

**JAKS RESOURCES BERHAD**  
**(COMPANY NO. 585648-T)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018.**

**THE FIGURES HAVE NOT BEEN AUDITED**

The Directors are pleased to announce the 4th Quarter unaudited financial results for the financial year ended 31 December 2018.

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Year Quarter ended 31-Dec-2018	Preceding Year Quarter ended 31-Dec-2017	Current Year To-date ended 31-Dec-2018	Preceding Year To-date ended 31-Dec-2017
	RM'000	RM'000	RM'000	RM'000
Revenue	226,762	218,787	740,450	684,915
Cost of Sales	(192,828)	(187,259)	(631,649)	(586,887)
Gross Profit	33,934	31,528	108,801	98,028
Other Operating Income	290	96,577	10,823	105,071
Other Operating, Administrative, Selling and Distribution expenses	(73,790)	(18,116)	(138,227)	(63,260)
Operating Profit/(Loss) before finance cost	(39,566)	109,989	(18,603)	139,839
Finance cost	(8,327)	(7,393)	(24,332)	(27,526)
Operating Profit/(Loss) after finance cost	(47,893)	102,596	(42,935)	112,313
Share of Profit / (Loss) in Joint Venture	(409)	3	(459)	(102)
Profit/(Loss) Before Taxation	(48,302)	102,599	(43,394)	112,211
Taxation	(1,818)	(260)	(3,404)	(2,144)
Net Profit/(Loss) For The Period	(50,120)	102,339	(46,798)	110,067
Other Comprehensive Income / (Loss)				
Foreign currency translation	7,270	(24,252)	7,270	(24,252)
Total Comprehensive Income/(Loss) for the Period	(42,850)	78,087	(39,528)	85,815
<u>Net Profit/(Loss) For The Period Attributable to :</u>				
Owners of the Company	(12,672)	107,463	15,131	126,640
Non-Controlling Interests	(37,448)	(5,124)	(61,929)	(16,573)
	(50,120)	102,339	(46,798)	110,067
Earnings/(Loss) Per Share attributable to Owners of the Company (sen) :				
- Basic	(2.38)	22.64	2.84	26.68
- Diluted	(2.38)	22.60	2.84	26.64
Weighted average number of Ordinary Shares in issue	533,364	474,645	533,364	474,645
Weighted average number of Ordinary Shares in issue (diluted)	533,364	475,423	533,364	475,423

Notes :

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying notes attached to the interim financial statements.

**JAKS RESOURCES BERHAD**  
**(COMPANY NO. 585648-T)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018.**

	(Unaudited) As At End Of Financial Year End 31-Dec-2018 RM'000	(Audited) As At End Of Financial Year End 31-Dec-2017 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, Plant and Equipment	4,063	6,955
Investment properties	642,140	644,636
Investment in Joint Venture	197,171	119,565
Golf Club memberships	326	334
Goodwill on Consolidation	148,501	148,501
Deferred Tax Assets	2,325	2,325
	994,526	922,316
<b>Current Assets</b>		
Inventories	1,572	1,813
Property Development Costs	45,364	71,450
Amount due from customers for contract works	439,474	514,999
Trade and Other Receivables	515,826	352,072
Amount due by Joint Venture	6,879	10,157
Deposits placed with licensed banks	70,878	88,031
Cash and bank balances	95,688	129,979
	1,175,681	1,168,501
<b>Total Assets</b>	2,170,207	2,090,817
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
<b>Share Capital</b>	598,974	524,387
<b>Share Options Reserve</b>	3,219	4,325
<b>Warrant Reserve</b>	25,607	-
<b>Translation Reserve</b>	(3,801)	(11,071)
<b>Accumulated Profit</b>	194,088	180,437
	818,087	698,078
<b>Non-controlling interests</b>	4,102	66,031
<b>TOTAL EQUITY</b>	822,189	764,109
<b>Non-Current Liabilities</b>		
Long Term Borrowings	321,781	310,611
Deferred Tax Liabilities	94	153
	321,875	310,764
<b>Current Liabilities</b>		
Trade and Other Payables	910,577	796,723
Tax Payable	328	862
Bank borrowings	107,662	153,183
Bank overdraft	7,576	65,176
	1,026,143	1,015,944
<b>TOTAL EQUITY AND LIABILITIES</b>	2,170,207	2,090,817
No of Ordinary Shares	545,943	492,747
Net Assets Per Share attributable to Owners of the parent (RM)	1.50	1.42

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying notes attached to the interim financial statements).

