Contract, including without limitation the tariff stated therein.
- (iii) MOA with Vietnam National Coal-Mineral Industries Group ("VINACOMIN") in relation to the Coal Supply Agreement ("CSA") whereby the parties confirmed their agreement to the terms and conditions to the CSA, including without limitation the coal price as stated therein.
- (iv) MOA with the Hai Duong People's Committee, in relation to the Land Lease Agreement ("LLA") whereby the parties confirmed their agreement to the terms and conditions for the lease of the project site land.

On 24 November 2010, the application for Investment Certificate was submitted to the Ministry of Planning and Investment of Vietnam ("MPI") and was subsequently granted by MPI on 30 June 2011. A Vietnam registered company, JAKS Hai Duong Power Company Limited ("JHDP") was incorporated to undertake the Project.

On 26 August 2011, JHDP entered into various Project Agreements for the Project, the details of which are as follows:

- (i) BOT Contract with MOIT and the Government Guarantee and Undertakings Agreement with the Government of the Socialist Republic of Vietnam;
- (ii) Power Purchase Agreement with EVN;
- (iii) Coal Supply Agreement with VINACOMIN; and
- (iv) Land Lease Agreements with Department of Natural Resources and Environment of Hai Duong People's Committee.

In 2012, JAKS Power Holding Limited ("JPH") entered into several agreements and supplementary agreements with Meiya Power (HD) Limited ("Meiya Power") and Island Circle Investment Holding Limited to formalise the entry as equity partner in the Proposed Joint Venture for the investment project in Vietnam. However, as a result of non-fulfilment of certain conditions stipulated in the joint venture agreements for the Meiya Power Proposed Joint Venture, the Group terminated the said proposed joint venture agreements and the supplementary agreements. The Engineering Procurement and Construction ("EPC") Contract entered on 21 October 2011 by JHDP with a consortium consisting of China National Technical Import & Export Corporation ("CNTIC") and Tianjin Electric Power Construction Company ("TEPC") ("CNTIC-TEPC EPC"), both of which are established under the laws of People's Republic of China, as the EPC Contractor of the Project was also terminated.

Following to the termination of the agreements with Meiya Power, the Group entered into various agreements with Wuhan Kaidi Electric Power Engineering Co. Ltd ("Kaidi") to facilitate the entry of Kaidi as equity partner cum engineering procurement construction contractor in relation to the Group investment in Vietnam on 12 December 2012 and 15 April 2013. On 28 June 2013, the shareholders of the Company approved the JPH-Kaidi Proposed Joint Venture at an Extraordinary General Meeting held.

After numerous extensions given to Kaidi in relation to the cut-off date, on 1 April 2014, the Group announced that the various agreements signed with Kaidi have lapsed following the non-fulfilment of the condition precedents by Kaidi on or before the extended cut-off date of 31 March 2014. Accordingly, the Proposed Joint Venture with Kaidi shall not take effect. On 3 July 2015, JHDP has also terminated the EPC contract with Kaidi pursuant to clause 1.15.5(a) (Termination for Convenience) of the EPC Contract and the termination shall be effective after 28 days.

Over the years from 2012 to 2015, the Group had applied to MOIT to extend the required date for completion of the preconditions of the Project (including to achieve financial close) and so far, MOIT has granted the extensions requested. On 22 May 2015, the Group has obtained approval from MOIT to extend the required date from completion of the preconditions of the Project (including to achieve Financial close) to 31 October 2015.

## Notes To The Financial Statements (cont'd)

### 13. Development expenditure (cont'd)

On 6 July 2015, JRB, JPH, and JPP had entered into the following agreements to facilitate the Proposed Joint Venture with China Power Engineering Consulting Group Co., Ltd. ("CPECC"):

- (a) subscription agreement between JPH, CPECC, JPP and JRB ("Subscription Agreement") in relation to the following:-
  - i) JPH to subscribe for approximately 140.14 million USD ordinary shares in JPP ("JPP USD Shares") at the subscription price of approximately USD140.14 million; and
  - ii) CPECC to subscribe for approximately 140.14 million JPP USD Shares at subscription price of approximately USD140.14 million, 186.85 million redeemable convertible preference shares in JPP ("RCPS") at subscription price of USD186.85 million and 100 ordinary shares in JPP ("JPP HKD Shares") at subscription price of HKD100.
- (b) shareholders agreement between JPH, CPECC and JPP to regulate JPH and CPECC's relationship inter se as shareholders of JPP; and
- (c) call option agreement between JPH and CPECC in which JPH shall have the option to purchase from CPECC such number of RCPS or such equivalent number of JPP USD Shares upon conversion of the RCPS into JPP USD Shares or such combination of number of JPP USD Shares and/or RCPS whereby upon exercise of such option by JPH, JPH's effective economic interest in JPP (i.e. computed based on enlarged JPP USD Shares after conversion of RCPS) shall be up to 40%.

The Agreements were entered into to facilitate the entry of CPECC as an equity partner for the power plant project.

On 3 August 2015, JHDP entered into the following contracts in respect of the services and work to be provided in relation to the engineering, procurement and construction ("EPC") of the Project:

- (i) EPC contract with the Consortium of Southwest Electric Power Design Institute Co., Ltd and China Power Engineering Consulting Group International Engineering Company Ltd; and
- (ii) EPC contract with Golden Keen Holdings Limited, a wholly-owned subsidiary of JRB.

On 28 August 2015, the shareholders of JRB have at the Extraordinary General Meeting approved the ordinary resolution for the proposed joint venture between JPH and CPECC to invest in the 2 x 600 megawatt coal-fired thermal power plant project located in Hai Duong Province, Vietnam.

On 9 October 2015, JRB, JPH, JPP and China Power Engineering Consulting Group (Hong Kong) Investment Co., Limited ("CPECHK") mutually agreed to extend the cut-off date for the fulfilment of the conditions precedent of the Subscription Agreement to 31 October 2015. For information, the Subscription Agreement was executed by CPECC and as allowed under the Subscription Agreement, CPECC had assigned and transferred all rights, title, interests, benefits and obligations in relation to the Subscription Agreement, Shareholders Agreement and Option Agreement to CPECHK, an indirect wholly-owned subsidiary of CPECC. On 29 October 2015, the parties to the Subscription Agreement again mutually agreed to extend the cut-off date from 31 October 2015 to 31 January 2016 to fulfil the conditions precedent of the Subscription Agreement.

In addition, JHDP had on 29 October 2015 informed MOIT vide a letter dated 28 October 2015, that JHDP had achieved the Financial Close of the BOT Contract, subject to amongst others, the registration of the shareholder loan agreement between CPECHK and JHDP dated 19 September 2015 with State Bank of Vietnam and the issuance of legal opinion by the Ministry of Justice of Vietnam. JHDP had received an acknowledgement from the State Bank of Vietnam dated 30 November 2015 in relation to the registration of the shareholder loan agreement between CPECHK and JHDP dated 19 September 2015. JHDP had also received the legal opinion from the Ministry of Justice of the Socialist Republic of Vietnam dated 11 December 2015. On 11 December 2015, the Group has fulfilled all the conditions precedent of the Subscription Agreement and accordingly, the Subscription Agreement has become unconditional.

## Notes To The Financial Statements (cont'd)

### 13. Development expenditure (cont'd)

As provided under the Agreements, the parties of the agreements agreed to reimburse JRB the advances that were incurred by Group in the Project. As such, the Group has transferred the total sum of its development expenditure incurred for the project to JHDP during the year.

### 14. Deferred tax assets/(liabilities)

The components and movements of deferred tax assets and liabilities during the financial year are as follows:

#### (a) Deferred Tax Assets

	Group	
	2015 RM	2014 RM
At 1 January	9,277,481	9,631,282
Recognised in profit or loss	(1,855,496)	(353,801)
At 31 December	7,421,985	9,277,481

The components of the deferred tax assets recognised are as follows:

	Group	
	2015 RM	2014 RM
Tax effects of:		
- Unabsorbed capital allowances and unutilised tax losses	7,421,985	9,277,481

The statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective from year of assessment 2016. The computation of deferred tax has reflected these changes.

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unutilised tax losses	56,804,364	46,962,826	3,651,958	-
Unabsorbed capital allowances	8,383,956	7,988,493	116,090	-
	65,188,320	54,951,319	3,768,048	-
Potential deferred tax assets not recognised at 24%	15,645,197	13,188,317	904,332	-

Deferred tax assets have not been recognised as it is not probable that there is sufficient future taxable profit to utilise these items.



