

JAKS RESOURCES BERHAD
(COMPANY NO. 585648-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019.

THE FIGURES HAVE NOT BEEN AUDITED

The Directors are pleased to announce the 1st Quarter unaudited financial results for the financial period ended 31 March 2019.

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Year Quarter ended 31-Mar-2019	Preceding Year Quarter ended 31-Mar-2018	Current Year To-date ended 31-Mar-2019	Preceding Year To-date ended 31-Mar-2018
	RM'000	RM'000	RM'000	RM'000
Revenue	297,798	210,197	297,798	210,197
Cost of Sales	(238,477)	(174,350)	(238,477)	(174,350)
Gross Profit	59,321	35,847	59,321	35,847
Other Operating Income	626	1,314	626	1,314
Other Operating, Administrative, Selling and Distribution expenses	(32,248)	(20,098)	(32,248)	(20,098)
Operating Profit/(Loss) before finance cost	27,699	17,063	27,699	17,063
Finance cost	(4,932)	(6,232)	(4,932)	(6,232)
Operating Profit/(Loss) after finance cost	22,767	10,831	22,767	10,831
Share of Profit / (Loss) in Joint Venture	-	(50)	-	(50)
Profit/(Loss) Before Taxation	22,767	10,781	22,767	10,781
Taxation	(1,525)	(438)	(1,525)	(438)
Net Profit/(Loss) For The Period	21,242	10,343	21,242	10,343
Other Comprehensive Income / (Loss)				
Foreign currency translation	-	-	-	-
Total Comprehensive Income/(Loss) for the Period	21,242	10,343	21,242	10,343
<u>Net Profit/(Loss) For The Period Attributable to :</u>				
Owners of the Company	28,616	17,842	28,616	17,842
Non-Controlling Interests	(7,374)	(7,499)	(7,374)	(7,499)
	21,242	10,343	21,242	10,343
Earnings/(Loss) Per Share attributable to Owners of the Company (sen) :				
- Basic	5.04	3.61	5.04	3.61
- Diluted	5.04	3.60	5.04	3.60
Weighted average number of Ordinary Shares in issue	568,081	493,949	568,081	493,949
Weighted average number of Ordinary Shares in issue (diluted)	568,081	495,852	568,081	495,852

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 2018 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 MARCH 2019.

	(Unaudited) As At End Of Financial Period End 31-Mar-2019 RM'000	(Audited) As At End Of Financial Year End 31-Dec-2018 RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	2,926	4,063
Investment properties	644,100	642,140
Investment in Joint Venture	197,171	197,171
Golf Club memberships	326	326
Goodwill on Consolidation	148,501	148,501
Deferred Tax Assets	2,325	2,325
	995,349	994,526
Current Assets		
Inventories	1,572	1,572
Property Development Costs	63,565	45,617
Amount due from customers for contract works	435,819	511,378
Trade and Other Receivables	536,938	515,928
Amount due by Joint Venture	7,767	6,879
Deposits placed with licensed banks	74,157	76,076
Cash and bank balances	123,734	91,035
	1,243,552	1,248,485
Total Assets	2,238,901	2,243,011
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share Capital	618,716	598,974
Share Options Reserve	3,219	3,219
Warrant Reserve	25,607	25,607
Translation Reserve	(6,145)	(3,795)
Accumulated Profit	222,816	194,199
	864,213	818,204
Non-controlling interests	(3,300)	4,074
TOTAL EQUITY	860,913	822,278
Non-Current Liabilities		
Long Term Borrowings	321,834	321,781
Deferred Tax Liabilities	94	94
	321,928	321,875
Current Liabilities		
Trade and Other Payables	948,735	985,971
Bank borrowings	98,249	105,311
Bank overdraft	9,076	7,576
	1,056,060	1,098,858
TOTAL EQUITY AND LIABILITIES	2,238,901	2,243,011
No of Ordinary Shares	584,653	545,943
Net Assets Per Share attributable to Owners of the parent (RM)	1.48	1.50

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying notes attached to the interim financial statements).

JAKS RESOURCES BERHAD
(COMPANY NO. 585648-T)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019.

