



JAKS RESOURCES BHD
585648-T



Annual
Report
2018

**Towards
Better
Performance**



CONTENTS



2	JAKS at a Glance
4	Corporate Information
5	Corporate Structure
6	5 Years Financial Highlights
7	Board of Directors
10	Chairman's Statement
11	Management Discussion & Analysis
16	Sustainability Statement
23	Corporate Governance Overview Statement
29	Board Committees Report
34	Statement on Risk Management and Internal Control
37	Financial Statements
146	Properties of the Group
147	Analysis of Shareholdings
150	Analysis of Warrants B Holdings
153	Notice of Annual General Meeting Proxy Form

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 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 was initially engaged in water supply and infrastructure construction projects, supply and trading of building materials and 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 has diversified 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 construction activities.



OUR VISION

To be an innovative regional leader in the utilities, construction and infrastructure engineering industry.

OUR MISSION

- We will strive for excellence in providing highly reliable and cost-efficient service to our customers, without compromising in quality and safety
- We will deliver our promises in building value for our organisation in order to contribute sustainable financial achievement and achieve optimum growth
- We will take the lead to adopt continuous innovation and best practices to gain market competitiveness
- We will provide a nurturing environment for our employees by striking a balance between rewarding performance and allowing for personal enrichment





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)

Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar
(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
Email No : info@jaks.com.my

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 -2783 9299
Fax No : 603 -2783 9222
Email No : is.enquiry@my.tricorglobal.com

AUDITORS

UHY

Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

PRINCIPAL PLACE OF BUSINESS

No. 9, Jalan USJ Sentral 1
USJ Sentral, Persiaran Subang 1
47600 Subang Jaya
Selangor Darul Ehsan

Tel No : 603-8023 2767
Fax No : 603-8021 7585
Website : www.jaks.com.my

PRINCIPAL FINANCIERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
Great Eastern Life Assurance (Malaysia) Berhad
Al Rajhi Banking & Investment Corporation (M) Bhd
AmBank (M) Berhad
Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

(Main Market)

Stock Name : JAKS
Stock Code : 4723





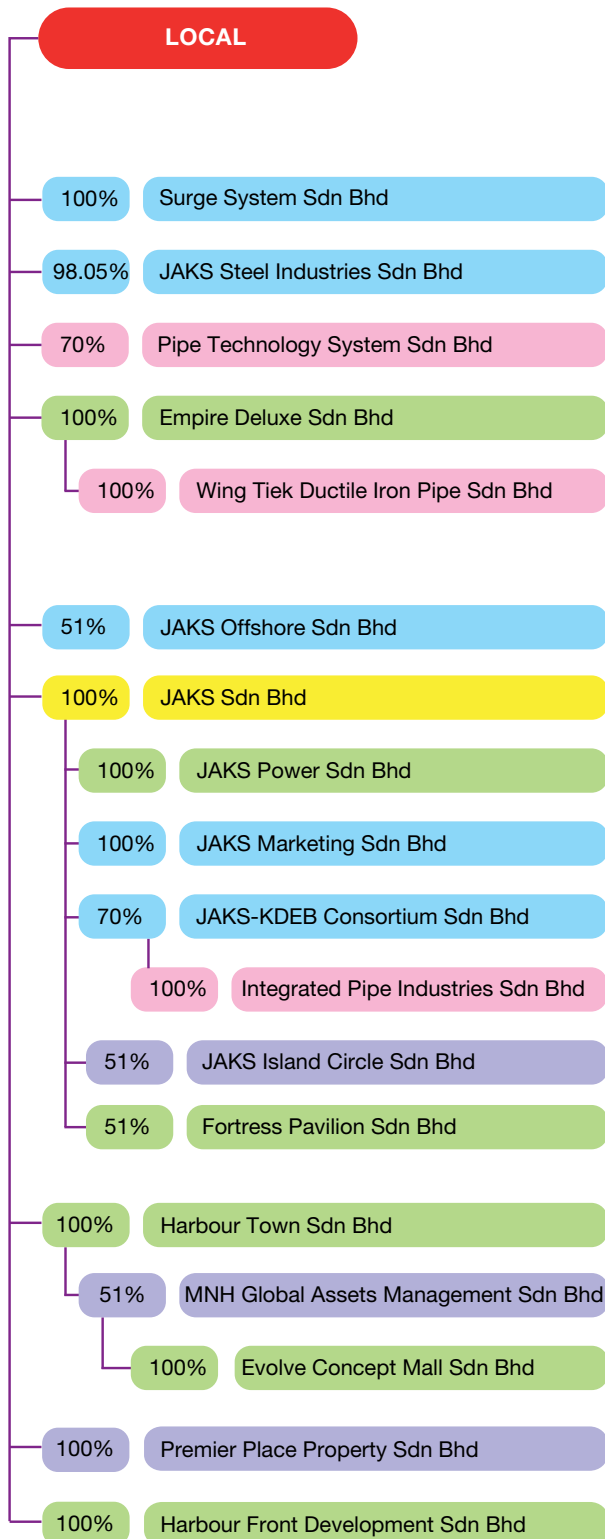
CORPORATE STRUCTURE



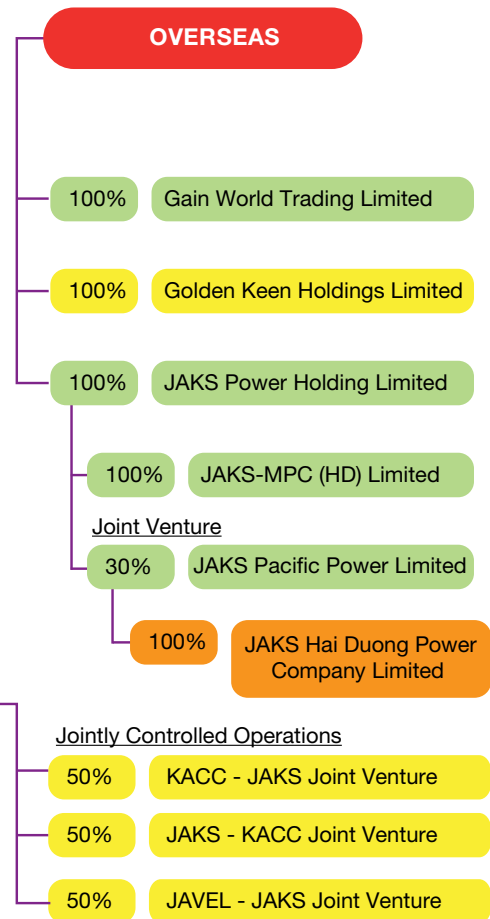
JAKS RESOURCES BERHAD

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LOCAL



OVERSEAS

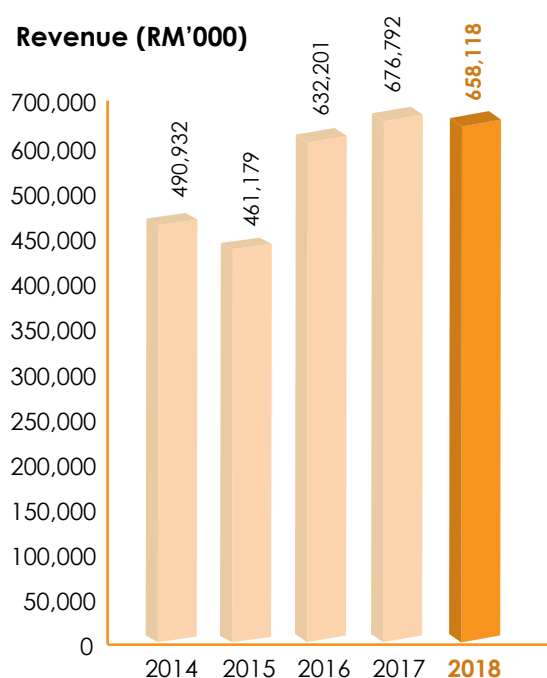




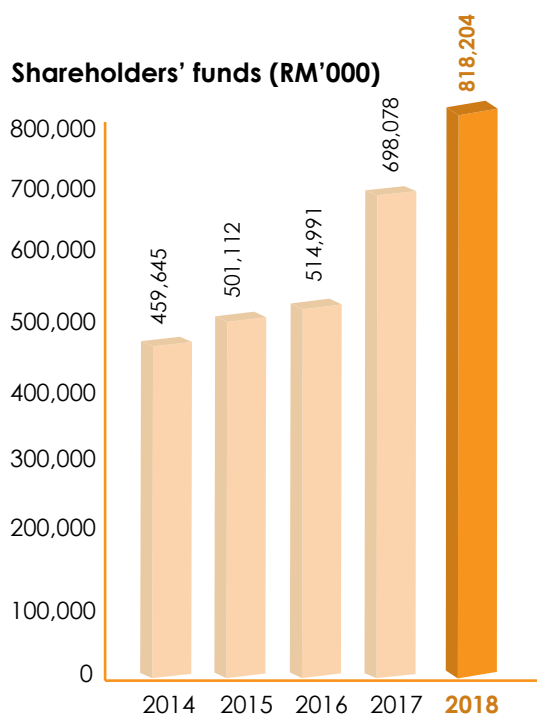
5 YEARS FINANCIAL HIGHLIGHTS

Group Five Years Summary	Financial Year Ended				
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Revenue	490,932	461,179	632,201	676,792	658,118
Profit / (Loss) before tax	54,316	55,282	(7,019)	112,211	(43,203)
Profit / (Loss) attributable to owners of the Company	14,024	41,467	698	126,640	15,351
Share Capital	438,361	438,361	438,361	524,387	598,975
Shareholders' funds	459,645	501,112	514,991	698,078	818,204
Number of Shares	438,361	438,361	438,361	492,747	545,943
Net assets per share (RM)	1.05	1.14	1.17	1.42	1.50

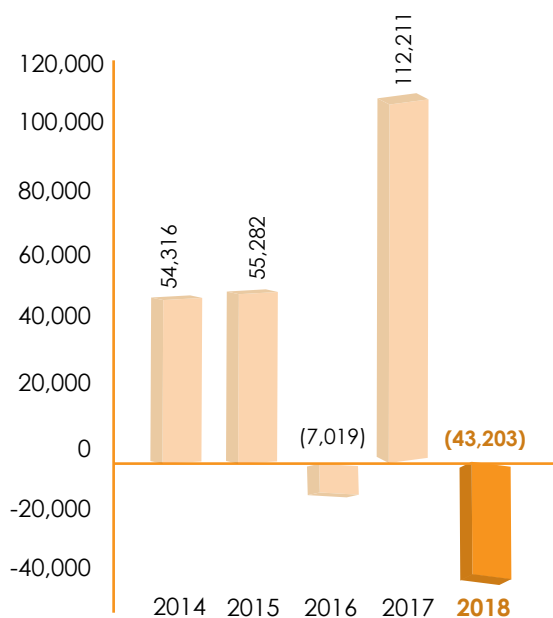
Revenue (RM'000)



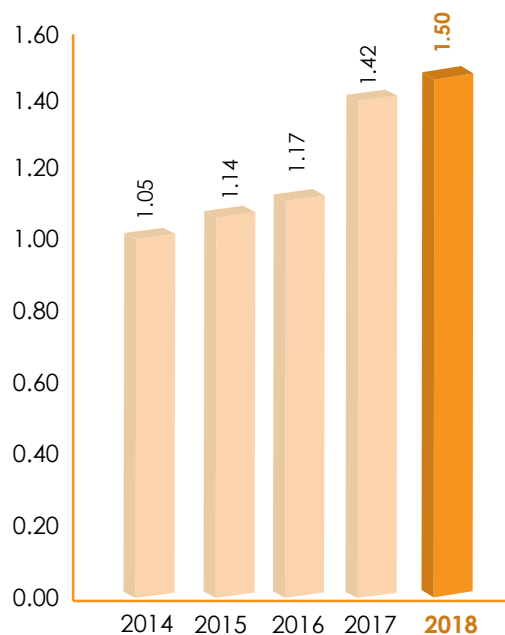
Shareholders' funds (RM'000)



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



Net assets per share (RM)





BOARD OF DIRECTORS

TAN SRI DATUK HUSSIN BIN HAJI ISMAIL

A Malaysian, aged 66, was appointed to the Board on 28 June 2011 as an Independent Non-Executive Director of the Company and on 28 September 2012, he was appointed as 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 a Master's degree of Occupational Safety and Health Risk Management from Open University 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. Currently, Tan Sri Hussin is the Deputy Chairman of Yayasan Pengaman Malaysia.

Tan Sri Hussin also sits on the board of EP Manufacturing Berhad, a 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 five years.



ANG LAM POAH

A Malaysian, aged 51 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 five years.



Board Of Directors (cont'd)

DATO' RAZALI MERICAN BIN NAINA MERICAN

A Malaysian, aged 48 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 five years.



ANG LAM AIK

A Malaysian, aged 45, 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 five years.

DATO' AZMAN BIN MAHMOOD

A Malaysian, aged 68, 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. He is also a member of Remuneration 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, United Kingdom 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. He is also the Chairman of I-Stone Group Berhad which provide system integration for manufacturing test and measurement system.

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 five years.





Board Of Directors (cont'd)



LIEW JEE MIN @ CHONG JEE MIN

A Malaysian, aged 60, 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 YKGI Holdings Berhad, Halex Holdings Berhad and Parkson Holdings 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 five years.

TAN SRI DATO' HJ. ABD KARIM B. SHAIKH MUNISAR

A Malaysian, aged 68, was appointed to the Board on 17 April 2019. He is an Independent Non-Executive Director of the Company.

He holds a Master in Business Administration (Business Finance) from University of Edinburgh, Advanced Diploma in Economic Development (with Distinction) from University of Manchester, United Kingdom and Bachelor of Economics (Hons) from University of Malaya. He also attended an Advance Course in Urban Planning JICA in Tokyo, Japan.

In 1974, Tan Sri Dato' HJ. Abd Karim was the Assistant Director at the Ministry of Finance, Malaysia. Between 1975-1980, he held different position in various districts in the state of Perak as Assistant District Officer, Kinta; Chairman of Kinta District Council; Assistant District Officer 1, Kampar; Chairman of Kampar/Gopeng Municipal Council and also Assistant State Secretary of Perak (UPEN).

He was the Chief Assistant District Officer 1 (Land) of Kuantan District Office and Chief Assistant State Secretary of Pahang (Housing Division) in 1980; Deputy Director of Klang Valley Planning Secretariat, Prime Minister Department in 1982; Chief Assistant State Secretary of Selangor (Local Authority Division) in 1987.

He also served as the President of Ampang Jaya Municipal Council from 1992 to 1996. He had an outstanding career in the government sector and was the President of Petaling Jaya Municipal Council in 2003 and 2004. Prior to that, he was the District Officer cum President of Sepang District Council from 1998-2003. In 2005, he agreed to join the corporate sector and was appointed as President of Kumpulan Darul Ehsan Berhad. Tan Sri Dato' HJ. Abd Karim was previously the Executive Chairman of various companies listed in Bursa Malaysia such as Kumpulan Perangsang Selangor Berhad, Kumpulan Hartanah Selangor Berhad and Chairman of Taliworks Corporation Berhad from 2004 to 2011.

He was also Chairman of various other companies namely Konsortium Abass Sdn Bhd, Titisan Modal Sdn Bhd, Central Spectrum Sdn Bhd, Cekal Tulin Development Sdn Bhd, JAKS-KDEB Consortium Sdn Bhd, Hydrovest Sdn Bhd and Perangsang Hotel & Properties Sdn Bhd. In addition, Tan Sri Dato' HJ. Abd Karim was also a member of the Board of Directors for Syarikat Bekalan Air Selangor Sdn Bhd (Syabas), Syarikat Pengeluaran Air Selangor Holdings Berhad (Splash), Cyberview Sdn Bhd, Alam Flora Sdn Bhd.

He currently sits on the Board of MCT Berhad, Lion Forest Industries Berhad and Kingsley Edugroup Berhad.

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 five years.



Note:

- The Executive Directors from the Senior Management and their profile are not presented separately.



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 2018.

FINANCIAL REVIEW

For the financial year ended 31 December 2018, the Group achieved a revenue of RM658.1 million and a loss before tax of RM43.2 million as compared to the preceding year's revenue of RM676.8 million and a profit before tax of RM112.2 million.

The overall profitability of the Group was affected by the Property Development & Investment division as this division incurred a loss before tax of RM117.4 million in the financial year ended 31 December 2018 as compared to a profit before tax of RM42.2 million in 2017, mainly due to the charge out of RM50.0 million in respect to the disputed performance liability and RM32.3 million liquidated ascertained damages ("LAD") provided in the year under review. Conversely, there was a recognition of RM76.8 million gain arising from the disposal of the USJ Land properties in Subang Jaya recognised in the preceding year for the Property Development & Investment division.

Please refer to the Management Discussion and Analysis for more details on the performance of the Group.

DIVIDEND

The Company is not recommending any dividends to be paid out for the financial year ended 31 December 2018 as the priority is to conserve the cash to complete the Power Plant Project in Vietnam.

BUSINESS OUTLOOK

Bank Negara Malaysia in their 4th quarter 2018 report stated that the Malaysian economy is expected to remain on a steady growth path in 2019, amid escalating trade tensions and tighter global financial conditions. With a respectable growth of 4.7% in 2018 despite the unanticipated supply disruptions in the commodity-related sectors, Bank Negara Malaysia's outlook for 2019, with the supply disruptions receding and new production facilities commencing, is that the Malaysian economy will continue to expand at a steady pace. Private sector demand is expected to remain the main driver of growth amid fiscal rationalisation while the external sector would be weighed down by weaker global demand. Although sentiments have moderated from recent highs, private sector expenditure will continue to be supported by fundamental factors such as continued income and employment growth. Risks to growth remain tilted to the downside as it stems mainly from further escalation of trade tensions and tightening of global financial conditions. In 2019, headline inflation is also expected to average moderately higher.

With the existing order book in hand of approximately RM593.3 million on jobs from the domestic market and construction work of RM1.2 billion from the Vietnam EPC Contract proceeding as scheduled, the Group's Construction division is expected to perform satisfactorily in 2019.

For the property development division, we have decided to take a step back from the property market to focus more on the other divisions once the Pacific Star project completes this year. We have another RM26.4 million worth of properties to be sold from the Pacific Star project. Our investment property at Ara Damansara remains challenging with the oversupply of retail space in the Klang valley and the Group will place more emphasis on social media marketing tools and special events to lure shoppers. The other investment property, a Business Hub at Pacific Star will be ready for operations by the end of this year.

Barring any adverse developments, the Group will endeavor to improve its present performance in 2019.

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 welcome Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar to the Board and I am sure with his vast experience, the Group will gain from his contribution. I also take this opportunity 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



MANAGEMENT DISCUSSION & ANALYSIS

Forward-Looking Statements

This Management Discussion and Analysis ("MD&A") contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe", "estimate", "plan", "expect", "intend", "will", "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward looking statements involve significant known and unknown risks and uncertainties. Many factors could cause actual results, performance or achievement to be materially different from any future forward looking statements. The Company and management assume no obligation to update or revise them to reflect new events or circumstances except as required by securities laws. The Company and management caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made.

Introduction

This MD&A is dated as of 17 April 2019, the date it was approved by the Board of Directors of the Company, and reflects all material events for the financial year 2018. It should be read in conjunction with the audited consolidated financial statements, including the notes thereof, of JAKS Resources Berhad ("JRB" or the "Company") for the financial year ended 31 December 2018.

Corporate exercise in 2018

a) Private Placement of shares

On 14 March 2018, the Company announced the Private Placement of approximately 10% of the existing total number of issued shares of the Company ("JRB Shares"). The placement of 49,631,200 new Ordinary Shares was at an issue price of RM1.38 per Placement Share, which represents a discount of approximately 6.72% from the 5-day volume weighted average market price of JRB Shares up to and including 22 March 2018, being the market day immediately prior to the price fixing date of RM1.4794 per JRB Share.

The Private Placement that raised proceeds of RM68.5 million was to enable the Company to finance the construction cost such as payment to suppliers and contractors and other general expenses of the on-going projects and to finance the working capital of the investment property division.

b) Renounceable Rights Issue of Warrants

The Company undertook a renounceable rights issue of Warrants 2018/2023 on the basis of 1 warrant for every 2 existing ordinary shares at an issue price of RM0.25 per Warrant ("Rights Issue of Warrants") and this was completed on 20 December 2018 with the issuance of 102,428,430 Warrants that raised proceeds of RM25.6 million. The exercise period of the Warrants 2018/2023 is for 5 years from its date of issuance and will expire on 13 December 2023. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at an exercise price of RM0.64 per Warrant in accordance with the Deed Poll dated 5 November 2018.



Consolidated Operating Results

For the financial year ended 31 December 2018, the Group achieved a revenue of RM658.1 million, a reduction of 3% from the preceding year's revenue of RM676.8 million. With the adoption of the new Malaysian Financial Reporting Standards 15 *Revenue from Contracts with Customers* in the financial year 2018, the revenue recognised from the Property Development & Investment division is net of the provision of liquidated ascertained damages ("LAD") and disputed performance liability. Otherwise, the revenue achieved by the Group would be an additional amount of RM82.3 million bringing it to approximately RM740.4 million, reflecting an improvement of 9% from the preceding year. The Construction division was the main contributor with revenue of RM628.3 million of which RM324.7 million was derived from the Vietnam EPC construction works.



Management Discussion & Analysis (cont'd)

The Group incurred a loss before tax of RM43.2 million for financial year ended 31 December 2018 as compared to the preceding year's profit before tax of RM112.2 million. Whilst the Construction division achieved profit before tax of RM82.1 million, the overall profitability of the Group was affected by the other divisions. The Property Development & Investment division incurred a loss before tax of RM117.4 million in the current year ended 31 December 2018 as compared to a profit before tax of RM42.2 million in the preceding year. This was due to the charge out of RM50.0 million in respect to the disputed performance liability and RM32.3 million liquidated ascertained damages ("LAD") provided in the financial year 2018. Conversely, there was a recognition of RM76.8 million gain arising from the disposal of the USJ Land properties in Subang Jaya recognised in the preceding year for the Property Development & Investment division. The Trading division incurred a loss of RM1.4 million due to low revenue.

Liquidity and Capital Resources

The table below highlights the major cash flow components for the Group for the year ended 31 December 2018 and 2017.

	Statement of cash flow for financial year ended		
	31.12.2018 RM'000	31.12.2017 RM'000	Change RM'000
Cash flows from operating activities	34,201	28,531	5,670
Cash flows used in investing activities	(59,130)	3,677	(62,807)
Cash flows used in financing activities	45,376	79,570	(34,194)
Increase / (Decrease) in cash and cash equivalents	20,447	111,778	(91,331)

The increase in cash flows from operating activities for the financial year 2018 was mainly due to the increased in working capital fund.

The higher cash used in investing activities in 2018 was mainly due to the additional shares investment in the joint venture being the capital contribution in respect of shares subscription in JAKS Pacific Power Limited for the Vietnam project.

The financing activities for the financial year 2018 improved primarily due to the additional proceeds received from the corporate exercises on Private Placement and Rights Issue of Warrants and the amount obtained was partially used to repay the bank borrowings.

Borrowings

As at 31 December 2018, the Group's total borrowings stood at RM434.7 million, RM94.3 million lower than the previous year end of RM529.0 million. Net gearing (after netting off cash and deposits) reduced from 0.44 times to 0.33 times.