## Notes To The Financial Statements (cont'd)

### 14. Deferred tax assets/(liabilities) (cont'd)

#### (b) Deferred Tax Liabilities

	2015 RM	Group 2014 RM
At 1 January	(197,798)	(203,495)
Recognised in profit or loss	(29,892)	5,697
At 31 December	(227,690)	(197,798)

The components of the deferred tax liabilities recognised are as follows:

	2015 RM	Group 2014 RM
Tax effects of:		
- Deductible temporary differences	(227,690)	(197,798)

### 15. Property development costs

Group	Leasehold Land and Conversion Premium RM	Development costs RM	Total RM
<b>2015</b>			
<b>At cost</b>			
At 1 January	193,292,572	787,355,108	980,647,680
Incurred during the financial year	552,110	129,026,499	129,578,609
Re-allocation of costs	737,961	(16,922,658)	(16,184,697)
At 31 December	194,582,643	899,458,949	1,094,041,592
<b>Accumulative Development Costs Recognised in Profit or Loss</b>			
At 1 January	34,018,771	674,575,697	708,594,468
Development costs recognised during the financial year (Note 31)	15,022,917	67,825,746	82,848,663
Provision for foreseeable losses (Note 31)	-	758,521	758,521
At 31 December	49,041,688	743,159,964	792,201,652
<b>Carrying Amount</b>			
At 31 December	145,540,955	156,298,985	301,839,940

## Notes To The Financial Statements (cont'd)

### 15. Property development costs (cont'd)

Group	Leasehold Land and Conversion Premium RM	Development costs RM	Total RM
<b>2014</b>			
<b>At cost</b>			
At 1 January	262,397,755	669,130,979	931,528,734
Incurred during the financial year	-	360,446,986	360,446,986
Transferred to investment properties (Note 6)	(68,380,999)	(223,061,130)	(291,442,129)
Transferred to inventories (Note 17)	(724,184)	(19,161,727)	(19,885,911)
At 31 December	193,292,572	787,355,108	980,647,680
<b>Accumulative Development Costs Recognised in Profit or Loss</b>			
At 1 January	27,615,218	491,577,266	519,192,484
Development costs recognised during the financial year (Note 31)	6,403,553	182,998,431	189,401,984
At 31 December	34,018,771	674,575,697	708,594,468
<b>Carrying Amount</b>			
At 31 December	159,273,801	112,779,411	272,053,212

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

The leasehold land with carrying amount of RM145,540,955 (2014: RM159,273,801) is pledged as security for bank borrowings as detailed in Note 27 to the financial statements.

Property development costs incurred during the year include the capitalisation of the finance costs amounted to RM10,807,377 (2014: RM21,947,355).

## Notes To The Financial Statements (cont'd)

### 16. Amount due from customers on contract works

	2015 RM	Group 2014 RM	Company 2015 RM	2014 RM
Aggregate costs incurred to date	2,180,095,779	1,936,308,490	335,976,124	304,037,932
Attributable profits	392,099,466	386,544,291	21,457,894	19,419,402
	2,572,195,245	2,322,852,781	357,434,018	323,457,334
Less: Progress billings	(2,503,629,386)	(2,259,830,878)	(356,343,817)	(315,959,245)
Amount due from customers on contract works	68,565,859	63,021,903	1,090,201	7,498,089
Construction contract revenue recognised as contract revenue during the financial year (Note 30)	255,011,323	134,554,306	33,976,684	60,676,373
Construction contract costs recognised as contract expense during the financial year (Note 31)	206,939,030	103,298,999	31,938,192	57,034,895

Included in progress billings of the Group is the retention sums amounted to RM3,626,820 (2014: RM9,619,246) which to be settled in accordance with the terms of the respective contracts.

### 17. Inventories

	2015 RM	Group 2014 RM
<b>At cost</b>		
Building materials	-	1,552,249
Properties held for sales	9,186,112	19,885,911
	9,186,112	21,438,160
<b>At net realisable value</b>		
Raw materials	-	71,418
Work-in-progress	-	3,742,144
Finished goods	-	410,286
	-	4,223,848
	9,186,112	25,662,008

## Notes To The Financial Statements (cont'd)

### 18. Trade receivables

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Trade receivables	81,432,396	111,374,392	32,789,950	26,004,225
Less: Allowance for impairment	(10,226,776)	(1,317,981)	(7,600,000)	-
	71,205,620	110,056,411	25,189,950	26,004,225

- (i) The Group's and the Company's normal trade credit terms range from 14 to 120 (2014: 14 to 120) days from the date of invoice. Other credit terms are assessed and approved on a case-to-case basis.

The Group and the Company have no concentration of credit risk except for the amounts owing by to one (2014: three) and one (2014: one) customer which constituted approximately 35% (2014: 60%) and 100% (2014: 100%) of its trade receivables respectively as at the end of the reporting period.

- (ii) Included in trade receivables of the Group and of the Company is the retention sums of RM16,654,980 (2014: RM16,654,980).

- (iii) Ageing analysis on trade receivables

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Neither past due nor impaired	46,018,612	47,193,019	25,189,950	26,004,225
<b>Past due but not impaired</b>				
Past due 1 to 30 days	6,031,593	22,859,346	-	-
Past due 31 to 60 days	7,525,228	4,927,196	-	-
Past due 61 to 90 days	610,632	6,187,591	-	-
Past due more than 90 days	11,019,555	28,889,259	-	-
	25,187,008	62,863,392	-	-
Impaired	10,226,776	1,317,981	7,600,000	-
	81,432,396	111,374,392	32,789,950	26,004,225

- (a) *Receivables that are neither past due nor impaired*

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

None of the trade receivables that are neither past due nor impaired have been negotiated during the financial year.

## Notes To The Financial Statements (cont'd)

### 18. Trade receivables (cont'd)

#### (iii) Ageing analysis on trade receivables (cont'd)

##### (b) Receivables that are past due but not impaired

The Group has not made any allowance for impairment for receivables that are past due but not impaired as there has not been a significant change in the credit quality of these receivables and the amounts due are still recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and payment track records. Allowances for impairment are made on specific trade receivable when there is objective evidence that the Group will not be able to collect the amounts due.

The Directors are of the opinion that no impairment is required based on past experience and the likelihood of recoverability of these receivables.

##### (c) Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the impairment are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
<b>Individually impaired</b>				
Trade receivables				
- Nominal amounts	35,416,726	1,317,981	32,789,950	-
Less : Allowance for impairment	(10,226,776)	(1,317,981)	(7,600,000)	-
	25,189,950	-	25,189,950	-

Receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments or the Directors are of the opinion that it is not recoverable.

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

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
At 1 January	1,317,981	1,330,853	-	-
Charge for the financial year (Note 34)	8,933,819	-	7,600,000	-
Reversal of impairment no longer required (Note 34)	-	(12,872)	-	-
Written off	(25,024)	-	-	-
At 31 December	10,226,776	1,317,981	7,600,000	-

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are defaulted on payments or the Directors are of the opinion that it is not recoverable. These receivables are not secured by any collateral or credit enhancements, other than receivables amounting to RM1,179,361 (2014: RM994,443) are secured by the indemnity agreements given by guarantors.

## Notes To The Financial Statements (cont'd)

### 19. (Progress billings)/Accrued billings

	2015 RM	Group 2014 RM
Revenue recognised in profit or loss to date	1,013,620,673	885,119,382
Progress billings to date	(1,015,689,550)	(882,109,900)
	(2,068,877)	3,009,482
Accrued billings	29,588,268	32,621,638
Progress billings	(31,657,145)	(29,612,156)
	(2,068,877)	3,009,482

### 20. Other receivables, deposits and prepayments

	2015 RM	Group 2014 RM	Company 2015 RM	2014 RM
Other receivables	44,755,839	28,249,190	65,016	-
Deposits	18,599,679	45,331,349	103,840	176,530
Prepayments	1,957,215	3,055,273	37,746	15,465
Less: Allowance for impairment	(1,552,248)	-	-	-
	63,760,485	76,635,812	206,602	191,995

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

	2015 RM	Group 2014 RM
At 1 January	-	-
Charge for the financial year (Note 34)	1,552,248	-
At 31 December	1,552,248	-

- (i) Included in deposits of the Group is an amount of RM3,501,875 (2014: RM3,444,757) which represents deposit paid for the purchase of raw materials.
- (ii) In the previous financial year, included in deposits of the Group was an amount of RM7,100,000 which represents advances paid to contractors.
- (iii) Included in other receivables is an amount of RM12,936,470 (2014: RM9,196,110) due from a single (2014: one) receivable which is non-controlling interest in a subsidiary. The Directors are of the opinion that no impairment is required based on past experience and that likelihood of recoverability of this receivable.

## Notes To The Financial Statements (cont'd)

### 21. Amount owing by/(to) subsidiaries

	Company	
	2015 RM	2014 RM
<b>Amount owing by subsidiaries:</b>		
<i>Non-trade</i>		
- Non-interest bearing	486,254,484	363,105,936
Less: allowance for impairment	(5,525,027)	(12,738,229)
	480,729,457	350,367,707

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

	Company	
	2015 RM	2014 RM
As at 1 January	12,738,229	12,738,229
Charge for the financial year (Note 34)	91,684	-
Reversal of impairment (Note 34)	(7,304,886)	-
As at 31 December	5,525,027	12,738,229

Included in amount owing by subsidiaries, there are RM212,724,400 (2014: RM Nil) in which its currency exposure profile is United States Dollar.