	Current Year 3 Months ended 31-Mar-2019 RM'000	Current Year 3 Months ended 31-Mar-2018 RM'000
Cash flows from operating activities		
Profit before tax for the period	22,767	10,781
Adjustment for:		
Depreciation and amortisation	4,881	3,776
Interest expense	4,932	6,232
Interest income	(254)	(15)
Gain on disposal of plant & equipment	-	(224)
Share of (Profit) / Loss in Joint Venture	-	50
Restricted Share plan ("RSP") expenses	19,742	-
Provision for liquidated ascertained damages	5,816	-
Operating profit before working capital changes	57,884	20,600
(Increase)/Decrease in working capital		
Amount due from customers for contract works	75,559	(91,855)
Trade and other receivables	(21,010)	(53,075)
Amount due from Joint Venture company	(888)	(544)
Property Development Expenditure	(17,948)	12,876
Trade and other payables	(43,052)	44,305
	(7,339)	(88,293)
	50,545	(67,693)
Interest paid	(1,458)	(3,187)
Income tax paid	(1,286)	(576)
Net Operating Cash Flow	47,801	(71,456)
Cash flows from investing activities		
Purchase of property, plant & equipment	(68)	-
Interest received	254	15
Proceeds from disposal of property, plant & equipment	-	224
Addition to investment properties	(5,637)	(8,415)
Withdrawal / (Placement) of Fixed Deposits	1,919	4,047
Net Investing Cash Flow	(3,532)	(4,129)
Cash flows from financing activities		
Net Proceeds from shares issued	-	72,001
Interest paid	(3,473)	(3,045)
Drawdown / (Repayment) of short term borrowings	(7,162)	18,115
Drawdown (Repayment) of hire purchase liabilities	(87)	(144)
Net Financing Cash Flow	(10,722)	86,927

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019. (Cont.)**

	Current Year 3 Months ended 31-Mar-2019	Preceding Year 3 Months ended 31-Mar-2018
	RM'000	RM'000
Net Change in Cash & Cash Equivalents	33,547	11,342
Exchange translation differences	(2,348)	(2,491)
Cash & Cash Equivalents at beginning of the year	82,223	63,610
Cash & Cash Equivalents at end of the period.	113,422	72,461

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	74,157	83,984
Cash & bank balances	123,734	104,355
Bank overdrafts	(9,076)	(30,702)
	188,815	157,637
Less : Deposit held as security values	(74,157)	(83,984)
Debt service reserves account	(1,236)	(1,192)
	113,422	72,461

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 and the accompanying notes attached to the interim financial statements).

JAKS RESOURCES BERHAD
(COMPANY NO. 585648-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019.

	Attributable to Equity Holders of the Company						Non-Controlling Interest RM'000	Total Equity RM'000
	Non-				Distributable			
	Share Capital RM'000	Share Options Reserve RM'000	Warrant Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Sub-Total RM'000		
Current Year								
Quarter ended								
31 March 2019.								
Balance as at								
1 January 2019	598,974	3,219	25,607	(3,796)	194,199	818,203	4,074	822,277
Total Comprehensive Income for the Period	-	-	-	-	28,616	28,616	(7,374)	21,242
Foreign currency translation	-	-	-	(2,348)	-	(2,348)	-	(2,348)
Issuance of ordinary shares								
LTIP shares ("RSP")	19,742	-	-	-	-	19,742	-	19,742
Balance as at								
31 March 2019.	618,716	3,219	25,607	(6,144)	222,815	864,213	(3,300)	860,913
Preceding Year								
Quarter ended								
31 March 2018.								
Balance as at								
1 January 2018	524,387	4,325	-	(11,071)	180,437	698,078	66,031	764,109
Total Comprehensive Income for the Period	-	-	-	-	17,842	17,842	(7,499)	10,343
Foreign currency translation	-	-	-	(2,491)	-	(2,491)	-	(2,491)
Issuance of ordinary shares								
Private placement	68,491	-	-	-	(1,481)	67,010	-	67,010
LTIP shares exercise	6,096	-	-	-	-	6,096	-	6,096
Share options granted	-	(1,106)	-	-	-	(1,106)	-	(1,106)
Balance as at								
31 March 2018.	598,974	3,219	-	(13,562)	196,798	785,429	58,532	843,961

(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 2018 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 2018.

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 2018.

2. Qualification of Audit Report on Financial Statements.

The financial statements of JAKS for the financial year ended 31 December 2018 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.

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) Long Term Incentive Plan (“LTIP”) – Share Options

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. As at 31 March 2019, 14,115,000 of the LTIP Share Options granted remains unexercised.

JAKS RESOURCES BERHAD (Company No. 585648-T)

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

b) Long Term Incentive Plan (“LTIP”) – Restricted Share Plan (“RSP”)

On 30 January 2019, the Company announced the award of 38,709,760 ordinary shares (“LTIP shares”) under the RSP to selected employees or 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 Period Ended 31 March 2019.

