Annual Report 2014

JAKS RESOURCES BERHAD

585648-T

Sustaining Growth

CONTENTS

JAKS at a Glance

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

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

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

Our Mission

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

Our Vision

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

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

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Ang Lam Poah
(Chief Executive Officer)

Dato' Razali Merican Bin Naina Merican
(Executive Director)

Ang Lam Aik
(Executive Director)

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

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

SECRETARY

Leong Oi Wah (MAICSA 7023802)

REGISTERED OFFICE

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

REGISTRARS

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No : 603-2264 3883
Fax No : 603-2282 1886

AUDITORS

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

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL FINANCIERS

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

STOCK EXCHANGE LISTING

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

JAKS RESOURCES BERHAD
585648-T

LOCAL

- 100% Surge System Sdn Bhd
- 98.05% JAKS Steel Industries Sdn Bhd
- 70% Pipe Technology System Sdn Bhd
- 100% Empire Deluxe Sdn Bhd
  - 100% Wing Tiek Ductile Iron Pipe Sdn Bhd
- 51% JAKS Offshore Sdn Bhd
- 100% JAKS Sdn Bhd
  - 100% JAKS Power Sdn Bhd
  - 100% JAKS Marketing Sdn Bhd
  - 70% JAKS-KDEB Consortium Sdn Bhd
    - 100% Integrated Pipe Industries Sdn Bhd
  - 51% JAKS Island Circle Sdn Bhd
- 100% Harbour Town Sdn Bhd
  - 51% MNH Global Assets Management Sdn Bhd
    - 100% Evolve Concept Mall Sdn Bhd
- 100% Premier Place Property Sdn Bhd
- 100% Harbour Front Development Sdn Bhd

OVERSEAS

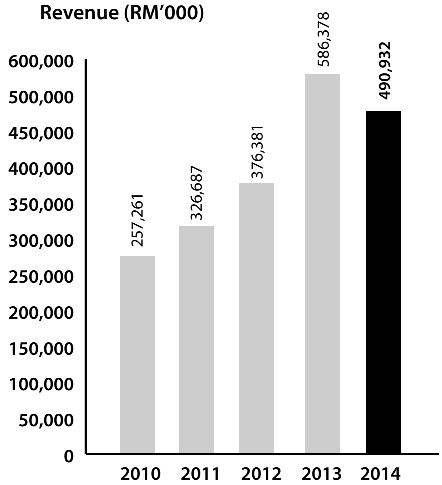
- 100% Gain World Trading Limited
- 100% Golden Keen Holdings Limited
- 100% JAKS Power Holding Limited
  - 100% JAKS-MPC (HD) Limited
  - 100% JAKS Pacific Power Limited
    - 100% JAKS Hai Duong Power Company Limited

Construction
Manufacturing
Trading
Investment Holding
Property Development
Investment, implementation & operation of project

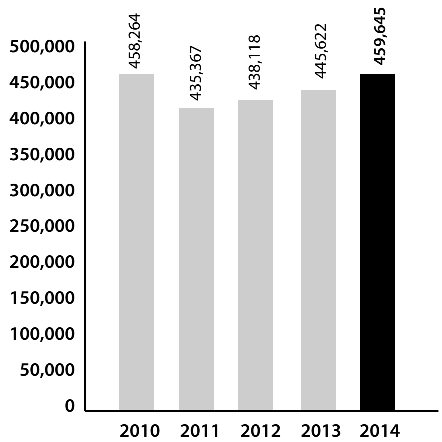
5 YEARS FINANCIAL HIGHLIGHTS

Group Five Years Summary	12 Months Year Ended 31 October 2010 RM'000	2011 RM'000	2012 RM'000	14 Months Period Ended December 2013 RM'000	12 Months Year Ended December 2014 RM'000
Revenue	257,261	326,687	376,381	586,378	490,932
Profit / (Loss) before tax	4,440	(19,238)	8,223	19,783	54,316
Profit / (Loss) attributatble to owners of the Company	2,278	(22,896)	2,751	7,503	14,024
Paid up Capital	438,361	438,361	438,361	438,361	438,361
Shareholders' funds	458,264	435,367	438,118	445,622	459,645
Net assets per share (RM)	1.05	0.99	1.00	1.02	1.05

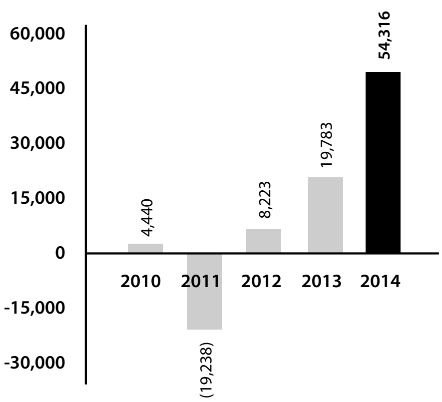
Revenue (RM'000)



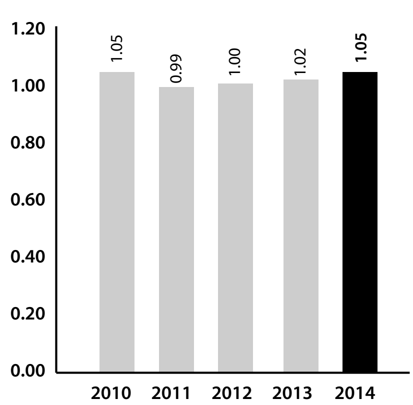
Shareholders' funds (RM'000)



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



Net assets per share (RM)



TAN SRI DATUK HUSSIN BIN HAJI ISMAIL

Tan Sri Datuk Hussin Bin Haji Ismail, age 62 was appointed to the Board on 28 June 2011 as an Independent Non-Executive Director of the Company and on 24 September 2012, he was appointed the Chairman of the Company. He is a member of Audit Committee, Remuneration Committee and Nomination Committee.

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

Tan Sri Hussin also sits on the board of Tecnic Group Berhad and EP Manufacturing Berhad.

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

ANG LAM POAH

A Malaysian, age 47 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 undertaken by JAKS upon his graduation. Apart from the water and properties construction activities, he has also been involved in setting up companies manufacturing mild steel pipes and manufacturing common clay bricks. He also holds directorships in several other private limited companies.

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

DATO' RAZALI MERICAN BIN NAINA MERICAN

A Malaysian, age 44 was appointed to the Board on 23 December 2003. He is an Executive Director of the Company.

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

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

ANG LAM AIK

A Malaysian, age 41, was appointed to the Board on 23 December 2003. He is an Executive Director of the Company.

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

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

DATO' AZMAN BIN MAHMOOD

A Malaysian, age 63, was appointed to the Board on 23 December 2003 as an Independent Non-Executive Director of the Company. He is the Chairman of the Audit Committee as well as the Nomination Committee.

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

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

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

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

LIEW JEE MIN @ CHONG JEE MIN

A Malaysian, age 56, was appointed to the Board on 23 December 2003 as an Independent Non-Executive Director of the Company. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

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

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

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 2014.

FINANCIAL REVIEW

For the financial year ended 31 December 2014, the Group achieved revenue of RM490.9 million derived mainly from the Construction and Property Development divisions contributing to approximately 80% of the total Group revenue.

On the back of better margin from the Property Development division, the Group achieved profit before tax of RM54.3 million in the financial year ended 31 December 2014 compared with the profit before tax of RM19.8 million achieved in the 14 months ended 31 December 2013.

The Property Development division was the biggest profit contributor with profit before tax of RM57.3 million, followed by the Construction division that contributed profit before tax of RM7.5 million on the back of recognition of profits on the progress billings. The Board is pleased with the progress made by the Property Development division and the success of the Group on the back of a new strong focus on turning in stronger financial performances.

The losses in the Trading and Manufacturing divisions had however, affected the overall profitability achieved. The Trading division incurred a loss before tax of RM3.0 million in the financial year 2014 following the recognition of the loss on the disposal of machineries. By paying close attention to the cost structures of the Manufacturing division, this business segment saw some improvement but the Manufacturing division still incurred losses of RM10.0 million due to the high operational cost and the impairment on older machineries and inventories amounting to RM7.9 million. The Investment division achieved RM2.7 million profit before tax despite the gain on disposal of property of RM14.4 million as there were higher interest expense from the additional borrowings taken to finance the investment and the impairment of goodwill in the financial year 2014.

The Group's earnings per share ("EPS") for financial year 2014 stood at 3.2 sen in comparison to EPS of 1.7 sen in the 14 months ended 31 December 2013. The net asset per share rose to RM1.05 from the previous year end of 31 December 2013 of RM1.02.

DIVIDEND

The Company is not recommending any dividends to be paid out for the financial year ended 31 December 2014 as the Board views that priority be given to reserve the cash to pare down the Group's gearing position. The Group borrowings as at 31 December 2014 stood at RM603.7 million as compared to RM474.5 million in the preceding year. There has been additional borrowing secured in 2014 mainly to part finance the development cost of Pacific Place project at Ara Damansara which comprise a 4-storey shopping mall. As the Group continues to invest back into the core businesses, it is confident that this will continue to create a sustainable growth pathway for the Group for the long-term.

OPERATION REVIEW

Property Development division

As the water-related infrastructure industry in Malaysia is highly cyclical in nature, the Group had ventured into property development to reduce the earnings volatility. The Group initiated this new venture by undertaking a property development project in Section 13, Petaling Jaya via its 51%-owned JAKS Island Circle Sdn Bhd and also ventured into property development project in Ara Damansara by acquiring a 51% stake in MNH Global Assets Management Sdn Bhd.

For the financial year under review, the Property Development division recorded revenue of RM264.9 million. This division attributed profit before tax of RM9.6 million in the previous 14 months period ended 31 December 2013 as the Group could only recognise the profits partially after the investment into the Section 13 and Ara Damansara projects. With a full 12 months recognition of profits, the division's profit before tax rose to RM57.3 million in financial year 2014.

The mixed property development project in Ara Damansara known as Pacific Place commenced its operation in December 2010 with a gross development value (GDV) of RM1.2 billion and is expected to be completed by the end of 2015. All the units launched for this project has been fully taken up and as at the end of December 2014, there was unbilled sales of approximately RM60 million. Also included in this project is a concept shopping mall which the Group would retain as its investment asset. It is expected to open for operations in the later part of the year. Pre-lease negotiations are on-going and encouraging indications of interest have been received for more than half the mall's retail space.

The project at Section 13, Petaling Jaya known as Pacific Star had commenced its operation in August 2012 with a GDV of approximately RM1.2 billion and is expected to be completed by next year. It is a mixed development project comprises 2 commercial blocks of 14 storeys (STAR Office Building) and 16 storeys (Signature Office Suites), 3 service apartment blocks of 24 to 33 storeys, 4 storeys of retail spaces, 4 level of basement car park and 4th to 8th floor elevated car park. The STAR Office Building is to be transferred to Star Publications (Malaysia) Berhad for the settlement of the land purchased.

During the year 2014, in line with the Group's strategy to diverge into a less cyclical, better margin business and the cost reduction plan of its manufacturing operations, the Group had optimised the value of the properties at USJ 1, Subang Jaya that currently houses most of its manufacturing operations to take on mixed-use development on this property. The Group has put in the USJ 1 project for planning approval. Neighbouring plots have launched commercial units at RM700 per sq. ft. and there is a continually strong demand for properties in the USJ 1 area due to its easy access to developed amenities, various expressways and the soon-to-be completed LRT extension. The Group believes that barring any delay on the planning approvals from the authorities, the upcoming property launch of this project and with the on-going Pacific Place and Pacific Star projects, the Group could expect to see contributions from the property segment to increase further going forward.

As at the end of March 2015, the Group has unbilled sales of RM330 million from its property development projects, giving the Group clear earnings visibility for the coming years.

Construction division

The Construction division achieved revenue of RM387.4 million in financial year 2014 against RM603.8 million in the financial period 2013. Even on an annualised comparison, the performance of this division has been dreary in 2014 as the construction operations has been dragged by the slow completion of the Pacific Place project and the delay encountered on major water infrastructure projects. The Group's strategy taken to address this was to take on other infrastructure projects and the upgrading of road works. On the back of the lower revenue achieved, the profit before tax of this division decreased from RM18.0 million in the 14 months financial period 2013 to RM7.5 million in the 12 months financial year 2014.

Some of the more notable contracts secured was the Package D43 - Construction of sewerage pipe network at Batu, Jinjang Kepong, Kuala Lumpur for a contract sum of RM399 million, upgrading road works for Bayan Lepas project for a contract sum of RM207 million and the supply and installation of pipes for the water treatment plant at Package 5 of the proposed development of the Langat 2 Water Treatment Plant and Water Reticulation System in Selangor Darul Ehsan / Wilayah Persekutuan Kuala Lumpur for a contract sum of RM55 million.

The Group's construction order book, mainly comprising water and sewerage infrastructure-related projects and construction of properties and its related works, stands at RM1.3 billion as at the end of March 2015 covering construction period till 2018.

Trading division

In the financial year under review, the Trading division dealt mainly with sales of steel related products within the Group and achieved revenue of RM90.0 million as compared to RM93.9 million in the financial period 2013. Whilst operationally, this division made a small gross profit, it incurred a loss before tax of RM3.0 million in the financial year 2014 following the recognition of the RM3.0 million loss on the disposal of machineries that was undertaken as part of the rationalisation plans for this division.