# JAKS RESOURCES BERHAD

(COMPANY NO. 585648-T)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018.

	Current Year 12 Months ended 31-Dec-2018 RM'000	Preceding Year 12 Months ended 31-Dec-2017 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax for the period	(43,394)	112,211
Adjustment for:		
Depreciation and amortisation	13,550	14,117
Interest expense	24,332	32,660
Interest income	(2,376)	(1,458)
Gain on disposal of land held for development	(5,830)	(76,799)
Gain on disposal of plant & equipment	(1)	204
Allowance for doubtful debts no longer required	-	(6,945)
Share of (Profit) / Loss in Joint Venture	459	102
Unrealised (Gain) / Loss on foreign exchange	-	(5,633)
Share options expenses	-	7,595
Provision for liquidated ascertained damages	33,332	8,123
Disputed Performance Liability	50,000	-
Operating profit before working capital changes	70,072	72,191
(Increase)/Decrease in working capital		
Inventories	241	2,357
Amount due from customers for contract works	75,525	(287,172)
Trade and other receivables	(300,571)	(37,082)
Amount due from Joint Venture company	2,819	(1,001)
Property Development Expenditure	26,086	28,852
Trade and other payables	30,522	271,869
	(165,378)	(22,177)
	(95,306)	50,014
Interest paid	(8,476)	(14,967)
Income tax paid	(5,947)	(7,517)
<b>Net Operating Cash Flow</b>	<b>(109,729)</b>	<b>27,530</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(453)	(92)
Interest received	2,376	1,458
Proceeds from disposal of property, plant & equipment	1,374	19,498
Proceeds from disposal of land held for development (net)	144,599	16,759
Addition to investment properties	(9,075)	(5,429)
Addition to investment in Joint Venture company	(77,606)	-
Withdrawal / (Placement) of Fixed Deposits	17,153	(27,516)
Bank balance held as security values	(50,000)	-
<b>Net Investing Cash Flow</b>	<b>28,368</b>	<b>4,678</b>
<b>Cash flows from financing activities</b>		
Net Proceeds from shares issued	72,001	73,104
Net Proceeds from warrants issued	25,607	-
Interest paid	(15,856)	(17,693)
Drawdown / (Repayment) of short term borrowings	(45,718)	(8,596)
Drawdown (Repayment) of hire purchase liabilities	(69)	(1,897)
Drawdown / (Repayment) of bank term loans	11,435	29,752
<b>Net Financing Cash Flow</b>	<b>47,400</b>	<b>79,570</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018. (Cont.)**

	Current Year 12 Months ended 31-Dec-2018	Preceding Year 12 Months ended 31-Dec-2017
	RM'000	RM'000
<b>Net Change in Cash &amp; Cash Equivalents</b>	(33,961)	111,778
<b>Exchange translation differences</b>	7,270	(1,819)
<b>Cash &amp; Cash Equivalents at beginning of the year</b>	63,589	(46,370)
<b>Cash &amp; Cash Equivalents at end of the period.</b>	36,898	63,589

**Cash and Cash Equivalents**

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

Deposits placed with licensed banks	70,878	88,031
Cash & bank balances	95,688	129,979
Bank overdrafts	(7,576)	(65,176)
	158,990	152,834
Less : Deposit held as security values	(70,878)	(88,031)
Bank balance held as security values	(50,000)	-
Debt service reserves account	(1,214)	(1,214)
	36,898	63,589

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying notes attached to the interim financial statements).

**JAKS RESOURCES BERHAD**  
**(COMPANY NO. 585648-T)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR 31 DECEMBER 2018.**