#### Amount owing to subsidiaries:

<i>Trade</i>	(93,851,538)	(121,097,345)
<i>Non-trade</i>		
- Non-interest bearing	(35,712,718)	(38,840,606)
	(129,564,256)	(159,937,951)

The amount owing by/(to) subsidiaries are unsecured and repayable on demand.

### 22. Amount owing by joint venture

The amount owing by joint venture is repayable based on the terms in the agreements as mentioned in Note 13 to the financial statements as announced by the Company in a circular dated 28 August 2015. The currency exposure profile of amount owing by joint venture is United States Dollar.

## Notes To The Financial Statements (cont'd)

### 23. Deposits placed with licensed banks

#### Group and Company

Deposits placed with licensed banks are pledged to the banks to secure credit facilities granted to the Group and the Company as disclosed in Note 27 to the financial statements.

Included in deposits with licensed bank is an amount of RM Nil (2014: RM80,000) held in trust in the name of a subsidiary's Director.

The effective interest rates for the Group's and the Company's deposits range from 2.70% to 3.20% and 2.95% to 3.20% (2014: 2.55% to 3.25% and 3.05% to 3.20%) per annum respectively.

The deposits have maturity period range from one month to three months (2014: one month to twelve months).

### 24. Cash and bank balances

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Housing development accounts	2,914,167	25,213,788	-	-
Project development account	7,521,569	4,388,762	-	-
Debt service reserve account	9,865,380	1,146,170	-	-
Cash and bank balances	25,746,697	49,593,662	1,344,530	1,928,776
	46,047,813	80,342,382	1,344,530	1,928,776

- (a) Housing Development Accounts are maintained pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 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, Debt Service Reserve Account, Escrow Account and Operating Account are opened in accordance with the terms and conditions set out in the term loan arrangements referred to in Note 27 to the financial statements.

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Ringgit Malaysia	45,792,659	79,880,187	1,153,938	1,910,971
United States Dollar	255,154	462,195	190,592	17,805
	46,047,813	80,342,382	1,344,530	1,928,776



## Notes To The Financial Statements (cont'd)

### 25. Asset classified as held for sale

	2015 RM	Group 2014 RM
As at 1 January	19,048,391	-
Addition during the year	91,075	-
Transferred from land held for property development (Note 7)	-	19,048,391
Transferred from property, plant and equipment (Note 5)	3,248,594	-
Disposal during the year	(19,139,466)	-
As at 31 December	3,248,594	19,048,391

- a) On 2 September 2014, a subsidiary of the Company, Harbour Front Development Sdn. Bhd. has entered into Sales and Purchase Agreements with Welloyd Engineering (M) Sdn. Bhd. to dispose a piece of its freehold land known as Geran 313757 Lot 72086 in the Mukim of Kapar, District of Klang, Selangor measuring approximately 89,340 square metres for a total cash consideration of RM59,395,256. The disposal was completed during the year.
- b) 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 is subject to fulfilment of conditions precedent.
- c) Included in asset classified as held for sale is a leasehold land and building with carrying amount of RM3,101,719 pledged as security for bank borrowings as detailed in Note 27 to the financial statements.

### 26. Share capital

	No. of shares	2015 RM	Group and Company 2015 RM	No. of shares	2014 RM
<b>Ordinary shares of RM1 each:</b>					
<b>Authorised:</b>					
At beginning and end of financial year	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
<b>Issued and fully paid:</b>					
At beginning and end of financial year	438,361,072	438,361,072	438,361,072	438,361,072	438,361,072

## Notes To The Financial Statements (cont'd)

### 26. Share capital (cont'd)

#### Employees' Share Option Scheme ("ESOS")

At an extraordinary general meeting held on 28 April 2008, the Company's shareholders approved the establishment of an ESOS of up to 10% of the issued and paid-up share capital of the Company, to eligible Executive and Non-Executive Directors and employees of the Company and its subsidiaries. Bursa Malaysia Securities Berhad ("Bursa Securities") had approved in-principle the listing of the additional 10% of the issued and paid-up share capital of the Company to be issued pursuant to the exercise of the share options granted under the ESOS.

On 6 March 2013, the Company extended the duration of its ESOS which expired on 28 April 2013 for another 5 years to 28 April 2018. This was in accordance with the terms of the ESOS By-Laws. The ESOS extension was not subject to any regulatory or shareholders' approval.

The salient terms of the ESOS are as follows:

- (a) Eligible employees, Non-Executive and Executive Directors must be at least eighteen years of age and must have been confirmed on that date of offer.
- (b) The Eligible employees must be on full time employment basis with at least one year of period of employment, save for the non-executive Directors of the Company.
- (c) The exercise price shall be discounted by not more than 10% from the weighted average of the market price of the Shares as shown in the daily official list issued by Bursa Securities for the five trading days immediately preceding the date of offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is the higher.
- (d) The new shares to be allotted and issued upon any exercise of the options shall rank pari passu in respect with the existing shares of the Company except that the new shares will not be entitled to any dividends, rights, allotments and other distributions in which entitlement date precedes the date of allotment of the said shares.
- (e) The option granted may be exercised at any time within a period of five years from the effective date provided. The Board of Directors shall have the discretion to extend the tenure of the ESOS for another five years immediately or such shorter period as it deems fit from the expiry of the first five years.

Other provisions are stipulated in the ESOS By-Law. As at the reporting date, no ESOS was granted by the Company.

## Notes To The Financial Statements (cont'd)

## 27. Borrowings

	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
<b>Secured</b>				
<b>Current liabilities</b>				
Hire purchase liabilities	2,563,011	2,737,487	346,608	155,040
Term loans	27,952,462	76,713,875	-	-
Bill payables	100,178,642	81,044,191	-	-
Factoring loan	-	10,389,825	-	-
Revolving credits	15,000,000	35,000,000	15,000,000	35,000,000
Bank overdrafts	84,652,211	54,772,034	39,321,160	22,372,913
	230,346,326	260,657,412	54,667,768	57,527,953
<b>Non-current liabilities</b>				
Hire purchase liabilities	2,181,082	3,554,164	386,883	31,083
Term loans	324,034,956	339,531,108	-	-
	326,216,038	343,085,272	386,883	31,083
<b>Total borrowings</b>				
Hire purchase liabilities	4,744,093	6,291,651	733,491	186,123
Term loans	351,987,418	416,244,983	-	-
Bill payables	100,178,642	81,044,191	-	-
Factoring loan	-	10,389,825	-	-
Revolving credits	15,000,000	35,000,000	15,000,000	35,000,000
Bank overdrafts	84,652,211	54,772,034	39,321,160	22,372,913
	556,562,364	603,742,684	55,054,651	57,559,036
	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
<b>Maturities of borrowings</b>				
Not later than one year	230,346,326	260,657,412	54,667,768	57,527,953
Later than 1 year and not later than 5 years	106,216,038	165,925,272	386,883	31,083
More than 5 years	220,000,000	177,160,000	-	-
	556,562,364	603,742,684	55,054,651	57,559,036

## Notes To The Financial Statements (cont'd)

### 27. Borrowings (cont'd)

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

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Hire purchase liabilities	2.40 – 4.83	2.55 – 4.83	2.40 – 2.65	2.55 – 3.12
Term loans	6.00 – 7.85	6.00 – 8.35	-	-
Bill payables	4.70 – 8.10	4.50 – 8.10	-	-
Factoring loan	-	7.60 – 7.85	-	-
Revolving credits	7.50	7.18 – 7.85	7.50	7.18 – 7.85
Bank overdrafts	7.85 – 8.85	7.85 – 8.85	8.10 – 8.35	7.85 – 8.35

#### Hire purchase liabilities

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Future minimum hire purchase payments				
- not later than one year	2,770,982	2,982,061	372,183	160,368
- later than one year and not later than five years	2,251,701	3,856,602	397,712	31,287
	5,022,683	6,838,663	769,895	191,655
Less: Future interest charges	(278,590)	(547,012)	(36,404)	(5,532)
Present value of hire purchase liabilities	4,744,093	6,291,651	733,491	186,123

Represented by:

<i>Current</i>				
- not later than one year	2,563,011	2,737,487	346,608	155,040
<i>Non-current</i>				
- later than one year and not later than five years	2,181,082	3,554,164	386,883	31,083
	2,181,082	3,554,164	386,883	31,083
	4,744,093	6,291,651	733,491	186,123

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

- (i) fixed charges over certain property, plant and equipment 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 Notes 7 and 15 to the financial statements;
- (iii) fixed charge over all investment properties as disclosed in Note 6 to the financial statements;
- (iv) 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 subsidiaries;

## Notes To The Financial Statements (cont'd)

### 27. Borrowings (cont'd)

- (v) fixed and floating charge over the present and future assets of certain subsidiaries;
- (vi) first legal charge over the equity acquired in a subsidiary;
- (vii) facilities agreements together with interest, commission and all other charges thereon;
- (viii) assignment over proceeds under certain contracts, Letter of Notification and Letter of Instruction;
- (ix) assignment of all dividends and/or distribution from a subsidiary's shares;
- (x) negative pledge;
- (xi) personal guarantee by a Director of the Company;
- (xii) joint and several guarantee by certain Directors of a subsidiary;
- (xiii) corporate guarantees provided by the Company and a third party;
- (xiv) deposits, debt service reserve, housing development account, project development account, escrow and operating account as indicated in Notes 23 and 24 to the financial statements;
- (xv) specific debenture by way of fixed and floating charge over investment properties as disclosed in Note 6;
- (xvi) second party charge over investment properties as disclosed in Note 6;
- (xvii) lodgement of private caveat over strata titles of the investment properties as disclosed in Note 6;
- (xviii) legal assignment of the present and future proceeds from the car parks' rental income in a subsidiary; and
- (xix) first legal charge over all its unencumbered shares of a non-controlling interest of a subsidiary.