Manufacturing division

The year 2014 continued to be challenging to the manufacturing division as it was hindered by volatile steel prices, high raw material costs and rampant dumping activities globally. With higher unit cost from the low orders in hand, this division had registered losses over the past few years and the Group had to rationalise the operations of the Manufacturing division to put cost improvements in place. The Manufacturing division's recorded a loss before tax of RM10.0 million in the financial year 2014 compared to a loss before tax of RM3.6 million in the preceding year. This was due to the high operational cost and the impairment on older machineries and inventories amounting to RM7.9 million.

IPP PROJECT

In the last report to the shareholders on the Independent Power Plant project ("the IPP Project") in Vietnam, the Directors had informed that the Group has completed the site clearance of the main plant site. The project infrastructure works such as the backfilling, construction of access road, boundary walls and project site office are currently being implemented with some already completed. Due to the unanticipated delay in meeting the financial close deadline of 31 October 2014, the Group had submitted an application to the Ministry of Industry and Trade of the Socialist Republic of Vietnam ("MOIT") for the extension of the financial close to October 2015. On 22 May 2015, the Group received approval from MOIT on the extension.

The Group is currently evaluating new potential strategic partners after its proposed joint venture with Wuhan Kaidi Electric Power Engineering Co., Ltd could not proceed further, and is confident of securing the right potential strategic partner and obtaining further extension of the above financial close date considering the various strengths the project holds. The Hai Duong power plant is one of only five foreign-backed Build-Operate-Transfer ("BOT") power projects licensed in Vietnam over the last two decades. The BOT concession comes with a 25-year Power Purchasing Agreement with the Vietnam Electricity, guarantee by the Government of Vietnam, a 25-year coal supply agreement with Vinacomin and lease of the site for the power plant.

BUSINESS OUTLOOK

For the financial year ended 31 December 2014, the Group achieved profit before tax of RM54.3 million. Compared with the profit before tax of RM19.8 million achieved in the 14 months ended 31 December 2013 and profit before tax of RM18.7 million in the 12 months ended 31 October 2013, the Group has shown that its venture into property development has improved its profitability.

The Malaysian construction sector's earnings prospect remains strong backed by mega highways and rail-lines development projects as the Government will prioritise these projects for implementation next year against the backdrop of country's focus on fiscal tightening. The Federal Government's spending on transport and energy infrastructure will be the main driver for construction activity in 2015 and a recent market research report has maintained a strong real growth forecast of 10.9% for the overall construction industry. The Group is hopeful to reap the benefits of construction job awards. Their outlook is underpinned by the Government's commitment to expenditure on infrastructure works and opportunities seen in the transport (road and rail) as well as energy sector. The positive forecast is still a slight slowdown from growth in the sector for 2014 at 11.5%. A combination of factors including the challenging demand of residential property, the implementation of Goods & Services Tax (GST) in April 2015 and cooling measures on the property market may weigh on sales and construction of residential property.

In the coming financial year 2015, the Construction and Property Development divisions will continue to drive the revenues and profit for the Group as the construction projects in hand are progressing well and the encouraging property sales in 2014 had driven up the unbilled sales. With the overall property market expected to be moderate in the near term the Group will focus on delivery of its on-going projects and may explore viable opportunities through joint venture. The Board is also cautious as 2015 is expected to be challenging for the property development industry especially with the continued tightening of banks' lending policies and the impact on the implementation of GST.

Barring any adverse developments, the Group will endeavor to achieve a commendable performance for 2015.

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 hard work and loyalty. Some of our employees have been with us for more than 10 years and we applaud them for their steadfastness and commitment. My sincere thanks to the many external partners that work with or alongside us whose support and reliability has been critical to our success. Our heartfelt appreciation also to our valued customers and clients, bankers, government departments and agencies, vendors, suppliers and all others who have lent us their unwavering support and cooperation.

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

Tan Sri Datuk Hussin Bin Haji Ismail
Chairman

PERUTUSAN PENGERUSI

Bagi pihak Ahli Lembaga Pengarah, saya dengan sukacitanya ingin membentangkan Laporan Tahunan dan Penyata Kewangan untuk Kumpulan dan Syarikat JAKS Resources Berhad (JAKS) bagi tahun kewangan berakhir 31 Disember 2014.

TINJAUAN KEWANGAN

Bagi tahun kewangan berakhir 31 Disember 2014, Kumpulan telah mencatatkan pendapatan sebanyak RM490.9 juta yang diperolehi terutamanya dari divisyen Pembinaan dan Pembangunan Hartanah. Kedua-dua divisyen tersebut telah menyumbang lebih kurang 80% daripada jumlah pendapatan Kumpulan.

Berikutan daripada margin yang lebih baik daripada divisyen Pembangunan Hartanah, Kumpulan telah mencatat keuntungan sebelum cukai sebanyak RM54.3 juta pada tahun kewangan berakhir 31 Disember 2014 berbanding keuntungan sebelum cukai sebanyak RM19.8 juta yang telah dicatat dalam tempoh 14 bulan yang berakhir pada 31 Disember 2013.

Divisyen Pembangunan Hartanah merupakan penyumbang keuntungan terbesar dengan keuntungan sebelum cukai sebanyak RM57.3 juta, diikuti oleh divisyen Pembinaan yang menyumbang keuntungan sebelum cukai sebanyak RM7.5 juta hasil daripada pengiktirafan keuntungan ke atas proses bil kemajuan. Lembaga Pengarah berpuas hati di atas kemajuan yang telah dicapai oleh divisyen Pembangunan Hartanah dan kejayaan Kumpulan dengan memberi tumpuan yang lebih jitu dalam mengubah prestasi kewangan kepada yang lebih teguh.

Namun kerugian dalam divisyen Perdagangan dan Pembuatan telah memberi kesan kepada pencapaian keuntungan secara keseluruhannya. Divisyen Perdagangan mengalami kerugian sebelum cukai sebanyak RM3.0 juta pada tahun kewangan 2014 berikutan pengiktirafan kerugian dari pelupusan mesin. Dengan memberi perhatian kepada struktur kos divisyen Pembuatan, segmen perniagaan ini mencatat peningkatan yang baik tetapi divisyen Pembuatan masih mengalami kerugian sebanyak RM10.0 juta berikutan kos operasi yang tinggi dan kemerosotan nilai pada mesin-mesin lama dan inventori berjumlah RM7.9 juta. Divisyen Pelaburan mencatat keuntungan RM2.7 juta sebelum cukai hasil keuntungan walaupun terdapat keuntungan bernilai RM14.4 juta daripada pelupusan hartanah. Ini adalah kerana terdapat perbelanjaan faedah yang tinggi daripada pinjaman tambahan untuk membiayai pelaburan dan kemerosotan “Goodwill” pada tahun kewangan 2014.

Pendapatan Kumpulan sesaham bagi tahun kewangan 2014 adalah sebanyak 3.2 sen berbanding dengan pendapatan sesaham sebanyak 1.7 sen untuk 14 bulan tempoh yang berakhir pada 31 Disember 2013. Aset bersih sesaham telah meningkat kepada RM1.05 dari RM1.02 diakhir tahun 31 Disember 2013.

DIVIDEN

Syarikat tidak mencadangkan sebarang dividen bagi tahun kewangan berakhir 31 Disember 2014 kerana Lembaga Pengarah berpendapat bahawa keutamaan perlu diberikan untuk rizab wang tunai bagi tujuan mengurangkan pinjaman Kumpulan. Pada 31 Disember 2014 pinjaman Kumpulan adalah berjumlah RM603.7 juta berbanding RM474.5 juta pada tahun sebelumnya. Pinjaman tambahan yang diperoleh pada tahun 2014 bertujuan untuk membiayai sebahagian daripada kos pembangunan projek Pacific Place di Ara Damansara iaitu sebuah pusat beli-belah 4 tingkat. Dengan meneruskan pelaburan balik ke dalam perniagaan dan terasnya, Kumpulan yakin ini akan terus mewujudkan pertumbuhan yang mapan bagi Kumpulan untuk jangka masa panjang.

TINJAUAN OPERASI

Divisyen Pembangunan Hartanah

Oleh sebab industri infrastruktur yang berkaitan dengan air di Malaysia mungkin mengalami perubahan yang tidak menentu, Kumpulan telah menceburi pembangunan hartanah untuk mengurangkan perubahan dalam pendapatan Kumpulan. Kumpulan telah memulakan usaha baharu ini dengan menjalankan satu projek pembangunan hartanah di Seksyen 13, Petaling Jaya melalui 51% milik JAKS Island Circle Sdn Bhd dan juga menceburi projek pembangunan hartanah di Ara Damansara melalui pegangan ekuiti 51% dalam MNH Global Assets Management Sdn Bhd.

Bagi tahun kewangan yang ditinjau, divisyen Pembangunan Hartanah telah mencatatkan pendapatan sebanyak RM264.9 juta. Divisyen ini juga telah menyumbang keuntungan sebelum cukai sebanyak RM9.6 juta dalam tempoh 14 bulan berakhir 31 Disember 2013. Hal ini adalah kerana Kumpulan hanya mengiktiraf sebahagian sahaja keuntungan selepas pelaburan ke dalam Seksyen 13 dan projek Ara Damansara. Dengan pengiktirafan 12 bulan sepenuhnya, keuntungan sebelum cukai divisyen meningkat kepada RM57.3 juta pada tahun kewangan 2014.

Projek pembangunan hartanah bercampur di Ara Damansara yang dikenali sebagai Pacific Place bermula pada Disember 2010 dengan nilai pembangunan kasar (“GDV”) sebanyak RM1.2 bilion dan dijangka siap pada akhir tahun 2015. Semua unit yang dilancarkan bagi projek ini telah habis dijual dan pada akhir tahun Disember 2014, terdapat kira-kira RM60 juta jualan yang belum dibilkan. Projek ini berkonsepkan pusat membeli-belah di mana Kumpulan akan mengekalkannya sebagai aset pelaburannya. Pusat beli-belah ini dijangka akan memulakan operasi pada akhir tahun. Rundingan pra-pajakan yang sedang dijalankan telah melunjur kepada minat yang menggalakkan dan menerima permintaan yang tinggi untuk ruang niaga pusat tersebut.

Projek di Seksyen 13, Petaling Jaya yang dikenali sebagai Pacific Star telah memulakan kerja pada bulan Ogos 2012 dengan nilai pembangunan kasar (“GDV”) kira-kira RM1.2 bilion dan dijangka siap pada tahun hadapan. Projek pembangunan bercampur ini terdiri daripada 2 blok komersial 14 tingkat (Bangunan Pejabat STAR) dan 16 tingkat (Signature Office Suites), 3 blok servis apartmen 24 hingga 33 tingkat, 4 tingkat ruang niaga, 4 tingkat ruang parkir bawah tanah dan ruang parkir bertingkat dari tingkat 4 hingga 8. Bangunan Pejabat STAR akan dipindahkan ke Star Publications (Malaysia) Berhad bagi penyelesaian bayaran tanah yang telah dibeli.

Pada tahun 2014, selaras dengan strategi Kumpulan untuk menceburi perniagaan yang kurang berisiko, margin yang lebih baik dan strategi pengurangan kos operasi pengeluaran, Kumpulan telah mengoptimumkan nilai hartanah di USJ 1, Subang Jaya yang kini menempatkan sebahagian daripada operasi pengeluarannya untuk pembangunan bercampur. Kumpulan telah menyerahkan permohonan perancangan projek USJ 1 ini untuk kelulusan pihak berkuasa tempatan. Pada masa ini, sekitar kawasan berhampiran telah melancarkan unit komersil pada RM700 bagi setiap kaki persegi dan terdapat permintaan hartanah yang baik dan kukuh di kawasan USJ 1 kerana akses kemudahannya, pelbagai lebuhraya dan sambungan LRT yang akan siap tidak lama lagi. Kumpulan percaya sekiranya tiada sebarang penangguhan kepada kelulusan perancangan daripada pihak berkuasa tempatan ke atas projek USJ 1, pelancaran projek USJ 1, projek Pacific Place dan Pacific Star yang sedang dijalankan, Kumpulan berharap sumbangan daripada bahagian hartanah akan terus meningkat pada masa hadapan.

Sehingga akhir bulan Mac 2015, Kumpulan mempunyai jualan yang belum dibilkan sebanyak RM330 juta hasil daripada projek pembangunan hartanahnya dan ini memberi Kumpulan anggaran pendapatan yang baik bagi tahun-tahun akan datang.

Divisyen Pembinaan

Divisyen Pembinaan mencatat pendapatan sebanyak RM387.4 juta pada tahun kewangan 2014 berbanding RM603.8 juta pada tempoh kewangan 2013. Berbanding dengan tahun sebelumnya, prestasi divisyen ini telah menurun pada tahun 2014 kerana operasi pembinaan telah terjejas kerana kemajuan projek Pacific Place agak perlahan dan juga penangguhan projek infrastruktur air utama yang lain. Antara strategi Kumpulan yang diambil untuk menangani perkara ini adalah dengan menyertai projek-projek infrastruktur yang lain dan juga kerja-kerja menaik taraf jalan raya. Selaras dengan pendapatan rendah yang dicapai, keuntungan sebelum cukai divisyen ini menurun daripada RM18.0 juta dalam tempoh 14 bulan kewangan 2013 kepada RM7.5 juta dalam tempoh 12 bulan tahun kewangan 2014.