Operational review of Power division

The Group's foray into the power generation business started in 2011 when the Investment Certificate by the Ministry of Planning and Investment of Vietnam was granted to establish the project company, JAKS Hai Duong Power Company Limited ("JHDP") to develop a 2 x 600 MW Coal Fired Thermal Power Plant Project in Phuc Thanh Commune, Kinh Mon District, Hai Duong Province, Vietnam ("Hai Duong BOT Thermal Power Plant"), under the form of Build-Operate-Transfer ("BOT") for 25 years. The move was to generate a more sustainable and predictable income stream as the core construction business became more competitive.

Construction of the Hai Duong BOT Thermal Power Plant started in 2016 and officially commenced in the first quarter of 2017 and is progressing well. To date, the concrete works for the chimney body had been completed and the construction of the steel structures for the boiler and turbines are progressing well for the next phase of equipment installation works. Works for the jetty, living quarters, administrative building and other ancillary works are ongoing and expected to be completed in their respective stages as planned. The commercial operation of the first unit of the power plant is expected to commence between the third and fourth quarter of 2020, followed by the second unit in 2021. Upon completion of the construction and commencement of commercial operations of the power plant, the Group will be able to generate recurring concession-type earnings from the generation and sale of power for a period of 25 years.



Management Discussion & Analysis (cont'd)

Further to the BOT contract, efforts are being made to expand the business of the Power division into renewable energy projects in Southeast Asia and the division is currently in the midst of identifying opportunities for the Group to venture into such projects, with particular focus on solar and hydro power projects in Vietnam, Indonesia and Malaysia. The Group is optimistic of its renewable energy prospects in these regions, given the rising energy demand.

Power division - Looking Forward

Vietnam's robust industrialization process has fueled a surging demand for energy in general and electricity. The Government of Vietnam expects electricity consumption to grow by 10-12 percent annually through 2020 while the Economic Intelligent Unit estimated that demand for electricity will expand by 4.2% a year between 2018 and 2022, exceeding 191,700 GWh. This demand is attributed to increasing industrial and residential use. It is also estimated that an additional capacity of 4,000 MW will be required annually on average from now through 2020 to meet demand, and this requires an estimated \$19.1 billion of investment for infrastructure by 2035. Barring any unforeseen circumstances, the 25 years BOT Contract will provide the JAKS Group with a long term recurring income stream from the power concession from 2020 onwards.

Operational review of Construction division

Revenue from our Construction division was RM628.3 million and RM535.5 million (95% and 79% of the total revenue) in 2018 and 2017 respectively. The revenue of the Construction division in 2018 was derived mainly through our wholly owned subsidiaries, JAKS Sdn Bhd (RM303.6 million for local projects) and Golden Keen Holdings Limited (RM324.7 million for EPC 2 contract works in Vietnam). The revenue improvement was mainly due to higher contributions from both the local projects and EPC 2 contract works with substantially higher progress claims. The Construction division performs construction management, as well as various civil construction projects with a large portion of the work in 2018 focused on infrastructure construction, construction of sewerage treatment plant as well as, power and water related facilities.

The current on-going construction projects in Malaysia are:

- (i) Four (4) waste water and water-related facilities projects with a total contract sum of RM681.1 million;
- (ii) One (1) construction of roadworks projects with a contract sum of RM508.5 million;
- (iii) One (1) building construction project with a contract sum of RM83.1 million; and
- (iv) One (1) property construction works project with a contract sum of RM622.2 million.

In Vietnam, the construction of the EPC 2 contracts works progressed on schedule on the cooling tower, power plant administration building and boiler and turbine structures.

The Construction division contributed profit before tax of RM82.1 million (FYE 2017 : RM57.6 million) to the Group's profit before tax, of which RM82.6 million (FYE 2017 : RM55.1 million) of the profit before tax was derived from the Vietnam EPC 2 contract. The local construction projects faced margins pressures as well as escalating overheads and project costs, leading to a negative growth.

Construction division - Looking Forward

The Group has RM593.3 million outstanding local construction order book which will be completed in the next two years; barring any unforeseen circumstances. There is a balance of RM1.2 billion construction works to be recognised from the Vietnam EPC contract which will continue to contribute positively to the Group's results.

The Construction division outlook is brighter following the revival of various domestic mega projects like the Light Rapid Transit Line 3, Pan Borneo Highway in East Malaysia and the East Coast Rail Link. In addition to that, the Group is also confident that the revived bilateral trade between both China and Malaysia will create new opportunities. The Group views these as a catalyst for the construction industry.

With the expected strong contribution from the Vietnam EPC contract, the Construction division is expected to perform satisfactorily in 2019. Overall, the Group remains optimistic about the coming financial year and beyond given the long-term nature of our ongoing and future projects,

The Group will continuously focus on meeting the deadlines on the projects that we participate in, more so within the stipulated budget set for each project. We hope to strengthen our order book in order to be sustainable.



Management Discussion & Analysis (cont'd)

Operational review of Property Development & Investment division

The Property Development & Investment division contributed revenue of RM107.8 million (before the provision for RM32.3 million LAD and the RM50 million disputed performance liability) in the financial year 2018 compared to RM143.0 million (before the provision for RM8.1 million LAD) in the previous year. The Property Development & Investment division incurred a loss before tax of RM117.4 million in the financial year 2018 as compared to a profit before tax of RM42.2 million in the preceding year. The loss was mainly due to the charge out of RM50 million disputed performance liability and LAD of RM32.3 million. This division faced competitive pricing as the property market slowed down in 2018. The investment property at Ara Damansara in Petaling Jaya has yet to optimise its yield and with high operating, depreciation and financing expenses, the results of the Property Development & Investment division was dragged down.

The current ongoing mixed development project at Section 13, Petaling Jaya known as Pacific Star achieved sales to-date of RM951 million (2017 : RM915 million), being 86% of the total gross domestic value ("GDV") of approximately RM1.1 billion. The GDV and sales to-date included the Pacific Star Business Hub ("Business Hub") which was sold to another subsidiary within the Group. The Pacific Star project is expected to complete by end-2019 and the Group will take a step back from the property development sector for the time being in view of the current property market landscape. As at the end of March 2019, the Group has unbilled sales of RM203 million from its property development projects, giving the Group earnings visibility for the coming years.

The Business Hub at Pacific Star which is a four-storey retail and commercial centre, is expected to be completed in the second half of 2019 and will be operational before the year end. This commercial centre will serve the residents and offices from the surrounding established neighbourhood.

Property Development & Investment division - Looking Forward

The uncertainties and concerns on the market over supply remains unabated and loan growth are expected to slow further as the weak credit cycle continues. Apart from the stringent loan requirements from financial institutions that are said to have caused the drop in the number of property transactions, the increasing cost of living and economic uncertainties have led to an upswing in worries about job security, resulting in more cautious consumer spending.

The Malaysian property market is expected to be challenging in 2019 with lower transactional volumes and values due to slower economic growth, higher cost of living and weaker consumer sentiments. As such, we have no plans to pursue with property development after the completion of Pacific Star.

Nevertheless, on completion of the Pacific Star project, the Group would have available, Pacific Star Business Hub to derive investment property income. With approximately 300,000 square feet of lettable space, the Business Hub will enable the Group to have recurring income. Based on the strategic location of this Business Hub, the Group expects better return from this property investment compared to the investment property at Ara Damansara. We will place more emphasis on social media marketing tools and special events to lure shoppers to the investment property at Ara Damansara.





Management Discussion & Analysis (cont'd)

Other Operating Divisions

The Trading division contributed revenue of RM4.3 million to the Group's revenue in the financial year 2018. With lower margins and the fixed overhead cost coupled with the financing cost, this division incurred a loss before tax of RM1.4 million in the current financial year.

Risk Management

The Group is in the business of infrastructure development including independent power plant (IPP), which is capital intensive and have long gestation periods between 4 years to 6 years. In the continuous commitment in optimising shareholders value, the Group has enhanced its Enterprise Risk Management ("ERM") Framework during 2018 adopting a risk assessment process which is in line with ISO 31000:2009. The Company remains focused on the risk profiles of potential vendors and contractors, with an internal vendor risk rating mechanism. This is to ensure smooth construction of projects and avoid risks due to any third party dependence. The Company understands the risk environment encompassing its business which are classified broadly below with the risk description together with information on key mitigation strategies and efforts.

Operational Risks:

Risks arising out of inefficiencies, internal failures or collusion from regular operations, such as:

1. Project Opportunity Risk through erroneous omission and inadequate or inappropriate assessment of a project opportunity available for development;
2. Bidding Risk on account of inadequate or erroneous assumptions made while arriving at the financial bid variable;
3. Financing Risk on account of the high capital commitment on the IPP project;
4. Project Implementation Risk on account of not meeting the project schedule, quality or budget; and
5. Ownership & Maintenance Risk on account of several risks faced during the operations and maintenance phase of a project.

Mitigation Strategies and Efforts

A careful selection and a thorough evaluation of the prospective projects will minimise the chances of getting into non-profitable projects. The Company undertakes review of the project feasibility (technical review) and project financial viability (financial review). Further, the Company follows a risk specific bid / project risk assessment framework to identify key risks associated with various opportunities and projects, along with their mitigation planning and continuous monitoring. The Company has laid down standard operating procedures at the function and department levels to ensure business process productivity, responsibility and accountability at various levels. The standard operating procedures are further being strengthened and supported by adequate checks and balances, including risk-based internal audit, documentation management systems and the introduction of delegation of financial and nonfinancial powers. This will ensure that a culture of proactive risk management is embedded at all levels of the organisation with required support systems in place.

External Risks:

Risks arising out of changes in the external environment, such as:

1. Interest Risk on account of volatility experienced in the Interest Rates in Capital Markets on outstanding project debts
2. Competition Risk on account of strategies applied by existing and new entrants in the infrastructure development business; and
3. Natural Calamities (Act of God), civil disturbance etc.

Mitigation Strategies and Efforts

The Company pro-actively identifies each significant 'external change' and prepare to deal with it with forward planning. The Company continues to build strategies not only to sustain, but thrive owing to its meticulous processes. The Company understands its competition and keeps an update of its contemporaries to stay a notch above them. The Company has a focused strategy for client, partner, vendor and contract management to mitigate and avoid (if possible) various possible external risks. Though the Company cannot avoid a natural calamity, it is adequately geared up with appropriate insurance covers to minimise losses and restore normalcy within a short time.



SUSTAINABILITY STATEMENT

Sustainability in context

JAKS Resources Berhad ("JAKS" or the "Company"), its subsidiaries and affiliates (the "Group") strive to enhance its efforts in the economic, environmental and social responsibilities initiatives. We focused not only at maximising shareholders' profitability but at the same time, through our sustainability strategies, we are giving back to our ecosystem and local communities, as well as safeguarding the welfare of our employees and communities engaged in our business operations.

This is our second year of sustainability reporting highlighting our sustainability efforts and provides an overview of the actions and measures we implemented in the financial year period from 1 January 2018 to 31 December 2018. Our Sustainability Statement for Financial Year Ended ("FYE") 2018 includes sustainability activities from our four core businesses covering construction, power, property management and property development.



Sustainability Governance

A strong sustainability governance structure is a pre-requisite and key to a sustainable business and we understand that with a good structure and along with specific requirements and standards, that we have to meet, it will impact on how we manage our businesses, our decision making processes and actions across the Group.

Our sustainability governance structure involves the setting of strategies by the management, presented, deliberated and approved by the Board, and subsequently, operationalised by the Group's executives.

The Board meets and discusses a wide range of sustainability-related topics and assessed sustainability matters. The Board also reviews and monitors major sustainability issues of public concerns that may affect the Group.

Our Senior Management sets the sustainability strategies and action plans and presented to the Board for approval. For the FYE2018, topics related to sustainability were included as one of the agenda items, discussed and approved by the Board.

Meanwhile, the Operational Management executes and implement the strategies on the day-to-day basis and reports their operational activities through several means such as monthly reports, project status reports, safety and health reports and others.

Our sustainability governance structure is depicted as follows:



THE BOARD
oversight role



SENIOR MANAGEMENT
strategy setting and
monitoring



OPERATIONAL MANAGEMENT
implementation



Sustainability Statement (cont'd)

Stakeholder Engagement

We define our stakeholders in accordance with Bursa Malaysia's Sustainability Reporting Guide of which stakeholders are defined as any individuals, community and entities that may be impacted by JAKS's business operation.

These stakeholders were identified through several discussions held with key senior management and the Board. The following table describes our stakeholders and how we engage with stakeholders:

No.	Stakeholders	Description	How we engage with stakeholders
1.	Shareholders / Investors / Board of Directors	Shareholders and investors provide fund for the Group with the expectation for returns. Engagement with shareholders and investors is critical to enable them understand the Group's businesses, its strategies, future growth and expectation.	<ul style="list-style-type: none"> • Annual general Meetings • Bursa Malaysia announcements • Ongoing media releases
2.	Customers: <ul style="list-style-type: none"> • Infrastructure customers • House buyers • Commercial buyers • Tenants 	<ul style="list-style-type: none"> • Buyers of properties and land • Clients of our infrastructure services – development construction and other construction services • Tenants of our commercial property 	<ul style="list-style-type: none"> • Regular – daily through day-to-day engagement • Corporate events • Correspondences • Brochures • Products and services briefings • Media announcement and advertisements
3.	Financiers / banks / analysts	The Group seeks various funding method to finance its operation. Banks and Provider of funds and information	<ul style="list-style-type: none"> • Annual general Meetings • Extraordinary general Meetings • Media announcements • Corporate interviews and meetings • Facility review • Bursa Malaysia announcements
4.	Local authorities / Regulators / Government ministries	Authorities and government establish rules and regulation, which govern the Group operation. The Group engages with them to ensure it complies with the legislations.	<ul style="list-style-type: none"> • Compliance with rules and regulation • Submission of reports required under regulations • Regulatory compliance • Briefings and trainings • Periodic visits and inspections
5.	Sub-contractors / Suppliers	The Group operates with a number of products and services providers	<ul style="list-style-type: none"> • Suppliers' audit and review • Tenders exercises and meetings • Emails and phone calls communication • Suppliers' briefings and meetings



Sustainability Statement (cont'd)

No.	Stakeholders	Description	How we engage with stakeholders
6.	Employees	Our people are key to our operation to achieve our business objectives. The Group objectives are to serve them well and provide them with conducive working environment enabling them to grow and prosper with the Group.	<ul style="list-style-type: none">• Townhall sessions• Performance management• Involvement in community activities• Company annual Dinner / festival functions and celebrations• Informal periodic departmental meetings• Trainings and development
7.	Media	New developments for public knowledge / promotion	<ul style="list-style-type: none">• Interviews• Advertisements• New project launches

Material Sustainability Matters

Our sustainability framework is prepared and based on the guidelines issued by the Global Reporting Initiative ("GRI") Sustainability Reporting Standards applicable to our business. Material sustainability matters were identified based on its impact to the Group and to our stakeholders. The management held several discussions to ascertain the material sustainability matters.

A diagram below summarises an overview of the material subjects and their grouping under the main 3 sustainability pillars, namely, the Economic, Environmental and Social:



The details of our initiatives in managing each of these material sustainability matters are discussed in the subsequent sections of this Statement.



Sustainability Statement (cont'd)

Economic

- a) **Economic Presence and Sustainable Profitability** – JAKS's financial sustainability is a key sustainability matter to ensure our long-term profitability and shareholders value are preserved and taking into account the interest of all stakeholders. Through local hiring and the establishment of anti-corruption practices, we endeavour to build long-term value for the stakeholders by maintaining strong financial results and providing benefits to the communities. Our financial results are discussed in details in the Management Discussion & Analysis of this Annual Report.
- b) **Local Hiring** – As part of our long term sustainability strategies, we encouraged the employment of locals at our construction activities in Malaysia and Vietnam. We maintained a minimum number of foreign workers while outsourcing certain construction and property development activities through sub-contractors. We have a total of 160 employees (2017: 213) as at 31 December 2018.
- c) **Anti-Corruption** – We established our ethical standards through the Code of Ethical Conduct and Conflicts of Interest (the "Code") in JAKS's Employee Handbook, as well as expressly stated in the appointment letters. The Code requires all employees to observe high ethical business standards, and apply these values in all aspects of the Group's business and its shareholders. The Code serves as a guidance which is expected to be complied, highlighting the Group's commitment to the stakeholders in preserving economic sustainability. We have not received any complaints on suspected corrupt or unethical conduct of our employees as at 31 December 2018 (2017: Nil).
- d) **Indirect Economic Impact** – Through our business operations in Malaysia and Vietnam, we help develop our community through employment generating indirect economic activities from our power plant, construction and property development projects. Our Vietnam power plant under construction has contributed to the local economy providing employment and other economic opportunities, and once completed, we expect it to generate additional employment and economic activities, consistent supply of electricity to the communities and generally, meet the energy needs of Vietnam.

Our property development project provided housing for our community as aspired by the government in its objectives to encourage home ownership to various Malaysia's population income level.

Environmental

- i) **3Rs of Sustainability** – We have always instilled the spirit of using 3Rs in managing our waste. We believe that with consistent efforts on reducing wastages and practice of 3Rs – Reduce, Recycle and Reuse, it will minimise impact to the environment. We held talks on waste segregation, seminars, workshops, media campaigns at our EVOLVE Concept Mall to create awareness on sustainability to the public. Our EVOLVE Concept Mall separates waste by categories from plastics to food wastes and these wastes are collected by the recyclers service providers. In our property development project, any excess construction materials are disposed through a proper appointed recycle service providers. We recycle cement paper bags used at construction sites as part of our efforts in preserving natural resources and reduce paper waste.
- ii) **Energy Efficiency** – We minimise the use of electricity through limited working hours and use of LED lights. Our EVOLVE Concept Mall, in progress to replace the lighting system to LED lights, expects this initiative will reduce our electricity consumption significantly in the future. Our responsibility to manage our energy resources, reducing resource depletion and optimise our operation's energy efficiency through these initiatives throughout our projects.
- iii) **Waste Management** – We focus on monitoring waste on our premises through several measures to minimise any adverse impact of our operations on the environment. JAKS practices proper disposal of toxic and hazardous waste in accordance with the Environment Quality Regulation. These scheduled wastes are treated and managed in accordance with the legal requirements and disposed off at facilities approved by the authorities.
- iv) **Environmental Compliance** – Compliance with laws and regulations is always the highest priority for JAKS. Our operations – the power plant, construction, property and mall divisions are in compliance with the relevant environmental rules and regulation, according to the assessment conducted by the respective regulators during FYE2018. Business divisions rated as need improvement have their action plans in place to become fully compliant with the requirements, and ensuring all resources are available to our employees managing the environmental regulation. During the FYE2018, we are pleased to highlight that we have not been fined or penalised for any significant environmental violations by Department of Environment (2017: No penalties).



Sustainability Statement (cont'd)

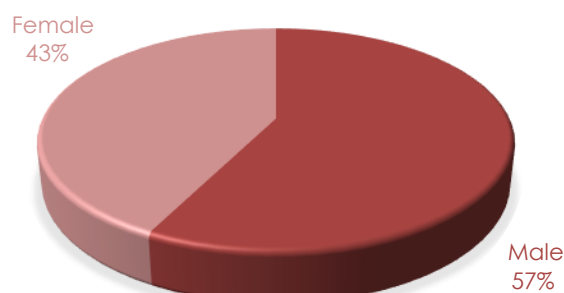
Social

- i. **Diversity and Equal Opportunity** – The Group practiced equal employment opportunity without discriminating our candidates against their race, religion, colour, age, gender, sexual orientation, gender identity and expression, ethnicity, national origin, disability, pregnancy, political affiliation, protected genetic information or marital status. We do not differentiate between gender in terms of wages, promotions, rewards, and access to training. Our employment practices are equal to all applicants with due regards to diversity in skills, experience, age, ethnicity, and gender in the workplace.

During the FYE2018, our employee profiles by gender, age, nationality and race are as follows:

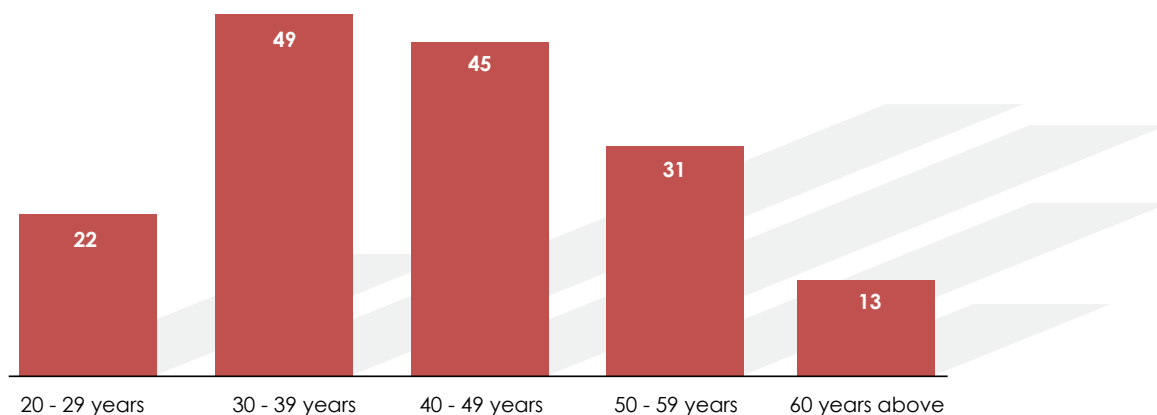
Gender Overview

Gender (FYE2018)

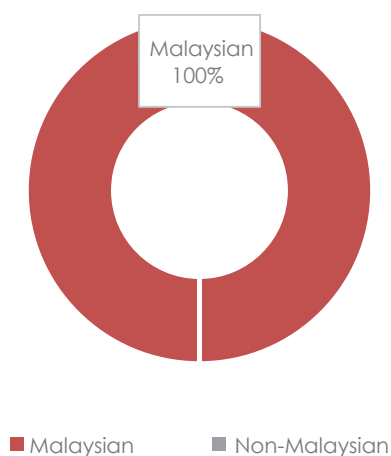


(2017: Male – 57%; Female: 43%)

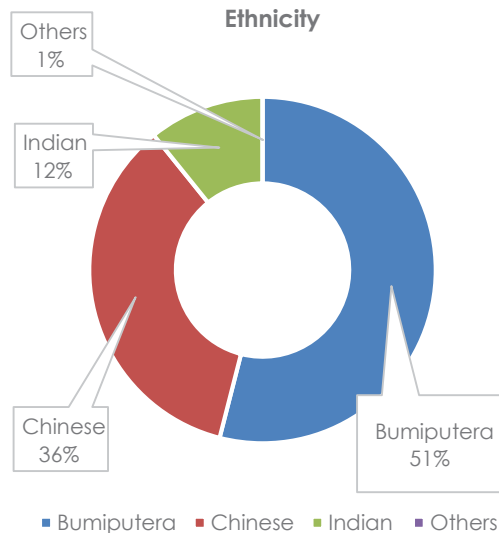
Age Group



Nationality



Ethnicity





Sustainability Statement (cont'd)

- ii. **Employer Retention, Turnover and Hire** – The Group endeavours to maintain a high level of employee satisfaction through close engagement and performance management. A total of forty two (42) employees were hired (26% of total employees) and ninety two (92) employees (58% of total employees) resigned from JAKS in 2018.
- iii. **Training and Development** – JAKS is committed to ensure our employees continue to develop their competencies and skills. As such, we continuously assess the training needs of our workforce, and provide the necessary trainings to relevant staff to enable them acquire the skills and knowledge to effectively and efficiently achieve our business objectives that projects can be delivered safely, in quality required and on-time.