### 28. Trade payables

	2015 RM	Group 2014 RM
Trade payables	73,478,770	52,840,197
Deferred contract revenue	76,967,063	99,868,070
	150,445,833	152,708,267

- (a) The normal trade credit terms granted to the Group range from 1 to 90 (2014: 1 to 90) days from date of invoice.
- (b) Included in trade payables is retention sums of RM5,732,458 (2014: RM2,301,069).

## Notes To The Financial Statements (cont'd)

### 28. Trade payables (cont'd)

(c) Deferred contract revenue

	2015 RM	Group 2014 RM
Deferred contract revenue	135,000,000	135,000,000
Deposit paid	(500,000)	(500,000)
Contract revenue recognised	(57,532,937)	(34,631,930)
	76,967,063	99,868,070

On 19 August 2011, a subsidiary of the Company, JAKS Island Circle Sdn. Bhd. ("JIC") and Star Publication (Malaysia) Berhad entered into a Land Sale and Purchase Agreement to purchase a 99 years leasehold land which is located at No. HS (D) 259880, No. Lot PT 16, Seksyen 13, Bandar Petaling Jaya, to develop into a mixed residential and commercial development, with 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 JIC.

During the financial year, RM22,901,007 (2014: RM34,631,930) has been recognised based on the stage of completion of the said development.

### 29. Other payables and accruals

	2015 RM	Group 2014 RM	Company 2015 RM	2014 RM
Other payables	8,233,253	15,613,433	1,392,191	91,298
Deposits received	36,492,900	11,069,367	31,504,000	-
Accruals	133,044,567	103,604,795	24,914,886	17,424,771
	177,770,720	130,287,595	57,811,077	17,516,069

Included in accruals of the Group and of the Company is an amount of RM24,584,121 (2014: RM15,616,513) which represents amount payable to consultants of the Vietnam Coal Fired Thermal Power Plan Project as disclosed in Note 13 to the financial statements.

Included in deposits received of the Group was an amount of RM2,157,865 (2014: RM4,763,891) which represents the earnest deposits and advances received from properties buyers.

Included in deposit received of the Group and of the Company is an amount of RM30,058,000 which represents security deposits received upon the execution of the Subscription Agreement as disclosed in Notes 13 and 41.

Included in deposits received and accruals of the Group and the Company, there are RM54,642,121 (2014: RM15,616,513) in which its currency exposure profile is United States Dollar.

## Notes To The Financial Statements (cont'd)

### 30. Revenue

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Construction contract works (Note 16)	255,011,323	134,554,306	33,976,684	60,676,373
Property development activities	128,501,292	264,899,985	-	-
Sales of goods	77,155,445	91,478,143	-	-
Management fee	-	-	3,180,000	8,720,000
Property investment	510,518	-	-	-
	461,178,578	490,932,434	37,156,684	69,396,373

### 31. Cost of sales

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Construction contract works (Note 16)	206,939,030	103,298,999	31,938,192	57,034,895
Property development activities (Note 15)	83,607,184	189,401,984	-	-
Cost of finished goods	76,512,962	86,484,788	-	-
Property investment	1,143,901	-	-	-
	368,203,077	379,185,771	31,938,192	57,034,895

### 32. Finance income

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest income				
- deposits placed with licensed bank	2,323,106	2,271,002	435,245	488,846
- debt service reserve account	23,152	12,180	-	-
- housing development accounts	215,267	873,290	-	-
- interest income	384,411	342,468	-	-
	2,945,936	3,498,940	435,245	488,846

## Notes To The Financial Statements (cont'd)

### 33. Finance costs

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest expenses				
- bank overdrafts	6,311,402	4,733,959	2,840,919	1,960,580
- bill payables	5,982,708	4,401,606	-	-
- factoring loan	531,272	2,081,585	-	-
- hire purchase	350,615	299,446	37,816	12,548
- term loans	7,601,772	4,577,052	-	298,070
- bank guarantee	1,444	101,262	-	-
- revolving credit	1,346,009	2,652,209	1,346,009	2,652,209
	22,125,222	18,847,119	4,224,744	4,923,407

Interest expense on borrowings amounted to RM5,951,737, RM10,739,329 and RM68,408 (2014: RM3,245,897, RM21,552,577 and RM394,778) respectively has been capitalised in investment properties, property development costs and inventories as disclosed in Notes 6, 15 and 17 to the financial statements.

### 34. Profit/(loss) before tax

In addition to items disclosed in Notes 32 and 33, profit/(loss) before tax has been arrived at:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
After charging:				
Allowance for impairment				
- subsidiaries	-	-	91,684	-
- third party (Notes 18 and 20)	10,486,067	-	7,600,000	-
Amortisation of golf club memberships (Note 11)	7,894	7,894	-	-
Auditors' remuneration				
- current year	276,000	274,000	68,000	66,000
- over provision in prior year	1,700	(20,000)	(6,000)	-
Depreciation				
- property, plant and equipment (Note 5)	3,673,565	4,133,195	469,518	211,062
- investment properties (Note 6)	3,044,937	4,468	49,210	33,444
Directors' remuneration				
- fees	266,000	266,000	126,000	126,000
- salaries, allowances and bonuses	2,387,221	2,068,960	1,670,000	1,420,000
- Employees' Provident Fund	278,131	239,957	192,000	162,000
- others	3,542	3,542	1,859	1,859
Impairment loss on:				
- investment in subsidiaries	-	-	2,150,000	-
- goodwill (Note 12)	30,000,000	6,723,975	-	-
- plant and equipment (Note 5)	-	3,733,556	-	-
- golf club memberships (Note 11)	171,054	-	-	-
Inventories written down to net realisable value	3,725,201	4,223,849	-	-
Inventory written off	151,081	-	-	-
Loss on disposal of plant and equipment	2,783,106	3,002,500	-	-
Liquidated and ascertained damages	4,019,784	1,829,543	-	-
Management fees	3,707,138	3,600,000	-	-
Property, plant and equipment write off	642	-	-	-
Provision for foreseeable losses	758,521	-	-	-



## Notes To The Financial Statements (cont'd)

### 34. Profit/(loss) before tax (cont'd)

In addition to items disclosed in Notes 32 and 33, profit/(loss) before tax has been arrived at (cont'd):

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
After charging (cont'd):				
Rental expenses	496,545	390,000	-	-
Staff costs				
- salaries, allowances and bonuses	17,574,014	16,495,340	3,878,665	2,920,728
- Employees' Provident Fund	1,978,993	1,653,922	436,722	324,532
- other staff related costs	465,426	412,960	67,956	50,792
Unrealised loss on foreign exchange	6,614,937	-	-	-
And crediting:				
Administrative fees received	148,789	120,620	-	-
Bad debt recovered	11,543	9,656	-	-
Forfeiture of deposits from purchasers	176,004	226,981	-	-
Gain on disposal of:				
- subsidiaries (Note 8b)	50,055,066	-	-	-
- property, plant and equipment	-	14,441,151	-	-
- asset held for sale	35,936,935	-	-	-
Gain on foreign exchange				
- realised	156,806	-	156,806	-
- unrealised	-	-	42,256,316	-
Impairment of receivables no longer required (Note 18)	-	12,872	-	-
Late payment interest received	848,780	1,279,671	-	-
Management fee	-	-	3,180,000	8,720,000
Rental income	349,896	252,000	-	-
Reversal on impairment on amount owing by subsidiaries	-	-	7,304,886	-

The Directors' remuneration and staff costs capitalised in development expenditure in Note 13 to the financial statements of the Group are as follows:

	Group	
	2015 RM	2014 RM
Directors' remuneration		
- salaries, allowances and bonuses	540,000	540,000
- Employees' Provident Fund	32,400	32,400
- others	443	443
Staff costs		
- salaries, allowances and bonuses	1,090,961	1,071,383
- Employees' Provident Fund	127,745	125,239
- others	3,247	7,108

## Notes To The Financial Statements (cont'd)

### 35. Tax expense

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Income tax				
- current year	(8,934,472)	(18,074,636)	-	(1,117,480)
- over/(under) provision in prior year	3,184,535	(733,131)	168,280	157
	(5,749,937)	(18,807,767)	168,280	(1,117,323)
Real property gain tax	(484,339)	(798,458)	-	-
	(6,234,276)	(19,606,225)	168,280	(1,117,323)
Deferred tax				
- current year	(1,472,893)	(225,099)	-	-
- under provision in prior year	(412,166)	(123,271)	-	-
- effect of change in corporate tax rate from 25% to 24%	(329)	266	-	-
	(1,885,388)	(348,104)	-	-
	(8,119,664)	(19,954,329)	168,280	(1,117,323)

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(loss) before tax	55,282,029	54,316,327	31,963,449	(214,992)
Taxation at statutory tax rate of 25% (2014: 25%)	(13,820,507)	(13,579,082)	(7,990,862)	53,748
Tax effects in respect of:				
- non-taxable income	22,624,153	3,894,083	14,125,481	122,212
- non-deductible expenses	(16,717,399)	(7,844,680)	(5,112,108)	(1,293,440)
- deferred tax assets not recognised in the financial statements	(3,499,007)	(1,168,297)	(1,022,511)	-
- utilisation of previously unrecognised deferred tax assets	1,005,395	398,241	-	-
- real property gain tax	(484,339)	(798,458)	-	-
- over/(under) provision of current tax in prior years	3,184,535	(733,131)	168,280	157
- under provision of deferred tax in prior years	(412,166)	(123,271)	-	-
- Effect of change in corporate tax rate from 25% to 24%	(329)	266	-	-
Tax expense for the financial year	(8,119,664)	(19,954,329)	168,280	(1,117,323)

## Notes To The Financial Statements (cont'd)

### 36. Earnings per share

#### (a) Basic

The basic earnings per share is calculated by dividing the net earnings for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
Profit for the financial year attributable to owners of the Company	41,467,071	14,023,683
Weighted average number of ordinary shares in issue	438,361,072	438,361,072
Basic earnings per ordinary share (sen)	9.46	3.20

#### (b) Diluted

For diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential ordinary shares.

The Group has no dilutive potential ordinary shares. As such, there is no dilutive effect on the earnings per share of the Group.

### 37. Corporate guarantees

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
<b>Unsecured</b>				
Bank guarantees issued for				
- execution of contracts of the subsidiaries	132,643,469	112,201,907	-	-
- others	76,853,818	65,537,464	76,853,818	65,537,464
Corporate guarantees given to licensed banks to secure credit facilities granted to the subsidiaries	-	-	634,151,182	610,493,179
Guarantees given to suppliers of goods for credit terms granted to subsidiaries	2,000,000	2,000,000	-	-
	211,497,287	179,739,371	711,005,000	676,030,643

The corporate guarantees are financial guarantees given to banks for credit facilities granted to subsidiaries. The fair value on initial recognition of corporate guarantees was not material as the possibility of default by subsidiaries is negligible.

The Company is exposed to credit risk arising from financial guarantee contracts given to banks for certain subsidiaries' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the certain subsidiaries. The Company believes that the financial guarantee contracts are unlikely to be called by the subsidiaries' banks.

The maximum amount of the financial guarantees issued to the banks for subsidiaries companies' borrowings is limited to the amount utilised by the subsidiaries companies, amounting to RM497.50 million (2014: RM540.08 million) as at 31 December 2015. The earliest period the financial guarantee can be called upon by the banks is within the next 12 months. The Company believes that the liquidity risk in respect of the financial guarantees is minimum as it is unlikely that the subsidiaries companies will not make payment to the banks when their respective borrowings fall due.

## Notes To The Financial Statements (cont'd)

### 38. Significant related party transactions

#### (a) Significant Related Party Transactions

In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:

	<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
Management fees received/receivable from subsidiaries		
- JAKS Sdn. Bhd.	3,000,000	3,000,000
- JAKS-KDEB Consortium Sdn. Bhd.	60,000	240,000
- JAKS Marketing Sdn. Bhd.	45,000	180,000
- Integrated Pipe Industries Sdn. Bhd.	30,000	120,000
- Pipe Technology System Sdn. Bhd.	45,000	180,000
- MNH Global Assets Management Sdn. Bhd.	-	5,000,000
Construction costs charged by a subsidiary		
- JAKS Sdn. Bhd.	31,938,192	57,034,895

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
Management fee paid to a non-controlling interest of a subsidiary company	3,707,138	3,600,000
Sales of property to a non-controlling interest of a subsidiary company	2,870,701	3,307,600
Sales of properties to a director and family members of the director of a subsidiary company	1,006,320	-
Rental income from a company related to a director of a subsidiary company	96,083	-
Rental income from a company related to the family members of a director of the company	35,611	-
Service charges received/receivable from a company related to a director of a subsidiary company	288,247	-
Service charges received/receivable from a company related to the family members of a director of the company	48,656	-

#### (b) Key Management Personnel Compensation

The remuneration of key management personnel, which included the Directors' remuneration, is disclosed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Short term employees benefits	6,744,497	5,947,276	3,766,300	2,910,183
Defined contribution plans	687,649	573,120	426,500	324,626

## Notes To The Financial Statements (cont'd)

### 39. Capital commitment

	2015 RM	Group 2014 RM
Capital contribution contracted but not provided for in respect of shares subscription in JAKS Pacific Power Limited, joint venture of the Group amounted to USD125.8 million #	540,185,200	-
Capital expenditure contracted but not provided for in respect of consulting services for a project as disclosed in Note 13 to the financial statements	-	6,265,493,000

# If JAKS Power Holdings Limited ("JPH"), a subsidiary of the Group, 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 right, 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.

### 40. Segment information

For management purposes, the Group is organised into business units based on their nature of businesses, and has six reportable operating 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.
Investment	:	Investment holding
Property Development	:	Development of residential and commercial properties.

## Notes To The Financial Statements (cont'd)

## 40. Segment information (cont'd)

2015

Business Segment	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Investment RM	Elimination RM	Total RM
<b>Revenue</b>							
External revenue	1,856,908	75,298,537	255,011,323	129,011,810	-	-	461,178,578
Inter-company	687,786	6,959,735	211,472,040	-	3,180,000	(222,299,561)	-
	2,544,694	82,258,272	466,483,363	129,011,810	3,180,000	(222,299,561)	461,178,578
<b>Results</b>							
Segment results	(8,415,905)	5,176,900	20,676,212	17,818,115	(49,610,316)	-	(14,354,994)
Other income	28,700	31,543	278,304	3,001,181	85,476,581	-	88,816,309
Finance costs - (net)	(44,646)	(3,139,933)	(6,638,779)	(3,219,507)	(6,136,421)	-	(19,179,286)
Profit/(loss) before tax	(8,431,851)	2,068,510	14,315,737	17,599,789	29,729,844	-	55,282,029
Tax expense	-	(1,860,496)	(2,064,561)	(4,308,347)	113,740	-	(8,119,664)
Profit/(loss) for the financial year	(8,431,851)	208,014	12,251,176	13,291,442	29,843,584	-	47,162,365
Attributable to:							
Owners of the Company	(8,232,557)	161,859	12,251,176	7,345,986	29,940,607	-	41,467,071
Non-controlling interests	(199,294)	46,155	-	5,945,456	(97,023)	-	5,695,294
	(8,431,851)	208,014	12,251,176	13,291,442	29,843,584	-	47,162,365

## Notes To The Financial Statements (cont'd)

## 40. Segment information (cont'd)

2015

Business Segment	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Investment RM	Total RM
<b>OTHER INFORMATION</b>						
Segment assets	4,395,041	37,237,811	155,068,635	873,346,110	406,484,946	1,476,532,543
Total assets	4,550,344	44,661,734	155,068,635	874,441,086	406,488,575	1,485,210,374
Segment liabilities	1,015,997	71,476,393	124,205,407	576,571,996	113,578,001	886,847,794
Total liabilities	1,015,997	71,481,393	124,870,017	577,951,407	113,866,450	889,185,264
Capital Expenditure	-	-	1,086,000	163,098,149	21,902,270	186,086,419
Depreciation and amortisation	246,814	98,925	2,107,387	3,742,952	530,318	6,726,396