Kontrak-kontrak penting yang telah diperoleh oleh Kumpulan termasuk Pakej D43 - Pembinaan Rangkaian Paip Pembetungan Di Batu, Jinjang Kepong, Kuala Lumpur berjumlah RM399 juta, kerja-kerja Menaiktaraf Jalan Persekutuan Dari Teluk Kumbar Ke Lapangan Terbang Antarabangsa Pulau Pinang, Bayan Lepas berjumlah RM207 juta dan pembekalan dan pemasangan paip untuk loji rawatan air untuk Pakej 5 daripada Cadangan Pembangunan Loji Rawatan Air Langat 2 dan Sistem Retikulasi Air Di Selangor Darul Ehsan / Wilayah Persekutuan Kuala Lumpur berjumlah RM55 juta.

Buku pesanan kontrak pembinaan Kumpulan terdiri daripada projek-projek infrastruktur yang berkaitan dengan air dan pembetungan serta pembinaan hartanah dan kerja-kerja berkaitan berjumlah RM1.3 bilion pada akhir Mac 2015 yang merangkumi tempoh pembinaan sehingga 2018.

Divisyen Perdagangan

Dalam tahun kewangan ini, pendapatan divisyen Perdagangan diperoleh daripada jualan produk yang berkaitan keluli dalam Kumpulan dan memperoleh pendapatan sebanyak RM90.0 juta berbanding RM93.9 juta pada tempoh kewangan 2013. Manakala dari segi operasi, divisyen ini telah mencatatkan keuntungan kasar yang rendah di mana ia mengalami kerugian sebelum cukai berjumlah RM3.0 juta bagi tahun kewangan 2014. Ini berikutan pengiktirafan kerugian RM3.0 juta daripada pelupusan mesin yang telah dilaksanakan sebagai sebahagian daripada rancangan rasionalisasi untuk divisyen ini.

Divisyen Pembuatan

Seterusnya, tahun 2014 memberi cabaran kepada divisyen Pembuatan kerana prestasinya terjejas akibat harga keluli yang tidak menentu, kos bahan mentah yang tinggi dan aktiviti lambakan berleluasa di seluruh dunia. Dengan kos unit yang lebih tinggi dan pesanan rendah yang dialami, divisyen ini telah mencatat kerugian dalam beberapa tahun sebelumnya dan Kumpulan telah merasionalkan operasi divisyen Pembuatan. Divisyen Pembuatan mencatatkan kerugian sebelum cukai sebanyak RM10.0 juta pada tahun kewangan 2014 berbanding kerugian sebelum cukai sebanyak RM3.6 juta pada tahun sebelumnya. Hal ini adalah kerana kos operasi yang tinggi dan kemerosotan nilai pada mesin yang lama dan inventori berjumlah RM7.9 juta.

PROJEK IPP

Dalam laporan terkini kepada para pemegang saham mengenai projek Stesen Jana Kuasa Bebas ("Projek IPP") di Vietnam, para Pengarah telah memaklumkan bahawa kerja-kerja pembersihan tapak stesen utama telah selesai. Kerja-kerja projek infrastruktur seperti pembinaan jalan-jalan utama dan dinding sempadan sedang dijalankan. Oleh kerana penangguhan yang tidak dijangka dalam mencapai "Financial Close" dalam tempoh berakhir 31 Oktober 2014, Kumpulan telah mengemukakan permohonan kepada "Ministry of Industry and Trade of Vietnam ("MOIT")" untuk melanjutkan tempoh "Financial Close" sehingga Oktober 2015. Pada 22 Mei 2015, Kumpulan telah menerima kelulusan daripada MOIT untuk tempoh lanjutan tersebut.

Kumpulan kini sedang menilai rakan strategik yang berpotensi selepas usahasama yang dicadangkan dengan Wuhan Kaidi Electric Power Engineering Co, Ltd tidak dapat diteruskan. Kumpulan juga yakin dapat menarik bakal rakan strategik yang berpotensi dan mendapat tempoh lanjutan "Financial Close" memandangkan terdapatnya pelbagai kekuatan dalam projek ini. Stesen jana kuasa Hai Duong merupakan salah satu daripada lima projek jana kuasa "Built-Operate-Transfer" yang dilesenkan di Vietnam sejak dua dekad yang lalu dimana ia disertai dengan Perjanjian Pembelian Kuasa 25 tahun dengan Vietnam Electricity, yang dijamin oleh Kerajaan Vietnam dan perjanjian bekalan arang batu selama 25 tahun dengan Vinacomin.

TINJAUAN PERNIAGAAN

Bagi tahun kewangan berakhir 31 Disember 2014, Kumpulan telah mencatat keuntungan sebelum cukai sebanyak RM54.3 juta. Berbanding dengan keuntungan sebelum cukai sebanyak RM19.8 juta yang dicapai dalam 14 bulan berakhir 31 Disember 2013 dan keuntungan sebelum cukai sebanyak RM18.7 juta dalam tempoh 12 bulan berakhir 31 Oktober 2013, Kumpulan telah membuktikan bahawa usaha-usahanya dalam pembangunan hartanah telah meningkatkan keuntungannya.

Prospek pendapatan sektor pembinaan Malaysia masih kukuh disokong oleh projek pembangunan lebuh raya mega dan landasan keretapi kerana kerajaan akan mengutamakan projek-projek ini untuk dilaksanakan tahun depan berikutan fokus negara dalam perlaksanaan polisi fiskal. Perbelanjaan Kerajaan Persekutuan dalam infrastruktur pengangkutan dan tenaga akan menjadi fokus utama untuk aktiviti pembinaan pada tahun 2015 dan laporan penyelidikan pasaran baru-baru ini telah melaporkan unjuran pertumbuhan sebenar yang kukuh sebanyak 10.9% bagi industri pembinaan secara keseluruhan. Kumpulan berharap mendapat manfaat daripada kerja-kerja pembinaan yang diberikan. Pandangan mereka adalah didorong oleh komitmen perbelanjaan kerajaan ke atas kerja-kerja infrastruktur dan peluang-peluang dalam sektor pengangkutan (jalan raya dan landasan) serta sektor tenaga. Ramalan positif masih mengalami sedikit kelembapan kesan daripada pertumbuhan dalam sektor itu pada 11.5% untuk tahun 2014. Gabungan faktor termasuk permintaan harta kediaman yang mencabar, pelaksanaan Cukai Barangan & Perkhidmatan (GST) pada April 2015 dan langkah-langkah dalam pasaran hartanah mungkin akan menjejaskan jualan dan pembinaan hartanah kediaman.

Pada tahun kewangan 2015 yang akan datang, divisyen Pembinaan dan Pembangunan Hartanah akan terus menyumbang pendapatan dan keuntungan kepada Kumpulan kerana projek-projek pembinaan sedang berjalan lancar dan jualan hartanah yang memberangsangkan pada tahun 2014 telah mendorong kenaikan jualan yang belum dibilkan. Secara keseluruhannya pasaran hartanah dijangka bergerak sederhana dalam tempoh terdekat, Kumpulan akan memberi fokus kepada pelaksanaan projek-projek yang sedang dijalankan dan mencari peluang-peluang yang berpotensi melalui usaha sama. Lembaga Pengarah akan berhati-hati kerana 2015 dijangka akan mencabar bagi industri pembangunan hartanah terutamanya dengan perubahan ke atas dasar pinjaman bank dan kesan pelaksanaan GST.

Sekiranya tiada perkembangan yang kurang memberangsangkan, Kumpulan akan berusaha untuk mencapai prestasi yang membanggakan bagi tahun 2015.

PENGHARGAAN

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

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

Tan Sri Datuk Hussin Bin Haji Ismail
Pengerusi

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

Set out herewith are the corporate governance principles and recommendations that were applied during the financial year ended 31 December 2014.

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/regulatory compliances policies in place.

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

b. Board Composition and Balance

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

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

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.

c. Board Meetings

During the financial year ended 31 December 2014, six Board Meetings were held and the respective Directors' attendance record is as shown in the table below:

Director	No. of meetings attended
Tan Sri Datuk Hussin Bin Haji Ismail	6/6
Ang Lam Poah	5/6
Ang Lam Aik	6/6
Dato' Razali Merican Bin Naina Merican	6/6
Dato' Azman Bin Mahmood	6/6
Liew Jee Min @ Chong Jee Min	6/6

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

d. Supply of Information

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

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

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

e. Directors' Training

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

During the financial year ended 31 December 2014, all the Directors attended an in-house training on the topic of "Towards Boardroom Excellence - Corporate Governance Guide 2nd Edition" conducted by the Company Secretary. Directors also attended the following training programs:-

Director	Mode of Training	Title of Training	Duration of Training
Tan Sri Datuk Hussin Bin Haji Ismail	Seminar	Bursa Malaysia: Overview of Environment, Social and Governance Index & Industry Classification	1 day
Ang Lam Poah	Workshop	Taklimat & Bengkel Teknikal Pelaksanaan Project Pakej D52 Pembinaan Rangkaian Piap Pembetungan.	2 days

Director	Mode of Training	Title of Training	Duration of Training
Dato' Razali Merican Bin Naina Merican	Workshop	Taklimat & Bengkel Teknikal Pelaksanaan Project Pakej D52 Pembinaan Rangkaian Piap Pembetungan.	2 days
Ang Lam Aik	Workshop	Taklimat & Bengkel Teknikal Pelaksanaan Project Pakej D52 Pembinaan Rangkaian Piap Pembetungan.	2 days
Dato' Azman Bin Mahmood	Internal Training	Director' Continuing Education Programme - Fraser & Neave Holdings Berhad and Cocoaland Holdings Berhad - Malaysia & Southeast Asia Beverage Consumption Trends and Asean Economic outlook & its implication to Food & Beverages Industry	1 day
	Internal Training	Crystalville Group Preparation for Goods & Service Tax (GST) Application Performance Review	1 day
	Internal Training	Crystalville Group - Economic and Business Challenges for 2014	1 day
Mr. Liew Jee Min @ Chong Jee Min	Internal Training	(a) Crisis Communications & Handling - Building Resilience & Robustness for Corporate Governance under Current Sustainability Regime; and (b) Ethnics & Integrity Transformation Strategy and Fraud & Corruption Risk Management	1 day
	Seminar	Bursa Malaysia: Briefing Session on Corporate Governance Guide -Towards Boardroom Excellence	1 day
	Seminar	Bursa Malaysia: Advocacy Sessions on Corporate Disclosure for Directors	1 day
	Seminar	Bursa Malaysia: Risk Management & Internal Control Workshops for Audit Committee Members	1 day
	Seminar	Bursa Malaysia: Nominating Committee Programme	1 day
	Internal Training	(a) Islamic Finance for Public Listed Companies; and (b) Islamic and Alternative Markets	1 day
	Internal Training	(a) The Key Factors of Goods and Services Tax (GST) & its Implementation; and (b) Transfer Pricing	1 day

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 reviews the composition of the Board to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge their duties efficiently and effectively.

The Company does not have a policy on diversity of gender, ethnicity and age. The age of the Directors range from 41 to 63 and the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board. The Board was of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximise the effectiveness of the Board.

B. DIRECTORS' REMUNERATION

a. Level and Make-up

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

b. Procedure

The Remuneration Committee recommends for the Board's approval on all elements of remuneration and terms of employment for Executive Directors with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. The Remuneration Committee met once during the financial year 2014 to review the bonuses and increments of the Executive Directors.

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

c. Details of Remuneration

Details of the remuneration received by the Directors from the Group and Company for the financial year ended 31 December 2014 are set out on page 99 of the Audited Financial Statements.

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

	Fees (RM)	Salaries (RM)	EPF & SOCSO (RM)	Total (RM)
Executive Directors	-	1,420,000	163,859	1,583,859
Non-Executive Directors	126,000	-	-	126,000

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

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	3
RM350,001 – RM400,000	2	-
RM750,001 – RM800,000	1	-

C. SHAREHOLDERS

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

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

D. ACCOUNTABILITY AND AUDIT

a. Financial Reporting

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

b. Internal Control and Risk Management

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

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

c. Relationship with Auditors

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

E. ADDITIONAL COMPLIANCE INFORMATION

1. Share Buy-back
No share buy-back scheme was in place during the financial year ended 31 December 2014.

2. Options, Warrants or Convertible Securities Exercised in the Financial Year Ended 31 December 2014
There were no options, warrants or convertible securities issued during the financial year ended 31 December 2014.

3. American Depository Receipt ("ADR")/Global Depository Receipt ("GDR")
During the financial year ended 31 December 2014, the Company did not sponsor any ADR or GDR programme.