All employees have access to training and development to enable them to acquire the knowledge, skills and attitudes necessary to develop their needs and potential on the job and contribute towards Company's future growth.

During the FYE2018, we provided a total of 1,717 hours (2017: not reported) of training sessions comprising of various types of trainings from soft skills, functional and technical skills to those trainings specific in our industry – construction, property management and support function such as finance, procurement, information technology and human resource.

- iv. **Occupational Health and Safety ("OHS")** – The Group is committed to protect the health and safety of its employees and communities in its areas of operations. Each division has implemented policies and guidelines to help ensure the operations are conducted in compliance with the applicable regulations, standards as well as international best practices.

Power:

Hai Duong BOT Thermal Power Plant, JAKS Hai Duong Power Company Limited ("JHDP") focus and its top priority in OHS is to ensure adequate protection for our people and the environment from harm, minimize risks, enhance security, and thus warrant a safe working premise and environment at the end of the day.

Our commitment to health and safety also extend to our external partners and to the people residing near our operation and facilities. To prevent injuries, illnesses and accidents and to protect the communities where we operate, we constantly raise awareness of safety, health and environment ("SHE") issues in our value chain. We continuously conducted SHE meetings, held safety toolbox briefings, with the objective to embed safety management culture to our employees. We established our own set of SHE management standards including the Health & Safety Policy guiding our employees and external parties contracted to us on how we work to prevent injuries, illnesses and accidents and to protect people in the communities where we operate. During the FYE2018, we established a Safety Production Management Committee ("SPMC") of JHDP. SPMC convened their meeting at least once plenary meeting every quarter in order to keep monitor closely recent events, incidents, and status of corrective action requests. The SPMC comprises of Directors, Vice Directors and selected team members of JHDP.

In FYE2018, there were zero work-related fatalities and one work-related injuries throughout the Group (2017: Nil incidents).

Based on the approved Environmental Impact Assessment ("EIA") requirements on environment monitoring work during the construction stage, JHDP coordinated with EPC contractor to carry out monthly environment monitoring work. JHDP issued and submitted monthly environment monitoring reports to the Vietnam Environmental Administration, Ministry of Natural Resources & Environment and Department of Natural Resources and Environment.

The Group is determined to improve data and information related to safety records, and will present it in a transparent manner in future sustainability reports.



Sustainability Statement (cont'd)

Construction:

The Safety Committee is established to monitor and review the safety and health measures, regulatory requirements, and best practices in SHE for our factories and offices throughout our business locations. The activities relevant to safety and health include:

- Monthly project meetings information / safety talk / briefing;
- Monthly project inspection check; and
- Monthly project progress meetings.

There were no major accidents involving JAKS employees at our construction sites in FYE 2018. Major work-related accidents defined as accidents causing employees to be on medical leave or hospitalised. JAKS monitors its lost time injury ("LTI") man-hours of all its projects against the total monthly man-hour and cumulative man-hours (2017: No significant accidents).

The Group has established an Occupational Health & Safety Steering Committee in 2019 to enable JAKS monitor its objective of providing safe and healthy workplaces to employees, from reviewing personal protection equipment, regular trainings on safety and health, to proactively conduct post-mortem briefing upon project completion. These initiatives are to improve and enhance the Group occupational health and safety practices throughout our project sites.

v. **Community engagement**

Corporate social responsibility is an integral part of our corporate culture since the Group listed on BURSA Stock Exchange. Our community projects during the FYE2018 include:

Community Events at EVOLVE Concept Mall

In building our brand image, EVOLVE Concept Mall has consistently supported non-profitable organizations, charities and impactful events in the form of venue sponsorship at the Concourse area. These non-monetary supports are able to create long term values, sustainable relationships, and in time, to build a notable name for the mall. In March 2018, we provided the venue for a collaboration with the Department of Women's Development, empowering women across all walks of life. Whereas in November 2018, we hosted the Kids Public Speaking Competition. We believe in nurturing younger generations and enhancing their self-confidence, as such activities encourage children to speak in public and build their confidence level. We will continue our efforts to empower and enrich the lives of the communities around us.

Construction

For our construction projects, we conducted various community programmes engaging with them on our construction plans and its status. On selected basis, we held open houses during festive seasons such as Hari Raya, Chinese New Year and Thai Pusam.



CORPORATE GOVERNANCE OVERVIEW 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 ("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 2018. The Board considers that it has fundamentally applied the principles and practices of the Code and is pleased to report the actions taken by the Company to conform to the Code in the Corporate Governance Report that is available in the Company's website www.jaks.com.my.

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 layout 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 was conducted recently in view of the changes expected on the Code. 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



Corporate Governance Overview Statement (cont'd)

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 Independent Non-Executive Directors make up 50% of the Board to allow for objective independent judgement to be made by the Board.

The Board Meetings are presided by the Chairman, who is an Independent Non-Executive Director and whose role is clearly separated from role of the CEO to ensure a balance of power and authority.

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 2018 pass the resolution to allow Mr. Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood who have both served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, to continue to act as Independent Non-Executive Directors of the Company until the 2019 Annual General Meeting. The Company will table the resolutions for the retention of the Mr. Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood as Independent Non-executive Directors of the Company on an annual basis.

The Board has taken note of Practice 4.5 of the Code to have a gender diversity policy. Although there is no written policy on gender diversity, the Board acknowledges the importance of having women representation on the Board. The consideration for appointment of a suitably qualified woman candidate has been in discussion but the Board views that the appointment must be one that complements the Board's dynamic. The Board will endeavour to source for women representation on the Board within the next two years.

Board Meetings

During the financial year ended 31 December 2018, ten Board Meetings were held as besides the routine meeting to discuss on the quarterly financial reports, the Board held special meetings to discuss on the corporate exercise undertaken during the year. The respective Directors' attendance record is as shown in the table below:

Director	No. of meetings attended
Tan Sri Datuk Hussin Bin Haji Ismail	10/10
Ang Lam Poah	10/10
Ang Lam Aik	9/10
Dato' Razali Merican Bin Naina Merican	8/10
Dato' Azman Bin Mahmood	10/10
Liew Jee Min @ Chong Jee Min	10/10

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.



Corporate Governance Overview Statement (cont'd)

c. 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.

d. 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 2018, the Directors have individually or collectively attended the following courses / seminar set out below:-

Director	Mode of Training	Title of Training	Duration of Training
Tan Sri Datuk Hussin Bin Haji Ismail	Seminar	Advocacy Programme on CG Assessment Using The Revised ASEAN Scorecard Methodology	0.5 day
	Seminar	Sustainability Engagement Series for Directors' and CEOs	0.5 day
	In-house	Non-Financials, Does it Matter?	1 hour
Ang Lam Poah	Briefing	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide	0.5 day
Dato' Razali Merican Bin Naina Merican	Briefing	Malaysian Code on Corporate Governance	1 hour
Ang Lam Aik	Briefing	Malaysian Code on Corporate Governance	1 hour
Dato' Azman Bin Mahmood	Seminar	How to Develop Business Models for Integrated Reporting	1 day
Liew Jee Min @ Chong Jee Min	Briefing	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide	0.5 day
	In-house	Trade and Customs and Merger Control/ Competition	0.5 day
	Workshop	Independents Directors' Programme: The Essence of Independence	1 day



Corporate Governance Overview 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.

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 two (2) times during the financial year 2018 to review the bonuses and increments of the Executive Directors and also on the allocation of the LTIP options.

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 2018 are set out below.

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

Directors	Group/Company				
	Fees (RM)	Salaries & Bonus (RM)	EPF & SOCSO (RM)	Benefit-in-kind/ Allowances (RM)	Total (RM)
Tan Sri Datuk Hussin Bin Haji Ismail	60,000	-	-	29,000	89,000
Ang Lam Poah	-	1,868,333	221,429	48,700	2,138,462
Dato' Razali Merican Bin Naina Merican	-	911,916	107,859	44,200	1,063,975
Ang Lam Aik	-	332,500	38,329	21,000	391,829
Dato' Azman Bin Mahmood	60,000	-	-	25,000	85,000
Liew Jee Min @ Chong Jee Min	60,000	-	-	24,500	84,500



Corporate Governance Overview Statement (cont'd)

Remuneration paid to the top five (5) Senior Management of JAKS Group for the financial year ended 31 December 2018 was RM2,724,264. The remuneration of the top five (5) Senior Management of the JAKS Group is disclosed on an aggregate basis. At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management personnel' names and the remuneration in bands of RM50,000 would not be in the best interest of the Group due to confidentiality and security concerns.

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.

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 34 to 36.

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.

E. 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 2016 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 2018, 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 2016.



Corporate Governance Overview Statement (cont'd)

F. ADDITIONAL COMPLIANCE INFORMATION

1. 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 2018 amounting to RM5,000. The amount of audit fees paid or payable to the external auditors by the Company was RM75,000 and by the Group was RM297,201.

2. 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 2018.

3. Utilisation of Proceeds

a) Private Placement

On 30 March 2018, 49,631,200 Ordinary Shares were issued under the proposed private placement at an issue price of RM1.38 per Ordinary Share. The private placement raised proceeds of RM68.49 million.

The status of utilisation of proceeds as at December 2018 is as follows.

Proposed utilisation of proceeds	Proceeds raised RM'000	Utilised as at 31/12/2018 RM'000	Timeframe for utilisation
On-going projects undertaken by JRB and its subsidiaries ("JRB Group" or "Group")	45,000	45,000	Within 12 months
Working capital for the EVOLVE Concept Mall	20,000	20,000	Within 12 months
Working capital	1,791	1,791	Within 6 months
Estimated expenses relating to the Proposed Private Placement	1,700	1,700	Within 3 months
	68,491	68,491	

b) Rights Issue of Warrants

On 6 June 2018, the Company announced the proposal to undertake a renounceable rights issue of up to 278,164,186 Warrants in JRB, on the basis of 1 Warrant for every 2 existing Ordinary Shares held in the Company.

On 6 December 2018, 102,428,430 Warrants were issued at an issue price of RM0.25 per Warrant under the Renounceable Rights Issue of Warrants and the exercise raised proceeds of RM25.6 million. As at 31 December 2018, only RM5 million was utilised to pay the contractors for the equipment supplied and works done.



BOARD COMMITTEES REPORT

A. AUDIT COMMITTEE REPORT

a. Members

The Audit Committee in financial year 2018 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 2018

The Audit Committee held five meetings during the financial year ended 31 December 2018.

The attendance record for the financial year ended 31 December 2018 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 2018, 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 at the meeting held on 28 February 2019;
- 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 2018;
- 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 Function for the financial year ended 31 December 2018.

The Group's internal audit function, which reports directly to the Audit Committee, is outsourced to Axcelasia Columbus Sdn Bhd. The Engagement Director is Mr Mah Siew Hoong who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr. Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).

The number of staff deployed for the internal audit reviews is ranging from 3 to 4 staff per visit including the Engagement Director. The staffs involved in the internal audit reviews possess professional qualifications and/or a university degree. Certain staffs are members of the Institute of Internal Auditors Malaysia. The internal audit staffs on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk based approach and were guided by the International Professional Practice Framework.

During the financial year under review, a summary of the activities carried out by the internal audit function are as follows:

- (a) Prepared the risk based internal audit plan for Audit Committee's review and approval.
- (b) Carried out reviews in accordance with the approved risk based internal audit plan by the Audit Committee.



Board Committees Report (cont'd)

The business processes reviewed were sales & marketing and building management & maintenance processes of MNH Global Assets Management Sdn Bhd and sales & marketing and project management processes of JAKS Island Circle Sdn Bhd. Findings from the internal audit reviews conducted were discussed with Senior Management and subsequently presented, together with Management's response and proposed action plans, to the Audit Committee for their review and approval. The outsourced internal audit function also carries out follow up reviews and reports to the Audit Committee on the status of implementation of action plans committee by Management pursuant to the recommendations highlighted in the internal audit reports.

Notwithstanding the above, although a number of internal control deficiencies were identified during the internal audit reviews, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

The total cost incurred for the outsourcing of the internal audit function for the financial year 31 December 2018 was RM53,327.33.

B. NOMINATION COMMITTEE REPORT

a. Members

The Nomination Committee in financial year 2018 comprises exclusively of Independent Non-Executive Directors. The Chief Executive Officer (CEO) attends 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)

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.



Board Committees Report (cont'd)

- 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 2018

The Nomination Committee met twice during the financial year ended 31 December 2018. For the financial year ended 31 December 2018, 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;
- iv. Discussed and recommended the re-election of retiring Directors; and
- v. Reviewed the term of office and performance of the Audit Committee and each of its members and concluded that the Audit Committee members have carried out their duties in accordance with their terms of reference.

The Nomination Committee upon its annual assessment carried out for financial year 2018, 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 2018 that is relevant and would serve to enhance their effectiveness in the Board.



Board Committees Report (cont'd)

C. REMUNERATION COMMITTEE REPORT

a. Member

The Remuneration Committee in financial year 2018 comprises of a majority of Non-Executive Directors.

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

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

Dato' Azman Bin Mahmood
(Independent Non-Executive Officer)

The Committee met two (2) times during the financial year ended 31 December 2018.

b. Function and Responsibilities

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.

c. Summary of Activities of Remuneration Committee for the financial year ended 31 December 2018

The Remuneration Committee held two meetings during the financial year ended 31 December 2018.

The attendance record for the financial year ended 31 December 2018 of each member of the Remuneration Committee is shown in the table below:

Remuneration Committee Members	Meeting Attendance	
	No of meetings attended	Percentage of attendance
Liew Jee Min @ Chong Jee Min	2/2	100
Ang Lam Poah	1/2	50
Tan Sri Datuk Hussin Bin Haji Ismail	2/2	100

The Remuneration Committee carried out the following activities for the financial year ended 31 December 2018:

- i. Reviewed the 2017 bonus of Executive Directors and increments for financial year 2018;
- ii. Reviewed directors' fees for financial year ended 31 December 2018; and
- iii. Reviewed the share award under the Long Term Incentive Plan to be awarded to Directors and key management staff.



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 2018 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

In pursue of the Group's continuous commitment in optimising shareholders' value, risk management activities carried out across the Group are guided by the enhanced Enterprise Risk Management ("ERM") Framework. The design of the ERM Framework is guided by ISO 31000, which outlines the risk governance and structure, risk management policies, risk management process and integration of risk management into significant activities and functions.

The risk assessment process provides an integrated and structured approach in identifying, evaluating and managing significant risks that may affect the achievement of the Group's business objectives. It promotes risk ownership and continuous monitoring of significant risks identified by way of assigning accountabilities to the respective Heads of Department and key management staffs. Significant risks identified are maintained in a formal database of risks and controls information i.e., risk registers, which captures the possible root causes, existing key controls and impact. The risks are then assessed on the likelihood of occurrence and criticality of impact with the rating of either low, medium, high or extreme.

A Risk Management Committee ("RMC") which consists of Senior Management and selected Heads of Department have the responsibilities to monitor the risk policy implementation, provide risk education to all staff, ensure accountability of risks identified are assigned and facilitate the risk reporting to the Board.

During the financial year, a risk action plans follow-up review was carried out to assess the implementation status of the approved key action plans. Key action plans were also reviewed to assess the viability to complete within the expected end date and revision of key action plans (if the need arises). The results of this review were tabled to the Board at its meeting held on 28 February 2018. Subsequently a RMC meeting was held on 6 September 2018 in which the implementation of risk action plans of the significant risks were discussed.

Subsequent to the financial year, a risks re-assessment exercise was carried out to determine the risk profile of the group remains reflective of latest business challenges faced by the group taking into consideration of external market and industry sentiment and internal operating condition. This provides the Management with a holistic view of the risks in its formulation of strategies, business plans and decision-making process. In addition, a risk action plan follow-up review was also carried out. The updated Risk profile for all business units, the Top 5 Risks of the Group and the results of the risk action plan follow up review were presented to the Board at its meeting held on 28 February 2019.



Statement On Risk Management And Internal Control (cont'd)

The above-mentioned risk management practices of the Group serve 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 assists the Board and Audit Committee by providing an independent assessment of the adequacy and effectiveness of the Group's internal control system. Further details of the Internal Audit Function are set out in the Audit Committee Report on pages 30 to 31 of this Annual Report.

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 Officer also reviews the management accounts covering financial performance, key business indicators on a quarterly basis and the cash flow position on a regular basis.
- 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 are closely monitored through periodic receipt of the operations management accounts and representation in the jointly controlled operations' Board.



Statement On Risk Management And Internal Control (cont'd)

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the Group for the year ended 31 December 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
- (b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

Conclusion

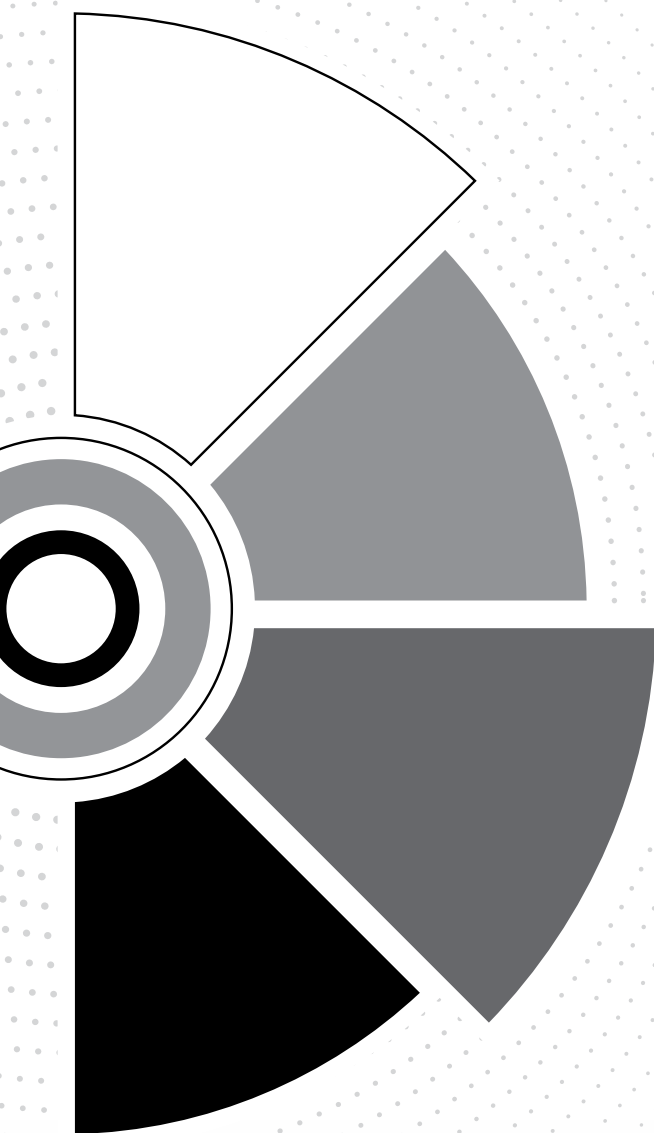
At a meeting held on 17 April 2019, the Board obtained assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal controls systems are operating adequately and effectively in all material respects.

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 17 April 2019.

■ FINANCIAL STATEMENTS

38	Directors' Report
43	Statement By Directors
43	Statutory Declaration
44	Independent Auditors' Report
49	Statements Of Financial Position
51	Statements Of Profit Or Loss And Other Comprehensive Income
52	Statements Of Changes In Equity
55	Statements Of Cash Flows
58	Notes To The Financial Statements





DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal Activities

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

Financial Results

	Group RM	Company RM
Profit/(Loss) for the financial year	(46,607,144)	(2,649,739)
Attributable to:		
Owners of the parent	15,350,718	
Non-controlling interests	(61,957,862)	
	(46,607,144)	

Reserves and Provisions

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

Dividend

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

Issue of Shares and Debentures

During the financial year, the Company issued:

- (a) 3,565,000 new ordinary shares through exercise of Long Term Incentive Plan ("LTIP") at issue price of RM1.40 for a total cash consideration of RM4,991,000.
- (b) 49,631,200 new ordinary shares through private placement at issue price of RM1.38 for a total cash consideration of RM68,491,056 for working capital purposes.

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

There was no issuance of debentures during the financial year.



Directors' Report (cont'd)

Options Granted Over Unissued Shares

Long Term Incentive Plan ("LTIP")

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

The salient features and other terms of the LTIP are disclosed in the Note 30 to the financial statements.

As at 31 December 2018, the options offered to take up unissued ordinary shares and the exercise price are as follows:

Date of offer	Exercise price	At 1.1.2018	Number of options over ordinary shares			At 31.12.2018
			Granted	Exercised	Lapsed	
24 May 2017	RM1.40	13,950,000	-	(3,565,000)	-	10,385,000

Warrants 2018/2023

On 13 December 2018, the Company allotted and issued 102,428,430 new Warrants 2018/2023 ("Warrants") at an issued price of RM0.25 per Warrant on the basis of 1 Warrant for every 2 existing ordinary shares held in the Company ("Right Issue of Warrants").

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 13 December 2023. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 13 December 2018 to 13 December 2023, at an exercise price of RM0.64 per Warrant in accordance with the Deed Poll dated 5 November 2018. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes. As at the reporting date, 102,428,430 Warrants remained unexercised.

Directors

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

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

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

Datuk Ang Ken Seng
 Chen Cheong Fat
 Goh Theow Hiang
 Rasli Bin Musamah
 Noor Azhan Rizaluddin Bin Jamian
 Kevin Lee Shih Min
 Ungku Shaharud Zaman Shah Bin Ungku Nazaruddin
 Zaid Bin Kadershah
 Ang Si Eeng
 Haris Fadzilah Bin Abdullah

* Director of the Company and its subsidiary companies



Directors' Report (cont'd)

Directors (cont'd)

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part thereof.

Directors' Interests In Shares

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

	At 1.1.2018	Number of ordinary shares		At 31.12.2018
		Acquired	Disposed	
JAKS Resources Berhad				
Direct interest				
Ang Lam Poah	48,804,102	850,000	-	49,654,102
Dato' Razali Merican Bin Naina Merican	1,550,000	-	-	1,550,000
Ang Lam Aik	-	750,000	(750,000)	-
Indirect interest				
Dato' Razali Merican Bin Naina Merican (#)	29,571,000	-	-	29,571,000

	Number of options over ordinary shares			
	At 1.1.2018	Exercised	Lapsed	At 31.12.2018
JAKS Resources Berhad				
Direct Interest				
Ang Lam Aik	1,500,000	(750,000)	-	750,000

	At 1.1.2018	Number of Warrants		At 31.12.2018
		Acquired	Exercised	
JAKS Resources Berhad				
Direct Interest				
Ang Lam Poah	-	24,827,051	-	24,827,051
Dato' Razali Merican Bin Naina Merican	-	775,000	-	775,000
Indirect Interest				
Dato' Razali Merican Bin Naina Merican(#)	-	14,785,500	-	14,785,500

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

None of the other Directors in office at the end of the financial year had any interests in the shares, options over shares and Warrants 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 a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for those disclosed in Note 33 to the financial statements.

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

Indemnity and Insurance Costs

During the financial year, Directors and Officers of JAKS Resources Berhad, together with its subsidiary companies, are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM5,000,000. The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group and the Company was RM21,000. There were no indemnity and insurance costs effected for auditors of the Company during the financial year.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.



Directors' Report (cont'd)

Other Statutory Information (cont'd)

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year except as disclosed in Note 32 to the financial statements.

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the notes to financial statements; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Subsidiary Companies

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

Auditors' Remuneration

The details of the auditors' remuneration are set out in Note 27(a) to the financial statements.