	Attributable to Equity Holders of the Company							Non-Controlling Interest	Total Equity
	Non-Distributable				Distributable				
	Share Capital	Share Premium	Share Options Reserve	Warrant Reserve	Translation Reserve	Retained Earnings	Sub-Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Current Year</b>									
<b>Quarter ended</b>									
<b>31 December 2018.</b>									
<b>Balance as at</b>									
<b>1 January 2018</b>	524,387	-	4,325	-	(11,071)	180,437	698,078	66,031	764,109
Total Comprehensive Income for the Period	-	-	-	-	-	15,131	15,131	(61,929)	(46,798)
Foreign currency translation	-	-	-	-	7,270	-	7,270	-	7,270
Issuance of ordinary shares									
Private placement	68,491	-	-	-	-	-	68,491	-	68,491
Private placement expenses	-	-	-	-	-	(1,480)	(1,480)	-	(1,480)
LTIP shares	6,096	-	-	-	-	-	6,096	-	6,096
Issuance of warrants	-	-	-	25,607	-	-	25,607	-	25,607
Share options issued	-	-	(1,106)	-	-	-	(1,106)	-	(1,106)
<b>Balance as at</b>									
<b>31 December 2018.</b>	598,974	-	3,219	25,607	(3,801)	194,088	818,087	4,102	822,189
<b>Preceding Year</b>									
<b>Quarter ended</b>									
<b>31 December 2017.</b>									
<b>Balance as at</b>									
<b>1 January 2017</b>	438,361	8,369	-	-	2,977	55,178	504,885	77,704	582,589
Prior year adjustments	-	-	-	-	10,204	(98)	10,106	-	10,106
<b>Balance as at</b>									
<b>1 January 2017 (as restated)</b>	438,361	8,369	-	-	13,181	55,080	514,991	77,704	592,695
Total Comprehensive Income for the Period	-	-	-	-	-	126,640	126,640	(16,573)	110,067
Foreign currency translation	-	-	-	-	(24,252)	-	(24,252)	-	(24,252)
Issuance of ordinary shares									
Private placement	59,617	-	-	-	-	(1,283)	58,334	-	58,334
LTIP shares exercise	18,040	-	(3,270)	-	-	-	14,770	-	14,770
Share options granted	-	-	7,595	-	-	-	7,595	-	7,595
Transfer from share premium	8,369	(8,369)	-	-	-	-	-	-	-
Additional investment in subsidiary by Minority shareholders	-	-	-	-	-	-	-	4,900	4,900
<b>Balance as at</b>									
<b>31 December 2017.</b>	524,387	-	4,325	-	(11,071)	180,437	698,078	66,031	764,109

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying notes attached to the interim financial statements).

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

### **A. NOTES TO THE INTERIM FINANCIAL REPORT**

#### **1. Basis of Preparation.**

The interim financial statements are unaudited and have been prepared in compliance with FRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017.

The accounting policies and methods of computations followed by the Group in this interim financial report are consistent with those adopted in financial statements of the Group for the year ended 31 December 2017, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2018:

MFRS 9	Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 140	Investment Property – Transfers of Investment Property

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2018 is not expected to result in any material impact on the financial position and results of the Group.

#### **2. Qualification of Audit Report on Financial Statements.**

The financial statements of JAKS for the financial year ended 31 December 2017 have been reported on without any audit qualification.

#### **3. Seasonal or Cyclical Factors.**

The business activities of the Group are not significantly affected by seasonal and cyclical factors.

#### **4. Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows.**

There are no major unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the period under review except for the release of the payment on the bank guarantee of RM50.0 million to Star Media Group Berhad on 9 January 2019. This disputed performance liability has been charged out in the fourth quarter of 2018.

#### **5. Material changes in estimates.**

There are no material changes in estimates for the period under review.

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

**6. Issuance and Repayment of Debt and Equity Securities.**

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

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.

<b>Proposed utilisation of proceeds</b>	<b>Proceeds raised RM'000</b>	<b>Utilised as at 31.12.2018 RM'000</b>	<b>Timeframe for utilisation</b>
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) Long Term Incentive Plan ("LTIP")

On 24 May 2017, 24,500,000 Share Options under the LTIP were granted to eligible directors and employees of the Group at an exercise price of RM1.40. For the 12 months ended 31 December 2018, 3,565,000 LTIP Share Options were exercised and the Company allotted 3,565,000 Ordinary Shares in the same period under review. As at 31 December 2018, 14,115,000 of the LTIP Share Options granted remains unexercised.

c) 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.

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

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

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

On 30 January 2019, the Company announced the award of 38,709,760 ordinary shares (“LTIP shares”) under the Restricted Share Plan (“RSP”) to selected employees / executives of the Company.

**7. Dividend.**

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

**8. Segmental Information for the Financial Year Ended 31 December 2018.**

Segment information was presented in respect of the Group’s business segment. Inter-segment pricing was determined based on a negotiated basis.