## Notes To The Financial Statements (cont'd)

## 40. Segment information (cont'd)

2014

Business Segment	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Investment RM	Elimination RM	Total RM
<b>Revenue</b>							
External revenue	12,058,211	79,419,932	134,554,306	264,899,985	-	-	490,932,434
Inter-company	(2,740,122)	10,579,247	252,856,467	-	8,720,000	(269,415,592)	-
	9,318,089	89,999,179	387,410,773	264,899,985	8,720,000	(269,415,592)	490,932,434
<b>Results</b>							
Segment results	(9,967,331)	413,000	13,035,902	53,135,133	(3,329,884)	-	53,286,820
Other income	12,000	22,528	658	1,901,259	14,441,241	-	16,377,686
Finance costs - (net)	(82,165)	(3,475,121)	(5,575,358)	2,237,812	(8,453,347)	-	(15,348,179)
Profit/(loss) before tax	(10,037,496)	(3,039,593)	7,461,202	57,274,204	2,658,010	-	54,316,327
Tax expense	(353,801)	(527,714)	(2,254,636)	(14,838,164)	(1,980,014)	-	(19,954,329)
Profit/(loss) for the financial year	(10,391,297)	(3,567,307)	5,206,566	42,436,040	677,996	-	34,361,998
<b>Attributable to:</b>							
Owners of the Company	(10,156,424)	(3,336,419)	5,206,566	21,631,964	677,996	-	14,023,683
Non-controlling interests	(234,873)	(230,888)	-	20,804,076	-	-	20,338,315
	(10,391,297)	(3,567,307)	5,206,566	42,436,040	677,996	-	34,361,998



## Notes To The Financial Statements (cont'd)

## 40. Segment information (cont'd)

2014

Business Segment	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Investment RM	Total RM
<b>OTHER INFORMATION</b>						
Segment assets	14,491,418	51,451,709	143,384,141	803,031,080	420,198,514	1,432,556,862
Total assets	14,650,349	60,731,127	143,384,141	804,173,174	420,198,514	1,443,137,305
Segment liabilities	1,566,140	70,876,452	92,984,710	586,891,391	134,419,853	886,738,546
Total liabilities	1,566,140	70,876,452	96,100,392	590,354,138	135,377,438	894,274,560
Capital Expenditure	-	-	5,970,489	292,187,874	47,183,466	345,341,829
Depreciation and amortisation	998,643	200,612	1,709,209	500,731	736,362	4,145,557

No geographical segment information is presented as the Group operates principally in Malaysia.

## Notes To The Financial Statements (cont'd)

### 41. Significant events and material litigation

#### (A) Significant events

##### Significant events during the financial year

- i) 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 is subject to fulfilment of conditions precedent.
- ii) On 6 July 2015, JRB, JPH, and JPP had entered into the following agreements to facilitate the Proposed Joint Venture with China Power Engineering Consulting Group Co., Ltd. ("CPECC"):
  - a) Subscription agreement between JPH, CPECC, JPP and JRB in relation to the following:-
    - JPH to subscribe for approximately 140.14 million USD ordinary shares in JPP ("JPP USD Shares") at the subscription price of approximately USD140.14 million; and
    - CPECC to subscribe for approximately 140.14 million JPP USD Shares at subscription price of approximately USD140.14 million, 186.85 million redeemable convertible preference shares in JPP ("RCPS") at subscription price of USD186.85 million and 100 ordinary shares in JPP at subscription price of HKD100.
  - b) Shareholders agreement between JPH, CPECC and JPP to regulate JPH and CPECC's relationship inter se as shareholders of JPP; and
  - c) Call option agreement between JPH and CPECC in which JPH shall have the option to purchase from CPECC such number of RCPS or such equivalent number of JPP USD Shares upon conversion of the RCPS into JPP USD Shares or such combination of number of JPP USD Shares and/or RCPS whereby upon exercise of such option by JPH, JPH's effective economic interest in JPP (i.e. computed based on enlarged JPP USD Shares after conversion of RCPS) shall be up to 40%.

The Agreements were entered into to facilitate the entry of CPECC as an equity partner for the power plant project.

On 3 August 2015, JHDP entered into the following contracts in respect of the services and work to be provided in relation to the engineering, procurement and construction ("EPC") of the Project:

- a) EPC contract with the Consortium of Southwest Electric Power Design Institute Co., Ltd and China Power Engineering Consulting Group International Engineering Company Ltd; and
- b) EPC contract with Golden Keen Holdings Limited, a wholly-owned subsidiary of JRB.

On 28 August 2015, the shareholders of JRB have at the Extraordinary General Meeting approved the ordinary resolution for the proposed joint venture between JPH and CPECC to invest in the 2 x 600 megawatt coal-fired thermal power plant project located in Hai Duong Province, Vietnam.

## Notes To The Financial Statements (cont'd)

### 41. Significant events and material litigation (cont'd)

#### (A) Significant events (cont'd)

##### Significant event subsequent to the financial year

- i) 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"))

The Proposed LTIP is subject to the approval of Bursa Securities Malaysia Berhad, any other relevant authorities, if required and the shareholders approval of the Company at an Extraordinary General Meeting at a date to be announced later.

#### (B) Material litigation

##### Kuala Lumpur High Court Suit No. 22C-26-05/2014

On 16 May 2014, JAKS Sdn. Bhd., a wholly-owned subsidiary of the Company, 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.

In the suit, JAKS Sdn. Bhd. is 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.

The trial for the suit has been conducted on 23 March 2015, 24 March 2015 and 28 July 2015 respectively and all witnesses from both parties have given their evidence. Both parties have filed their respective written submissions and delivered their oral submissions but no date has been fixed by the Court for decision.

## Notes To The Financial Statements (cont'd)

### 41. Significant events and material litigation (cont'd)

#### (B) Material litigation (cont'd)

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

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 RM447,511.97 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 RM15,566,367.74 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 15 and 16 August 2016.

### 42. Financial instruments

#### (a) Classification of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:

- a) Loans and receivables ("L&R")
- b) Other liabilities ("OL")

	Group		L&R		Company	
	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM
<b>Financial Assets</b>						
Trade receivables	71,205,620	110,056,411	25,189,950	26,004,225		
Other receivables and deposits	61,803,270	73,580,539	168,856	176,530		
Amount owing by joint venture	151,151,368	-	-	-		
Amount owing by subsidiaries	-	-	480,729,457	350,367,707		
Deposits placed with licensed banks	41,369,569	92,082,086	8,194,431	23,589,793		
Cash and bank balances	46,047,813	80,342,382	1,344,530	1,928,776		
	371,577,640	356,061,418	515,627,224	402,067,031		

## Notes To The Financial Statements (cont'd)

### 42. Financial instruments (cont'd)

#### (a) Classification of Financial Instruments (cont'd)

		Group	OL	Company
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Financial Liabilities</b>				
Trade payables	150,445,833	152,708,267	-	-
Other payables and accruals	177,770,720	130,287,595	57,811,077	17,516,069
Amount owing to subsidiaries	-	-	129,564,256	159,937,951
Borrowings	556,562,364	603,742,684	55,054,651	57,559,036
	884,778,917	886,738,546	242,429,984	235,013,056

#### (b) Financial Risk Management and Objectives

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

##### (i) Credit Risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The Company's exposure to credit risk arises primarily from loan, advances and financial guarantees to subsidiaries.

The management has in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and an ongoing basis. Credit evaluations are performed on all customers requiring credit over certain amount.

##### a. Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statements of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 18 to the financial statements.

##### b. Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The Group's trade receivables credit risk is concentrated in Malaysia.

The Group has no significant concentration of credit risk except as disclosed in Note 18 to the financial statements. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statements of financial position.

##### c. Financial assets that are either past due or impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 18 to the financial statements.

## Notes To The Financial Statements (cont'd)

### 42. Financial instruments (cont'd)

#### (b) Financial Risk Management and Objectives (cont'd)

##### (i) Credit Risk (cont'd)

###### d. Intercompany balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

###### e. Financial guarantee

As disclosed in Note 37 to the financial statements, the Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

##### (ii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

###### Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

Group Financial liabilities	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
<b>2015</b>					
Trade payables	150,445,833	150,445,833	150,445,833	-	-
Other payables and accruals	177,770,720	177,770,720	177,770,720	-	-
Borrowings	556,562,364	686,467,971	255,391,663	169,693,632	261,382,676
	884,778,917	1,014,684,524	583,608,216	169,693,632	261,382,676

## Notes To The Financial Statements (cont'd)

### 42. Financial instruments (cont'd)

#### (b) Financial Risk Management and Objectives (cont'd)

##### (ii) Liquidity Risk (cont'd)

*Maturity analysis (cont'd)*

Group Financial liabilities	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
<b>2014</b>					
Trade payables	152,708,267	152,708,267	152,708,267	-	-
Other payables and accruals	130,287,595	130,287,595	130,287,595	-	-
Borrowings	603,742,684	1,039,984,020	580,297,504	232,037,713	227,648,803
	886,738,546	1,322,979,882	863,293,366	232,037,713	227,648,803
<b>Company Financial liabilities</b>					
<b>2015</b>					
Other payables and accruals	57,811,077	57,811,077	57,811,077	-	-
Amount owing to subsidiaries	129,564,256	129,564,256	129,564,256	-	-
Borrowings	55,054,651	55,091,055	54,693,343	397,712	-
	242,429,984	242,466,388	242,068,676	397,712	-
<b>Company Financial liabilities</b>					
<b>2014</b>					
Other payables and accruals	17,516,069	17,516,069	17,516,069	-	-
Amount owing to subsidiaries	159,937,951	159,937,951	159,937,951	-	-
Borrowings	57,559,036	57,564,568	57,533,281	31,287	-
	235,013,056	235,018,588	234,987,301	31,287	-

##### (iii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's and Company's financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company has transactional currency exposure arising from cash and bank balances that are denominated in a currency other than Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD").