Subsequent Event

The details of the subsequent event are disclosed in Note 39 to the financial statements.

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 April 2019.

.....
ANG LAM POAH

Director

.....
DATO' RAZALI MERICAN BIN NAINA MERICAN

Director

KUALA LUMPUR



STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 49 to 145 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 April 2019.

.....
ANG LAM POAH

Director

.....
DATO' RAZALI MERICAN BIN NAINA MERICAN

Director

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 251 (1) OF THE COMPANIES ACT, 2016

I, Ang Si Eeng (MIA NO. CA 21039), being the Officer primarily responsible for the financial management of JAKS Resources Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 49 to 145 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.

.....
ANG SI EENG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 17 April 2019.

Before me,

NO. W710
MOHAN A.S. MANIAM

.....
COMMISSIONER FOR OATHS



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF JAKS RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JAKS Resources Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 49 to 145.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Revenue and cost recognition on construction contracts and property development activities

Refer to Note 3(j) & (k) (Significant Accounting Policies), Note 2(c) (Significant Accounting Judgements, Estimates and Assumptions), Note 6 (Inventories), Note 15 (Contract Assets/(Liabilities)) and Note 25 (Revenue).

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

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



Independent Auditors' Report

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

Key Audit Matters (cont'd)

Revenue and cost recognition on construction contracts and property development activities (cont'd)

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

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

Impairment assessment of goodwill

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

The carrying values of goodwill of the Group as at 31 December 2018 are RM148.5 million. Goodwill is subject to annual impairment testing. We focused on these areas as the determination of recoverable amounts of cash-generating-unit ("CGU") based on value-in-use and fair value less costs of disposal approaches by management involved a significant degree of judgement and assumptions.

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

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

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



Independent Auditors' Report

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

Key Audit Matters (cont'd)

Impairment assessment of goodwill (cont'd)

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

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

Contingent liability

Refer to Note 3(u)(i) (Significant Accounting Policies), Note 2(c) (Significant Accounting Judgements, Estimates and Assumptions), Note 32 (Contingent Liability) and Note 40 (Material Litigation).

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

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

Our audit procedures included, amongst others:

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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



Independent Auditors' Report

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Independent Auditors' Report

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

- (i) As stated in Note 2 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and financial performance and cash flows for the year then ended.
- (ii) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY

Firm Number: AF 1411
Chartered Accountants

NG WEE TEIK

Approved Number: 01817/12/2020 (J)
Chartered Accountant

KUALA LUMPUR

17 April 2019



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Non-Current Assets							
Property, plant and equipment	4	4,063,357	6,955,463	17,096,347	836,542	751,022	1,042,331
Investment properties	5	642,139,910	644,635,794	449,980,293	-	-	6,877,717
Inventories	6(a)	-	-	38,879,225	-	-	-
Investment in subsidiary companies	7	-	-	-	420,502,112	349,628,943	364,036,628
Investment in joint ventures	8	197,171,255	119,564,798	137,395,323	-	-	-
Goodwill on consolidation	10	148,500,905	148,500,905	148,500,905	-	-	-
Deferred tax assets	11	2,324,558	2,324,558	2,406,457	-	-	-
Other receivables	12	-	-	1,325,557	-	-	-
Golf club memberships	13	326,316	334,210	342,106	-	-	-
		994,526,301	922,315,728	795,926,213	421,338,654	350,379,965	371,956,676
Current Assets							
Inventories	6(b),(c)	47,188,449	73,262,759	305,290,047	-	-	-
Trade receivables	14	196,605,178	69,520,670	87,903,238	163,156	15,429,683	7,187,573
Contract assets	15	511,378,258	529,251,606	264,273,644	-	-	1,191,040
Other receivables, deposits and prepayments	12	315,834,771	264,764,825	70,506,222	879,293	407,410	225,297
Amount due from subsidiary companies	16	-	-	-	417,080,157	353,672,346	282,694,187
Amount due from joint ventures	17	6,879,440	10,156,809	9,792,054	-	-	-
Tax recoverable		3,486,650	3,534,758	2,541,643	364,996	529,000	390,999
Deposits placed with licensed banks	18	76,076,200	88,030,863	60,536,366	-	-	-
Cash and bank balances	19	91,035,353	129,978,653	41,202,712	10,249,658	582,762	952,802
		1,248,484,299	1,168,500,943	842,045,926	428,737,260	370,621,201	292,641,898
Total Assets		2,243,010,600	2,090,816,671	1,637,972,139	850,075,914	721,001,166	664,598,574



Statements Of Financial Position

As At 31 December 2018 (cont'd)

	Note	← 31.12.2018 RM	Group 31.12.2017 RM	→ 1.1.2017 RM	← 31.12.2018 RM	Company 31.12.2017 RM	→ 1.1.2017 RM
Equity							
Share capital	20	598,974,584	524,387,378	438,361,072	598,974,584	524,387,378	438,361,072
Reserves	21	219,229,560	173,690,514	76,629,623	63,496,500	43,125,407	49,849,525
Equity attributable to owners of the parent		818,204,144	698,077,892	514,990,695	662,471,084	567,512,785	488,210,597
Non-controlling interests		4,073,754	66,031,616	77,704,571	-	-	-
Total Equity		822,277,898	764,109,508	592,695,266	662,471,084	567,512,785	488,210,597
Non-Current Liabilities							
Bank borrowings	22	321,781,161	310,611,029	247,464,121	281,161	-	56,507
Deferred tax liabilities	11	93,658	152,484	172,301	-	-	-
		321,874,819	310,763,513	247,636,422	281,161	-	56,507
Current Liabilities							
Trade payables	23	402,658,623	274,371,681	197,983,882	-	-	-
Contract liabilities	15	-	-	7,444,787	-	-	-
Other payables	24	583,312,323	522,351,342	303,457,052	47,523,097	55,521,503	57,666,914
Amount due to subsidiary companies	16	-	-	-	139,730,078	47,744,622	67,601,106
Bank borrowings	22	112,886,937	218,358,993	283,451,193	70,494	50,222,256	51,063,450
Tax payable		-	861,634	5,303,537	-	-	-
		1,098,857,883	1,015,943,650	797,640,451	187,323,669	153,488,381	176,331,470
Total Liabilities		1,420,732,702	1,326,707,163	1,045,276,873	187,604,830	153,488,381	176,387,977
Total Equity and Liabilities		2,243,010,600	2,090,816,671	1,637,972,139	850,075,914	721,001,166	664,598,574

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 2018

		Group		Company	
	Note	2018 RM	2017 RM Restated	2018 RM	2017 RM
Revenue	25	658,117,798	676,792,300	11,400,000	10,200,000
Cost of sales		(631,648,685)	(586,886,792)	-	-
Gross profit		26,469,113	89,905,508	11,400,000	10,200,000
Other income		10,860,539	105,070,609	980,467	25,208,391
Selling and distribution expenses		(2,853,559)	(1,855,235)	-	-
Administrative expenses		(50,465,661)	(52,637,692)	(13,976,256)	(18,418,898)
Net loss on impairment of financial instruments		(1,207,660)	-	-	-
Other expenses		(2,299,191)	(644,020)	-	(13,379,048)
(Loss)/Profit from operation		(19,496,419)	139,839,170	(1,595,789)	3,610,445
Finance costs	26	(23,247,910)	(27,526,098)	(1,053,950)	(3,908,132)
Share of results of joint ventures		(458,792)	(101,948)	-	-
(Loss)/Profit before tax	27	(43,203,121)	112,211,124	(2,649,739)	(297,687)
Taxation	28	(3,404,023)	(2,143,649)	-	(1,098,956)
(Loss)/Profit for the financial year		(46,607,144)	110,067,475	(2,649,739)	(1,396,643)
Other comprehensive income/(loss), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		7,275,488	(24,252,064)	-	-
Total comprehensive (loss)/income for the financial year		(39,331,656)	85,815,411	(2,649,739)	(1,396,643)
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		15,350,718	126,640,430	(2,649,739)	(1,396,643)
Non-controlling interests		(61,957,862)	(16,572,955)	-	-
		(46,607,144)	110,067,475	(2,649,739)	(1,396,643)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		22,626,206	102,388,366	(2,649,739)	(1,396,643)
Non-controlling interests		(61,957,862)	(16,572,955)	-	-
		(39,331,656)	85,815,411	(2,649,739)	(1,396,643)
Earnings per share					
Basic earnings per share(sen)	29(a)	2.88	26.68		
Diluted earnings per share(sen)	29(b)	2.88	26.64		

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

<p>Group</p> <p>At 1 January 2018, as previously reported Effect of adopting MFRS 9</p>	<p>At 1 January 2018, as restated</p>	<p>Profit for the financial year</p> <p>Foreign currency translation</p> <p>Total comprehensive income/(loss) for the financial year</p>	<p>Transactions with owners:</p> <p>Private share placement</p> <p>Issue of Warrants</p> <p>Exercise of LTIP</p>	<p>Total transactions with owners</p>	<p>At 31 December 2018</p>
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	Attributable to Owners of the Parent								
	Non-Distributable		Distributable						
	Share Capital RM	LTIP Reserves RM	Translation Reserves RM	Warrants Reserves RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM	
Group									
At 1 January 2018,									
as previously reported	524,387,378	4,324,500	(11,071,465)	-	180,437,479	698,077,892	66,031,616	764,109,508	
Effect of adopting MFRS 9	-	-	-	-	(107,992)	(107,992)	-	(107,992)	
At 1 January 2018,									
as restated	524,387,378	4,324,500	(11,071,465)	-	180,329,487	697,969,900	66,031,616	764,001,516	
Profit for the financial year	-	-	-	-	15,350,718	15,350,718	(61,957,862)	(46,607,144)	
Foreign currency translation	-	-	7,275,488	-	-	7,275,488	-	7,275,488	
Total comprehensive income/(loss) for the financial year	-	-	7,275,488	-	15,350,718	22,626,206	(61,957,862)	(39,331,656)	
Transactions with owners:									
Private share placement	68,491,056	-	-	-	(1,481,126)	67,009,930	-	67,009,930	
Issue of Warrants	-	-	-	25,607,108	-	25,607,108	-	25,607,108	
Exercise of LTIP	6,096,150	(1,105,150)	-	-	-	4,991,000	-	4,991,000	
Total transactions with owners	74,587,206	(1,105,150)	-	25,607,108	(1,481,126)	97,608,038	-	97,608,038	
At 31 December 2018	598,974,584	3,219,350	(3,795,977)	25,607,108	194,199,079	818,204,144	4,073,754	822,277,898	



STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Attributable to Owners of the Parent					Total Equity RM
	Share Capital RM	Share Premium RM	LTIP Reserves RM	Translation Reserves RM	Retained Earnings RM	
	Non-Distributable			Distributable		
	Share Capital RM	Share Premium RM	LTIP Reserves RM	Translation Reserves RM	Retained Earnings RM	Total Equity RM
Group						
At 1 January 2017	438,361,072	8,368,710	-	13,180,599	55,080,314	514,990,695
Profit for the financial year	-	-	-	-	126,640,430	126,640,430
Foreign currency translation	-	-	-	(24,252,064)	-	(24,252,064)
Total comprehensive income/(loss) for the financial year	-	-	-	(24,252,064)	126,640,430	102,388,366
						85,815,411
Transactions with owners:						
Private share placement	59,617,096	-	-	-	(1,283,265)	58,333,831
Acquisition of subsidiary company	-	-	-	-	-	49
Capital contribution by non-controlling interests	-	-	-	-	-	4,899,951
Shares options granted under LTIP	-	-	7,595,000	-	-	7,595,000
Exercise of LTIP	18,040,500	-	(3,270,500)	-	-	14,770,000
Total transactions with owners	77,657,596	-	4,324,500	-	(1,283,265)	80,698,831
Transfer in accordance with Section 618(2) of the Companies Act 2016	-	(8,368,710)	-	-	-	-
At 31 December 2017	524,387,378	-	4,324,500	(11,071,465)	180,437,479	764,109,508

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Share Capital RM	Non-Distributable LTIP Reserves RM	Warrants Reserves RM	Distributable Retained Earnings RM	Total Equity RM
Company					
At 1 January 2018	524,387,378	4,324,500	-	38,800,907	567,512,785
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(2,649,739)	(2,649,739)
Transactions with owners:					
Private share placement	68,491,056	-	-	(1,481,126)	67,009,930
Issuance of Warrants	-	-	25,607,108	-	25,607,108
Exercised of LTIP	6,096,150	(1,105,150)	-	-	4,991,000
Total transactions with owners	74,587,206	(1,105,150)	25,607,108	(1,481,126)	97,608,038
At 31 December 2018	598,974,584	3,219,350	25,607,108	34,670,042	662,471,084

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

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



STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company
Note	2018 RM	2017 RM	2018 RM	2017 RM
Cash Flows From Operating Activities				
(Loss)/Profit before tax	(43,203,121)	112,211,124	(2,649,739)	(297,687)
Adjustments for:				
Amortisation of golf club membership	7,894	7,896	-	-
Depreciation:				
- property, plant and equipment	1,953,680	2,516,977	332,480	314,879
- investment properties	11,570,483	11,591,989	-	49,209
Provision for liquidated ascertained damages	32,332,080	8,123,218	-	-
Provision for disputed performance liability	50,000,000	-	-	-
Gain on disposal of land held for property development	-	(76,798,883)	-	-
Gain on disposal of investment property	-	-	-	(11,985,995)
Gain on disposal of property, plant and equipment	(6,917,993)	(11,782,456)	(244,388)	-
Interest income	(991,139)	(1,458,090)	-	-
Interest expense	30,252,649	32,660,034	1,053,950	3,908,132
LTIP option expenses	-	7,595,000	-	7,595,000
Impairment loss on investment in subsidiary companies	-	-	250,000	-
Reversal of impairment loss on trade receivables	(52,500)	(6,945,127)	-	(6,945,127)
Share of result of joint venture	458,792	101,948	-	-
Net loss on impairment of financial instruments:				
- Trade receivables	1,108,607	-	-	-
- Other receivables	99,053	-	-	-
Unrealised(gain)/loss on foreign exchange	(2,261,335)	(5,632,439)	(37,856)	7,102,589
Operating profit/(loss) before working capital changes	74,357,150	72,191,191	(1,295,553)	(259,000)
Change in working capital				
Contract asset	87,825,991	(287,171,856)	-	1,191,040
Inventories	26,074,310	31,208,870	-	-
Receivables	(162,721,099)	(37,081,714)	14,794,644	(1,479,095)
Payables	29,715,008	271,868,590	(7,998,406)	3,058,673
	(19,105,790)	(21,176,110)	6,796,238	2,770,618
Cash generated from operations	55,251,360	51,015,081	5,500,685	2,511,618
Interest paid	(15,103,063)	(14,967,221)	(1,053,950)	(3,897,612)
Tax paid	(6,188,536)	(7,516,585)	(77,064)	(1,236,957)
Tax refund	241,068	-	241,068	-
	(21,050,531)	(22,483,806)	(889,946)	(5,134,569)
Net cash from/(used in) operating activities	34,200,829	28,531,275	4,610,739	(2,622,951)

Statements Of Cash Flows

For The Financial Year Ended 31 December 2018 (cont'd)

		Group		Company
Note	2018 RM	2017 RM	2018 RM	2017 RM
Cash Flows From Investing Activities				
Proceeds from disposal of investment property	-	-	-	18,814,501
Net repayment to subsidiary companies	-	-	(134,530,980)	(69,949,521)
Acquisition of a subsidiary company, net cash and cash equivalents acquired	-	49	-	-
Proceeds from disposal of property, plant and equipment	8,309,109	19,498,561	244,388	-
Proceeds from disposal of land held for development	-	16,758,976	-	-
Repayment from/(Advance to) joint venture	3,277,369	(1,001,179)	-	-
Additional shares investment in joint venture	(74,492,987)	-	-	-
Interest received	991,139	1,458,090	-	-
Purchase of property, plant and equipment	4(c) (72,690)	(92,198)	(38,000)	(23,570)
Withdrawal/(Placement) of deposits pledged and debt service reserve	11,932,629	(27,516,141)	-	-
Addition to investment properties	(9,074,599)	(5,429,072)	-	-
Net cash from/(used in) investing activities	(59,130,030)	3,677,086	(134,324,592)	(51,158,590)
Cash Flows From Financing Activities				
Net advance/(Repayment) to subsidiary companies	-	-	91,985,456	(18,784,109)
Increase of ordinary shares	68,491,056	59,617,096	68,491,056	59,617,096
Proceeds from issue of warrants	25,607,108	-	25,607,108	-
Proceeds from exercise of LTIP	4,991,000	14,770,000	4,991,000	14,770,000
Interest paid	(15,149,586)	(17,692,813)	-	(10,520)
Repayment of bill payables	(20,984,238)	(34,265,761)	-	-
Net movement of trade commodity financing	(4,732,546)	10,170,154	-	-
Repayments of finance lease liabilities	(448,708)	(1,897,181)	(84,852)	(330,376)
Share issuance expenses	(1,481,126)	(1,283,265)	(1,481,126)	(1,283,265)
Issuance of share capital to non-controlling interest of a subsidiary company	-	4,899,951	-	-
Net movement of revolving credit	(20,000,000)	15,500,000	(20,000,000)	4,000,000
Net movement of term loans	9,083,397	29,751,677	-	-
Net cash from financing activities	45,376,357	79,569,858	169,508,642	57,978,826



Statements Of Cash Flows

For The Financial Year Ended 31 December 2018 (cont'd)

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Net increase in cash and cash equivalents		20,447,156	111,778,219	39,794,789	4,197,285
Exchange translation differences on cash and cash equivalents		(1,812,658)	(1,819,741)	37,856	-
Cash and cash equivalents at the beginning of the financial year		63,588,796	(46,369,682)	(29,582,987)	(33,780,272)
Cash and cash equivalents at the end of the financial year		82,223,294	63,588,796	10,249,658	(29,582,987)
Cash and cash equivalents comprise:					
Deposits placed with licensed banks	18	76,076,200	88,030,863	-	-
Cash and bank balances	19	91,035,353	129,978,653	10,249,658	582,762
Bank overdrafts	22	(7,576,290)	(65,176,119)	-	(30,165,749)
		159,535,263	152,833,397	10,249,658	(29,582,987)
Less:					
Deposits held as security values	18	(76,076,200)	(88,030,863)	-	-
Debt service reserve account	19	(1,235,769)	(1,213,738)	-	-
		82,223,294	63,588,796	10,249,658	(29,582,987)

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



NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

2. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and the Companies Act, 2016 in Malaysia and with International Financial Reporting Standards. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. Consequently, the Group and the Company has consistently applied the accounting policies used in the preparation of its opening MFRS statement of financial position as at 1 January 2017 throughout all periods presented, as if these policies had always been in effect.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs does not have financial impact to the financial statements of the Group and of the Company.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

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

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2014 – 2016 Cycle:	<ul style="list-style-type: none">• Amendments to MFRS 1• Amendments to MFRS 128

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company, except for:



Notes To The Financial Statements

(cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

(a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 Financial Instruments: Recognition and Measurement categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and the Company.

(b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

(c) Effect of changes in classification and measurement of financial assets on 1 January 2018

Group	As at 31.12.2017 RM	Re- measurement RM	Reclassification to MFRS 9 AC RM
Financial Assets			
<u>Loans and receivables</u>			
Trade and other receivables	334,393,487	(107,992)	334,285,495
Contract assets	529,251,606	-	529,251,606
Amount due from joint venture	10,156,809	-	10,156,809
Deposit placed with licensed banks	88,030,863	-	88,030,863
Cash and bank balances	129,978,653	-	129,978,653
	1,091,811,418	(107,992)	1,091,703,426



Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

(i) *MFRS 9 Financial Instruments* (IFRS 9 issued by IASB in July 2014) (cont'd)

(c) Effect of changes in classification and measurement of financial assets on 1 January 2018 (cont'd)

Company	As at 31.12.2017 RM	Re- measurement RM	Reclassification to MFRS 9 AC RM
Financial Assets			
<u>Loans and receivables</u>			
Trade and other receivables	15,837,093	-	15,837,093
Amount due from subsidiary companies	353,672,346	-	353,672,346
Deposit, bank and cash balances	582,762	-	582,762
	370,092,201	-	370,092,201

(d) Effect of impairment allowances on 1 January 2018

	Group RM
Impairment of financial assets	
Impairment under MFRS 139 as at 31 December 2017	12,776,149
Impairment loss on receivables	107,992
Balances under MFRS 9 as at 1 January 2018	12,884,141

(ii) *MFRS 15 Revenue from Contracts with Customers*

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a goods or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Accordingly, the comparative information was not restated and the cumulative effects of initial application of MFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118 and MFRS 111.



Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Adoption of new and amended standards (cont'd)

(ii) *MFRS 15 Revenue from Contracts with Customers (cont'd)*

In applying the modified retrospective method, the Group and the Company applied the following practical expedients:

- (a) for completed contracts, contracts that begin and end within the same annual reporting period were not restated;
- (b) for completed contracts that have variable consideration, transaction price at the date the contract was completed was used rather than estimating variable consideration amounts in the comparative reporting periods; and
- (c) for all reporting periods presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligation and an explanation of when the entity expects to recognise that amount as revenue is not disclosed.

Prior to 1 January 2018, there was no outstanding contract with customer where the Group has remaining performance obligation, i.e. all promised good or service are transferred for contracts entered prior to 31 December 2017. As such, there is no impact to the opening retained earnings of the Group arising from the adoption of MFRS 15.

Impact arising from the adoption of MFRS 9 and MFRS 15 on the Group's financial statements:

	31.12.2017 RM	MFRS 9 adjustment RM	1.1.2018 RM
Trade and other receivables	334,393,487	(107,992)	334,285,495
Retained earnings	180,437,479	(107,992)	180,329,487

	31.12.2017 RM	MFRS 15 adjustment RM	1.1.2018 RM
Revenue	684,915,518	(8,123,218)	676,792,300
Administrative expenses	60,760,910	(8,123,218)	52,637,692



Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvement to MFRSs 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRS are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.



Notes To The Financial Statements

(cont'd)

2. Basis of Preparation (cont'd)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's 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 adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Joint ventures

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

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:



Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

- (c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Useful lives of property, plant and equipment and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount of the property, plant and equipment and investment properties is disclosed in Notes 4 and 5 respectively.

Deferred tax assets

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

Impairment of goodwill on consolidation

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

Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group has tax recoverable and payable of RM3,486,650 (31.12.2017: RM3,534,758; 1.1.2017: RM2,541,643) and Nil (31.12.2017: RM861,634; 1.1.2017: RM5,303,537) respectively. The Company has tax recoverable of RM364,996 (31.12.2017: RM529,000; 1.1.2017: RM390,999).



Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 6.

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 30.

Impairment of loans and receivables

The Group reviews the recoverability of its receivables, including trade and other receivables, amounts due from subsidiary companies and related companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 12, 14, 16 and 17 respectively.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 15.

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measured based on the proportion of property development costs incurred for work performed up to end of the reporting period as a percentage of the estimated total property development costs of the contract.



Notes To The Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

- (c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Revenue from property development contracts (cont'd)

Significant judgement are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Notes 6 and 15 respectively.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities and material litigation are disclosed in Notes 32 and 40 respectively.