**Business Segments.**

	Construction RM'000	Property Development & Investment RM'000	Investment Holding & Others RM'000	Elimination RM'000	Total RM'000
REVENUE					
External Revenue	628,327	107,807	4,316	-	740,450
Inter-Company	73,545	15,158	12,561	(101,264)	-
	701,872	122,965	16,877	(101,264)	740,450
Segment Results	89,621	(111,801)	(7,246)		(29,426)
Other Income					10,823
Finance Cost					(24,332)
Loss After Finance cost					(42,935)
Share of Loss in Joint Venture					(459)
Loss Before Taxation					(43,394)
Taxation					(3,404)
Loss After Taxation					(46,798)
<u>Attributable to:</u>					
Owners of the Company					15,131
Non-Controlling Interests					(61,929)
					(46,798)

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

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

The Group's revenue for the period ended 31 December 2018 based on geographical location is presented as follows:

	RM'000
Malaysia	415,710
Vietnam	324,740
	-----
Total	740,450
	=====

**9. Valuation of Property, Plant & Equipment.**

The valuations of property, plant and equipment and investment properties have been brought forward without amendment from the financial statement for the year ended 31 December 2017.

**10. Subsequent Events.**

Save for the status of the information as described in Note 12 in Part B, there were no significant subsequent events between the date of the last financial statements used in the preparation of this report and the date of this report, which will affect materially the content of this report.

**11. Effect of Changes in the Composition of the Group.**

There were no changes in the composition of the Group during the period.

**12. Changes in Contingent Liabilities.**

The changes in contingent liabilities of the Group since 31 December 2017 until 31 December 2018 were as follows: -

	As at 31 Dec 2018 RM'000	As at 31 Dec 2017 RM'000
Bank guarantees issued for execution of contracts of the Company or Subsidiaries company	91,341	140,363
Liquidated and ascertained damages	34,255	23,495
	-----	-----
	125,596	163,858
	=====	=====

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

**13. Material Commitment**

Save as disclosed below, there are no material commitments incurred or known to be incurred by the Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results/position of the Group:-

Capital contribution contracted but not provided for in respect of shares subscription in JAKS Pacific Power Limited, joint venture of the Group amounted to approximately USD92.14 million or RM381.3 million, using exchange rate of USD1 : RM4.1385.

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

**1. Review of Financial Performance.**

	Current Year Quarter ended 31/12/2018 RM'000	Preceding Year Quarter Ended 31/12/2017 RM'000	Changes %	Current Year To-date Ended 31/12/2018 RM'000	Preceding Year To-date Ended 31/12/2017 RM'000	Changes %
<u>Revenue</u>						
Construction	214,477	166,294	29	628,327	535,460	17
Property Development & Investment	11,063	50,628	(78)	107,807	143,029	(25)
Investment Holding & Others	1,222	1,865	(34)	4,316	6,426	(33)
<b>Total</b>	<b>226,762</b>	<b>218,787</b>	<b>4</b>	<b>740,450</b>	<b>684,915</b>	<b>8</b>
<u>Profit/(Loss) Before Taxation</u>						
Construction	31,899	18,998	68	84,005	58,340	44
Property Development & Investment	(75,906)	65,679	(216)	(118,671)	42,799	(377)
Investment Holding & Others	(4,295)	17,922	(124)	(8,728)	11,072	(179)
<b>Total</b>	<b>(48,302)</b>	<b>102,599</b>	<b>(147)</b>	<b>(43,394)</b>	<b>112,211</b>	<b>(139)</b>

The Group achieved revenue of RM226.8 million for the current quarter ended 31 December 2018, an increase of approximately 4% from the previous year's corresponding quarter of RM218.8 million. The increase was mainly attributable to the higher works done and recognised from the Vietnam EPC construction works in the Construction division. For the current year quarter, the Vietnam EPC construction work contributed revenue of RM135.4 million compared to RM103.5 million achieved in the preceding year's corresponding quarter.

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

The main contributor to the current quarter's revenue was from the Construction division with revenue of RM214.5 million of which RM135.4 million was derived from the Vietnam EPC construction works. The Property Development & Investment division contributed lower revenue in the current quarter of RM11.1 million to the Group revenue as compared to RM50.6 million in the preceding year's corresponding quarter.

Despite the higher revenue, the Group incurred a loss before tax of RM48.3 million in the current year's fourth quarter as a result of the charge out of the RM50.0 million disputed performance liability following the release of bank guarantee payment in January 2019. In the preceding year there was a recognition of RM88.8 million gain arising from the disposal of the properties in Subang Jaya.