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	272,878	24,683	237	-	297,798
Inter-Company	7,418	-	3,960	(11,378)	-
	280,296	24,683	4,197	(11,378)	297,798
Segment Results	59,011	(11,088)	(20,850)		27,073
Other Income					626
Finance Cost					(4,932)
Profit After Finance cost					22,767
Share of Loss in Joint Venture					-
Profit Before Taxation					22,767
Taxation					(1,525)
Profit After Taxation					21,242
<u>Attributable to:</u>					
Owners of the Company					28,626
Non-Controlling Interests					(7,374)
					21,242

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 March 2019 based on geographical location is presented as follows:

	RM'000
Malaysia	42,026
Vietnam	255,772

Total	297,798
	=====

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 2018.

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 2018 until 31 March 2019 were as follows: -

	As at 31 Mar 2019 RM'000	As at 31 Dec 2018 RM'000
Bank guarantees issued for execution of contracts of the Company or Subsidiaries company	89,653	91,341
Liquidated and ascertained damages	36,908	34,255
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	126,561	125,596
	=====	=====

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 RM376.0 million, using exchange rate of USD1 : RM4.081.

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 31/3/2019 RM'000	Preceding Year Quarter Ended 31/3/2018 RM'000	Changes %	Current Year To-date Ended 31/3/2019 RM'000	Preceding Year To-date Ended 31/3/2018 RM'000	Changes %
<u>Revenue</u>						
Construction	272,878	183,566	49	272,878	183,166	49
Property Development & Investment	24,683	25,916	(5)	24,683	25,916	(5)
Investment Holding & Others	237	715	(67)	237	715	(67)
Total	297,798	210,197	42	297,798	210,197	42
<u>Profit/(Loss) Before Taxation</u>						
Construction	58,302	27,093	115	58,302	27,093	115
Property Development & Investment	(14,475)	(14,840)	(2)	(14,475)	(14,840)	(2)
Investment Holding & Others	(1,318)	(1,472)	10	(1,318)	(1,472)	10
Restricted Share Plan Expenses	(19,742)	-	(100)	(19,742)	-	(100)
	(21,060)	(1,472)	(133)	(21,060)	(1,472)	(133)
Total	22,767	10,781	111	22,767	10,781	111

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

The Group achieved revenue of RM297.8 million for the current quarter ended 31 March 2019, an increase of approximately 42% from the previous year's corresponding quarter of RM210.2 million. The increase was mainly attributable to the higher amount of revenue recognised from the Vietnam EPC construction works in the Construction division. For the current year quarter, the Vietnam EPC construction work contributed revenue of RM255.8 million as compared to RM93 million achieved in the preceding year's corresponding quarter.

The main contributor to the Group's revenue for the current quarter was from the Construction division with revenue of RM272.9 million of which RM255.8 million was derived from the Vietnam EPC construction works. The Property Development & Investment division contributed lower revenue to the Group in the current quarter of RM24.7 million as compared to RM25.9 million in the preceding year's corresponding quarter.

With higher revenue achieved, the Group recorded a higher profit before tax of RM22.8 million in the current year's first quarter as compared to RM10.3 million achieved in the previous year's comparative quarter.

The Construction division recorded a profit before tax of RM58.3 million in the quarter under review as compared to RM27.1 million achieved in the preceding year's corresponding quarter. The higher profit achieved was mainly attributed by higher progress billings and profit recognised from the Vietnam EPC construction works.

The Property Development & Investment division recorded a slightly lower loss before tax of RM14.5 million in the quarter under review as compared to a loss before tax of RM14.8 million in the first quarter of 2018.

The Investment Holding & Others division recorded a loss before tax of RM1.3 million in the current quarter under review as compared to a loss before tax of RM1.5 million incurred in the preceding year's corresponding quarter. However, a charged out of RM19.7 million following the award of 38,709,760 ordinary shares under the LTIP- Restricted Share Plan to selected employees or executives of the Company resulted in this division incurring a loss before tax of RM21.1 million.

2. Variation of Results against Preceding Period.

	Current Year Quarter 1/1/19-31/3/19 <u>RM'000</u>	Immediate Preceding Quarter 1/10/18 – 31/12/18 <u>RM'000</u>	Changes %
Revenue	297,798	144,430	106
Profit/(Loss) before tax	22,767	(48,111)	147

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

The Group achieved RM297.8 million revenue for the current quarter, an increase of 106% from the revenue of RM144.4 million in the preceding quarter ended 31 December 2018. The increase was mainly due to higher revenue of RM255.8 million recognised in the current quarter from the Vietnam EPC construction works on the work progress done as compared to RM135.4 million revenue in the preceding quarter ended 31 December 2018. Corresponding with the higher recognition of work progress from the Vietnam EPC construction works in the current quarter, the Construction division achieved RM58.3 million profit before tax as compared to RM31.9 million in the preceding quarter. In the preceding quarter ended 31 December 2018, the overall result of the Group was affected by the charge out of RM50.0 million of the disputed performance liability.