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

- (a) Basis of consolidation

- (i) Subsidiary companies

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

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

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

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

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



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

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

(iii) Disposal of subsidiary companies

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

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

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

(b) Investments in joint ventures

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



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

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

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

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

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

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

The requirement of MFRS 136 *Impairment of Assets* are applied determines whether it is necessary to recognise any impairment loss with respect to its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the carrying amount of the investment in the joint venture is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

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

(c) Foreign currency translation

(i) Foreign currency transactions and balances

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



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(c) Foreign currency translation (cont'd)

(i) Foreign currency transactions and balances (cont'd)

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

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

(ii) Foreign operations

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

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

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

(d) Property, plant and equipment

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

(i) Recognition and measurement

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

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



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

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

(i) Recognition and measurement (cont'd)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(e) Leases

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

As lessee

(i) Finance lease

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



Notes To The Financial Statements

(cont'd)

3. Significant Accounting Policies (cont'd)

(e) Leases (cont'd)

As lessee (cont'd)

(i) Finance lease (cont'd)

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

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

(ii) Operating lease

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

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

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

As lessor

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

(f) Financial assets

Policy applicable from 1 January 2018

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, contract assets, amount due from subsidiary companies and joint venture, deposits and cash and bank balances and available for sale investment.



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(f) Financial assets (cont'd)

Policy applicable from 1 January 2018 (cont'd)

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Fair value through other comprehensive income

The Group and the Company have not designated any financial assets as FVOCI.

(iii) Financial assets at fair value through profit or loss

The Group and the Company have not designated any financial assets at FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

Policy applicable before 1 January 2018

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

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

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

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

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



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(f) Financial assets (cont'd)

Policy applicable before 1 January 2018 (cont'd)

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

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

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

(g) Financial liabilities

Policy applicable from 1 January 2018

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Policy applicable before 1 January 2018

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

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

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

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

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



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(g) Financial liabilities (cont'd)

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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(h) Financial guarantee contracts

Policy applicable from 1 January 2018

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

(i) Offsetting of financial instruments

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

(j) Inventories

Inventories are stated at the lower of cost and net realisable value.

(i) Land held for property development

Land held for property development consists of purchase price of and, professional fees, stamp duties, commission fees, other relevant levies and direct development cost incurred in preparing the land for development.



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(j) Inventories (cont'd)

(i) Land held for property development (cont'd)

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value can not be determined reliably, these inventories will be stated at the lower of cost or fair value costs to see. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Property development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

(iii) Completed properties held for sale

The cost of completed properties held for sale includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(k) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(k) Construction contracts (cont'd)

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(l) Cash and cash equivalents

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

(m) Impairment of assets

(i) Non-financial assets

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

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

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

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



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(m) Impairment of assets (cont'd)

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

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

(ii) Financial assets

Policy applicable from 1 January 2018

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Policy applicable before 1 January 2018

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

Financial assets carried at amortised cost

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



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(m) Impairment of assets (cont'd)

(ii) Financial assets (cont'd)

Policy applicable before 1 January 2018 (cont'd)

Financial assets carried at amortised cost (cont'd)

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

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

(n) Share capital

(i) Issue expenses

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

(ii) Ordinary Shares

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

(o) Provisions

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

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

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



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method (or cost-to-cost method) to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from sales of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

(b) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(p) Revenue recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

(c) Sale of goods

Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Following delivery of the goods to the customer's specific location, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Under the Group's standard contract terms, customers have a right of return within 7 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those product expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 14 to 90 days, which is consistent with market practice.

(ii) Interest income

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

(iii) Rental income

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

(q) Borrowing costs

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

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

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



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(r) Income tax

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

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

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

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

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

(s) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(iii) Equity-settled share-based payment transaction

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

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



Notes To The Financial Statements (cont'd)

3. Significant Accounting Policies (cont'd)

(s) Employee benefits (cont'd)

(iii) Equity-settled share-based payment transaction (cont'd)

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

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

(t) Segmental reporting

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

(u) Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

(v) Investment properties

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

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

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



Notes To The Financial Statements

(cont'd)

3. Significant Accounting Policies (cont'd)

(v) Investment properties (cont'd)

Building	2%
Leasehold land	Over 82 years

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

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

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

(w) Fair value measurement

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

(x) Interests in joint operations

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

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

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



Notes To The Financial Statements

(cont'd)

4. Property, Plant and Equipment

	Freehold buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Total RM
Group					
2018					
Cost					
At 1 January 2018	286,562	13,718,254	10,489,657	7,551,165	32,045,638
Additions	-	-	418,000	34,690	452,690
Written off	-	(7,528,433)	-	-	(7,528,433)
Disposals	-	(2,678,000)	(2,935,949)	(16,065)	(5,630,014)
At 31 December 2018	286,562	3,511,821	7,971,708	7,569,790	19,339,881
Accumulated depreciation					
At 1 January 2018	24,333	9,309,557	8,998,102	5,889,665	24,221,657
Charge for the financial year	1,431	487,745	894,663	569,841	1,953,680
Written off	-	(6,659,915)	-	-	(6,659,915)
Disposals	-	(1,346,217)	(2,876,616)	(16,065)	(4,238,898)
At 31 December 2018	25,764	1,791,170	7,016,149	6,443,441	15,276,524
Accumulated impairment losses					
At 1 January 2018	-	868,518	-	-	868,518
Written off	-	(868,518)	-	-	(868,518)
At 31 December 2018	-	-	-	-	-
Carrying amount					
At 31 December 2018	260,798	1,720,651	955,559	1,126,349	4,063,357



Notes To The Financial Statements

(cont'd)

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

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



Notes To The Financial Statements

(cont'd)

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

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



Notes To The Financial Statements (cont'd)

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

	Office equipment and renovation RM	Motor vehicles RM	Total RM
Company			
2018			
Cost			
At 1 January 2018	566,845	3,350,903	3,917,748
Additions	-	418,000	418,000
Disposals	(8,479)	(1,071,305)	(1,079,784)
At 31 December 2018	558,366	2,697,598	3,255,964
Accumulated depreciation			
At 1 January 2018	302,359	2,864,367	3,166,726
Charge for the financial year	61,207	271,273	332,480
Disposals	(8,479)	(1,071,305)	(1,079,784)
At 31 December 2018	355,087	2,064,335	2,419,422
Carrying amount			
At 31 December 2018	203,279	633,263	836,542
2017			
Cost			
At 1 January 2017	543,275	3,350,903	3,894,178
Additions	23,570	-	23,570
At 31 December 2017	566,845	3,350,903	3,917,748
Accumulated depreciation			
At 1 January 2017	230,886	2,620,961	2,851,847
Charge for the financial year	71,473	243,406	314,879
At 31 December 2017	302,359	2,864,367	3,166,726
Carrying amount			
At 31 December 2017	264,486	486,536	751,022
2016			
Cost			
At 1 January 2016	539,650	3,350,903	3,890,553
Additions	3,625	-	3,625
At 31 December 2016	543,275	3,350,903	3,894,178
Accumulated depreciation			
At 1 January 2016	162,175	2,359,485	2,521,660
Charge for the financial year	68,711	261,476	330,187
At 31 December 2016	230,886	2,620,961	2,851,847
Carrying amount			
At 31 December 2016	312,389	729,942	1,042,331



Notes To The Financial Statements

(cont'd)

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

(a) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group and the Company pledged as securities for bank borrowings as disclosed in Note 22 are:

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Freehold land	-	-	4,853,200
Freehold buildings	-	-	2,024,517
	-	-	6,877,717

(b) Assets held under finance leases

At 31 December 2018, the net carrying amount of leased motor vehicles and leased plant and machinery of the Group and of the Company were as follows:

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Motor vehicles	897,083	1,388,787	2,508,452
Plant and machinery	1,676,684	3,495,150	4,752,900
	2,573,767	4,883,937	7,261,352

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Motor vehicles	633,263	486,536	729,942

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

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Aggregate costs	452,690	92,198	661,055
Less: Finance lease financing	(380,000)	-	(366,127)
Cash payments	72,690	92,198	294,928

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Aggregate costs	418,000	23,570	3,625
Less: Finance lease financing	(380,000)	-	-
Cash payments	38,000	23,570	3,625



	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Carrying amounts			
Investment properties			
- freehold land and buildings	262,368	268,348	274,328
- leasehold shopping mall and car parks	369,782,404	381,342,932	390,055,772
	370,044,772	381,611,280	390,330,100
Investment properties under construction			
- shopping mall and car park podium	272,095,138	263,024,514	59,650,193
	642,139,910	644,635,794	449,980,293
	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Carrying amounts			
Investment properties			
- freehold land and buildings	-	-	6,877,717



Notes To The Financial Statements

(cont'd)

5. Investment Properties (cont'd)

(a) Investment properties

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Cost						
At 1 January	407,753,090	404,879,921	400,188,335	-	7,313,681	7,313,681
Additions	3,975	2,873,169	5,189,242	-	-	-
Disposal	-	-	-	-	(7,313,681)	-
Reversal during the year	-	-	(497,656)	-	-	-
At 31 December	407,757,065	407,753,090	404,879,921	-	-	7,313,681
Accumulated depreciation						
At 1 January	26,141,810	14,549,821	3,059,344	-	435,964	386,754
Disposal	-	-	-	-	(485,173)	49,210
Depreciation for the financial year	11,570,483	11,591,989	11,490,477	-	49,209	-
At 31 December	37,712,293	26,141,810	14,549,821	-	-	435,964
Carrying amount	370,044,772	381,611,280	390,330,100	-	-	6,877,717
Fair value	400,262,368	450,268,348	450,274,328	-	-	22,000,000



Notes To The Financial Statements (cont'd)

5. Investment Properties (cont'd)

(a) Investment properties (cont'd)

(i) Fair value of investment properties

(a) Leasehold shopping mall and car parks

The fair values of the investment properties of leasehold shopping mall and car parks of the Group were estimated at RM400,000,000 (31.12.2017: RM450,000,000; 1.1.2017: RM450,000,000) by an independent professional valuer, registered with Board of Valuers, Appraisers and Estate Agents, based on the comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as location, property type and size. The most significant input into this valuation approach is price per square foot of comparable properties. The fair values are within Level 3 of the fair value hierarchy.

(b) Freehold land and buildings

The fair values of the investment properties of freehold land and buildings of the Group and of the Company were estimated at Nil (31.12.2017: Nil; 1.1.2017: RM22,000,000) respectively at Directors' valuation which were made based on current prices in an active market for the said properties. The fair value are within level 3 of the fair value hierarchy. The most significant input into this valuation approach is price per square foot of comparable properties.

(ii) Investment properties under leases

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

(b) Investment properties under construction

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Cost			
At 1 January	263,024,514	59,650,193	53,353,139
Additions	9,070,624	2,555,903	6,297,054
Transfer from property development cost (Note 6(b))	-	200,818,418	-
At 31 December	272,095,138	263,024,514	59,650,193

- (c) The investment properties and investment properties under construction of the Group of RM369,782,404 and RM272,095,138 (31.12.2017: RM381,342,932 and RM263,024,514; 1.1.2017: RM390,055,772 and RM59,650,193) respectively are pledged to licensed banks to secure the credit facilities granted to the Group as disclosed in Note 22.

Notes To The Financial Statements

(cont'd)

5. Investment Properties (cont'd)

- (d) Income and expenses recognised in profit or loss

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

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Rental income	8,213,906	8,422,399	6,086,306
Direct operating expenses			
- income generating investment properties	16,104,794	13,984,832	13,501,375
- non-income generating investment properties	4,909	84,062	83,350

- (e) During the financial year, the borrowing costs capitalised as cost of investment properties amounted to RM7,004,739 (31.12.2017: RM3,765,193; 1.1.2017: RM3,072,127).

6. Inventories

- (a) Land held for property development

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Freehold land			
At 1 January	-	38,879,225	38,879,225
Disposal	-	(38,879,225)	-
At 31 December	-	-	38,879,225

- (b) Property development costs

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Leasehold land, at cost			
At 1 January	106,299,484	171,303,156	194,582,643
Additions	1,543,901	-	-
Transfer to investment properties (Note 5(b))	-	(65,064,809)	-
Re-allocation of costs	-	61,137	(672,615)
Less: Completed project	-	-	(22,606,872)
At 31 December	107,843,385	106,299,484	171,303,156
Property development costs			
At 1 January	373,724,547	421,264,813	899,458,949
Additions	69,894,880	88,213,343	134,187,663
Transfer to investment properties (Note 5(b))	-	(135,753,609)	-
Less: Completed project	-	-	(612,381,799)
At 31 December	443,619,427	373,724,547	421,264,813



Notes To The Financial Statements (cont'd)

6. Inventories (cont'd)

(b) Property development costs (cont'd)

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Cost recognised in the statements of profit or loss and other comprehensive income			
At 1 January	408,574,409	291,448,210	792,201,652
Recognised during the financial year	97,524,394	117,126,199	134,612,725
Reversal for allowance of foreseeable losses	(253,000)	-	(377,496)
Less: Completed project	-	-	(634,988,671)
At 31 December	505,845,803	408,574,409	291,448,210
Total property development costs	45,617,009	71,449,622	301,119,759

During the financial year, the following costs are capitalised to property development costs:

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Finance costs (Note 26)	-	1,368,743	5,513,832

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

Land held for property development and property development costs with carrying amount of Nil and RM45,617,009 (31.12.2017: Nil and RM71,449,622; 1.1.2017: RM38,879,225 and RM301,119,759) respectively are pledged as security for bank borrowings as disclosed in Note 22.

(c) Completed properties held for sale

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
At beginning of financial year	1,813,137	4,170,288	4,170,288
Disposal during the financial year	(241,697)	(2,357,151)	-
At end of financial year	1,571,440	1,813,137	4,170,288

Notes To The Financial Statements

(cont'd)

7. Investment in Subsidiary Companies

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
In Malaysia:			
Unquoted shares, at cost	238,276,605	238,276,605	238,276,605
Less: Accumulated impairment losses	(16,918,464)	(16,668,464)	(16,668,464)
	221,358,141	221,608,141	221,608,141
Outside Malaysia:			
Unquoted shares, at cost	10	10	10
	221,358,151	221,608,151	221,608,151
Capital contribution to a subsidiary company	199,143,961	128,020,792	142,428,477
	420,502,112	349,628,943	364,036,628

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

During the financial year, the Company conducted a review of the recoverable amount of its investment in subsidiary companies. The recoverable amount of investment was estimated based on fair value less cost of disposal. An impairment loss amounting to RM250,000 (31.12.2017: Nil; 1.1.2017: Nil) was recognised during the financial year. The recoverable amounts are determined using the fair value less cost of disposal approach, and its is derived using adjusted net assets of the subsidiary company as at the end of the reporting period. The fair value are within level 3 of the fair value hierarchy.

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

Name of Company	Place of Business/ Country of Incorporation	Effective Ownership Interest			Principal Activities
		31.12. 2018 %	31.12. 2017 %	1.1. 2017 %	
Direct holding:					
JAKS Sdn. Bhd. *	Malaysia	100	100	100	General contractor and supplier of building materials
Pipe Technology System Sdn. Bhd. *	Malaysia	70	70	70	Pipe manufacturer. However, temporarily ceased operation
JAKS Steel Industries Sdn. Bhd.*	Malaysia	98.05	98.05	98.05	General trading of building materials and other steel related products



Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

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

Name of Company	Place of Business/ Country of Incorporation	Effective Ownership Interest			Principal Activities
		31.12. 2018 %	31.12. 2017 %	1.1. 2017 %	
Direct holding:					
Surge System Sdn. Bhd.	Malaysia	100	100	100	General trading and construction. However, temporarily inactive
Empire Deluxe Sdn. Bhd. *	Malaysia	100	100	100	Manufacturing of ductile steel pipes and investment holding. However, temporarily ceased operation
Gain World Trading Limited *	British Virgin Islands	100	100	100	Investment holding
Golden Keen Holdings Limited	British Virgin Islands	100	100	100	General contractor
JAKS Power Holding Limited	British Virgin Islands	100	100	100	Investment holding
JAKS Offshore. Sdn Bhd. *	Malaysia	51	51	51	Offshore drilling, oil, gas and general trading. However, not commenced operation
Harbour Town Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Premier Place Property Sdn. Bhd.	Malaysia	100	100	100	Property development
Harbour Front Development Sdn. Bhd.	Malaysia	100	100	100	Dormant



Notes To The Financial Statements

(cont'd)

7. Investment in Subsidiary Companies (cont'd)

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

Name of Company	Place of Business/ Country of Incorporation	Effective Ownership Interest			Principal Activities
		31.12. 2018	31.12. 2017	1.1. 2017	
		%	%	%	
Indirect holding:					
<i>Subsidiary companies of JAKS Sdn. Bhd.</i>					
JAKS-KDEB Consortium Sdn. Bhd.	Malaysia	70	70	70	Investment holding
JAKS Marketing Sdn. Bhd. *	Malaysia	100	100	100	General trading of steel and construction related products
JAKS Power Sdn. Bhd.	Malaysia	100	100	100	Investment holding
JAKS Island Circle Sdn. Bhd.	Malaysia	51	51	51	Property development
Fortress Pavilion Sdn. Bhd.	Malaysia	51	51	-	Investment holding and property asset management
<i>Subsidiary company of JAKS-KDEB Consortium Sdn. Bhd.</i>					
Integrated Pipe Industries Sdn. Bhd.	Malaysia	70	70	70	Pipe manufacturer. However, temporarily ceased manufacturing operation
<i>Subsidiary company of Empire Deluxe Sdn. Bhd.</i>					
Wing Tiek Ductile Iron Pipe Sdn. Bhd. *	Malaysia	100	100	100	General trading of steel and other related products. However, temporarily ceased operation
<i>Subsidiary company of JAKS Power Holding Limited</i>					
JAKS-MPC (HD) Limited	British Virgin Islands	100	100	100	Investment holding



Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

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

Name of Company	Place of Business/ Country of Incorporation	Effective Ownership Interest			Principal Activities
		31.12. 2018	31.12. 2017	1.1. 2017	
		%	%	%	
Indirect holding:					
<i>Subsidiary company of Harbour Town Sdn. Bhd.</i>					
MNH Global Assets Management Sdn. Bhd. ^Δ	Malaysia	51	51	51	Investment holding, property development and management of mall and other properties
<i>Subsidiary company of MNH Global Assets Management Sdn. Bhd.</i>					
Evolve Concept Mall Sdn. Bhd.	Malaysia	51	51	51	Dormant

* Not audited by UHY.

Δ The shares held in this subsidiary company are pledged to bank for banking facilities granted to the Group as disclosed in Note 22.

(b) Acquisition of a subsidiary company

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

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



Notes To The Financial Statements

(cont'd)

7. Investment in Subsidiary Companies (cont'd)

(c) Material partly-owned subsidiary companies

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

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

Name of Company	Place of business/ Country of Incorporation	Proportion of Ownership Interest		
		31.12. 2018 %	31.12. 2017 %	1.1. 2017 %
JAKS Island Circle Sdn. Bhd. ("JIC")	Malaysia	49	49	49
MNH Global Assets Management Sdn. Bhd. ("MNH")	Malaysia	49	49	49
Fortress Pavilion Sdn. Bhd. ("FP")	Malaysia	49	49	-
		31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Accumulated balances of material non-controlling interest:				
JIC		(43,799,605)	907,057	1,603,917
MNH		39,535,768	55,686,717	71,509,665
FP		3,911,747	4,871,128	-
Other individually immaterial non-controlling interest		4,425,844	4,566,714	4,590,989
		4,073,754	66,031,616	77,704,571
Total comprehensive loss allocated to material non-controlling interest:				
JIC		(44,706,662)	(696,860)	(1,742,743)
MNH		(16,150,949)	(15,822,948)	(16,189,692)
FP		(959,381)	(28,872)	-
Other individually immaterial non-controlling interest		(140,870)	(24,275)	724,214
		(61,957,862)	(16,572,955)	(17,208,221)

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



Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

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

Summarised statements of profit or loss and other comprehensive income for the year ended 31 December 2018:

	FP RM	MNH RM	JIC RM	Total RM
Revenue	-	8,764,529	31,868,375	40,632,904
Expenses including taxation	(1,957,920)	(41,725,649)	(123,106,461)	(166,790,030)
Net loss for the financial year, representing total comprehensive loss for the financial year	(1,957,920)	(32,961,120)	(91,238,086)	(126,157,126)
Attributable to:				
Non-controlling interest	(959,381)	(16,150,949)	(44,706,662)	(61,816,992)
Other individually immaterial non-controlling interest				(140,870)
Total non-controlling interest				(61,957,862)

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

	FP RM	MNH RM	JIC RM	Total RM
Revenue	-	13,192,007	305,666,390	318,858,397
Expenses including taxation	(58,923)	(45,483,738)	(307,088,553)	(352,631,214)
Net loss for the financial year, representing total comprehensive loss for the financial year	(58,923)	(32,291,731)	(1,422,163)	(33,772,817)
Attributable to:				
Non-controlling interest	(28,872)	(15,822,948)	(696,860)	(16,548,680)
Other individually immaterial non-controlling interest				(24,275)
Total non-controlling interest				(16,572,955)



Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

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

Summarised statement of financial position as at 31 December 2018:

	FP RM	MNH RM	JIC RM	Total RM
Non-current assets	244,243,635	370,343,065	61,157,592	675,744,292
Current assets	17,066,515	115,877,812	149,445,117	282,389,444
Total assets	261,310,150	486,220,877	210,602,709	958,133,736
Current liabilities	94,000,000	178,035,637	299,989,658	572,025,295
Non-current liabilities	159,326,993	227,500,000	-	386,826,993
Total liabilities	253,326,993	405,535,637	299,989,658	958,852,288
Total equity	7,983,157	80,685,240	(89,386,949)	(718,552)
Attributable to:				
Non-controlling interest	3,911,747	39,535,768	(43,799,605)	(352,090)
Other individually immaterial non-controlling interest				4,425,844
Total non-controlling interest				4,073,754

Summarised statements of financial position as at 31 December 2017:

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



Notes To The Financial Statements (cont'd)

7. Investment in Subsidiary Companies (cont'd)

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

Summarised statements of financial position as at 1 January 2017:

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

Summarised statements of cash flows for the year ended 31 December 2018:

	FP RM	MNH RM	JIC RM
Operating	545,235	19,893,709	(2,000,103)
Investing	(18,474,000)	(632)	(1,552,182)
Financing	18,000,000	(20,866,523)	-
Net increase/(decrease) in cash and cash equivalents during the financial year	71,235	(973,446)	(3,552,285)

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

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

Notes To The Financial Statements

(cont'd)

8. Investment in Joint Ventures ("JV")

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Unquoted shares, at cost			
- Outside Malaysia	201,421,398	126,928,411	126,928,411
Share of post-acquisition(loss)/profit	(297,711)	161,081	263,029
Exchange differences	(3,952,432)	(7,524,694)	10,203,883
	197,171,255	119,564,798	137,395,323

Details of the joint ventures are as follows:

Name of JV	Place of Business/ Country of Incorporation	Effective Economic Interest			Principal Activities
		31.12. 2018 %	31.12. 2017 %	1.1. 2017 %	
JV held through JAKS Power Holding Limited ("JPH")					
JAKS Pacific Power Limited* ("JPP")	Hong Kong	30	30	30	Investment holding
Indirect JV held through JAKS Pacific Power Limited					
JAKS Hai Duong Power Company Limited* ("JHDP")	Vietnam	30	30	30	Develop and operate coal-fired thermal power plant

* Not audited by UHY

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

(a) Summarised statements of financial position

	31.12.2018 RM	JPP Group 31.12.2017 RM	1.1.2017 RM
Cash and cash equivalent	1,414,337,652	1,097,761,727	943,591,960
Other current assets	985,117,089	403,297,709	31,289,177
Non-current assets	3,151,869,089	1,039,341,551	480,791,150
Current financial liabilities (excluding trade and other payables and provisions)	(8,607,041)	(71,712,262)	(7,764,692)
Other current liabilities	(1,304,269,170)	(6,473,024)	(16,969,421)
Non-current financial liabilities (excluding trade and other payables and provisions)	(3,210,942,431)	(1,827,900,000)	(737,187,390)
Net assets	1,027,505,188	634,315,701	693,750,784



Notes To The Financial Statements (cont'd)

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

(a) Summarised statements of financial position (cont'd)

	31.12.2018 RM	JPP Group 31.12.2017 RM	1.1.2017 RM
Interest in joint venture	30%	30%	30%
Group's share of net assets	308,251,556	190,294,710	208,125,235
Share of other net asset changes	(114,906,378)	(74,555,989)	(74,555,989)
Goodwill	3,826,077	3,826,077	3,826,077
Carrying value of Group's interest in joint ventures	197,171,255	119,564,798	137,395,323

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

	31.12.2018 RM	JPP Group 31.12.2017 RM	1.1.2017 RM
(Loss)/Profit for the financial year	(1,529,307)	(339,825)	876,763
Other comprehensive income/(loss)	-	(59,095,258)	34,012,944
Total comprehensive income	(1,529,307)	(59,435,083)	34,889,707
Included in total comprehensive income are:			
Revenue	2,149,573,170	337,079,361	17,673,928
Depreciation and amortisation	128,055	87,660	30,370
Interest income	8,929	4,131	9,645

The details of capital commitment relating to the Group's interest in joint ventures are disclosed in Note 34.