The Construction division recorded a profit before tax of RM31.9 million in the quarter under review as compared to RM19.0 million achieved in the preceding year's corresponding quarter. The higher profit achieved was mainly due to higher progress billings and profit recognised from the Vietnam EPC construction works, which is in line with the schedule of works.

On the other hand, the Property Development & Investment division recorded a higher loss before tax of RM75.9 million in the quarter under review as compared to a profit before tax of RM65.7 million in the fourth quarter of 2017. The losses in the current quarter was mainly due to the RM50.0 million disputed performance liability charge out. The higher profit in the preceding year's quarter was mainly due to the recognition of the gain arising from the disposal of USJ Land properties in Subang Jaya, which amounted to RM76.8 million.

The Investment Holding & Others division recorded a loss before tax of RM4.3 million in the quarter under review as compared to a profit before tax of RM17.9 million incurred in the preceding year's corresponding quarter. The difference was mainly due to the gain of RM11.9 million arising from the disposal of investment property in Subang Jaya and the recognition of RM5.7 million unrealised gain on the foreign exchange in the preceding year's quarter result.

For the financial year ended 31 December 2018, the Group achieved revenue of RM740.4 million and a loss before tax of RM43.4 million as compared to the preceding year's revenue of RM684.9 million and a profit before tax of RM112.2 million. The Construction division was the main contributor with revenue of RM628.3 million and profit before tax of RM84.0 million of which RM324.7 million revenue and RM82.7 million profits were derived from the Vietnam EPC construction works.

However, the overall profitability of the Group was dragged down by the Property Development & Investment division as this division incurred a higher loss before tax of RM118.7 million in the current year ended 31 December 2018 as compared to a profit before tax of RM42.8 million in the corresponding year of 2017. The current year losses in the Property Development & Investment division were mainly due to the charge out of RM50.0 million the disputed performance liability

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

on and RM33.3 million liquidated ascertained damages (“LAD”) provided in the current financial year. There was a recognition of RM76.8 million gain arising from the disposal of the USJ Land properties in Subang Jaya in the preceding year’s Group results.

**2. Variation of Results against Preceding Period.**

	Current Year Quarter 1/10/18-31/12/18 <u>RM’000</u>	Immediate Preceding Quarter 1/7/18 – 30/9/18 <u>RM’000</u>	Changes <u>%</u>
Revenue	226,762	125,155	81
Profit/(Loss) before tax	(48,302)	(11,901)	(306)

The Group achieved RM226.8 million revenue for the current quarter, an increase of 81% from the revenue of RM125.2 million in the preceding quarter ended 30 September 2018. There is higher revenue of RM135.4 million recognised in the current quarter from the Vietnam EPC construction works on the work progress done as compared to RM32.8 million revenue in the preceding quarter. Corresponding with the higher recognition of work progress from the Vietnam EPC construction works in the current quarter, the Construction division achieved RM31.9 million profit before tax as compared to RM19.0 in the preceding quarter. However, the overall result of the Group was affected by the charge out of RM50 million of the disputed performance liability in the current quarter.

**3. Prospects**

The construction works for Vietnam EPC is proceeding as scheduled in the current year and will continue to contribute positively to the Group. However, the local Construction division outlook will remain challenging following the revision of various mega projects in the country. Overall, the Construction division is expected to perform satisfactorily in 2019 with the contribution from the Vietnam EPC.

The performance of the Property Development and Investment division is expected to be affected by the LAD and lower margin properties sold. However, with the outsourcing of the EVOLVE Mall, it is expected to show improved performance by the implementation of cost savings initiative and new leasing strategies.

The Board will remain vigilant and continue to exercise due care and prudence in the running and administration of the Group’s business.

**4. Profit Forecast / Guarantee.**

The Company did not issue any profit forecast or guarantees.

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

**5. Taxation.**

Included in the taxation are the following:

	Current Quarter Ended 31 Dec 2018 RM'000	Year-to-date Ended 31 Dec 2018 RM'000
Taxation	1,818	3,404
	=====	=====

The tax provision was based on the estimated taxable amount. The tax charge of the Group is mainly from profitable subsidiaries' taxation, and for tax purposes, cannot be utilised to set off against losses of other companies within the Group.