4. **Sanctions and/or Penalties Imposed on the Company & its Subsidiaries, Directors or Management by the Relevant Regulatory**
   Mr Liew Jee Min @ Chong Jee Min received a public reprimand and was imposed a fine of RM10,000 from Bursa Securities in relation to his former directorship in Autoair Holdings Berhad. Other than this, there were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2014.

5. **Non-audit Fees**
   The amount of non-audit fees paid to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2014 amounting to RM2,500.

6. **Profit Guarantee**
   During the financial year ended 31 December 2014, there was no profit guarantee received by the Company.

7. **Material Contract**
   There was no material contract entered into by the Company and/or its subsidiary companies which involves Directors' and Major Shareholders' interest during the financial year ended 31 December 2014.

8. **Variation of Results**
   There was no material variation between the audited financial statements for the financial year ended 31 December 2014 and the unaudited results announced.

A. AUDIT COMMITTEE REPORT

a. Members

The Audit Committee consists of the following members:

Chairman	**Dato' Azman Bin Mahmood** (Independent Non-Executive Director)
Members	**Tan Sri Datuk Hussin Bin Haji Ismail** (Independent Non-Executive Director)
	Liew Jee Min @ Chong Jee Min (Independent Non-Executive Director)

b. Functions and Responsibilities

The key functions and responsibilities of the Audit Committee are:

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

c. Summary of Activities of Audit Committee for the financial year ended 31 December 2014

The Audit Committee held five meetings during the financial year ended 31 December 2014.

The attendance record for the financial year ended 31 December 2014 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 2014, the Audit Committee:

i. Reviewed the quarterly results and Audited Financial Statements;
ii. Reviewed the internal audit report tabled by Internal Auditors;
iii. Reviewed and approve the Internal Audit Plan;
iv. Reviewed the Audit Review Memorandum and discussed with External Auditors on their findings;
v. Reviewed the Statement on Risk Management & Internal Control and Audit Committees 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 2014;
vii. Reviewed the performance of Internal Auditors; and
viii. Recommended the External Auditors' fees and re-appointment of External Auditors.

d. Summary of Activities of the Internal Audit Division for the financial year ended 31 December 2014

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

The total cost incurred for the Group's internal audit function was RM46,885.

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

B. NOMINATION COMMITTEE REPORT

a. Members

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

Chairman	**Dato' Azman Bin Mahmood** (Independent Non-Executive Director)
Members	**Liew Jee Min @ Chong Jee Min** (Independent Non-Executive Director)
	Tan Sri Datuk Hussin Bin Haji Ismail (Independent Non-Executive Director)

b. Functions and Responsibilities

The key functions and responsibilities of the Nomination Committee are:

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

c. Summary of Activities of Nomination Committee for the financial year ended 31 December 2014

The Nomination Committee met once during the financial year ended 31 December 2014.

For the financial year ended 31 December 2014, the following activities were carried out by the Nomination Committee:

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

The Nomination Committee upon its annual assessment carried out for financial year 2014, 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
- All the Directors have received training during the financial year ended 31 December 2014 that is relevant and would serve to enhance their effectiveness in the Board.

C. REMUNERATION COMMITTEE REPORT

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

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

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

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

The Committee met once during the financial year ended 31 December 2014.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors of JAKS Resources Berhad ("JAKS") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2014 which has been prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ('the Guidelines"). This statement outlines the nature and state of the risk management and internal control of the Group during the financial year.

Board Responsibility

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

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

Risk Management Framework

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

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

Internal Audit Function

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

During the financial year ended 31 December 2014, internal audits were carried out in accordance with the internal audit plan that has been reviewed and approved by the Audit Committee. The results of the internal audit reviews and recommendations for improvement were presented by the outsourced internal auditors to the Audit Committee. In addition, the outsourced internal auditors had followed up with reviews on previously reported audit issues to ensure that the Management had adequately addressed these issues. The reviews and results of improvements were periodically reported to the Audit Committee.

Total costs incurred for the outsourcing of the Internal Audit Function for the financial year ended 31 December 2014 was RM46,885.

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; and

- The Group's risk management process, internal audit process and internal control system do not apply to jointly controlled operations when the Group does not have full management control. The Group's interest in these jointly controlled operations is closely monitored through periodic receipt of the jointly controlled operations' management accounts and representation in the jointly controlled operations' Board.

At a meeting held on 29 April 2015, the Board obtained assurance from the Chief Executive Officer and Group Senior General Manager of Finance that the Group's risk management and internal controls systems are operating adequately and effectively in all material respects.

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

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

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

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

Employees

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

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

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

Health and Safety

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

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

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

Environment

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

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

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

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

Community

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

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

Clients

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2014, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of financial statements. The financial statements have been prepared on the going concern basis.

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

Financial Statements

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal activities

The principal activities of the Company are that of investment holding and general contractor. The principal activities of the subsidiaries and jointly controlled operations are set out in Notes 8 and 9 to the financial statements respectively.

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

Results

	Group RM	Company RM
Net profit/(loss) for the financial year	34,361,998	(1,332,315)
Attributable to:		
Owners of the Company	14,023,683	(1,332,315)
Non-controlling interests	20,338,315	-
	34,361,998	(1,332,315)

Dividend

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

The Directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2014.

Reserves and provisions

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

Issue of shares and debentures

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

Options granted over unissued shares

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

Employees' share option scheme ("ESOS")

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

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

The salient terms of the ESOS are set out in Note 24 to the financial statements.

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

Directors

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

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

Directors' interests

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of Directors who held office at the end of the financial year in shares in the Company and its related corporations during the financial year ended 31 December 2014 are as follows:

	Number of ordinary shares of RM1/- each			
The Company	**At 1.1.2014**	**Bought**	**Sold**	**At 31.12.2014**
Direct				
Ang Lam Poah	26,800,002	5,800,000	-	32,600,002
Ang Lam Aik	2,500,000	-	2,500,000	-
Indirect				
Dato' Razali Merican Bin Naina Merican	*25,000,000	-	-	*25,000,000

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

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

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

Directors' benefits

Since the end of the previous financial period, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 36 to the financial statements.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement, whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than as may arise from the Directors' entitlements to subscribe for new ordinary shares in the Company under the ESOS of the Company of which the entitlement is to be determined by the ESOS Committee.

Other statutory information

(I) As at the end of the financial year

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment and have satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in Note 32 to the financial statements.

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

(a) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the allowance for impairment in the financial statements of the Group and of the Company inadequate to any material extent; or

(ii) which would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(b) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Other statutory information (cont'd)

(III) As at the date of this report

(a) There are no changes on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(b) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(c) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Significant events

Significant events that occurred during the financial year are disclosed in Note 40 to the financial statements.

Material litigation

Details of material litigation are disclosed in Note 39 to the financial statements.

Auditors

The auditors, ECOVIS AHL PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2015.
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Ang Lam Poah
Director

……………………………………………………………
Dato' Razali Merican Bin Naina Merican
Director

Kuala Lumpur

STATEMENT BY DIRECTORS

We, **Ang Lam Poah** and **Dato' Razali Merican Bin Naina Merican**, being two of the Directors of **JAKS Resources Berhad,** do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 42 to 116 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 44, on page 117 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2015.

………………………………………………………………
Ang Lam Poah
Director

………………………………………………………………
Dato' Razali Merican Bin Naina Merican
Director

Kuala Lumpur

STATUTORY DECLARATION

I, **Chee Seong Heng**, being the Officer primarily responsible for the financial management of **JAKS Resources Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 42 to 116 and the supplementary information in Note 44 on page 117 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

……………………………………………..…..……..…..….

Chee Seong Heng

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory dated 29 April 2015.

Before me,

……………………………………………..…..……..…..….

Commissioner for Oaths

YM TENGKU FARIDDUDIN BIN TENGKU SULAIMAN

No. W533

Report on the Financial Statements

We have audited the financial statements of JAKS Resources Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 116.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 12 to the financial statements which disclose the current status of the Group's Power Plant Project in Hai Duong, Vietnam ("the Project").

On 26 March 2014, the Group had received approval from the Ministry of Industry and Trade of Vietnam ("MOIT") for an extension of 12 months from 30 October 2013 to 31 October 2014 for the completion of the preconditions of the Project (including the financial close).

On 27 October 2014, the Group had further applied to MOIT to extend this date to 31 October 2015. As at the end of the current financial year and the date of this report, the Group has not received any negative response from MOIT pertaining to this application.

MOIT has, however requested the Group to extend the Proposal Security in order for Vietnam Government to consider the above application. The Group has extended the Proposal Security up to 7 December 2015, which has been accepted by MOIT.

The Directors of the Company are of the opinion that no impairment is required in view of the positive progress of the Project and are confident that the Project will enhance the future profitability and improve the financial position of the Group. In the event MOIT does not grant further extension period to the Group for completion of the preconditions of the Project, potential impairment loss on the development expenditure could be recognised.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) Other than those subsidiaries without the audited financial statements and the auditors' reports as disclosed in Note 8 to the financial statements, we have considered the financial statements and the auditors' reports of all the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

(c) Other than those subsidiaries without the audited financial statements as disclosed in Note 8 to the financial statements, we are satisfied that the financial statements of the remaining subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) Other than those subsidiaries with emphasis of matter paragraph in the auditors' report as disclosed in Note 8 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 44 on page 117 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter *No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

ECOVIS AHL PLT
AF 001825
Chartered Accountants

CHUA KAH CHUN
No: 2696/09/15 (J)
Chartered Accountant

Kuala Lumpur

29 April 2015

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	28,025,802	37,975,104	576,795	761,860
Investment properties	6	291,651,140	213,479	6,976,137	6,149,619
Land held for property development	7	38,579,722	56,493,698	-	-
Investment in subsidiaries	8	-	-	221,823,151	221,323,155
Golf club memberships	10	528,948	536,842	-	-
Goodwill on consolidation	11	178,500,905	185,224,880	-	-
Development expenditure	12	153,358,658	107,064,880	66,869,630	61,499,541
Deferred tax assets	13	9,277,481	9,631,282	-	-
		699,922,656	397,140,165	296,245,713	289,734,175
CURRENT ASSETS					
Property development costs	14	272,053,212	412,336,250	-	-
Amount due from customers on contracts works	15	63,021,903	81,431,151	7,498,089	19,044,548
Inventories	16	25,662,008	15,621,520	-	-
Trade receivables	17	110,056,411	75,761,959	26,004,225	15,871,393
Accrued billings	18	3,009,482	76,345,324	-	-
Other receivables, deposits and prepayments	19	76,635,812	68,285,921	191,995	171,842
Amount owing by subsidiaries	20	-	-	350,367,707	290,643,151
Tax recoverable		1,302,962	1,857,602	-	-
Deposits placed with licensed banks	21	92,082,086	38,222,032	23,589,793	19,041,762
Cash and bank balances	22	80,342,382	94,188,654	1,928,776	1,442,712
		724,166,258	864,050,413	409,580,585	346,215,408
Asset classified as held for sale	23	19,048,391	-	-	-
		743,214,649	864,050,413	409,580,585	346,215,408
TOTAL ASSETS		1,443,137,305	1,261,190,578	705,826,298	635,949,583

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

Statements Of Financial Position
As At 31 December 2014 (cont'd)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	24	438,361,072	438,361,072	438,361,072	438,361,072
Share premium		8,368,710	8,368,710	8,368,710	8,368,710
Retained profits/(Accumulated losses)		12,915,465	(1,108,218)	23,152,980	24,485,295
Equity attributable to owners of the Company		459,645,247	445,621,564	469,882,762	471,215,077
Non-controlling interests		89,217,498	68,879,183	-	-
TOTAL EQUITY		548,862,745	514,500,747	469,882,762	471,215,077
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	25	343,085,272	193,925,116	31,083	186,123
Deferred tax liabilities	13	197,798	203,495	-	-
		343,283,070	194,128,611	31,083	186,123
CURRENT LIABILITIES					
Trade payables	26	152,708,267	183,021,266	-	-
Other payables and accruals	27	130,287,595	81,334,592	17,516,069	12,052,667
Amount owing to subsidiaries	20	-	-	159,937,951	87,613,883
Borrowings	25	260,657,412	280,616,934	57,527,953	64,756,371
Tax payable		7,338,216	7,588,428	930,480	125,462
		550,991,490	552,561,220	235,912,453	164,548,383
TOTAL LIABILITIES		894,274,560	746,689,831	235,943,536	164,734,506
TOTAL EQUITY AND LIABILITIES		1,443,137,305	1,261,190,578	705,826,298	635,949,583