9. Interest in Joint Operations

The details of the joint operations are as follows:

Name of Joint Operations	Place of Business/ Country of Incorporation	Effective Economic Interest			Principal Activities
		31.12. 2018 %	31.12. 2017 %	1.1. 2017 %	
KACC-JAKS Joint Venture	Malaysia	50	50	50	Construction
JAKS-KACC Joint Venture	Malaysia	50	50	50	Construction
JAVEL-JAKS Joint Venture	Malaysia	50	50	50	Construction



Notes To The Financial Statements

(cont'd)

10. Goodwill on Consolidation

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
At cost			
At 1 January/31 December	211,092,762	211,092,762	211,092,762
Accumulated impairment			
At 1 January/31 December	62,591,857	62,591,857	62,591,857
Carrying amount			
At 31 December	148,500,905	148,500,905	148,500,905

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

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Construction	125,499,000	125,499,000	125,499,000
Property development and management of shopping mall	23,001,905	23,001,905	23,001,905
	148,500,905	148,500,905	148,500,905

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

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

(i) Construction

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

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Gross profit margin	5% - 10%	5% - 7%	8%
Terminal growth rate	0.5%	0.5%	0.5%
Pre-tax discount rate	13%	13%	13%

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

(ii) Property development and management of shopping mall

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

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



Notes To The Financial Statements

(cont'd)

11. Deferred Tax (Assets)/Liabilities

The following are the deferred tax balances in the statements of financial position:

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Deferred tax assets	(2,324,558)	(2,324,558)	(2,406,457)
Deferred tax liabilities	93,658	152,484	172,301
Balance at the end of the year	(2,230,900)	(2,172,074)	(2,234,156)
At 1 January	(2,172,074)	(2,234,156)	(7,194,295)
Recognised in profit or loss	(58,826)	62,082	4,960,139
At 31 December	(2,230,900)	(2,172,074)	(2,234,156)

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

Deferred tax assets	Unutilised capital allowances RM
Group	
At 1 January 2016	(7,907,605)
Recognised in profit or loss	5,015,528
At 31 December 2016	(2,892,077)
Recognised in profit or loss	81,899
At 31 December 2017	(2,810,178)
Recognised in profit or loss	485,620
At 31 December 2018	(2,324,558)

Deferred tax liabilities	Accelerated capital allowances RM
Group	
At 1 January 2016	713,310
Recognised in profit or loss	(55,389)
At 31 December 2016	657,921
Recognised in profit or loss	(19,817)
At 31 December 2017	638,104
Recognised in profit or loss	(544,446)
At 31 December 2018	93,658



Notes To The Financial Statements

(cont'd)

11. Deferred Tax (Assets)/Liabilities (cont'd)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unutilised capital allowance	70,954,884	61,693,157	-	-
Unutilised tax losses	89,731,767	68,694,199	3,444,919	3,424,829
Other deductible temporary differences	6,811	9,160	-	-
	160,693,462	130,396,516	3,444,919	3,424,829

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

12. Other Receivables, Deposits and Prepayments

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Non-current			
Other receivables	-	-	1,325,557
Current			
Other receivables	287,955,898	249,806,873	62,794,321
Deposits	25,466,389	10,398,077	8,027,955
Prepayments	2,511,537	6,112,123	1,236,194
	315,933,824	266,317,073	72,058,470
Less: Accumulated impairment - Other receivables	(99,053)	(1,552,248)	(1,552,248)
	315,834,771	264,764,825	70,506,222
Total	315,834,771	264,764,825	71,831,779

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Other receivables	181,603	-	15,057
Deposits	621,596	353,340	109,564
Prepayments	76,094	54,070	100,676
	879,293	407,410	225,297



Notes To The Financial Statements (cont'd)

12. Other Receivables, Deposits and Prepayments (cont'd)

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

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
At 1 January	1,552,248	1,552,248	1,552,248
Impairment written off	(1,552,248)	-	-
Impairment losses recognised	99,053	-	-
At 31 December	99,053	1,552,248	1,552,248

- (i) Included in other receivables of the Group is an amount of RM34,937 (31.12.2017: RM3,079,582; 1.1.2017: RM2,008,787) due from one receivable which is controlled by a director of a subsidiary company. The amount is unsecured, interest free and repayable on demand.
- (ii) Other receivables of the Group that are individually determined to be impaired at the reporting date relate to debtors that are in financial difficulties.

13. Golf Club Memberships

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Non-current			
At cost			
At 1 January/31 December	600,000	600,000	600,000
Less: Accumulated amortisation			
At 1 January	94,736	86,840	78,946
Amortisation for the financial year	7,894	7,896	7,894
At 31 December	102,630	94,736	86,840
Less: Accumulated impairment loss			
At 1 January/31 December	171,054	171,054	171,054
Carrying amount			
At 31 December	326,316	334,210	342,106

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

14. Trade Receivables

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Trade receivables	208,993,178	80,744,571	106,072,266
Less: Accumulated impairment losses	(12,388,000)	(11,223,901)	(18,169,028)
	196,605,178	69,520,670	87,903,238



Notes To The Financial Statements

(cont'd)

14. Trade Receivables (cont'd)

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Trade receivables	8,772,286	24,038,813	22,741,830
Less: Accumulated impairment losses	(8,609,130)	(8,609,130)	(15,554,257)
	163,156	15,429,683	7,187,573

Trade receivables are non-interest bearing and are generally on 14 to 90 days (31.12.2017: 14 to 90 days; 1.1.2017: 14 to 90 days) term. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Group and the Company have other credit term and assessed and approved on a case to case basis, no concentration of credit risk except for the amounts owing by seven (31.12.2017: six; 1.1.2017: three) and one (31.12.2017: one; 1.1.2017: one) which constituted approximately 63% (31.12.2017: 91%; 1.1.2017: 57%) and 100% (31.12.2017: 100%; 1.1.2017: 100%) of its trade receivables respectively as at the end of the reporting period.

Included in trade receivables of the Group is an amount of RM38,082,742 (31.12.2017: RM32,743,360; 1.1.2017: RM28,381,191) due from one (31.12.2017: one; 1.1.2017: one) receivable jointly controlled by directors of a subsidiary company. The amount is unsecured and interest free.

Included in trade receivable of the Group is an amount of RM10,478,989 (31.12.2017: RM5,094,794; 1.1.2017: RM6,991,537) due from one (31.12.2017: one; 1.1.2017: one) receivable which is a non-controlling interest of certain subsidiary companies. The amount is unsecured and interest free.

Movements in the allowance for impairment losses are as follows:

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
At 1 January	11,223,901	18,169,028	10,226,776
Effect of adopting MFRS 9	107,992	-	-
Impairment losses recognised	1,108,607	-	8,068,085
Impairment losses reversed	(52,500)	(6,945,127)	(125,833)
At 31 December	12,388,000	11,223,901	18,169,028

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
At 1 January	8,609,130	15,554,257	7,600,000
Impairment losses recognised	-	-	7,954,257
Impairment losses reversed	-	(6,945,127)	-
At 31 December	8,609,130	8,609,130	15,554,257

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.



Notes To The Financial Statements

(cont'd)

14. Trade Receivables (cont'd)

The aged analysis of trade receivables as at the end of the reporting period:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
31.12.2018			
Neither past due nor impaired	62,469,943	-	62,469,943
Past due not impaired:			
Less than 30 days	1,423,582	-	1,423,582
31 to 60 days	12,767,212	-	12,767,212
61 to 90 days	9,547,664	-	9,547,664
	86,208,401	-	86,208,401
Credit impaired:			
More than 90 days past due	111,613,376	(1,216,599)	110,396,777
Individual impaired	11,171,401	(11,171,401)	-
	208,993,178	(12,388,000)	196,605,178
Group			
31.12.2017			
Neither past due nor impaired	5,054,043	-	5,054,043
Past due not impaired:			
Less than 30 days	4,184,623	-	4,184,623
31 to 60 days	1,581,484	-	1,581,484
61 to 90 days	1,476,525	-	1,476,525
	12,296,675	-	12,296,675
Credit impaired:			
More than 90 days past due	57,223,995	-	57,223,995
Individual impaired	11,223,901	(11,223,901)	-
	80,744,571	(11,223,901)	69,520,670
Group			
1.1.2017			
Neither past due nor impaired	15,227,378	-	15,227,378
Past due not impaired:			
Less than 30 days	19,884,279	-	19,884,279
31 to 60 days	18,491,176	-	18,491,176
61 to 90 days	11,654,721	-	11,654,721
	65,257,554	-	65,257,554
Credit impaired:			
More than 90 days past due	22,645,684	-	22,645,684
Individual impaired	18,169,028	(18,169,028)	-
	106,072,266	(18,169,028)	87,903,238



Notes To The Financial Statements

(cont'd)

14. Trade Receivables (cont'd)

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Neither past due nor impaired	-	-	7,187,573
Past due not impaired:			
Less than 30 days	-	1,946	-
31 to 60 days	-	2,905	-
61 to 90 days	-	4,028	-
More than 90 days	163,156	15,420,804	-
	163,156	15,429,683	-
Impaired	163,156 8,609,130	15,429,683 8,609,130	7,187,573 15,554,257
	8,772,286	24,038,813	22,741,830

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

As at 31 December 2018, trade receivables of RM134,135,235 (31.12.2017: RM64,466,627; 1.1.2017: RM72,675,860) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM12,280,008 and RM8,609,130 (31.12.2017: RM11,223,901 and RM8,609,130; 1.1.2017: RM18,169,028 and RM15,554,257) respectively, related to customers that are in financial difficulties and have defaulted on payments.

15. Contract Assets/(Liabilities)

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Current			
<u>Contract asset</u>			
Construction contract (a)	456,260,868	514,999,430	264,273,644
Property development activities (b)	55,117,390	14,252,176	-
	511,378,258	529,251,606	264,273,644
<u>Contract liability</u>			
Property development activities (b)	-	-	7,444,787
Increase/(Decrease) in contract assets			
- Change in measure of progress	(17,873,348)	264,977,962	190,331,875
	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Current			
<u>Contract asset</u>			
Construction contract (a)	-	-	1,109,040
Increase/(Decrease) in contract assets			
- Change in measure of progress	-	(1,109,040)	18,839



Notes To The Financial Statements

(cont'd)

15. Contract Assets/(Liabilities) (cont'd)

(a) Construction contracts

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Contract costs incurred to date	3,796,596,449	3,212,329,525	2,548,889,232	-	-	337,717,240
Attributable profits	708,300,112	561,776,706	438,952,827	-	-	21,571,340
	4,504,896,561	3,774,106,231	2,987,842,059	-	-	359,288,580
Less: Progress billings	(4,055,901,611)	(3,244,564,417)	(2,739,223,741)	-	-	(358,097,540)
Exchange differences	7,265,918	(14,542,384)	15,655,326	-	-	-
	456,260,868	514,999,430	264,273,644	-	-	1,191,040
Represented as:						
Contract assets	456,260,868	514,999,430	264,273,644	-	-	-
Advances received from customer (included in other payables)	227,002,862	276,926,850	101,944,350	-	-	-
Retention sums on contracts (included in trade receivables)	31,465,925	15,869,197	14,332,443	-	8,327,490	8,327,490



Notes To The Financial Statements

(cont'd)

15. Contract Assets/(Liabilities) (cont'd)

(b) Property development activities

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional. Contract liabilities consist of billings in excess of revenue recognised, this amount is expected to be recognised as revenue over a period of 60 - 150 days.

(c) Contract value yet to be recognised as revenue

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM424,993,262. The Group expects to recognise this revenue as the property development and construction contracts are completed, which is expected to occur over the next 12 - 36 months.

16. Amount Due from/(to) Subsidiary Companies

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Amount due from subsidiary companies:			
<u>Non-interest bearing</u>			
Non-trade	422,605,184	359,197,373	288,219,214
Less: Accumulated impairment losses	(5,525,027)	(5,525,027)	(5,525,027)
	417,080,157	353,672,346	282,694,187
Amount due to subsidiary companies:			
<u>Non-interest bearing</u>			
Trade	-	-	27,933,838
Non-trade	139,730,078	47,744,622	39,667,268
	139,730,078	47,744,622	67,601,106

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

17. Amount Due from Joint Ventures

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
<u>Non-interest bearing</u>			
Non-trade	6,879,440	10,156,809	9,792,054

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



Notes To The Financial Statements (cont'd)

18. Deposits Placed with Licensed Banks

Group

Deposits placed with licensed banks are pledged to the banks to secure credit facilities granted to the Group as disclosed in Note 22.

The effective interest rates for the Group's deposits range from 2.55% to 3.15% (31.12.2017: 2.55% to 3.25%; 1.1.2017: 2.50% to 3.15%) per annum respectively.

19. Cash and Bank Balances

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Housing development accounts	35,729,887	27,121,337	2,251,012
Project development accounts	15,533,330	28,017,752	5,659,234
Debt service reserve accounts	1,235,769	1,213,738	1,192,094
Cash and bank balances	38,536,367	73,625,826	32,100,372
	91,035,353	129,978,653	41,202,712

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Cash and bank balances	10,249,658	582,762	952,802
	10,249,658	582,762	952,802

- (a) Housing Development Accounts are maintained pursuant to the Housing Development (Control and Licensing) Act, 1966 in connection with the Group's property development projects. The utilisation of these balances are restricted before completion of the housing development projects and fulfilling all relevant obligations to the purchasers and therefore restricted from use in other operations.
- (b) Project Developments Account and Debt Service Reserve Account are pledged as security for bank borrowings as disclosed in Note 22.
- (c) Included in cash and bank balances of the Group is RM266,163 (31.12.2017: RM290,532; 1.1.2017: RM358,158) relating Escrow Account and Operating Account pledged for bank borrowings as disclosed in Note 22.
- (d) Included in cash and bank balances of the Group and of the Company, there are RM413,567 (31.12.2017: RM321,500; 1.1.2017: RM625,911) in which its currency exposure profile is United States Dollar.



Notes To The Financial Statements

(cont'd)

20. Share Capital

	Group and Company			
	31.12.2018 Unit	Number of shares 31.12.2017 Unit	1.1.2017 Unit	31.12.2018 RM
				31.12.2017 RM
				1.1.2017 RM
Ordinary share with no par value (31.12.2017: no par value; 1.1.2017: par value of RM1 each)				
Authorised:				
At 31 December	*	*	1,000,000,000	* 1,000,000,000
Issued and fully paid:				
At 1 January		438,361,072	438,361,072	438,361,072
Private share placement	49,631,200	43,836,100	-	59,617,096
Exercise of LTIP	3,565,000	10,550,000	-	18,040,500
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 (Note 20.1)	-	-	-	8,368,710
At 31 December	545,943,372	492,747,172	438,361,072	524,387,378
				438,361,072

Note 20.2

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



Notes To The Financial Statements

(cont'd)

20. Share Capital (cont'd)

During the financial year, the Company issued:

- (a) 3,565,000 new ordinary shares through exercise of Long Term Incentive Plan ("LTIP") at issue price of cash RM1.40 for a total cash consideration of RM4,991,000.
- (b) 49,631,200 new ordinary shares through private placement at issue price of RM1.38 for a total cash consideration of RM68,491,056 for working capital purposes.

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

Note 20.1

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

Note 20.2

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

21. Reserves

	Note	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Non-distributable				
Share premium	(a)	-	-	8,368,710
Translation reserves	(b)	(3,795,977)	(11,071,465)	13,180,599
LTIP reserves	(c)	3,219,350	4,324,500	-
Warrants reserves	(d)	25,607,108	-	-
		25,030,481	(6,746,965)	21,549,309
Distributable				
Retained earnings		194,199,079	180,437,479	55,080,314
		219,229,560	173,690,514	76,629,623

	Note	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Non-distributable				
Share premium	(a)	-	-	8,368,710
LTIP reserves	(c)	3,219,350	4,324,500	-
Warrants reserves	(d)	25,607,108	-	-
		28,826,458	4,324,500	8,368,710
Distributable				
Retained earnings		34,670,042	38,800,907	41,480,815
		63,496,500	43,125,407	49,849,525



Notes To The Financial Statements (cont'd)

21. Reserves (cont'd)

(a) Share premium

	Group and Company		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
At 1 January	-	8,368,710	8,368,710
Transfer to share capital in accordance with Section 618(2) of the Companies Act, 2016	-	(8,368,710)	-
At 31 December	-	-	8,368,710

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. As disclosed in Note 20, share premium has become part of the Company's share capital.

(b) Foreign currency translation reserves

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

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

The LTIP reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the reserve is transferred to share capital. When the share options expire, the amount from the reserve is transferred to retained earnings. Share option is disclosed in Note 30.

(d) Warrants reserves

On 13 December 2018, the Company allotted and issued 102,428,430 new Warrants 2018/2023 ("Warrants") at an issued price of RM0.25 per Warrants on the basis of 1 Warrant for every 2 existing ordinary share held in the Company ("Right Issue of Warrants").

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 13 December 2023. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary shares in the Company at any time on or after 13 December 2018 to 13 December 2023, at an exercise price of RM0.64 per Warrant in accordance with the Deed Poll dated 5 November 2018. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purpose. As at the reporting date, 102,428,430 Warrants remained unexercised.



Notes To The Financial Statements (cont'd)

22. Bank Borrowings

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Secured			
Current liabilities			
Finance lease liabilities	234,859	473,699	1,978,262
Term loans	7,000,000	8,916,603	42,704,452
Trade Commodity Financing	34,797,470	39,530,016	29,359,862
Bill payables	51,778,318	72,762,556	107,028,317
Revolving credits	11,500,000	31,500,000	16,000,000
Bank overdrafts	7,576,290	65,176,119	86,380,300
	112,886,937	218,358,993	283,451,193
Non-current liabilities			
Finance lease liabilities	281,161	111,029	503,647
Term loans	321,500,000	310,500,000	246,960,474
	321,781,161	310,611,029	247,464,121
Total borrowings			
Finance lease liabilities	516,020	584,728	2,481,909
Term loans	328,500,000	319,416,603	289,664,926
Trade Commodity Financing	34,797,470	39,530,016	29,359,862
Bill payables	51,778,318	72,762,556	107,028,317
Revolving credits	11,500,000	31,500,000	16,000,000
Bank overdrafts	7,576,290	65,176,119	86,380,300
	434,668,098	528,970,022	530,915,314
	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Secured			
Current liabilities			
Finance lease liabilities	70,494	56,507	330,376
Revolving credits	-	20,000,000	16,000,000
Bank overdrafts	-	30,165,749	34,733,074
	70,494	50,222,256	51,063,450
Non-current liabilities			
Finance lease liabilities	281,161	-	56,507
	281,161	-	56,507
Total borrowings			
Finance lease liabilities	351,655	56,507	386,883
Revolving credits	-	20,000,000	16,000,000
Bank overdrafts	-	30,165,749	34,733,074
	351,655	50,222,256	51,119,957



Notes To The Financial Statements

(cont'd)

22. Bank Borrowings (cont'd)

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

	31.12.2018 %	Group 31.12.2017 %	1.1.2017 %
Finance lease liabilities	2.33 - 3.54	2.40 - 4.83	2.40 - 4.83
Term loans	6.00 - 7.50	6.00 - 7.65	6.00 - 7.81
Trade Commodity Financing	6.23 - 6.57	5.84 - 6.13	5.84
Bill payables	4.44 - 8.32	4.60 - 8.06	4.61 - 8.06
Revolving credits	4.76 - 6.80	4.50 - 6.81	6.79
Bank overdrafts	7.60 - 8.79	7.60 - 8.45	7.60 - 8.45
	31.12.2018 %	Company 31.12.2017 %	1.1.2017 %
Finance lease liabilities	2.33	2.40	2.40
Revolving credits	6.80	6.81	6.79
Bank overdrafts	8.15 - 8.40	8.15	8.15

Finance lease liabilities

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Future minimum finance lease payments			
- not later than one year	258,170	489,630	2,060,593
- later than one year and not later than five years	304,046	111,067	520,576
	562,216	600,697	2,581,169
Less: Future interest charges	(46,196)	(15,969)	(99,260)
	516,020	584,728	2,481,909
Represented by:			
Current			
- not later than one year	234,859	473,699	1,978,262
Non-current			
- later than one year and not later than five years	281,161	111,029	503,647
	281,161	111,029	503,647
	516,020	584,728	2,481,909



Notes To The Financial Statements

(cont'd)

22. Bank Borrowings (cont'd)

Finance lease liabilities (cont'd)

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Future minimum finance lease payments			
- not later than one year	84,864	56,816	340,896
- later than one year and not later than five years	304,046	-	56,816
	388,910	56,816	397,712
Less: Future interest charges	(37,255)	(309)	(10,829)
	351,655	56,507	386,883
Represented by:			
Current			
- not later than one year	70,494	56,507	330,376
Non-current			
- later than one year and not later than five years	281,161	-	56,507
	281,161	-	56,507
	351,655	56,507	386,883

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

- (i) fixed charges over certain investment properties as disclosed in Note 5;
- (ii) fixed charges over certain leasehold land included in property development costs as disclosed in Note 6;
- (iii) legal assignment of all cashflows, sale or tenancy agreements, insurance policies, construction contracts, construction guarantees and performance bonds in relation to a project developed by certain subsidiary companies;
- (iv) fixed and floating charge over the present and future assets of certain subsidiary companies;
- (v) first legal charge over the equity acquired in a subsidiary company;
- (vi) facilities agreements together with interest, commission and all other charges thereon;
- (vii) assignment over proceeds under certain contracts, Letter of Notification and Letter of Instruction;
- (viii) assignment of all dividends and/or distribution from a subsidiary company's shares;
- (ix) negative pledge over certain subsidiary companies' assets both present and future;
- (x) corporate guarantees provided by the Company, a subsidiary company, and a non-controlling interest;
- (xi) personal guarantee by the Director of subsidiary company;
- (xii) deposits, debt service reserve, housing development account, project development account, escrow and operating account as indicated in Notes 18 and 19;



Notes To The Financial Statements (cont'd)

22. Bank Borrowings (cont'd)

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

- (xiii) specific debenture by way of fixed and floating charge over investment properties as disclosed in Note 5;
- (xiv) lodgement of private caveat over strata titles of the investment properties as disclosed in Note 5;
- (xv) legal assignment of the present and future proceeds from the car parks' and investment properties' rental income of certain subsidiary companies; and
- (xvi) first legal charge over all its unencumbered shares of a non-controlling interest of a subsidiary company.