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

**6. Group Borrowings.**

Group borrowings as at 31 December 2018 including interest denominated in Ringgit Malaysia are as follows: -

	Secured <u>RM'000</u>	Unsecured <u>RM'000</u>	Total <u>RM'000</u>
Short term borrowings	107,662	-	107,662
Overdraft	7,576	-	7,576
Long term borrowings	321,781	-	321,781
Total	<u>437,019</u>	<u>-</u>	<u>437,019</u>

**7. Notes to the statement of comprehensive income.**

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

	Current Year-to-date Ended 31 Dec 2018 RM'000
<u>Expenses</u>	
Interest Expense	24,332
Depreciation and Amortisation	13,550
Share of Loss in Joint Venture	459
Liquidated and ascertained damages provision	33,332
Disputed Performance Liability	50,000
<u>Income</u>	
Interest Income	2,376
Gain on disposal of plant & equipment	1
Gain on disposal of land held for development	5,830

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

**8. Material Litigation.**

The Group is not engaged in any material litigation other than those carried out in the ordinary course of business on recovery of debts and the injunction filed with the High Court, Court of Appeal and Federal Court in relation to the Bank Guarantee claimed by STAR as stated in Note 12 of this Part B.

**9. Dividend**

No dividend has been declared for the quarter under review.

**10. Earnings Per Ordinary Share**

The earnings per share has been calculated based on the Group's profit attributable to owners of the Company for the period and the weighted average number of ordinary shares outstanding as at end of the period.

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Year Quarter Ended 31/12/18 RM'000	Preceding Year Quarter Ended 31/12/17 RM'000	Current Year To-date Ended 31/12/18 RM'000	Preceding Year To-date Ended 31/12/17 RM'000
<b>a) <u>Basic Earnings/(Loss) Per Share</u></b>				
Profit/(Loss) for the period attributable to owners of the Company	(12,672)	107,463	15,131	126,640
Weighted average Number of Share in issue (RM1.00 each)	533,364	474,645	533,364	474,645
Basic Earnings /(Loss) Per Share (sen)	(2.38)	22.64	2.84	26.68
<b>b) <u>Diluted Earnings/(Loss) Per Share</u></b>				
Profit/(Loss) for the period attributable to owners of the Company	(12,672)	107,463	15,131	126,640
Weighted average Number of Share in issue (RM1.00 each)	533,364	474,645	533,364	474,645
Effect of dilution due to issuance of shares	-	778	-	778
Adjusted weighted average Number of Share in issue applicable to diluted Earnings/(Loss) per share (RM1.00 each)	533,364	475,423	533,364	475,423
Diluted Earnings/(Loss) Per Share (sen)	(2.38)	22.60	2.84	22.64

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

**11. Status of the Corporate Exercise**

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

**12. Other Information**

**Material Litigation**

On 19 August 2011, JAKS Island Circle Sdn Bhd (“JICSB”), a 51%-owned subsidiary of JRB, entered into a Sale and Purchase Agreement (“SPA”) with Star Media Group Berhad (“STAR”) to purchase a 99-year leasehold land located at Seksyen 13, Petaling Jaya (“Land”) for a mixed residential and commercial development for a purchase consideration of RM135,000,000 (“Purchase Consideration”). The Purchase Consideration was to be satisfied by JICSB via the completion, delivery and transfer of legal title with vacant possession, free from all encumbrances, of a portion of the mixed residential and commercial development known as “Tower A”.

As security for the performance of JICSB’s obligations under the SPA, JICSB provided, inter-alia, irrevocable and on demand bank guarantees in favour of STAR for the sum of RM50,000,000 million (“Bank Guarantees”) guaranteeing the completion and delivery of vacant possession by JICSB of Tower A within 3 years from the vacant possession date or 3 years from the date of approval of the plans for Tower A, whichever is later (“Completion Period”).

On 15 February 2018, STAR called on the Bank Guarantees on the grounds that JICSB had not delivered vacant possession based on the Completion Period. JICSB attempted to procure an injunction to restrain the issuing financial institutions of the Bank Guarantees from releasing, and STAR, being the beneficiary of the Bank Guarantees, from receiving, the proceeds of the Bank Guarantees.

However, appeals up to the Federal Court was unsuccessful and on the dismissal by the Federal Court of JICSB’s appeal and after consultation with its legal advisors, JICSB has released the payment on the bank guarantee of RM50.0 million to STAR on 9 January 2019.

**13. Authorisation for issue.**

The interim financial statements were authorised for issue by the Board of Directors on 28 February 2019.