3. Prospects

The construction works for Vietnam EPC is expected to meet its schedule in the current year and it is anticipated to contribute positively to the Group. Whilst the local Construction division's outlook will remain challenging, the overall performance of the Construction division is expected to perform satisfactorily in 2019 with the contribution from the Vietnam EPC contract.

The performance of the Property Development and Investment division will remain challenging due to the key issues of price affordability and the overhang in the property market. Delivery of some of the developed properties are delayed and this division would be affected by the LAD charges. As for our investment property, EVOLVE Mall, the cost saving initiatives and new leasing strategies taken have had some positive impact.

Based on the above and given the changing business environment, the Group expects the current financial year to continue to be challenging.

4. Profit Forecast / Guarantee.

The Company did not issue any profit forecast or guarantees.

5. Taxation.

Included in the taxation are the following:

	Current Quarter Ended 31 Mar 2019 RM'000	Year-to-date Ended 31 Mar 2019 RM'000
Taxation	1,525	1,525
	=====	=====

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.

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

6. Group Borrowings.

Group borrowings as at 31 March 2019 including interest denominated in Ringgit Malaysia are as follows: -

	<u>Secured</u> <u>RM'000</u>	<u>Unsecured</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
Short term borrowings	98,249	-	98,249
Overdraft	9,076	-	9,076
Long term borrowings	321,834	-	321,834
Total	429,159	-	429,159

7. Notes to the statement of comprehensive income.

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

<u>Expenses</u>	Current Year-to-date Ended 31 Mar 2019 RM'000
Interest Expense	4,932
Depreciation and Amortisation	4,881
Liquidated and ascertained damages provision	5,816
Restricted Share plan expenses	19,742
 <u>Income</u>	
Interest Income	254

8. Material Litigation.

The Star Media Group Berhad (“STAR”) had on 30 April 2019 served a Writ of Summons and Statement of Claims against the Company claiming that the Company as corporate guarantor to JAKS Island Circle Sdn Bhd (“JIC”) is liable for JIC’s purported default of obligations under the Sale and Purchase Agreement dated 19 August 2011 executed by STAR with JIC.

The claim is for specific relief and damages for the total amount of RM177.7 million. The case management was held at the Kuala Lumpur High Court on 6 May 2019 and the Court has directed for parties to exhaust pleadings and adjourned the case management date to 17 June 2019.

The estimated potential liability is up to the amount claimed against the Company of RM177.7 million.

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

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 31/3/19 RM'000	Preceding Year Quarter Ended 31/3/18 RM'000	Current Year To-date Ended 31/3/19 RM'000	Preceding Year To-date Ended 31/3/18 RM'000
a) <u>Basic Earnings/(Loss) Per Share</u>				
Profit/(Loss) for the period attributable to owners of the Company	28,616	17,842	28,616	17,842
Weighted average Number of Share in issue (RM1.00 each)	568,081	493,949	568,081	493,949
Basic Earnings /(Loss) Per Share (sen)	5.04	3.61	5.04	3.61
b) <u>Diluted Earnings/(Loss) Per Share</u>				
Profit/(Loss) for the period attributable to owners of the Company	28,616	17,842	28,616	17,842
Weighted average Number of Share in issue (RM1.00 each)	568,081	493,949	568,081	493,949
Effect of dilution due to issuance of shares	-	1,903	-	1,903
Adjusted weighted average Number of Share in issue applicable to diluted Earnings/(Loss) per share (RM1.00 each)	568,081	495,852	568,081	495,852
Diluted Earnings/(Loss) Per Share (sen)	5.04	3.60	5.04	3.60

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, save as listed below:

Proposed Private Placement

On 18 April 2019, the Company announced the Proposed Private Placement of up to 10.0% of the Company's total number of issued shares. On 23 April 2019, Bursa Securities has vide its letter dated 22 April 2019, approved the listing of and quotation for up to 68,708,156 new ordinary shares to be issued pursuant to the above on the Main Market of Bursa Securities. The Company's advisors are presently in discussions with potential placees on this placement.

12. Authorisation for issue.

The interim financial statements were authorised for issue by the Board of Directors on 9 May 2019.