23. Trade Payables

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Trade payables	399,859,263	256,565,102	156,564,341
Deferred contract revenue	2,799,360	17,806,579	41,419,541
	402,658,623	274,371,681	197,983,882

(a) The normal trade credit terms granted to the Group range from 1 to 90 (31.12.2017: 1 to 90; 1.1.2017: 1 to 90) days from date of invoice.

(b) Deferred contract revenue

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Deferred contract revenue	135,000,000	135,000,000	135,000,000
Deposit paid	(500,000)	(500,000)	(500,000)
Contract revenue recognised	(131,700,640)	(116,693,421)	(93,080,459)
	2,799,360	17,806,579	41,419,541

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

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

During the financial year, RM15,007,219 (31.12.2017: RM23,612,962; 1.1.2017: RM35,547,522) has been recognised based on the stage of completion of the said development.



Notes To The Financial Statements (cont'd)

24. Other Payables

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Other payables	118,974,496	71,749,094	28,512,965
Advance payment on construction contract	227,002,862	276,926,850	101,944,350
Deposits received	32,408,502	30,944,222	35,204,711
Liquidated ascertained damages and disputed performance liability	107,707,752	25,375,672	17,252,454
Accruals	97,218,711	117,355,504	120,542,572
	583,312,323	522,351,342	303,457,052

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Other payables	5,958	2,612,119	276,330
Deposits received	28,969,500	28,434,000	31,412,500
Accruals	18,547,639	24,475,384	25,978,084
	47,523,097	55,521,503	57,666,914

Included in other payables of the Group is an amount of RM3,880,588 (31.12.2017: RM2,808,430; 1.1.2017 RM2,324,039) due to one (31.12.2017: one; 1.1.2017: two) payables which are jointly controlled by directors of a subsidiary company. The amount is unsecured, interest free and repayable on demand.

Included in deposits received and accruals of the Group and of the Company, there are RM46,406,868 (31.12.2017: RM49,658,867; 1.1.2017: RM57,104,453) in which its currency exposure profile is United States Dollar.

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

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
As at 1 January	25,375,672	17,252,454	3,790,771
Current year provision	82,332,080	20,858,341	13,461,683
Reversal during the year	-	(12,735,123)	-
As at 31 December	107,707,752	25,375,672	17,252,454

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



Notes To The Financial Statements

(cont'd)

25. Revenue

	Group		Company	
	2018 RM	2017 RM Restated	2018 RM	2017 RM
Revenue from contract with customer:				
Property development activities	99,605,100	134,619,249	-	-
Less: Provision for liquidated ascertained damages	(32,332,080)	(8,123,218)	-	-
Less: Provision for disputed performance liability	(50,000,000)	-	-	-
	17,273,020	126,496,031	-	-
Construction contract works	628,326,651	535,459,293	-	-
Sales of goods	4,316,221	6,426,577	-	-
Management fees	-	-	11,400,000	10,200,000
Property investment	8,201,906	8,410,399	-	-
	658,117,798	676,792,300	11,400,000	10,200,000
Timing of revenue recognition:				
At a point in time	12,518,127	14,836,976	11,400,000	10,200,000
Over time	645,599,671	661,955,324	-	-
Total revenue from contracts with customers	658,117,798	676,792,300	11,400,000	10,200,000

Breakdown of the Group's revenue from contract with customers:

	Construction RM	Trading and services RM	Property development/ property investment RM	Total RM
2018				
Major goods and services	-	4,316,221	25,474,926	29,791,147
Construction contract revenue	628,326,651	-	-	628,326,651
Total revenue from contract with customers	628,326,651	4,316,221	25,474,926	658,117,798
2017				
Major goods and services	-	6,426,577	134,906,430	141,333,007
Construction contract revenue	535,459,293	-	-	535,459,293
Total revenue from contract with customers	535,459,293	6,426,577	134,906,430	676,792,300



Notes To The Financial Statements

(cont'd)

26. Finance Costs

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expenses				
Bank overdrafts	2,555,444	5,774,404	669,493	2,557,423
Bill payables	3,263,908	5,529,758	-	-
Finance lease liabilities	39,864	59,471	7,458	10,520
Term loans	22,114,461	17,633,342	-	-
Bank guarantee	11,506	47,083	-	-
Revolving credit	137,975	1,370,530	376,999	1,340,189
Trade commodity financing	2,129,491	2,245,446	-	-
	30,252,649	32,660,034	1,053,950	3,908,132
Less: Interest expense included in property development costs(Note 6(b))	-	(1,368,743)	-	-
Less: Interest expense capitalised in investment property (Note 5(e))	(7,004,739)	(3,765,193)	-	-
	23,247,910	27,526,098	1,053,950	3,908,132

27. (Loss)/Profit Before Tax

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Net loss on impairment of financial instruments:				
- trade receivables	1,108,607	-	-	-
- other receivables	99,053	-	-	-
Impairment loss on investment in subsidiary companies	-	-	250,000	-
Amortisation of golf club memberships	7,894	7,896	-	-
Auditors' remuneration(Note a)	297,201	341,192	75,000	89,300
Depreciation:				
- property, plant and equipment	1,953,680	2,516,977	332,480	314,879
- investment properties	11,570,483	11,591,989	-	49,209
Gain on disposal of property, plant and equipment	(6,917,993)	(11,782,456)	(244,388)	-
Provision for liquidated ascertained damages	32,332,080	8,123,218	-	-
Provision for disputed performance liability	50,000,000	-	-	-
Unrealised(gain)/loss on foreign exchange	(2,261,335)	(5,632,439)	(37,856)	7,102,589
Rental expenses	1,706,169	604,179	1,200,000	50,000
Forfeiture of deposits from purchasers	(17,524)	(90,154)	-	-
Reversal of impairment loss on trade receivables	(52,500)	(6,945,127)	-	(6,945,127)
Interest income	(991,139)	(1,458,090)	-	-
LTIP option expenses	-	7,595,000	-	7,595,000
Rental income	(12,000)	(235,351)	-	-
Gain on disposal of land held for property development	-	(76,798,883)	-	-
Gain on disposal of investment property	-	-	-	(11,985,995)
Management fees	-	-	(11,400,000)	(10,200,000)
Share of result of joint venture	458,792	101,948	-	-
Other income	(222,577)	(809,549)	-	-



Notes To The Financial Statements (cont'd)

27. (Loss)/Profit Before Tax (cont'd)

(a) Auditors' remuneration

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Auditors' remuneration				
- Audit fee				
- Current year	314,119	322,481	75,000	75,000
-(Over)/Under provision in prior years	(16,918)	18,711	-	14,300
	297,201	341,192	75,000	89,300

28. Taxation

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Tax expenses recognised in profit or loss				
Current income tax:				
Current tax provision				
- in Malaysia	2,232,856	2,386,447	-	322,753
- outside Malaysia	1,381,585	-	-	-
Over provision in prior years	(151,592)	(1,081,083)	-	-
Real property gain tax	-	776,203	-	776,203
	3,462,849	2,081,567	-	1,098,956
Deferred tax(Note 11):				
Relating to origination and reversal of temporary differences	(289,795)	(261,021)	-	-
Under provision in prior years	230,969	323,103	-	-
	(58,826)	62,082	-	-
Tax expenses for the financial year	3,404,023	2,143,649	-	1,098,956

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.



Notes To The Financial Statements (cont'd)

28. Taxation (cont'd)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
(Loss)/Profit before tax	(43,203,121)	112,211,124	(2,649,739)	(297,687)
At Malaysian statutory rate rate of 24%	(10,368,749)	26,930,671	(635,937)	(71,445)
Income not subject to tax	(17,871,291)	(47,997,851)	(30,524)	(1,667,025)
Expenses not deductible for tax purposes	27,154,525	18,582,304	661,639	2,535,109
Deferred tax assets not recognised	7,308,997	5,108,656	4,822	-
Utilisation of previously unrecognised deferred tax assets	(37,730)	(473,886)	-	(473,886)
Effect of income subject to real property gain tax	-	776,203	-	776,203
Share of result of joint venture	(110,110)	(24,468)	-	-
Over provision of taxation in prior years	(151,592)	(1,081,083)	-	-
Under provision of deferred tax in prior years	230,969	323,103	-	-
Effect of different tax rate for other jurisdiction	(2,750,996)	-	-	-
Tax expenses for the financial year	3,404,023	2,143,649	-	1,098,956

29. Earnings per Share

(a) Basic earnings per share

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

	Group	
	2018 RM	2017 RM
Net profit for the financial year, attributable to owners of the parent	15,350,718	126,640,430
Weighted average number of ordinary shares in issue in 1 January	492,747,172	438,361,072
Effect of ordinary shares issued during the financial year	41,056,131	36,283,606
Weighted average number of ordinary shares in issue in 31 December	533,803,303	474,644,678
Basic earnings per share (in sen)	2.88	26.68



Notes To The Financial Statements (cont'd)

29. Earnings per Share (cont'd)

(b) Diluted earnings per share

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

	2018 RM	Group 2017 RM
Net profit attributable to owners of the parent	15,350,718	126,640,430
Weighted average number of ordinary shares used in the calculation of basic earnings per share	533,803,303	474,644,678
Adjustment for incremental shares from assumed exercise of: - LTIP	-	777,983
Weighted average number of ordinary shares at 31 December (diluted)	533,803,303	475,422,661
Diluted earnings per share (in sen)	2.88	26.64

There have been no other transaction involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

30. Long Term Incentive Plan ("LTIP")

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

The salient terms of the LTIP are as follows:

- (a) The maximum number of Shares to be allotted and issued pursuant to the LTIP shall not at any point in time in aggregate exceed fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time.
- (b) The basis of allocation of the number of shares which may be offered to an Eligible Person pursuant to LTIP shall be determined entirely at the discretion of the LTIP Committee. The LTIP Committee will ensure that there should be equitable allocation to the Eligible Persons, after taking into consideration, amongst others, the appraised performance, seniority and/or length of service, contributions to the success and development as well as such other criteria as the LTIP Committee may deem fit and relevant. The LTIP Committee has the discretion in determining whether the allocation available shall be staggered over the duration of the LTIP period.
- (c) A person who fulfils the following criteria as at the date of an LTIP Grant shall be eligible to be considered by the LTIP Committee as an Eligible Person:-
 - (i) has attained the age of eighteen (18) years;
 - (ii) has not been adjudicated a bankrupt;
 - (iii) has entered into a full-time or fixed-term contract of service/employment with any company within the Group;
 - (iv) whose service/employment has been confirmed in writing;
 - (v) a Director or Senior Management of JRB Group; and
 - (vi) has fulfilled any other eligibility criteria to be determined by the LTIP Committee from time to time at its discretion, as the case may be.



Notes To The Financial Statements

(cont'd)

30. Long Term Incentive Plan ("LTIP") (cont'd)

The salient terms of the LTIP are as follows: (cont'd)

- (d) The LTIP shall be in force for a duration of five (5) years from the effective date of the implementation. The LTIP may be extended or renewed for a further period of five (5) years, at the sole discretion of the Board upon recommendation of the LTIP Committee.
- (e) The new shares to be issued pursuant to the LTIP shall upon allotment and issue, rank pari passu in respects with the existing shares except that the new shares shall not be entitled to any dividends, rights, allotment and/or other distributions which entitlements date precedes the date of allotment of the said shares.
- (f) The option price shall be based on the 5 day weighted average market price of the underlying shares at the time the option is offered, with a discount of not more than 10%.

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

	Group and Company	
	Number of share option	
	2018	2017
	Unit	Unit
At 1 January	13,950,000	-
Granted during the financial year	-	24,500,000
Exercised during the financial year	(3,565,000)	(10,550,000)
At 31 December	10,385,000	13,950,000
Exercise price(RM)	RM1.40	RM1.40
Options exercisable at 31 December	10,385,000	13,950,000

During the financial year, 3,565,000 (2017: 10,550,000) share options were exercised. The weighted average share price at the date of exercise was RM1.34 (2017: 1.34).

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

	Group and Company	
	2018	2017
Fair value at grant date (RM)	0.31	0.31
Share price	1.39	1.39
Exercise price	1.40	1.40
Expected volatility (%)	34.38%	34.38%
Expected life (years)	1 year	1 year
Risk-free interest rate (%)	3.53%	3.53%



Notes To The Financial Statements (cont'd)

31. Staff Costs

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fees	180,000	157,500	180,000	157,500
Salaries, wages and other emoluments	15,256,692	19,152,031	7,695,708	6,152,313
Defined contributions plan	1,294,839	1,782,231	810,977	663,797
Share options granted under LTIP	-	7,595,000	-	7,595,000
	16,731,531	28,686,762	8,686,685	14,568,610

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive Directors				
Salaries, wages and other emoluments	3,157,236	2,446,815	3,157,236	2,125,986
Defined contributions plan	365,130	279,600	365,130	241,200
Share options granted under LTIP	-	3,720,000	-	3,720,000
	3,522,366	6,446,415	3,522,366	6,087,186
Non-executive Directors				
Fees	180,000	157,500	180,000	157,500
Other emoluments	78,500	94,000	78,500	94,000
	258,500	251,500	258,500	251,500
Total Directors' remuneration	3,780,866	6,697,915	3,780,866	6,338,686

The estimated monetary value of Directors' benefit-in-kind is RM71,900 (2017: RM 71,900).

32. Contingent Liability

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unsecured				
Bank guarantees issued for - execution of contracts of the subsidiary companies	91,341,052	140,363,152	-	53,375,000
Corporate guarantees given to licensed banks to secure credit facilities granted to the subsidiary companies	-	-	412,832,205	478,219,545
Liquidated and ascertained damages	34,255,123	23,495,123	-	-
	125,596,175	163,858,275	412,832,205	531,594,545

Liquidated and ascertained damages

Star Media Group Berhad ("STAR") claimed for payment of interest from JIC, a subsidiary company of the Company, for failure to deliver vacant possession of Tower A within 3 years completion period as stated in the Sale and Purchase Agreement disclosed in Note 23(b).



Notes To The Financial Statements (cont'd)

33. Related Party Disclosures

(a) Identifying related parties

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

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

(b) Significant related party transactions

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

	2018 RM	2017 RM
Group		
Rental expense paid to a non-controlling interest of a subsidiary company	66,300	92,200
Rental income from a company controlled by a Director of a subsidiary company	453,719	417,750
Service charges received/receivable from a company controlled by a Director of a subsidiary company	1,361,156	1,320,512
Construction cost charged to a non-controlling interest of a subsidiary company	7,329,610	11,223,233
Company		
Management fees received/receivable from subsidiary companies		
- JAKS Sdn. Bhd.	6,000,000	6,000,000
- Fortress Pavilion Sdn. Bhd.	600,000	600,000
- JAKS Island Circle Sdn. Bhd.	3,600,000	3,600,000
Consultancy fee paid/payable to a subsidiary company	-	550,000

(c) Compensation of key management personnel

Compensation of key management personnel is as follow:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short term employees benefits	6,835,168	6,304,125	5,791,837	4,324,768
Defined contribution plans	750,056	682,899	646,448	491,761
Share options granted under LTIP	-	7,595,000	-	4,786,400

Included in compensation of key management personnel is remuneration of Directors as disclosed in Note 31.



Notes To The Financial Statements

(cont'd)

34. Commitment

(a) Capital commitment

	2018 RM	Group 2017 RM
Capital contribution contracted but not provided for in respect of shares subscription in JAKS Pacific Power Limited, a joint venture of the Group, amounted to USD92.1million (2017: USD110.1million)#	381,155,850	447,388,680

- # If JAKS Power Holding Limited ("JPH"), a subsidiary company of the Company, fails or refuses to contribute Shareholder's Funding in the manner contemplated in the Subscription Agreement, China Power Engineering Consulting Group Co. Ltd ("CPECC") is obliged to do the following:-
- 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
 - 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 to cover such Shareholder Funding that is outstanding from JPH. JPH shall rectify its default and restore CPECC as soon as possible but in any event no later than three (3) months from the date of default, failing which CPECC, have the rights, at any time to convert the said shareholder's loans to additional RCPS of equivalent amount of the outstanding Shareholder Funding at the conversion ratio of 1 RCPS for each USD 1.00 of the outstanding shareholder's loan.

(b) Operating lease commitments – as lessor

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

	2018 RM	Group 2017 RM
Less than 1 year	2,780,296	4,040,450
Between 1 and 5 years	2,864,712	770,242
	5,645,008	4,810,692



Notes To The Financial Statements (cont'd)

35. Segment Information

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

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

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

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

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



Notes To The Financial Statements

(cont'd)

35. Segment Information (cont'd)

	Manufacturing RM	Trading RM	Construction RM	Property Development/ Property Investment RM	Others RM	Elimination RM	Total RM
Group							
2018							
Revenue	-	4,316,221	628,326,651	25,474,926	-	-	658,117,798
External revenue	-	1,161,665	118,529,672	15,157,978	11,400,000	(146,249,315)	-
Inter-company	-	-	-	-	-	-	-
	-	5,477,886	746,856,323	40,632,904	11,400,000	(146,249,315)	658,117,798
Results							
Segment results	(449,502)	(375,158)	87,705,455	(111,642,240)	(7,355,562)	1,301,257	(30,815,750)
Other income	67,502	132,831	704,365	8,945,374	1,010,467	-	10,860,539
Finance costs - (net)	(22)	(1,141,331)	(6,319,884)	(14,732,723)	(1,053,950)	-	(23,247,910)
Profit/(loss) before tax	(382,022)	(1,383,658)	82,089,936	(117,429,589)	(7,399,045)	1,301,257	(43,203,121)
2017							
Revenue	-	6,426,577	535,459,293	134,906,430	-	-	676,792,300
External revenue	-	7,749,286	91,129,311	183,951,967	10,200,000	(293,030,564)	-
Inter-company	-	-	-	-	-	-	-
	-	14,175,863	626,588,604	318,858,397	10,200,000	(293,030,564)	676,792,300
Results							
Segment results	(56,421)	942,819	65,216,945	(23,021,604)	(9,666,121)	1,250,995	34,666,613
Other income	-	12,000	1,530,289	(47,033,154)	25,758,641	124,802,833	105,070,609
Finance costs - (net)	(421)	(2,010,512)	(9,107,627)	(12,499,406)	(3,908,132)	-	(27,526,098)
Profit/(loss) before tax	(56,842)	(1,055,693)	57,639,607	(82,554,164)	12,184,388	126,053,828	112,211,124



Notes To The Financial Statements

(cont'd)

35. Segment Information (cont'd)

Geographical Segments

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

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

	Malaysia RM	Vietnam RM	Total RM
2018			
Revenue from external customer by location of Customer	333,377,471	324,740,327	658,117,798
Segment non-current assets	795,030,488	-	795,030,488
2017			
Revenue from external customer by location of Customer	425,628,873	251,163,427	676,792,300
Segment non-current assets	800,426,372	-	800,426,372

36. Financial Instruments

(a) Classification of financial instruments

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

Group	At amortised cost RM
31.12.2018	
Financial Assets	
Trade receivables	196,605,178
Other receivables	313,422,287
Amount due from joint ventures	6,879,440
Fixed deposits with licensed banks	76,076,200
Cash and bank balances	91,035,353
	684,018,458
Financial Liabilities	
Trade payables	399,859,263
Other payables	475,604,571
Bank borrowings	434,668,098
	1,310,131,932



Notes To The Financial Statements (cont'd)

36. Financial Instruments (cont'd)

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

Company			At amortised cost RM
31.12.2018			
Financial Assets			
Trade receivables			163,156
Other receivables			803,199
Amount due from subsidiary companies			417,080,157
Cash and bank balances			10,249,658
			428,296,170
Financial Liabilities			
Other payables			47,523,097
Amount due to subsidiary companies			139,730,078
Bank borrowings			351,655
			187,604,830
	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Group			
31.12.2017			
Financial Assets			
Trade receivables	69,520,670	-	69,520,670
Other receivables	258,652,702	-	258,652,702
Amount due from joint ventures	10,156,809	-	10,156,809
Fixed deposits with licensed banks	88,030,863	-	88,030,863
Cash and bank balances	129,978,653	-	129,978,653
	556,339,697	-	556,339,697
Financial Liabilities			
Trade payables	-	256,565,102	256,565,102
Other payables	-	496,975,670	496,975,670
Bank borrowings	-	528,970,022	528,970,022
	-	1,282,510,794	1,282,510,794



Notes To The Financial Statements

(cont'd)

36. Financial Instruments (cont'd)

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

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Group			
1.1.2017			
Financial Assets			
Trade receivables	87,903,238	-	87,903,238
Other receivables	70,595,585	-	70,595,585
Amount due from joint ventures	9,792,054	-	9,792,054
Fixed deposits with licensed banks	60,536,366	-	60,536,366
Cash and bank balances	41,202,712	-	41,202,712
	270,029,955	-	270,029,955
Financial Liabilities			
Trade payables	-	156,564,341	156,564,341
Other payables	-	286,204,598	286,204,598
Bank borrowings	-	530,915,314	530,915,314
	-	973,684,253	973,684,253
Company			
31.12.2017			
Financial Assets			
Trade receivables	15,429,683	-	15,429,683
Other receivables	353,340	-	353,340
Amount due from subsidiary companies	353,672,346	-	353,672,346
Cash and bank balances	582,762	-	582,762
	370,038,131	-	370,038,131
Financial Liabilities			
Other payables	-	55,521,503	55,521,503
Amount due to subsidiary companies	-	47,744,622	47,744,622
Bank borrowings	-	50,222,256	50,222,256
	-	153,488,381	153,488,381
Company			
1.1.2017			
Financial Assets			
Trade receivables	7,187,573	-	7,187,573
Other receivables	124,621	-	124,621
Amount due from subsidiary companies	282,694,187	-	282,694,187
Cash and bank balances	952,802	-	952,802
	290,959,183	-	290,959,183
Financial Liabilities			
Other payables	-	57,666,914	57,666,914
Amount due to subsidiary companies	-	67,601,106	67,601,106
Bank borrowings	-	51,119,957	51,119,957
	-	176,387,977	176,387,977



Notes To The Financial Statements (cont'd)

36. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks and financial institutions for credit facilities granted to certain subsidiary companies. There are no significant changes as compared to prior periods.

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

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

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and financial institutions for banking facilities granted to certain subsidiary companies and corporate guarantee provided to a non-financial institution for performance guarantee in respect of property development of a subsidiary company. The Company's maximum exposure in this respect is RM412.80 million (31.12.2017: RM531.60 million; 1.1.2017: RM531.08 million), representing the performance guarantee provided and outstanding banking facilities of the subsidiary companies at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration to credit risk. The Company has no significant concentration of credit risks except as disclosed in Note 14 and advances to its subsidiary companies where risks of default have been assessed to be low.

There are no significant changes as compared to previous financial year.