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 2014

		Group		Company	
	Note	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
Revenue	28	490,932,434	586,378,415	69,396,373	98,206,407
Cost of sales	29	(379,185,771)	(507,610,986)	(57,034,895)	(86,914,531)
GROSS PROFIT		111,746,663	78,767,429	12,361,478	11,291,876
Other income		16,377,686	596,310	-	159,506,302
Selling and distribution expenses		(3,140,506)	(4,392,957)	-	-
Administrative expenses		(40,637,957)	(37,393,376)	(8,141,909)	(10,897,466)
Other operating expenses		(14,681,380)	(25,024)	-	(28,782,223)
OPERATING PROFIT		69,664,506	37,552,382	4,219,569	131,118,489
Finance income	30	3,498,940	767,275	488,846	559,430
Finance costs	31	(18,847,119)	(18,536,815)	(4,923,407)	(5,878,089)
PROFIT/(LOSS) BEFORE TAX	32	54,316,327	19,782,842	(214,992)	125,799,830
Tax expense	33	(19,954,329)	(9,125,786)	(1,117,323)	178,781
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR/PERIOD		34,361,998	10,657,056	(1,332,315)	125,978,611
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR/PERIOD		34,361,998	10,657,056	(1,332,315)	125,978,611
NET PROFIT/(LOSS) ATTRIBUTABLE TO:					
Owners of the Company		14,023,683	7,503,421	(1,332,315)	125,978,611
Non-controlling interests		20,338,315	3,153,635	-	-
		34,361,998	10,657,056	(1,332,315)	125,978,611
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:					
Owners of the Company		14,023,683	7,503,421	(1,332,315)	125,978,611
Non-controlling interests		20,338,315	3,153,635	-	-
		34,361,998	10,657,056	(1,332,315)	125,978,611
EARNING PER ORDINARY SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)					
- Basic	34(a)	3.20	1.71		
- Diluted	34(b)	3.20	1.71		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	← Attributable to Owners of the Company →					
		Non-Distributable	Distributable			
	Share Capital RM	Share Premium RM	Retained Profit/ (Accumulated Losses) RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group						
At 1 November 2012	438,361,072	8,368,710	(8,611,639)	438,118,143	5,005,808	443,123,951
Total comprehensive income for the financial period	-	-	7,503,421	7,503,421	3,153,635	10,657,056
Acquisition of a subsidiary	-	-	-	-	60,719,740	60,719,740
At 31 December 2013/ 1 January 2014	438,361,072	8,368,710	(1,108,218)	445,621,564	68,879,183	514,500,747
Total comprehensive income for the financial year	-	-	14,023,683	14,023,683	20,338,315	34,361,998
At 31 December 2014	438,361,072	8,368,710	12,915,465	459,645,247	89,217,498	548,862,745

	← Attributable to Owners of the Company →			
		Non-Distributable	Distributable	
	Share Capital RM	Share Premium RM	Retained profits/ (Accumulated Losses) RM	Total RM
Company				
At 1 November 2012	438,361,072	8,368,710	(101,493,316)	345,236,466
Total comprehensive income for the financial period	-	-	125,978,611	125,978,611
At 31 December 2013/ 1 January 2014	438,361,072	8,368,710	24,485,295	471,215,077
Total comprehensive loss for the financial year	-	-	(1,332,315)	(1,332,315)
At 31 December 2014	438,361,072	8,368,710	23,152,980	469,882,762

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

	Group		Company	
	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	54,316,327	19,782,842	(214,992)	125,799,830
Adjustments for:				
Allowance for impairment	-	25,024	-	12,738,229
Amortisation of corporate golf club membership	7,894	7,894	-	-
Bad debt recovered	(9,656)	-	-	-
Depreciation:				
- property, plant and equipment	4,133,195	5,150,651	211,062	505,965
- investment properties	4,468	5,379	33,444	418,558
Gain on disposal of property, plant and equipment (net)	(11,438,651)	(12,436)	-	(159,506,302)
Impairment loss on investment in subsidiaries	-	-	-	16,043,994
Interest expense (Note 31)	18,847,119	18,536,815	4,923,407	5,878,089
Interest income (Note 30)	(3,498,940)	(767,275)	(488,846)	(559,430)
Property, plant and equipment write off	-	1,149	-	-
Impairment of receivables no longer required	(12,872)	(31,641)	-	-
Impairment on goodwill	6,723,975	-	-	-
Impairment on plant and equipment	3,733,556	-	-	-
Inventories written down to net realisable value	4,223,849	96,723	-	-
Operating profit before working capital changes	77,030,264	42,795,125	4,464,075	1,318,933
Changes in working capital:				
Inventories	(14,264,337)	(2,529,743)	-	-
Amount due from customers on contract works	18,409,248	73,275,249	11,546,459	11,686,059
Receivables	30,714,027	20,247,211	(10,152,985)	2,079,931
Payables	18,640,004	(7,024,684)	5,463,402	1,969,407
Property development costs	140,283,038	(53,443,001)	-	-
Land held for property development	(932,555)	-	-	-
Cash generated from operations	269,879,689	73,320,157	11,320,951	17,054,330
Interest paid	(13,085,151)	(16,093,002)	(4,612,789)	(5,388,107)
Tax paid	(19,301,797)	(13,760,414)	(312,305)	(33,882)
Net cash from operating activities	237,492,741	43,466,741	6,395,857	11,632,341

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

Statements Of Cash Flows
For The Financial Year Ended 31 December 2014 (cont'd)

	Group		Company	
	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in development expenditure	(46,293,778)	(13,679,302)	(5,370,089)	(1,044,015)
Proceeds from disposal of property, plant and equipment (net)	21,127,124	60,000	-	-
Interest received	2,613,470	767,275	488,846	438,712
Net cash outflows from acquisition of interest in subsidiaries	-	(40,137,246)	(499,996)	(6)
Purchase of property, plant and equipment (Note A)	(2,659,851)	(1,331,908)	(25,997)	(443,268)
Addition to investment properties (Note 6)	(291,442,129)	-	(859,962)	-
Addition to asset classified as held for sale	(201,860)	-	-	-
Net cash used in investing activities	(316,857,024)	(54,321,181)	(6,267,198)	(1,048,577)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from subsidiaries	-	-	12,599,512	130,973
Placement of deposits and debt service reserve	(53,872,234)	(21,517,341)	(4,548,031)	(7,847,535)
Interest paid	(4,876,498)	(2,443,813)	(310,618)	(489,982)
Net movement on bill payables	(17,078,430)	1,699,459	-	-
Net movement on factoring loan	(16,732,236)	23,584,151	-	-
Repayments of hire purchase liabilities	(2,644,141)	(2,691,060)	(147,820)	(429,212)
Net movement on term loans	146,369,919	86,151,956	(3,796,569)	(1,199,951)
Net cash from/(used in) financing activities	51,166,380	84,783,352	3,796,474	(9,835,707)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(28,197,903)	73,928,912	3,925,133	748,057
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR/PERIOD	52,622,081	(21,306,831)	(24,369,270)	(25,117,327)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR/PERIOD (NOTE B)	24,424,178	52,622,081	(20,444,137)	(24,369,270)

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

	Group		Company	
	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
NOTE A :				
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT				
Purchase of property, plant and equipment (Note 5)	7,605,922	2,783,908	25,997	443,268
Financed by hire purchase liabilities	(4,946,071)	(1,452,000)	-	-
Cash payments on purchase of property, plant and equipment	2,659,851	1,331,908	25,997	443,268
NOTE B :				
CASH AND CASH EQUIVALENTS COMPRISE:				
Deposits placed with licensed banks	92,082,086	38,222,032	23,589,793	19,041,762
Cash and bank balances	80,342,382	94,188,654	1,928,776	1,442,712
Bank overdrafts - secured (Note 25)	(54,772,034)	(40,432,583)	(22,372,913)	(25,811,982)
	117,652,434	91,978,103	3,145,656	(5,327,508)
Less: Deposits held as security values	(92,082,086)	(38,222,032)	(23,589,793)	(19,041,762)
Debt service reserve account (Note 22)	(1,146,170)	(1,133,990)	-	-
	24,424,178	52,622,081	(20,444,137)	(24,369,270)

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

The principal activities of the Company are that of investment holding and general contractor. The principal activities of the subsidiaries and jointly controlled operations are disclosed in Notes 8 and 9 to the financial statements.

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

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

Principal place of business :	Lot 526, Persiaran Subang Permai, Sungai Penaga Industrial Park, USJ 1, 47600 Subang Jaya, Selangor Darul Ehsan.
Registered office :	802, 8th Floor, Block C, Kelana Square, 17, Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 29 April 2015.

2. Basis of preparation

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

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

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

2.1 Adoption of New/Revised and Amendments to Financial Reporting Standards during the Current Financial Year

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

Effective for financial periods beginning on or after 1 January 2014

• Amendments to FRS 132	*Offsetting Financial Assets and Financial Liabilities*
• Amendments to FRS 10, FRS 12 and FRS 127	*Investment Entities*
• Amendments to FRS 136	*Recoverable Amount Disclosures for Non-financial Assets*
• Amendments to FRS 139	*Novation of Derivatives and Continuation of Hedge Accounting*
• IC Interpretation 21	*Levies*
• Amendments to FRS 201	*Property Development Activities*

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

2. Basis of preparation (cont'd)

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

Effective for financial periods beginning on or after 1 July 2014

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

Effective for financial periods beginning on or after 1 January 2016

- FRS 14 *Regulatory Deferral Accounts*
- Amendments to FRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 127 *Equity Method in Separate Financial Statements*
- Amendments to FRS 10 and FRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to FRS 116 and FRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 116 and FRS 141 *Agriculture: Bearer Plants*
- Annual improvements to FRSs 2012 - 2014 Cycle

Effective for financial periods beginning on or after 1 January 2018

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

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

FRS 9 Financial Instruments

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

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

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

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

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new approved accounting framework, i.e. Malaysian Financial Reporting Standards ("MFRSs Framework").

The MFRSs Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of *MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate*, including the entities' parent, significant investor and venturer (referred to as "Transitioning Entities" collectively).

On 2 September 2014, MASB announced that Transitioning Entities shall be required to adopt the MFRSs framework and prepare their first MFRSs financial statements for annual periods beginning on or after 1 January 2017.

2. Basis of preparation (cont'd)

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

The Company falls within the scope definition of Transitioning Entities and accordingly, will prepare its first set of MFRSs financial statements for the financial year ending 31 December 2017. In presenting its first set of MFRSs financial statements, the Company will quantify the financial effects arising from the differences between MFRSs and the currently applied FRSs. The majority of the adjustments required on transition are expected to be made, retrospectively, against opening retained earnings of the Company.

The Company has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRSs Framework by establishing a project team to plan and manage the adoption of the MFRSs Framework.

The Company has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRSs Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as presented in these financial statement for the year ended 31 December 2014 could be different if prepared under the MFRSs Framework.

The Company will achieve its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRSs Framework for the financial year ending 31 December 2017.

3. Significant accounting policies

(a) Basis of Consolidation

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

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

Business combinations

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

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

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

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

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

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

3. Significant accounting policies (cont'd)

(a) Basis of Consolidation (cont'd)

Transaction with non-controlling interest

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

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

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

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

Loss of control

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

(b) Subsidiaries

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

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

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

3. Significant accounting policies (cont'd)

(c) Jointly controlled operations

A jointly controlled operation is a contractual agreement whereby the Group and other parties have joint control over an economic activity.

In respect of its interests in jointly controlled operations, the Group recognises in its financial statements the assets that it controls and the liabilities that it incurs as well as the expenses that it incurs and its share of the income and expenses that it earns from the sales of goods or services by the joint venture.

(d) Goodwill on consolidation

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

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

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

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

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

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

(e) Development Expenditure

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

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

3. Significant accounting policies (cont'd)

(f) Property, Plant and Equipment, and Depreciation

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

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

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

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

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

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

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

3. Significant accounting policies (cont'd)

(g) Investment Properties

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

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

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

Depreciation of investment properties are provided on the straight line basis to write off the cost of investment properties to their residual value over their estimated useful lives of the investment properties. The annual rate used to depreciate the buildings is 2%.

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

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

(h) Golf Club Memberships

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

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

(i) Property Development Activities

Land held for property development

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

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

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

3. Significant accounting policies (cont'd)

(i) Property Development Activities (cont'd)

Property development costs

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

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

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in profit or loss.

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

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

(j) Construction contract

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

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

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

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

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

3. Significant accounting policies (cont'd)

(k) Inventories

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

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

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

(l) Financial Instruments

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

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

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

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

(i) Financial Assets

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

3. Significant accounting policies (cont'd)

(l) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

Held-to-maturity investments

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

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

Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(ii) Financial Liabilities

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

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

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

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

(iii) Financial Guarantee Contracts

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

The Group and the Company designate corporate guarantees given to financial institutions for credit facilities granted to related / subsidiaries and third parties as insurance contracts as defined in FRS 4 Insurance Contracts. The Group and the Company recognise these corporate guarantees as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting policies (cont'd)

(l) Financial Instruments (cont'd)

(iv) Regular way purchase or sale of financial assets

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

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

(i) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

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

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

(m) Impairment of Assets

(i) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at the end of each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

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

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

3. Significant accounting policies (cont'd)

(m) Impairment of Assets (cont'd)

(i) Impairment of Financial Assets (cont'd)

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

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

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

(ii) Impairment of Non-financial Assets

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

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

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

(n) Cash and Cash Equivalents

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

3. Significant accounting policies (cont'd)

(o) Revenue Recognition

(i) Construction Contract

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

(ii) Property development

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

(iii) Sales of Finished Goods

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

(iv) Management fee

Management fee is recognised upon services rendered.

(v) Rental Income

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

(vi) Interest Income

Interest income is recognised on an accrual basis.