## Notes To The Financial Statements (cont'd)

### 42. Financial instruments (cont'd)

#### (b) Financial Risk Management and Objectives (cont'd)

##### (iii) Foreign Currency Risk (cont'd)

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

	2015 RM	Group 2014 RM	Company 2015 RM	2014 RM
<b>Denominated in United States Dollar</b>				
Cash and bank balances	255,154	462,195	190,592	17,805
Other payables and accruals	(54,642,121)	(15,616,513)	(54,642,121)	(15,616,513)
Amount owing by subsidiaries	-	-	212,724,400	-
Amount owing by joint venture	151,151,368	-	-	-

##### *Sensitivity analysis for foreign currency risk*

A 5% strengthening of the RM against following currencies at the end of reporting period would increased/(decreased) profit before tax as per below. This analysis assumes that all other variables remain unchanged.

	Group Profit before tax Increase/ (Decrease) RM	Company Profit before tax Increase/ (Decrease) RM
<b>2015</b>		
United States Dollar	4,838,220	7,913,644
<b>2014</b>		
United States Dollar	(757,716)	(799,935)

A 5% weakening of the RM against above currencies at the end of the reporting period would have had an equal but opposite effect on the above currency to the amounts shown above on the basis that all other variable remain constant.

##### (iv) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.



## Notes To The Financial Statements (cont'd)

### 42. Financial instruments (cont'd)

#### (b) Financial Risk Management and Objectives (cont'd)

##### (iv) Interest Rate Risk (cont'd)

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

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
<b>Fixed rate instruments</b>				
<i>Financial assets</i>				
Deposits placed with licensed banks	41,369,569	92,082,086	8,194,431	23,589,793
<i>Financial liabilities</i>				
Hire purchase liabilities	4,744,093	6,291,651	733,491	186,123
Term loans	252,247,918	201,665,928	-	-
<b>Floating rate instruments</b>				
<i>Financial liabilities</i>				
Bank overdrafts				
- secured	84,652,211	54,772,034	39,321,160	22,372,913
Bills payables	100,178,642	81,044,191	-	-
Factoring loan	-	10,389,825	-	-
Revolving credits	15,000,000	35,000,000	15,000,000	35,000,000
Term loans	99,739,500	214,579,055	-	-

##### *Sensitivity analysis for interest rate risk*

- Sensitivity analysis for fixed rate instruments

Sensitivity analysis is not disclosed on fixed rate financial liabilities as fixed rate financial liabilities are not exposed to interest rate risk and are measured at amortised cost.

- Sensitivity analysis for floating rate instruments

A change of 50 basis point ("bp") in interest rates at the end of reporting period would have increase or decrease the Group's and the Company's profit before tax by RM1,497,852 and RM271,606 (2014: RM1,978,926 and RM286,865) respectively. This analysis assumes that all other variables remain unchanged.

#### (c) Fair value of financial instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:

	<b>2015</b>		<b>2014</b>	
	<b>Carrying Amount RM</b>	<b>Fair Value RM</b>	<b>Carrying Amount RM</b>	<b>Fair Value RM</b>
Fixed rate term loan	252,247,918	253,095,192	201,665,928	202,284,423

## Notes To The Financial Statements (cont'd)

### 42. Financial instruments (cont'd)

#### (c) Fair value of financial instruments (cont'd)

The following summarise the methods used to determine the fair values of the financial instruments:

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The fair value of finance lease liabilities is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.
- (iii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

#### (d) Fair value hierarchy

The Group and the Company do not have any financial instruments carried at fair value as at 31 December 2015.

### 43. Capital management

The primary objective of the Group's and Company's capital management is to ensure that it maintains a strong capital base and safeguard the Group's and Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group and Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital refers to equity attributable to the equity holders of the Company.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Borrowings	556,562,364	603,742,684	55,054,651	57,559,036
Trade and other payables	328,216,553	282,995,862	57,811,077	17,516,069
Amount owing to subsidiaries	-	-	129,564,256	159,937,951
Less:				
Deposits placed with licensed banks	(41,369,569)	(92,082,086)	(8,194,431)	(23,589,793)
Cash and bank balances	(46,047,813)	(80,342,382)	(1,344,530)	(1,928,776)
Net debt	797,361,535	714,314,078	232,891,023	209,494,487
Equity attributable to the owners of the Company	501,112,318	459,645,247	502,014,491	469,882,762
Capital and net debt	1,298,473,853	1,173,959,325	734,905,514	679,377,249
Gearing ratio	0.61	0.61	0.32	0.31

### 44. Comparatives

Certain comparative figures have been restated to conform with current year presentation.

## SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

### 45. Supplementary information on the disclosure of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of reporting period, into realised and unrealised profits and/or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts realised and unrealised profits included in the retained profits of the Group and of the Company as at financial year end are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
The retained profits of the Group and of the Company				
- Realised	53,803,178	3,835,782	55,284,709	23,152,980
- Unrealised	579,358	9,079,683	-	-
	54,382,536	12,915,465	55,284,709	23,152,980

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements* as issued by the Malaysian Institute of Accountants on 20 December 2010.

The determination of realised and unrealised profits or losses is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes

## PROPERTIES OF THE GROUP

### AS AT 31 DECEMBER 2015

Location/Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition/ Revaluation
Lot No 526, 527, 528 and 62506 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Freehold land	Land area: 59,883 sq. metres	N/A	Land held for Property Development	38,879	17/5/2004
Lot No. 541 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Freehold land	Land area: 12,140 sq. metres Gross building area: 6,023 sq. metres	21 Years	Office & Warehouse	6,927	17/5/2004
No. 924/1F, Storey No.1st Floor, Building No. Block: Front Unit Type 3, Taman Desa Cheras, Kuala Lumpur	Freehold Property. 1st Floor of 3 Storey Shophouse	Building area : 64.82 sq. metres (697.72 sq. feet)	13 Years	Vacant	50	23/12/2003
PN 30824, Lot. No. 18503, Mukim of Rawang, District of Gombak, State of Selangor	Leasehold Land (Duration - 99 Years) (Expiry date 11/7/2060)	Land area: 1,496 sq. feet Built up area : 1,280 sq. feet	4 years	Shoplot for investment	205	27/3/2012
H S (D) 224763 Lot No. PTD 42125 Mukim Senai, Kulai Daerah Johor Bahru Johor Darul Takzim	Freehold Single-storey Terrace House	Land area: 133.96 sq. metres (1,442 sq. feet)	13 Years	Vacant	105	5/11/2003
H S (D) 224752 Lot No. PTD 42114 Mukim Senai, Kulai Daerah Johor Bahru Johor Darul Takzim	Freehold Single-storey Terrace House	Land area: 133.96 sq. metres (1,442 sq. feet)	13 Years	Vacant	110	5/11/2003
B-17-09 Villa Kejora Type A Rilau Penang	Freehold Apartment	700 Sq feet	17 Years	Apartment for investment	76	12/3/1999
PT No. 35295 H.S. (D) 283505 Mukim Damansara, Petaling Selangor	Leasehold Property (Duration - 99 Years) (Expiry Date: 4/9/2097)	Land area: 182,952 sq feet	1 year	Investment Properties with Shopping Mall and Car Parks	396,849	23/8/2013

## Properties Of The Group

As At 31 December 2015 (cont'd)

Location/Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition/ Revaluation
PN Lot 97384 Lot 141 Seksyen 13 Bandar Petaling Jaya Petaling Selangor	Leasehold Land (Duration - 99 Years) (Expiry Date: 21/5/2112)	Land area: 121,500 sq feet	N/A	Investment Properties under construction	53,353	19/8/2011
P.T. No. 12186 H.S.(D) 11480 Mukim and District of Bentong, State of Pahang Darul Makmur	Leasehold Land (Industrial) (Duration - 66 Years) (Expiry date 5/10/2059)	Land area: 25,657 sq. metres Gross Building area: 5,806 sq. metres	20 Years	Property held for Sale	3,102	23/12/2003

## ANALYSIS OF SHAREHOLDINGS AS AT 13 APRIL 2016

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Paid-up Capital	:	RM438,361,072.00
Class of Share	:	Ordinary Shares of RM1.00 each
Voting Right	:	One Vote per Ordinary Share held