Notes To The Financial Statements (cont'd)

36. Financial Instruments (cont'd)

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

(ii) Liquidity risk

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

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

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

	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
31.12.2018					
Non-derivative financial liabilities					
Trade payables	399,859,263	-	-	399,859,263	399,859,263
Other payables	475,604,571	-	-	475,604,571	475,604,571
Bank borrowings	156,844,655	112,776,125	305,793,961	575,414,741	434,668,098
	1,032,308,489	112,776,125	305,793,961	1,450,878,575	1,310,131,932
31.12.2017					
Non-derivative financial liabilities					
Trade payables	256,565,102	-	-	256,565,102	256,565,102
Other payables	496,975,670	-	-	496,975,670	496,975,670
Bank borrowings	237,508,639	130,682,055	275,096,203	643,286,897	528,970,022
	991,049,411	130,682,055	275,096,203	1,396,827,669	1,282,510,794
1.1.2017					
Non-derivative financial liabilities					
Trade payables	156,564,341	-	-	156,564,341	156,564,341
Other payables	286,204,598	-	-	286,204,598	286,204,598
Bank borrowings	299,942,265	89,628,024	236,382,785	625,953,074	530,915,314
	742,711,204	89,628,024	236,382,785	1,068,722,013	973,684,253



Notes To The Financial Statements

(cont'd)

36. Financial Instruments (cont'd)

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

(ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
31.12.2018					
Non-derivative financial liabilities					
Other payables	47,523,097	-	-	47,523,097	47,523,097
Amount due to subsidiary companies	139,730,078	-	-	139,730,078	139,730,078
Bank borrowings	351,655	-	-	351,655	351,655
Financial guarantee*	412,832,205	-	-	412,832,205	-
	600,437,035	-	-	600,437,035	187,604,830
31.12.2017					
Non-derivative financial liabilities					
Other payables	55,521,503	-	-	55,521,503	55,521,503
Amount due to subsidiary companies	47,744,622	-	-	47,744,622	47,744,622
Bank borrowings	50,222,565	-	-	50,222,565	50,222,256
Financial guarantee*	531,594,545	-	-	531,594,545	-
	685,083,235	-	-	685,083,235	153,488,381
1.1.2017					
Non-derivative financial liabilities					
Other payables	57,666,914	-	-	57,666,914	57,666,914
Amount due to subsidiary companies	67,601,106	-	-	67,601,106	67,601,106
Bank borrowings	51,073,970	56,816	-	51,130,786	51,119,957
Financial guarantee*	531,075,331	-	-	531,075,331	-
	707,417,321	56,816	-	707,474,137	176,387,977

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



Notes To The Financial Statements

(cont'd)

36. Financial Instruments (cont'd)

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

(iii) Market risk

(a) Foreign currency risk

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

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

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

	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Group			
Denominated in United States Dollar			
Cash and bank balances	413,567	321,500	625,911
Other payables and accruals	(46,406,868)	(49,658,867)	(57,104,453)
	(45,993,301)	(49,337,367)	(56,478,542)
Company			
Denominated in United States Dollar			
Cash and bank balances	413,567	321,500	625,911
Capital contribution to a subsidiary company	199,143,961	128,020,792	142,428,477
Other payables and accruals	(46,406,868)	(49,658,867)	(57,104,453)
	153,150,660	78,683,425	85,949,935



Notes To The Financial Statements (cont'd)

36. Financial Instruments (cont'd)

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

(iii) Market risk (cont'd)

(a) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

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

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

	Change in currency rate RM	31.12.2018 Effect on profit before tax RM	31.12.2017 Effect on profit before tax RM	1.1.2017 Effect on profit before tax RM
Group				
USD	Strengthened 10%	(4,599,330)	(4,933,737)	(5,647,854)
	Weakened 10%	4,599,330	4,933,737	5,647,854
Company				
USD	Strengthened 10%	15,315,066	7,868,343	8,594,994
	Weakened 10%	(15,315,066)	(7,868,343)	(8,594,994)

(b) Interest rate risk

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

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

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



Notes To The Financial Statements (cont'd)

36. Financial Instruments (cont'd)

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

(iii) Market risk (cont'd)

(b) Interest rate risk (cont'd)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fixed rate instruments				
<i>Financial assets</i>				
Deposits placed with licensed banks	76,076,200	88,030,863	-	-
<i>Financial liabilities</i>				
Finance lease liabilities	(516,020)	(584,728)	(351,655)	(56,507)
Term loans	(234,500,000)	(243,416,603)	-	-
	(158,939,820)	(155,970,468)	(351,655)	(56,507)
Floating rate instruments				
<i>Financial liabilities</i>				
Bank overdrafts				
- secured	(7,576,290)	(65,176,119)	-	(30,165,749)
Bills payables	(51,778,318)	(72,762,556)	-	-
Revolving credits	(11,500,000)	(31,500,000)	-	(20,000,000)
Term loans	(94,000,000)	(76,000,000)	-	-
Trade Commodity Financing	(34,797,470)	(39,530,016)	-	-
	(199,652,078)	(284,968,691)	-	(50,165,749)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for floating rate instruments

An increase in 0.5% (2017: 0.5%) interest rate at the end of the reporting period would have decreased/increased the Group and the Company's profit/(loss) before tax by RM998,260 and Nil (2017: RM1,424,843 and RM250,829) respectively. A decrease in 0.5% (2017: 0.5%) interest rate at the end of the reporting period would have had equal but opposite effect to the aforesaid amounts. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

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



Notes To The Financial Statements

(cont'd)

37. Reconciliation of Liabilities Arising from Financing Activities

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

	At 1 January 2018 RM	Financing cash flow ⁽ⁱ⁾ RM	New finance lease RM	Non-cash changes Foreign exchange adjustment	At 31 December 2018 RM
Group					
Finance lease liabilities	584,728	(448,708)	380,000	-	516,020
Term loans	319,416,603	9,083,397	-	-	328,500,000
Trade Commodity					
Financing	39,530,016	(4,732,546)	-	-	34,797,470
Bill payables	72,762,556	(20,984,238)	-	-	51,778,318
Revolving credits	31,500,000	(20,000,000)	-	-	11,500,000
	463,793,903	(37,082,095)	380,000	-	427,091,808
Company					
Finance lease liabilities	56,507	(84,852)	380,000	-	351,655
Revolving credits	20,000,000	(20,000,000)	-	-	-
Subsidiary companies	47,744,622	91,261,403	-	724,053	139,730,078
	67,801,129	71,176,551	380,000	724,053	140,081,733

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

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



Notes To The Financial Statements (cont'd)

38. Capital Management (cont'd)

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

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

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

	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
Total loans and borrowings	434,668,098	528,970,022	530,915,314
Less: Fixed deposits, cash and bank balances	(167,111,553)	(218,009,516)	(101,739,078)
Net debt	267,556,545	310,960,506	429,176,236
Total equity	822,277,898	764,109,508	592,695,266
Debt-to-equity ratio	0.33	0.41	0.72

	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
Total loans and borrowings	351,655	50,222,256	51,119,957
Less: Fixed deposits, cash and bank balances	(10,249,658)	(582,762)	(952,802)
Net debt	(9,898,003)	49,639,494	50,167,155
Total equity	662,471,084	567,512,785	488,210,597
Debt-to-equity ratio	N/A	0.09	0.10

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

39. Subsequent Event

On 8 and 11 February 2019, the Company increased its issued and paid up capital from 545,943,372 ordinary shares to 584,653,132 ordinary shares by way of issuance of 38,709,760 ordinary shares pursuant to the Company Share Grant Plan.

40. Material Litigation

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

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



Notes To The Financial Statements (cont'd)

40. Material Litigation (cont'd)

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

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

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

In view of the amount of the counterclaim, the case was transferred to the Shah Alam High Court, and the trial has been fixed on 25 to 26 September 2017, 09 November 2017 and 19 to 20 March 2018.

The matter was fixed for decision on 26 July 2018 wherein the High Court gave judgement in favour of Everfort whereby a sum of RM351,836 together with interest on the said sum of 5% per annum from the judgement date until full and final settlement and cost shall be paid by JAKS Sdn. Bhd. to Everfort. JAKS Sdn. Bhd.'s counterclaim was dismissed with cost to be paid by JAKS Sdn. Bhd. to the appeal.

JAKS Sdn. Bhd. has filed an appeal to the Court of Appeal on 23 August 2018.

On 13 March 2019, both parties agreed on out of court settlement with RM240,000 payment to Everfort as full and final settlement.

(b) Kuala Lumpur High Court

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

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

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

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

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

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



Notes To The Financial Statements (cont'd)

40. Material Litigation (cont'd)

(b) Kuala Lumpur High Court (cont'd)

On 6 March 2018, the solicitors of JIC has served a notice of arbitration pursuant to clause 19.2 of the Sales and Purchase Agreement dated 19 August 2011 to resolve all disputes between the two parties by way of arbitration including issues arising from the claim by the STAR on interest as disclosed in Note 34 and the call on the bank guarantees.

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

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

On 31 May 2018, the High Court adjourned the hearing of the applications for injunction until 12 July 2018. The applications for injunction were heard and dismissed by the High Court on 12 July 2018. The High Court directed the Bank Guarantees by the issuing financial institutions to be paid and released to STAR.

Appeals had been filed in the Court of Appeal by the solicitors of JIC.

Motions for Erinford Injunction in the Court of Appeal had earlier been heard and dismissed on 27 July 2018. The solicitors of JIC thereafter filed motions for leave to appeal to the Federal Court regarding the Court of Appeal's dismissal of the Erinford Injunction which were fixed to be heard on 26 September 2018 and subsequently adjourned to 7 November 2018 and further adjourned to 19 November 2018 for hearing. In the meantime, the Federal Court granted an interim stay order pending the hearing of the motions for leave to appeal, which remains until the hearing and disposal of the leave to appeal applications on 19 November 2018 or until the Court of Appeal hears and disposes of the substantive appeals, whichever is earlier.

On 14 November 2018, the Court of Appeal heard and dismissed the appeals of JIC and upheld the judgment of the High Court made on 12 July 2018. Subsequently, on 15 November 2018, the solicitors of JIC filed applications for leave to appeal to the Federal Court against the decision of the Court of Appeal and for injunctive relief pending hearing of the leave applications.

On 7 January 2019, the Federal Court heard and dismissed the applications for leave to appeal to the Federal Court. After consultation with legal advisors, the Company has released the payment on the bank guarantee of RM50 million to STAR on 9 January 2019.

41. Date of Authorisation for Issue

The financial statements of were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 April 2019.



PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2018

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
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	4 years	Investment Properties with Shopping Mall and Car Parks	320,088	23/8/2013
PN 97384, Lot 141, Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Selangor	Leasehold Land (Duration -99 years) (Expire Date : 21/5/2112)	Land area : 24,569 sq. metres	N/A	Investment Properties under construction (Business Hub)	211,062	9/8/2017
PN 97384, Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land (Duration - 99 years) (Expiry Date: 21/5/2112)	Land area: 121,500 sq. feet	N/A	Investment Properties under construction	61,033	19/8/2011
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)	16 Years	Vacant	46	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	7 years	Shoplot for investment	191	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)	16 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)	16 Years	Vacant	110	5/11/2003
B-17-09 Villa Kejora Type A Rilau Penang	Freehold Apartment	700 sq. feet	20 Years	Apartment for investment	71	12/3/1999



ANALYSIS OF SHAREHOLDINGS

AS AT 3 APRIL 2019

Total number of issued shares
and class of shares : 584,653,132 Ordinary Shares
Voting Right : One vote per Ordinary Share held

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	(%)	No. of Shares	(%)
1 – 99	997	6.892	35,390	0.006
100 – 1,000	6,209	42.924	1,907,678	0.327
1,001 – 10,000	4,217	29.153	22,912,444	3.919
10,001 – 100,000	2,482	17.159	87,720,498	15.004
100,001 – 29,232,655 (*)	559	3.865	429,313,022	73.430
29,232,656 and above (**)	1	0.007	42,764,100	7.314
	14,465	100.000	584,653,132	100.000

NOTES: * Less than 5% of the issued shares
** 5% and above of the issued shares

30 LARGEST SHAREHOLDERS

AS AT 3 APRIL 2019

Names	No. of Shares	(%)
1. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	42,764,100	7.314
2. Kumpulan Wang Persaraan (Diperbadankan)	25,084,100	4.290
3. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Saw Chai Soon	12,350,000	2.112
4. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	9,250,000	1.582
5. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	8,200,000	1.402
6. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamad Zaidee bin Abang Hipni	8,200,000	1.402
7. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Original Invention Sdn Bhd	7,500,000	1.282
8. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Original Invention Sdn Bhd	7,271,000	1.243
9. Maybank Nominees (Tempatan) Sdn Bhd Etika Life Insurance Berhad	6,516,800	1.114
10. Liew Moi Fah	6,428,000	1.099



Analysis Of Shareholdings as at 3 April 2019 (cont'd)

30 LARGEST SHAREHOLDERS (cont'd)

AS AT 3 APRIL 2019

	Names	No. of Shares	(%)
11.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	6,150,000	1.051
12.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Original Invention Sdn Bhd	6,000,000	1.026
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Swee Sek	5,900,000	1.009
14.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	5,777,100	0.988
15.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad	5,331,800	0.911
16.	Ang Lam Poah	5,164,960	0.883
17.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt an for Phillip Capital Management Sdn Bhd	5,103,262	0.872
18.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jamian Bin Mohamad @ Md. Semaal	5,000,000	0.855
19.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account –AmBank (M) Berhad for Ang Ken Seng	5,000,000	0.855
20.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Original Invention Sdn Bhd	5,000,000	0.855
21.	Goh Ching Mun	4,800,000	0.820
22.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	4,643,100	0.794
23.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad	4,403,000	0.753
24.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account –AmBank (M) Berhad for Chew Ben Ben	4,302,000	0.735
25.	Maybank Investment Bank Berhad lvt	4,300,600	0.735
26.	Teoh Teik Lin	4,238,800	0.725
27.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Upper Prestige Sdn Bhd	4,044,900	0.691
28.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt an for Standard Chartered Bank Singapore Branch	4,000,000	0.684
29.	Dennis Koh Seng Huat	3,900,000	0.667
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Original Invention Sdn Bhd	3,800,000	0.649



Analysis Of Shareholdings as at 3 April 2019 (cont'd)

DIRECTORS' SHAREHOLDING AS AT 3 APRIL 2019

Names of Directors	No. of Shares	Ordinary Shares	
		Direct Interest (%)	Indirect Interest (%)
Ang Lam Poah	75,819,062	12.968	-
Dato' Razali Merican Bin Naina Merican	4,010,800	0.686	*29,571,000
Ang Lam Aik	-	-	-
Dato' Azman Bin Mahmood	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-

Name of Director	Long Term Incentive Plan ("LTIP Option")	
	No. of LTIP Option	(%)
Ang Lam Aik	750,000	7.222

NOTES:

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

Shares in related corporation

By virtue of Mr Ang Lam Poah and Dato' Razali Merican Bin Naina Merican's interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, they are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

SUBSTANTIAL SHAREHOLDERS AS AT 3 APRIL 2019

Substantial Shareholders	No. of Shares	Direct Interest		No. of Shares	Indirect Interest (%)
		(%)	(%)		
1. Ang Lam Poah	75,819,062	12.968	-	-	-
2. Original Invention Sdn Bhd	29,571,000	5.416	-	-	-
3. Dato' Razali Merican Bin Naina Merican	4,010,800	0.686	*29,571,000	5.416	-

NOTES:

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



ANALYSIS OF WARRANTS B HOLDINGS

AS AT 3 APRIL 2019

Total number of issued Warrants B : 102,428,430 Warrants B
Voting Right : No voting rights

Analysis of Warrants B Holdings

Size of Holdings	No. of Warrants B Holders	(%)	No. of Warrants B	(%)
1 – 99	16	1.484	747	0.001
100 – 1,000	130	12.059	82,745	0.081
1,001 – 10,000	494	45.826	2,535,363	2.475
10,001 – 100,000	326	30.241	11,946,075	11.663
100,001 – 5,121,420 (*)	110	10.204	68,181,450	66.565
5,121,421 and above (**)	2	0.186	19,682,050	19.215
	1,078	100.000	102,428,430	100.000

NOTES: * Less than 5% of the issued warrants
** 5% and above of the issued warrants

30 LARGEST WARRANTS B HOLDERS

AS AT 3 APRIL 2019

Names	No. of Warrants B	(%)
1. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	10,982,050	10.721
2. Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad	8,700,000	8.493
3. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	4,625,000	4.515
4. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	4,100,000	4.002
5. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Original Invention Sdn Bhd	3,635,500	3.549
6. Chong Kok Foo	3,246,700	3.169
7. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Original Invention Sdn Bhd	3,000,000	2.928
8. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	2,975,000	2.904
9. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Original Invention Sdn Bhd	2,750,000	2.684
10. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Original Invention Sdn Bhd	2,500,000	2.440



Analysis Of Warrants B Holdings as at 3 April 2019 (cont'd)

30 LARGEST WARRANTS B HOLDERS (cont'd)

AS AT 3 APRIL 2019

Names	No. of Warrants B	(%)
11. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lian Woon Seng	1,929,100	1.883
12. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Original Invention Sdn Bhd	1,650,000	1.610
13. Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad	1,500,000	1.464
14. Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Kong Lih Ching	1,490,000	1.454
15. Original Invention Sdn Bhd	1,250,000	1.220
16. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	1,240,000	1.210
17. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Kee Seng	1,214,350	1.185
18. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chin Hock	1,200,000	1.171
19. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Dek Kong	1,125,500	1.098
20. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Dek King	970,000	0.947
21. Wong Dek Kong	950,000	0.927
22. Ooi Chin Hock	912,000	0.890
23. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Ang Lam Poah	900,000	0.878
24. Teng Lung Sing	839,000	0.819
25. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong Jong Han	800,000	0.781
26. Tang Boon Siang	800,000	0.781
27. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account – AmBank (M) Berhad for Razali Merican Bin Naina Merican	775,000	0.756
28. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Winston Paul A/L Moses Richardson	700,000	0.683
29. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Ah Lang @ Lee Lit Ming	650,000	0.634
30. Mohd Shahid Bin Yahaya	600,000	0.585



Analysis Of Warrants B Holdings as at 3 April 2019 (cont'd)

DIRECTORS' WARRANTS B HOLDING

AS AT 3 APRIL 2019

Names of Directors	Direct Interest		Indirect Interest	
	No. of Warrants B	(%)	No. of Warrants B	(%)
Ang Lam Poah	24,827,051	24.238	-	-
Dato' Razali Merican Bin Naina Merican	775,000	0.757	*14,875,500	14.435
Ang Lam Aik	-	-	-	-
Dato' Azman Bin Mahmood	-	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-	-
	25,602,051	24.995	14,875,500	14.435

NOTES:

* Deemed interest by virtue of his warrants holdings in Original Invention Sdn Bhd

SUBSTANTIAL WARRANTS B HOLDERS

AS AT 3 APRIL 2019

Substantial Warrants Holders	Direct Interest		Indirect Interest	
	No. of Warrants B	(%)	No. of Warrants B	(%)
1. Ang Lam Poah	24,827,051	24.238	-	-
2. Original Invention Sdn Bhd	14,875,500	14.435		
3. Dato' Razali Merican Bin Naina Merican	775,000	0.757	*14,875,500	14.435

NOTES:

* Deemed interest by virtue of his warrants holdings in Original Invention Sdn Bhd.



NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth 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 Selangor Darul Ehsan on Tuesday, 25 June 2019 at 10.00 a.m. for the purpose of considering the following businesses:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 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 Article of Association and who being eligible offer themselves for re-election:
 - (i) Mr Ang Lam Aik (Article 101) **Resolution 1**
 - (ii) Mr Liew Jee Min @ Chong Jee Min (Article 101) **Resolution 2**
 - (iii) Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar (Article 106) **Resolution 3**
3. To approve the payment of Directors' Fees of RM8,000 per month for each of the Non-Executive Directors for the financial year ending 31 December 2019. **Resolution 4**
4. To approve the payment of Meeting Attendance Allowances of RM1,500 per meeting for each Director and an additional RM500 per meeting for the Chairman of the meeting with effect from July 2019 until June 2020. **Resolution 5**
5. To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

6. To consider and if thought fit, pass the following resolutions:

SPECIAL RESOLUTION

Proposed Adoption of the new Constitution of the Company to replace the existing Memorandum and Articles of Association

Resolution 7

"THAT the existing Memorandum and Articles of Association of the Company be replaced in its entirety with a new Constitution as set out in Appendix I of the Company's Circular to shareholders dated 30 April 2019."

ORDINARY RESOLUTION:

Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

Resolution 8

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 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 total number of issued shares 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."

ORDINARY RESOLUTION:

Continuation in office as Independent Non-Executive Director

Resolution 9

"THAT approval be and is hereby given to Mr Liew Jee Min @ Chong Jee Min who has 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."



Notice Of Seventeenth Annual General Meeting (cont'd)

ORDINARY RESOLUTION:**Resolution 10****Continuation in office as Independent Non-Executive Director**

"THAT approval be and is hereby given to Dato' Azman Bin Mahmood who has 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."

LEONG OI WAH (MAICSA 7023802)**Company Secretary**

Petaling Jaya
30 April 2019

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.
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 19 June 2019 shall be regarded as Member of the Company entitled to attend the Seventeenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

NOTES ON SPECIAL BUSINESS:**Resolution 7:**

Please refer to the Circular to shareholders dated 30 April 2019.

Resolution 8:

The proposed Resolution 8 will give powers to the Directors to issue up to a maximum ten per centum (10%) of the total number of issued shares 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 26 June 2018. The Company had on 18 April 2019 made an announcement on the proposed private placement of up to 10% of the total number of issued shares utilising this mandate.

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.



Notice Of Seventeenth Annual General Meeting (cont'd)

Resolutions 9 & 10:

Mr Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood have both served as Independent Non-Executive Directors for more than 9 years.

The Nomination Committee and the Board have assessed the independence of Mr Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood at its meetings held on 28 February 2019 and have recommended that they continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

- a) They have declared and affirmed their independence as per the definition of the Listing Requirements.
- b) They have actively participated in board discussion and provided an independent voice on the Board.
- c) They provide a check and balance and bring an element of objectivity to the Board of Directors.
- d) They continue to be scrupulously independent in their thinking and in their effectiveness as constructive challengers of the Chief Executive Officer and Executive Directors.

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JAKS RESOURCES BERHAD

585648-T

PROXY FORM

Number of Shares Held

*I/We _____ (Full Name in Block Letters)

_____ (NRIC New/Company No.::) 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 Seventeenth 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 Selangor Darul Ehsan on Tuesday, 25 June 2019 at 10.00 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 Mr Ang Lam Aik as Director		
2.	Re-election of Mr Liew Jee Min @ Chong Jee Min as Director		
3.	Re-election of Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar as Director		
4.	Payment of Directors' Fees		
5.	Payment of Meeting Allowance		
6.	Appointment of Messrs UHY as Auditors		
7.	Approval to adopt the new Constitution of the Company		
8.	Approval to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
9.	Approval for the continuation in office of Mr Liew Jee Min @ Chong Jee Min as Independent Non-Executive Director.		
10.	Approval for the continuation in office of Dato' Azman Bin Mahmood as Independent Non-Executive Director.		

Please indicate your vote "For" or "Against" with an "X" within the box provided

* Delete if not applicable

Signed this _____ day of _____ 2019

Signature/Common Seal of Shareholder(s)

Notes: -

- 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.
- 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.
- 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.
- 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.
- Depositors who appear in the Record of Depositors as at 19 June 2019 shall be regarded as Member of the Company entitled to attend the Seventeenth 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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JAKS RESOURCES BHD

585648-T

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