(vii) Dividend Income

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

(p) Taxation

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

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

3. Significant accounting policies (cont'd)

(p) Taxation (cont'd)

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

(q) Employee Benefits

(i) Short-term Employee Benefits

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

(ii) Post-Employment Benefits

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

(iii) Share-based Compensation

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

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

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

(r) Foreign Currencies

(i) Functional and presentation currency

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

3. Significant accounting policies (cont'd)

(r) Foreign Currencies (cont'd)

(ii) Foreign currency transactions and translations

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

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

(s) Operating Segments

In the previous years, a segment was distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8 Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are viewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(t) Leases

(i) Finance leases

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

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

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

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

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

3. Significant accounting policies (cont'd)

(t) Leases (cont'd)

(ii) Operating leases

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

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

(u) Equity instruments

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

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

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

(v) Borrowing Costs

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

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

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

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

3. Significant accounting policies (cont'd)

(w) Related Parties

A party is related to an entity if:

i. directly, or indirectly through one or more intermediaries, the party:
   - control, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
   - has an interest in the entity that gives it significant influence over the entity; or
   - has joint control over the entity;

ii. the party is an associated of the entity;

iii. the party is a joint venture in which the entity is a venturer;

iv. the party is a member of the key management personnel of the entity or its parent;

v. the party is a close member of the family of any individual referred to in (i) or (iv);

vi. the party is an entity that is controlled, joint controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

vii. the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

(x) Provisions

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

(y) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly ovservable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principle market or in the absence of a principle market, in the most advantageous market, for non-financial asset, the fair value measurement takes into account a market partcipant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or in directly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

4. Significant accounting judgements and estimates

The preparation of 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 adjustments to the carrying amount of the asset or liability affected in the future.

(a) Judgements made in applying accounting policies

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

Revenue recognition on property development projects

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

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

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

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

(b) Key sources of estimation uncertainty

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

(i) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectation differs from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in estimated useful lives of property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

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

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

(ii) Impairment of investment in subsidiaries

The Company carried out the impairment test based on a variety estimation of including the value-in-use of the cash-generating unit. Estimating a value-in-use amount requires the Company to make an estimation of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

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

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

(iii) Impairment of property, plant and equipment

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

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

(iv) Impairment of investment properties

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

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

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

(v) Impairment of development expenditure

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceed its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash generating units and determines a suitable interest rate in order to calculate the present value of those cash flows.

In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

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

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

(v) Impairment of development expenditure (cont'd)

As at reporting date, there is no impairment loss recognised on the development expenditure as the Directors are confident to secure further extension period from Ministry of Industry and Trade of Vietnam ("MOIT") as disclosed in Note 12 to the financial statements. In the event MOIT does not grant further extension period to the Group for completion of the preconditions of the Project, the whole development expenditure would potentially be impaired.

(vi) Net realisable values of inventories

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

(vii) Allowance for impairment of receivables

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

(viii) Taxation

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

(ix) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total recognised and unrecognised deferred tax assets of the Group were RM9,277,481 (2013: RM9,631,282) and RM13,188,317 (2013: RM11,759,415) respectively as disclosed in Note 13 to the financial statements.

(x) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2014 was RM178,500,905 (2013: RM185,224,880) with an impairment of RM6,723,975 recognised during the financial year as disclosed in Note 11 to the financial statements.

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

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

(xi) Revenue recognition on property development projects

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

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

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

(xii) Construction contracts

The Group recognises construction revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(xiii) Contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on the management's view of the expected outcome of the applicable contingency.

5. Property, plant and equipment

Group	Freehold land RM	Freehold buildings RM	Leasehold land RM	Leasehold buildings RM	Factory buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Total RM
2014									
At cost									
At 1 January	7,734,869	4,895,423	1,108,760	71,562	3,331,654	36,853,614	8,471,670	5,022,825	67,490,377
Additions	-	859,962	-	-	-	4,070,000	1,571,573	1,104,387	7,605,922
Disposals	(2,881,669)	(3,004,304)	-	-	-	(4,500,000)	-	-	(10,385,973)
At 31 December	4,853,200	2,751,081	1,108,760	71,562	3,331,654	36,423,614	10,043,243	6,127,212	64,710,326
Accumulated depreciation									
At 1 January	-	304,098	170,850	18,609	992,573	19,993,076	5,018,171	3,017,896	29,515,273
Depreciation for the financial year (Note 32)	-	33,444	20,920	1,431	66,633	2,166,156	1,250,788	593,823	4,133,195
Disposals	-	-	-	-	-	(697,500)	-	-	(697,500)
At 31 December	-	337,542	191,770	20,040	1,059,206	21,461,732	6,268,959	3,611,719	32,950,968
Accumulated impairment									
Impairment loss for the financial year (Note 32)	-	-	-	-	-	3,648,744	-	84,812	3,733,556
Carrying amount									
At 31 December	4,853,200	2,413,539	916,990	51,522	2,272,448	11,313,138	3,774,284	2,430,681	28,025,802

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

Group	Freehold land RM	Freehold buildings RM	Leasehold land RM	Leasehold buildings RM	Factory buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Total RM
2013									
At cost									
At 1November	49,108,899	23,351,183	1,108,760	71,562	3,331,654	35,776,114	7,474,551	3,098,880	123,321,603
Additions	-	-	-	-	-	1,077,500	715,695	990,713	2,783,908
Acquisition of subsidiary	-	-	-	-	-	-	425,000	934,571	1,359,571
Transfer to land held for property development (Note 7)	(41,374,030)	(18,455,760)	-	-	-	-	-	-	(59,829,790)
Disposals/write off	-	-	-	-	-	-	(143,576)	(1,339)	(144,915)
At 31 December	7,734,869	4,895,423	1,108,760	71,562	3,331,654	36,853,614	8,471,670	5,022,825	67,490,377
Accumulated depreciation									
At 1 November	-	3,172,209	146,443	16,939	915,000	17,170,095	3,488,416	2,117,229	27,026,331
Depreciation for the financial period (Note 32)	-	467,981	24,407	1,670	77,573	2,822,981	1,356,600	399,439	5,150,651
Acquisition of subsidiary	-	-	-	-	-	-	269,167	501,418	770,585
Transfer to land held for property development (Note 7)	-	(3,336,092)	-	-	-	-	-	-	(3,336,092)
Disposals/write off	-	-	-	-	-	-	(96,012)	(190)	(96,202)
At 31 December	-	304,098	170,850	18,609	992,573	19,993,076	5,018,171	3,017,896	29,515,273
Carrying amount									
At 31 December	7,734,869	4,591,325	937,910	52,953	2,339,081	16,860,538	3,453,499	2,004,929	37,975,104

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

	Motor Vehicles RM	Office Equipment and Renovation RM	Total RM
Company			
2014			
At Cost			
At 1 January	2,133,873	523,925	2,657,798
Additions	-	25,997	25,997
At 31 December	2,133,873	549,922	2,683,795
Accumulated Depreciation			
At 1 January	1,795,422	100,516	1,895,938
Depreciation for the financial year (Note 32)	160,191	50,871	211,062
At 31 December	1,955,613	151,387	2,107,000
Carrying amount			
At 31 December	178,260	398,535	576,795

	Freehold Land RM	Freehold Building RM	Motor Vehicles RM	Office Equipment and Renovation RM	Total RM
Company					
2013					
Cost					
At 1 November	5,434,400	2,118,118	2,133,873	80,657	9,767,048
Additions	-	-	-	443,268	443,268
Disposals	(5,434,400)	(2,118,118)	-	-	(7,552,518)
At 31 December	-	-	2,133,873	523,925	2,657,798
Accumulated Depreciation					
At 1 November	-	353,019	1,363,536	75,860	1,792,415
Depreciation for the financial period (Note 32)	-	49,423	431,886	24,656	505,965
Disposals	-	(402,442)	-	-	(402,442)
At 31 December	-	-	1,795,422	100,516	1,895,938
Carrying amount					
At 31 December	-	-	338,451	423,409	761,860

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

a) Carrying amounts for property, plant and equipment of the Group that have been pledged to licensed banks to secure the credit facilities granted to the Group as disclosed in Note 25 to financial statements are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Freehold land	4,853,200	4,853,200
Freehold buildings	2,122,937	1,296,419
Leasehold land	916,990	937,910
Factory buildings	2,272,448	2,339,081
Plant and machinery	198,065	251,450
	10,363,640	9,678,060

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Motor vehicles	3,526,445	3,026,893	178,260	338,451
Plant and machinery	7,528,293	4,124,876	-	-

6. Investment properties

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Carrying amounts				
Investment properties				
- freehold land and buildings	209,011	213,479	6,976,137	6,149,619
Investment properties under construction				
- shopping mall and car park podium	291,442,129	-	-	-
	291,651,140	213,479	6,976,137	6,149,619

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Cost				
At 1 January/ 1 November	223,418	223,418	6,453,719	58,730,991
Additions	-	-	859,962	-
Transfer from property development costs (Note 14)	291,442,129	-	-	-
Disposals	-	-	-	(52,277,272)
At 31 December	291,665,547	223,418	7,313,681	6,453,719

6. Investment properties (cont'd)

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Accumulated depreciation				
At 1 January/ 1 November	9,939	4,560	304,100	2,819,192
Depreciation for the financial year/period (Note 32)	4,468	5,379	33,444	418,558
Disposals	-	-	-	(2,933,650)
At 31 December	14,407	9,939	337,544	304,100
Carrying amount	291,651,140	213,479	6,976,137	6,149,619

(i) The investment properties and investment properties under construction of the Group and of the Company are pledged to licensed banks to secure the credit facilities granted to the Group and to the Company as disclosed in Note 25 to the financial statements.

(ii) The fair values of the investment properties (exclude investment properties under construction) of the Group and of the Company were estimated at RM209,011 (2013: RM213,479) and RM22,000,000 (2013: RM22,000,000) respectively at Directors' valuation which were made based on current prices in an active market for the said properties.

(iii) Rental income earned from the investment property of the Group and of the Company during the financial year amounted to RM252,000 (2013: RM299,000) and Nil (2013: RM1,400,000) respectively.

(iv) Direct operating expenses on income generating investment properties of the Group and of the Company during the financial year amounted to RM180,882 (2013: RM167,331) and Nil (2013: RM166,190) respectively.

(v) Interest expense capitalised during the financial year under investment properties under construction amounted to RM3,245,897 (2013: Nil).

(vi) The Group is obliged to rent 900 units of car park podium to Star Publication (Malaysia) Berhad in accordance with the terms agreed in the Land Sale and Purchase Agreement as disclosed in Note 26 to the financial statements.

7. Land held for property development

Freehold land	Group 2014 RM	Group 2013 RM
At cost		
At 1 January/ 1 November	56,493,698	-
Additions	1,134,415	-
Transfer from property, plant and equipment (Note 5)	-	56,493,698
Transfer to asset classified as held for sale (Note 23)	(19,048,391)	-
At 31 December	38,579,722	56,493,698

Land held for property development have been charged to banks to partially secure the bank borrowings as disclosed in Note 25 to the financial statements.

8. Investment in subsidiaries

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost		
At 1 January/ 1 November	237,786,619	237,786,613
Additional investment in subsidiaries	499,996	-
Acquisition of subsidiaries	-	6
At 31 December	238,286,615	237,786,619
Accumulated impairment		
At 1 January/ 1 November	16,463,464	419,470
Impairment during the financial year/period	-	16,043,994
At 31 December	16,463,464	16,463,464
Carrying amount	221,823,151	221,323,155

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Principal Activities
Direct subsidiaries				
JAKS Sdn. Bhd. *	Malaysia	100	100	General contractor and supplier of building materials
Pipe Technology System Sdn. Bhd. *	Malaysia	70	70	Pipe manufacturer
JAKS Steel Industries Sdn. Bhd. *	Malaysia	98.05	98.05	General trading of building materials and other steel related products
Surge System Sdn. Bhd.#	Malaysia	100	100	General trading and construction
Empire Deluxe Sdn. Bhd.*	Malaysia	100	100	Manufacturing of ductile steel pipes and investment holding
Gain World Trading Limited ^	British Virgin Islands	100	100	Investment holding
Golden Keen Holdings Limited ^	British Virgin Islands	100	100	Investment holding
JAKS Power Holding Limited *#ß	British Virgin Islands	100	100	Investment holding
JAKS Offshore Sdn. Bhd.*	Malaysia	51	51	Offshore, drilling, oil, gas and general trading

8. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of Incorporation	Effective Equity Interest 2014 %	2013 %	Principal Activities
Direct subsidiaries (cont'd)				
Harbour Town Sdn. Bhd. #	Malaysia	100	100	Investment holding
Premier Place Property Sdn. Bhd.	Malaysia	100	100	Property development
Harbour Front Development Sdn. Bhd.	Malaysia	100	100	Property development
Indirect subsidiaries held through JAKS Sdn. Bhd.				
JAKS-KDEB Consortium Sdn. Bhd.#	Malaysia	70	70	Investment holding and supply of products for water supply industry
JAKS Marketing Sdn. Bhd. *	Malaysia	100	100	General trading of steel and construction related products
JAKS Power Sdn. Bhd. #∞	Malaysia	100	100	Investment holding
JAKS Island Circle Sdn. Bhd.	Malaysia	51	51	Property development
Indirect subsidiary held through JAKS-KDEB Consortium Sdn. Bhd.				
Integrated Pipe Industries Sdn. Bhd. #	Malaysia	70	70	Pipes manufacturer
Indirect subsidiary held through Empire Deluxe Sdn. Bhd.				
Wing Tiek Ductile Iron Pipe Sdn. Bhd. *#	Malaysia	100	100	General trading of steel and other related products
Indirect subsidiary held through JAKS Power Holding Limited				
JAKS Pacific Power Limited *#ß	Hong Kong	100	100	Investment holding
JAKS-MPC (HD) Limited ^	British Virgin Islands	100	100	Investment holding

8. Investment in subsidiaries (cont'd)

Name of subsidiaries	Country of Incorporation	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Principal Activities
Indirect subsidiary held through JAKS Pacific Power Limited				
JAKS Hai Duong Power Company Limited *# ∞ à	Vietnam	100	100	Undertake investment, implementation and operation of Vietnam Project
Indirect subsidiary held through Harbour Town Sdn. Bhd.				
MNH Global Assets Management Sdn. Bhd. ∆	Malaysia	51	51	Investment holding and property development
Indirect subsidiary held through MNH Global Assets Management Sdn. Bhd.				
Evolve Concept Mall Sdn. Bhd. ^	Malaysia	51	-	Management of mall and other properties

* Subsidiaries not audited by ECOVIS AHL PLT.