### ANALYSIS OF SHAREHOLDINGS

as at 13 April 2016

Size of Holdings	No. of Shareholders	(%)	No. of Shares	(%)
1 – 99	945	7.98	35,191	0.01
100 – 1,000	6,528	55.12	1,923,849	0.44
1,001 – 10,000	3,045	25.71	15,651,543	3.57
10,001 – 100,000	1,090	9.20	35,266,860	8.04
100,001 – 21,918,052 (*)	235	1.98	358,693,629	81.83
21,918,053 and above (**)	1	0.01	26,790,000	6.11
	11,844	100.00	438,361,072	100.00

NOTES: \* Less than 5% of the issued and paid-up share capital  
 \*\* 5% and above of the issued and paid-up share capital

### 30 LARGEST SHAREHOLDERS

as at 13 April 2016

Names	No. of Shares	(%)
1. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - AmBank (M) Berhad for Ang Lam Poah	26,790,000	6.11
2. CitiGroup Nominees (Tempatan) Sdn Bhd Exempt an for AIA Bhd	21,286,300	4.86
3. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)	16,230,200	3.70
4. CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	15,500,000	3.54
5. Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt an for Philip Capital Management Sdn Bhd	13,966,006	3.18
6. Original Invention Sdn Bhd	13,000,000	2.96
7. AMMB Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Original Invention Sdn Bhd	12,000,000	2.74
8. Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt an for Philip Capital Management Sdn Bhd (EPF)	10,072,600	2.30
9. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt an for Kumpulan Sentiasa Cemerlang Sdn Bhd	9,196,400	2.10
10. CitiGroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	8,894,600	2.03
11. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	8,782,200	2.00

## Analysis of Shareholdings

As At 13 April 2016 (cont'd)

	Names	No. of Shares	(%)
12.	CitiGroup Nominees (Asing) Sdn Bhd CEP for Manulife Global Fund-Asian Small Cap Equity Fund	7,654,900	1.75
13.	HSBC Nominees (Asing) Sdn Bhd Exempt an for the bank of New York Mellon	7,509,500	1.71
14.	CitiGroup Nominees (Asing) Sdn Bhd CNBY for Dimensional Emerging Markets Value Fund	6,607,200	1.51
15.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad – Kenanga Growth Fund	6,576,600	1.50
16.	Beh Eng Par	6,385,200	1.46
17.	Cartaban Nominees (Asing) Sdn Bhd Exempt an for Standard Chartered Bank Singapore Branch	6,000,000	1.37
18.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	5,800,000	1.32
19.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Bank AG Singapore for KSC (S) Pte Ltd (Lee Hau Hian)	5,390,000	1.23
20.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Cheong Fat	5,061,600	1.15
21.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jamian Bin Mohamad @ Md. Semaal	5,000,000	1.14
22.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Ang Ken Seng	5,000,000	1.14
23.	CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	4,920,000	1.12
24.	Maybank Nominees (Tempatan) Sdn Bhd Exempt an for Affin Hwang Asset Management Berhad	4,868,900	1.11
25.	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Legg Mason Western Asset Southeast Asia Special Situations Trust	4,692,700	1.07
26.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Affin Hwang Flexi Fund II	4,592,800	1.05
27.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt an for Affin Hwang Asset Management Berhad	4,478,700	1.02
28.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	4,349,700	0.99
29.	Ang Ken Seng	4,329,559	0.99
30.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad	4,320,100	0.98

# Analysis of Shareholdings

As At 13 April 2016 (cont'd)

## DIRECTORS' SHAREHOLDINGS

as at 13 April 2016

Names of Directors	Direct Interest		Indirect Interest	
	No. of Shares	(%)	No. of Shares	(%)
Ang Lam Poah	<sup>^</sup> 32,600,002	7.44	-	-
Dato' Razali Merican Bin Naina Merican	-	-	*25,000,000	5.70
Ang Lam Aik	-	-	-	-
Dato' Azman Bin Mahmood	-	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-	-

### NOTES:

^ 26,790,000 shares held through AMSEC Nominees (Tempatan) Sdn Bhd

^ 5,800,000 shares held through Maybank Nominees (Tempatan) Sdn Bhd

\* Deemed interest by virtue of his shareholdings in Original Invention Sdn Bhd

## SHARES IN RELATED CORPORATION

None of the above Directors has any direct interest in shares in the related corporation as at 13 April 2016.

## SUBSTANTIAL SHAREHOLDERS

as at 13 April 2016

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	(%)	No. of Shares	(%)
Ang Lam Poah	<sup>^</sup> 32,600,002	7.44	-	-
Original Invention Sdn Bhd	25,000,000	5.70	-	-
Dato' Razali Merican Bin Naina Merican	-	-	*25,000,000	5.70

### NOTES:

^ 26,790,000 shares held through AMSEC Nominees (Tempatan) Sdn Bhd

^ 5,800,000 shares held through Maybank Nominees (Tempatan) Sdn Bhd

\* Deemed interest by virtue of his shareholdings in Original Invention Sdn Bhd



## NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be held at Grand Pacific Event Hall, 3rd Floor, Evolve Concept Mall, Pacific Place @ Ara Damansara, Jalan PJU 1A/4, Ara Damansara, 47301, Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2016 at 10.30 a.m. for the purpose of considering the following businesses:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who are retiring pursuant to the Company's Articles of Association:
  - (i) Ang Lam Aik (Article 101) **Resolution 1**
  - (ii) Liew Jee Min @ Chong Jee Min (Article 101) **Resolution 2**
3. To approve the payment of Directors' Fees of RM3,500 per month for each Director for the financial year ending 31 December 2016 . **Resolution 3**
4. To re-appoint Messrs Ecovis AHL PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 4**

As Special Business:

To consider and if thought fit, pass the following resolutions:

5. **ORDINARY RESOLUTION:** **Resolution 5**  
**Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**LEONG OI WAH** (MAICSA 7023802)

**Company Secretary**

Petaling Jaya

29 April 2016

## Notice Of Fourteenth Annual General Meeting (cont'd)

### Notes:

1. *A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead. The proxy need not be a Member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
2. *When a Member appoints two or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal, or the hand of its attorney.*
4. *The instrument appointing a proxy together with the power of attorney (as the case may be) must be deposited at the Share Registrar of the Company at 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 at least 48 hours before the time appointed for holding the meeting or adjourned meeting.*
5. *Depositors who appear in the Record of Depositors as at 20 June 2016 shall be regarded as Member of the Company entitled to attend the Fourteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

### NOTES ON SPECIAL BUSINESS

#### Resolution 5:

The proposed Resolution 5 will give powers to the Directors to issue up to a maximum ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 29 June 2015. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions or the issuance of shares as consideration for the acquisition of assets.



# JAKS RESOURCES BERHAD

585648-T

## PROXY FORM

Number of Shares Held

\*I/We \_\_\_\_\_ (Full Name in Block Letters) of

\_\_\_\_\_ (Address) being a

member / members of JAKS Resources Berhad hereby appoint \*Mr/Ms \_\_\_\_\_

of \_\_\_\_\_

(the next name and address should be completed where it is desired to appoint two/more proxies)

or \*Mr/Ms \_\_\_\_\_ of \_\_\_\_\_

or failing \*him/\*her/\*them, the Chairman of the Meeting as \*my/our \*proxy/proxies to attend and vote for \*me/us on \*my/our behalf, and if necessary, to demand a poll, at the Fourteenth Annual General Meeting of the Company to be held at Grand Pacific Event Hall, 3rd Floor, Evolve Concept Mall, Pacific Place @ Ara Damansara, Jalan PJU 1A/4, Ara Damansara, 47301, Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2016 at 10.30 a.m. and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, \*my/our \*proxy/proxies may vote or abstain from voting at his/her discretion.

No.	Resolutions	For#	Against#
1.	Re-election of Ang Lam Aik as Director		
2.	Re-election of Liew Jee Min @ Chong Jee Min as Director		
3.	Payment of Directors' Fees		
4.	Appointment of Auditors		
5.	Approval to issue shares pursuant to Section 132D of the Companies Act, 1965		

# Please indicate your vote "For" or "Against" with an "X" within the box provided

\* Delete if not applicable

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

\_\_\_\_\_  
Signature/Common Seal of Shareholder(s)

### Notes: -

1. A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead. The proxy need not be a Member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. When a Member appoints two or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal, or the hand of its attorney.
4. The instrument appointing a proxy together with the power of attorney (as the case may be) must be deposited at the Share Registrar of the Company at 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 at least 48 hours before the time appointed for holding the meeting or adjourned meeting.
5. Depositors who appear in the Record of Depositors as at 20 June 2016 shall be regarded as Member of the Company entitled to attend the Fourteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

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**JAKS RESOURCES BERHAD** (585648-T)  
c/o 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

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