^ The audited financial statements and auditors' report of these subsidiaries are not available for consolidation. These subsidiaries are currently dormant or inactive.

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

∞ The auditors' report of this subsidiary contain an emphasis of matter to draw attention to the matter as disclosed in Note 12 to the financial statements which explains the circumstances and consideration the Directors have taken into account in preparing the financial statements.

ß The audited reports of these subsidiaries contain an emphasis of matter relating to the intragroup balances on the expenditure paid on behalf by the Company for its subsidiaries.

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

∆ The shares held in this subsidiary are pledged to bank for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

8. Investment in subsidiaries (cont'd)

Acquisition of subsidiaries

During the financial year

On 6 March 2014, a 51% owned subsidiary of the Company, MNH Global Assets Management Sdn. Bhd. had incorporated a wholly-owned subsidiary, Evolve Concept Mall Sdn. Bhd. with authorised capital of RM400,000 and issued and paid-up capital of RM2.

9. Jointly controlled operations

The details of the jointly controlled operations are as follows:

Name of Companies	Country of Incorporation	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %	Principal Activities
IJM – JAKS Joint Venture *	Malaysia	40	40	Construction
KACC – JAKS Joint Venture *	Malaysia	50	50	Construction
JAKS – KACC Joint Venture *	Malaysia	50	-	Construction

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

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

	Group 2014 RM	Group 2013 RM
Non-current assets	219,700	331,460
Current assets	25,761,678	22,030,366
Current liabilities	(19,398,837)	(16,844,283)
Net assets	6,582,541	5,517,543

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

	Group 12 months 2014 ended RM	Group 14 months 2013 ended RM
Revenue	38,060,124	74,846,957
Expenses including taxation	(36,995,126)	(74,633,019)
Net profit for the financial year/period	1,064,998	213,938

10. Golf club memberships

	Group 2014 RM	Group 2013 RM
At cost		
At 1 January/ 1 November	600,000	600,000
Less: Accumulated amortisation		
At 1 January/ 1 November	63,158	55,264
Amortisation for the financial year/period (Note 32)	7,894	7,894
At 31 December	71,052	63,158
Carrying amount		
At 31 December	528,948	536,842

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

11. Goodwill on consolidation

	Group 2014 RM	Group 2013 RM
At cost		
At 1 January/ 1 November	211,092,762	181,090,857
Acquisition of a subsidiary	-	30,001,905
At 31 December	211,092,762	211,092,762
Accumulated impairment		
At 1 January/ 1 November	25,867,882	25,867,882
Impairment for the financial year/period (Note 32)	6,723,975	-
At 31 December	32,591,857	25,867,882
Carrying amount		
At 31 December	178,500,905	185,224,880

11. Goodwill on consolidation (cont'd)

Impairment test of goodwill

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

	2014 RM	2013 RM
Manufacturing	-	6,723,975
Construction	148,499,000	148,499,000
Property development	30,001,905	30,001,905
	178,500,905	185,224,880

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

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

- Cash flows were projected based on past experience, actual operating results and potential projects to be awarded within the 5-year period (including rental income estimated to be generated in future from its investment properties).
- Budgeted gross margins are based on average values achieved in the preceding projects completed on construction which is estimated at 10% to 13% (2013: 10% to 17%) and property development of approximately 21% and gross margin from rental income of 73%.
- Growth rate is estimated at 10% to 15% and 5% to 11% for construction and property development respectively.
- The pre-tax discount rate used is 7% (2013: 7% - 8%) estimated based on the average costs of borrowings.

(b) Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying values of the units to materially differ from its recoverable amounts.

12. Development expenditure

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 January	107,064,880	93,385,578	61,499,541	60,455,526
Addition	46,293,778	13,679,302	5,370,089	1,044,015
At 31 December	153,358,658	107,064,880	66,869,630	61,499,541

The development expenditure represents expenditure and incidental costs incurred for the development of the 2 units of 600 MW Coal Fired Thermal Power Plant Project at Phuc Thanh Commune, Kinh Mon District in Hai Duong Province, Vietnam ("the Project"). The construction of the 2 units of the 600 MW Coal Fired Thermal Power Plant is expected to take 5 years with investment capital of approximately USD2.3 billion.

12. Development expenditure (cont'd)

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

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

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

(ii) MOA with Electricity of Vietnam ("EVN"), in relation to the Power Purchase Agreement ("PPA") where the parties confirmed their agreement to the terms and conditions to the PPA subject to the finalisation of the BOT Contract, including without limitation the tariff stated therein.

(iii) MOA with Vietnam National Coal-Mineral Industries Group ("VINACOMIN") in relation to the Coal Supply Agreement ("CSA") whereby the parties confirmed their agreement to the terms and conditions to the CSA, including without limitation the coal price as stated therein.

(iv) MOA with the Hai Duong People's Committee, in relation to the Land Lease Agreement ("LLA") whereby the parties confirmed their agreement to the terms and conditions for the lease of the project site land.

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

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

(i) BOT Contract with MOIT and the Government Guarantee and Undertakings Agreement with the Government of the Socialist Republic of Vietnam;

(ii) Power Purchase Agreement with EVN;

(iii) Coal Supply Agreement with VINACOMIN; and

(iv) Land Lease Agreements with Department of Natural Resources and Environment of Hai Duong People's Committee.

On 21 October 2011, JHDP entered into an Engineering Procurement and Construction ("EPC") Contract with a consortium consisting of China National Technical Import & Export Corporation ("CNTIC") and Tianjin Electric Power Construction Company ("TEPC") ("CNTIC-TEPC EPC"), both of which are established under the laws of People's Republic of China, as the Contractor of the Project.

On 6 January 2012, JAKS Power Holding Limited ("JPH") entered into several agreements to formalise the entry of Meiya Power (HD) Limited ("Meiya Power") and Island Circle Investment Holding Limited ("Island Circle") as equity partner in the Proposed Joint Venture ("Meiya Power Proposed Joint Venture"). In addition to the above agreement, the Company also on the same date entered into various supplementary agreements and letters to facilitate the Project.

On 31 October 2012, JHDP received approval from the MOIT for an extension of 12 months to 30 October 2013 to achieve the financial close of the Project. The approval for extension was subject to the loan agreements for the financing of the project being signed within 8 months from the date of approval. This requirement for signing of loan agreement was eventually waived by MOIT on 30 August 2013 upon application by JAKS Pacific Power Limited ("JPP").

12. Development expenditure (cont'd)

On 11 December 2012, as a result of non-fulfilment of certain conditions stipulated in the joint venture agreements for the Meiya Power Proposed Joint Venture, the Group terminated the said proposed joint venture. The Group had also terminated the following agreements:

(i) the Sale and Purchase Agreement entered between JPH and Meiya Power,

(ii) the Shareholders Agreement entered between JPH, Meiya Power and JAKS-MPC (HD) Limited ("JMHD"),

(iii) the Shareholders Agreement entered between JPH, JMHD and Island Circle related to JAKS Pacific Power Limited ("JPP"),

(iv) various supplementary agreements relating to the Proposed Joint Venture; and

(v) the EPC Contract with CNTIC and TEPC.

Following to the termination on 11 December 2012, the Group entered into the following conditional agreements on 12 December 2012:

(i) subscription agreement between JPP, a wholly-owned subsidiary of JPH which in turn is a wholly owned subsidiary of JAKS Resources Berhad, and Wuhan Kaidi Electric Power Engineering Co. Ltd ("Kaidi") to subscribe for 80 ordinary shares of HKD1/- each in JPP ("JPP Share") at the subscription price of HKD1/- per JPP Share (" Kaidi Subscription Agreement");

(ii) subscription agreement between JPP and Sanjung Merpati Sdn. Bhd. ("SMSB") to subscribe for 20 JPP Shares at the subscription price of HKD1/- per JPP Share ("SMSB Subscription Agreement");

(iii) shareholders agreement between JPH, SMSB, Kaidi and JPP to regulate their proposed relationship as shareholders of JPP as well as certain other matters relating to the management of JPP and also to govern their relationship in respect of matters related to JHDP ("JPP SHA"); and

(iv) engineering, procurement and construction ("EPC") contract between JHDP and Kaidi ("Kaidi EPC Contract") to set out the terms and conditions in respect of the services and work to be provided by Kaidi (also known as the "EPC Contractor") to JHDP in relation to the engineering, procurement and construction of the Project.

The above agreements were entered into to facilitate the entry of Kaidi as equity partner cum EPC Contractor and SMSB as equity partners in the new proposed joint venture ("Kaidi-SMSB Proposed Joint Venture"), and were subject to the approval of the shareholders.

On 15 April 2013, JPP and SMSB mutually agreed to terminate the subscription agreement entered into by both parties on 12 December 2012. At the same time, JPP, Kaidi and SMSB mutually agreed to terminate the JPP SHA.

On 16 April 2013, the Company announced that the following agreements had been entered into on 15 April 2013 to facilitate the Proposed Joint Venture between JPH and Kaidi under a 60:40 shareholding structure ("JPH-Kaidi Proposed Joint Venture"):

(a) subscription agreement between JPP and Kaidi for Kaidi to subscribe for 80 JPP Shares at the subscription price of HKD1.00 per JPP Share ("Kaidi Subscription Agreement"); and

(b) shareholders' agreement and supplement shareholders' agreement between JPH, Kaidi and JPP to regulate their proposed relationship inter se as shareholders of JPP as well as certain other matters relating to the management of JPP and also to govern their relationship inter se in respect of matters related to JHDP.

12. Development expenditure (cont'd)

Accordingly, the following parties had also on even date, mutually agreed to terminate the following agreements that were entered to facilitate the JPH-Kaidi Proposed Joint Venture:

(a) JPP and Kaidi in respect of the subscription agreement dated 12 December 2012 for Kaidi to subscribe for 80 JPP Shares subject to JPP and Kaidi to re-enter into a new subscription agreement on even date: and

(b) JPP, Kaidi, SMSB and JPH in respect of the shareholders agreement dated 12 December 2012 and the supplemental shareholders agreement dated 19 December 2012.

On 28 June 2013, the shareholders of the Company approved the JPH-Kaidi Proposed Joint Venture at an Extraordinary General Meeting held so that the joint venture partners can proceed to raise the required funding to fully implement the Project.

On 3 September 2013, the Company announced that JPP and Kaidi had mutually agreed to further extend the cut-off date to fulfil the conditions precedent as set out in the Kaidi Subscription Agreement for a further period of two (2) months to 30 October 2013. On 30 October 2013, both parties agreed to further extend the cut-off date to enable Kaidi to fulfil its obligations from the expiry of 30 October 2013 to 31 March 2014.

As there was an extension to the fulfillment of the Kaidi Subscription Agreement, JPP had written to MOIT to seek extension of time for JPP and/or JHDP to achieve the financial close from 30 October 2013 to 30 October 2014. In a letter dated 20 November 2013 MOIT requested the Group to extend the Proposal Security at least until 14 February 2014 in order to allow time for Vietnam Government to consider the above application. On 4 December 2013, the Group extended the proposed security up to 7 March 2014. As at the end of 31 December 2013, the Group had yet to receive affirmative response from MOIT pertaining to this application.

During the financial year

On 6 March 2014, the Group further extended the Proposal Security up to 7 June 2014, which was duly submitted to MOIT.

On 26 March 2014, the Group received approval from the MOIT for an extension of 12 months from 30 October 2013 to 31 October 2014 to achieve the financial close of the Project.

On 1 April 2014, the Group announced that the Kaidi Subscription Agreement, JPP SHA and Supplement JPP SHA have lapsed following the non-fulfillment of the condition precedents by Kaidi on or before the extended cut-off date of 31 March 2014. Accordingly, the JPH-Kaidi Proposed Joint Venture shall not take effect.

On 27 October 2014, JPP had submitted its letter dated 24 October 2014, applied to MOIT to extend the required date for completion of the preconditions of the Project (including to achieve financial close) to 31 October 2015. As at the end of the current financial year and the date of this report, the Group has not received any negative response from MOIT pertaining to this application. MOIT has, however vide its letter dated 7 November 2014, requested the Group to extend the Proposal Security to at least until 7 March 2015 in order for Vietnam Government to consider the above application. The Group had extended the Proposal Security up to 7 December 2015 and duly submitted to MOIT, which had been accepted by the latter.

The Group is currently evaluating new potential partners and is confident of securing the right potential partner and obtain further extension to it's financial close considering the various strengths the project holds. The Hai Duong power plant, which is one of only five foreign-backed BOT power projects licensed in Vietnam over the last two decades, is situated at a favorable site, has committed supply of local coal, and has seen consistent support from the Vietnam authorities.

In addition, the Group had already completed all the project documents such as the BOT Contract, PPA, CSA and LLA. The Project has also been granted government guarantees for payments and foreign currency convertibility and tax incentives, which newer power projects may not get to enjoy.

12. Development expenditure (cont'd)

During the financial year (cont'd)

The site clearance and land compensation for the site of the main power plant has also been completed and the site had been officially handed over to JHDP. The Group has also completed infrastructure works for the project such as bomb and mine detection and clearance, site backfilling, construction of main access road, boundary wall, and relocating high voltage transmission lines out of the project site etc.

Therefore, the Directors of the Company are of the opinion that no impairment is required in view of the positive progress of the Project and are confident that the Project will enhance the future profitability and improve the financial position of the Group.

In the event MOIT does not grant further extension period to the Group for completion of the preconditions of the Project, the whole development expenditure would potentially be impaired.

13. Deferred tax assets/(liabilities)

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

(a) *Deferred Tax Assets*

	Group	
	2014 **RM**	**2013** **RM**
At 1 January/1 November	9,631,282	10,616,580
Recognised in profit or loss	(353,801)	(985,298)
At 31 December	9,277,481	9,631,282

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

	Group	
	2014 **RM**	**2013** **RM**
Tax effects of:		
- Unabsorbed capital allowances and Unutilised tax losses	9,277,481	9,631,282

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

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

	Group	
	2014 **RM**	**2013** **RM**
Unutilised tax losses	46,962,826	41,034,601
Unabsorbed capital allowances	7,988,493	7,962,963
	54,951,319	48,997,564
Potential deferred tax assets not recognised at 24% (2013: 24%)	13,188,317	11,759,415

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

13. Deferred tax assets/(liabilities) (cont'd)

(b) Deferred Tax Liabilities

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 January/ 1 November	(203,495)	(788,985)	-	(635,296)
Recognised in profit or loss	5,697	585,490	-	635,296
At 31 December	(197,798)	(203,495)	-	-

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Tax effects of:				
- Deductible temporary differences	(197,798)	(203,495)	-	-

14. Property development costs

Group	Leasehold Land and Conversion Premium RM	Development costs RM	Total RM
2014			
At cost			
At 1 January	262,397,755	669,130,979	931,528,734
Incurred during the financial year	-	360,446,986	360,446,986
Transfer to investment properties (Note 6)	(68,380,999)	(223,061,130)	(291,442,129)
Transfer to inventories (Note 16)	(724,184)	(19,161,727)	(19,885,911)
At 31 December	193,292,572	787,355,108	980,647,680
Accumulative Development Costs Recognised in Profit or Loss			
At 1 January	27,615,218	491,577,266	519,192,484
Development costs recognised during the financial year (Note 29)	6,403,553	182,998,431	189,401,984
At 31 December	34,018,771	674,575,697	708,594,468
Carrying Amount			
At 31 December	159,273,801	112,779,411	272,053,212

14. Property development costs (cont'd)

Group	Leasehold Land and Conversion Premium RM	Development costs RM	Total RM
2013			
At cost			
At 1 November	177,839,350	7,548,538	185,387,888
Acquisition of subsidiaries	84,634,321	497,562,771	582,197,092
Incurred during the financial period	-	164,019,670	164,019,670
Over provision in prior year	(75,916)	-	(75,916)
At 31 December	262,397,755	669,130,979	931,528,734
Accumulative Development Costs Recognised in Profit or Loss			
At 1 November	215,403	665,580	880,983
Acquisition of subsidiaries	13,780,651	394,030,098	407,810,749
Development costs recognised during the financial period	13,619,164	96,881,588	110,500,752
At 31 December	27,615,218	491,577,266	519,192,484
Carrying Amount			
At 31 December	234,782,537	177,553,713	412,336,250

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

The leasehold land with carrying amount of RM159,273,801 (2013: RM234,782,537) is pledged as security for bank borrowings as detailed in Note 25 to the financial statements.

Property development costs incurred during the year include the capitalisation of the finance costs amounted to RM21,947,355 (2013: RM17,131,443).

15. Amount due from customers on contract works

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Aggregate costs incurred to date	1,936,308,490	1,591,130,822	304,037,932	247,003,038
Attributable profits	386,544,291	358,324,258	19,419,402	15,777,923
	2,322,852,781	1,949,455,080	323,457,334	262,780,961
Less: Progress billings	(2,259,830,878)	(1,868,023,929)	(315,959,245)	(243,736,413)
Amount due from customers on contract works	63,021,903	81,431,151	7,498,089	19,044,548
Construction contract revenue recognised as contract revenue during the financial year/period (Note 28)	134,554,306	395,560,897	60,676,373	92,466,407
Construction contract costs recognised as contract expense during the financial year/period (Note 29)	103,298,999	345,126,147	57,034,895	86,914,531

Included in progress billings of the Group is the retention sums amounted to RM9,619,246 (2013: RM14,343,885) which to be settled in accordance with the terms of the respective contracts.

16. Inventories

	Group	
	2014	**2013**
	RM	**RM**
At cost		
Raw materials	-	3,788,105
Work-in-progress	-	426,232
Finished goods	-	9,783,085
Building materials	1,552,249	1,624,098
Properties held for sales (Note 14)	19,885,911	-
	21,438,160	15,621,520
At net realisable value		
Raw materials	71,418	-
Work-in-progress	3,742,144	-
Finished goods	410,286	-
	4,223,848	-
	25,662,008	15,621,520

17. Trade receivables

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Trade receivables	111,374,392	77,092,812	26,004,225	15,871,393
Less: Allowance for impairment	(1,317,981)	(1,330,853)	-	-
	110,056,411	75,761,959	26,004,225	15,871,393

(i) The Group's and the Company's normal trade credit terms range from 14 to 120 (2013: 14 to 120) days from the date of invoice. Other credit terms are assessed and approved on a case-to-case basis.

The Group and the Company have no concentration of credit risk except for the amounts owing by three (2013: two) and one (2013: one) customers which constituted approximately 60% (2013: 51%) and 100% (2013: 100%) of its trade receivables respectively as at the end of the reporting period.

(ii) Included in trade receivables of the Group and of the Company is the retention sums of RM6,654,980 (2013: RM6,654,980).

(iii) Ageing analysis on trade receivables

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

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Neither past due nor impaired	47,193,019	24,235,844	26,004,225	15,871,393
Past due but not impaired				
Past due 1 to 30 days	22,859,346	6,968,097	-	-
Past due 31 to 60 days	4,927,196	12,467,184	-	-
Past due 61 to 90 days	6,187,591	5,736,966	-	-
Past due more than 90 days	28,889,259	26,353,868	-	-
	62,863,392	51,526,115	-	-
Impaired	1,317,981	1,330,853	-	-
	111,374,392	77,092,812	26,004,225	15,871,393

(a) Receivables that are neither past due nor impaired

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

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

17. Trade receivables (cont'd)

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

(b) Receivables that are past due but not impaired

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

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

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

(c) Receivables that are impaired

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

	Group 2014 RM	Group 2013 RM
Individually impaired		
Trade receivables		
- Nominal amounts	1,317,981	1,330,853
Less : Allowance for impairment	(1,317,981)	(1,330,853)
	-	-

Receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

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

	Group 2014 RM	Group 2013 RM
At 1 January/1 November	1,330,853	1,337,470
Charge for the financial year/period (Note 32)	-	25,024
Reversal of impairment no longer required (Note 32)	(12,872)	(31,641)
At 31 December	1,317,981	1,330,853

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are defaulted on payments. These receivables are not secured by any collateral or credit enhancements, other than receivables amounting to RM994,443 (2013: RM994,443) are secured by the indemnity agreements given by guarantors.

18. Accrued billings/(Progress billings)

	Group	
	2014 RM	2013 RM
Revenue recognised in profit or loss to date	885,119,382	620,219,399
Progress billings to date	(882,109,900)	(543,874,075)
	3,009,482	76,345,324
Accrued billings	32,621,638	150,395,778
Progress billings	(29,612,156)	(74,050,454)
	3,009,482	76,345,324

19. Other receivables, deposits and prepayments

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables	28,249,190	37,083,088	-	-
Deposits	45,331,349	27,934,344	176,530	140,990
Prepayments	3,055,273	3,268,489	15,465	30,852
	76,635,812	68,285,921	191,995	171,842

(i) Included in deposits of the Group is an amount of RM3,444,757 and Nil (2013: RM5,796,554 and RM500,000) which represents deposit paid for the purchase of raw materials and deposit paid to Star Publication (Malaysia) Berhad for the acquisition of leasehold land as disclosed in Note 26 to the financial statements.

(ii) Included in deposits of the Group is an amount of RM7,000,000 (2013: RM7,000,000) which represents advances paid to contractors. The Directors are of the opinion that no impairment is required based on past experience and that likelihood of recoverability of these receivables.

(iii) Included in other receivables is an amount of RM9,196,110 (2013: RM24,909,909) due from a single (2013: one) receivable which is non-controlling interest in a subsidiary. The Directors are of the opinion that no impairment is required based on past experience and that likelihood of recoverability of this receivable.

20. Amount owing by/(to) subsidiaries

	Company	
	2014 RM	2013 RM
Amount owing by subsidiaries:		
Non-trade		
- Interest bearing at 6%	-	2,182,430
- Non-interest bearing	363,105,936	301,198,950
	363,105,936	303,381,380
Less: allowance for impairment	(12,738,229)	(12,738,229)
	350,367,707	290,643,151
Amount owing to subsidiaries:		
Trade	(121,097,345)	(86,910,004)
Non-trade		
- Non-interest bearing	(38,840,606)	(703,879)
	(159,937,951)	(87,613,883)

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

21. Deposits placed with licensed banks

Group and Company

Deposits placed with licensed banks are pledged to the banks to secure credit facilities granted to the Group and the Company as disclosed in Note 25 to the financial statements.

Included in deposits with licensed bank in an amount of RM80,000 (2013: RM100,000) held in trust in the name of a subsidiary's Director.

The effective interest rates for the Group's and the Company's deposits range from 2.55% to 3.25% and 3.05% to 3.20% (2013: 2.50% to 3.53% and 3.00% to 3.53%) per annum respectively.

The deposits have maturity period range from one month to twelve months.

22. Cash and bank balances

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Housing development accounts	25,213,788	58,341,028	-	-
Project development account	4,388,762	13,790,336	-	-
Debt service reserve account	1,146,170	1,133,990	-	-
Cash and bank balances	49,593,662	20,923,300	1,928,776	1,442,712
	80,342,382	94,188,654	1,928,776	1,442,712

22. Cash and bank balances (cont'd)

(a) Housing Development Accounts are maintained pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 in connection with the Group's property development projects. The utilisation of these balances are restricted before completion of the housing development projects and fulfilling all relevant obligations to the purchasers and therefore restricted from use in other operations.

(b) Project Developments Account, Debt Service Reserve Account, Escrow Account and Operating Account are opened in accordance with the terms and conditions set out in the term loan arrangements referred to in Note 25 to the financial statements.

The currency exposure profiles of cash and bank balances are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	79,897,992	93,151,721	1,928,776	1,442,712
United State Dollar	444,390	1,028,776	-	-
Singapore Dollar	-	8,157	-	-
	80,342,382	94,188,654	1,928,776	1,442,712

23. Asset classified as held for sale

	Group	
	2014 RM	2013 RM
Land held for property development (Note 7)	19,048,391	-

On 2 September 2014, a subsidiary of the Company, Harbour Front Development Sdn. Bhd. has entered into Sales and Purchase Agreements with Welloyd Engineering (M) Sdn. Bhd. to dispose a piece of its freehold land known as Geran 313757 Lot 72086 in the Mukim of Kapar, District of Klang, Selangor measuring approximately 89,340 square metres for a total cash consideration of RM59,395,256. The disposal is subject to fulfilment of conditions precedent.

The asset classified as held for sale is pledged as security for bank borrowing granted to the Company and will be discharge subsequently.

24. Share capital

	Group and Company			
	2014		2013	
	No. of shares unit	RM	No. of shares unit	RM
Ordinary shares of RM1 each:				
Authorised:				
At beginning and end of financial year/period	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid:				
At beginning and end of financial year/period	438,361,072	438,361,072	438,361,072	438,361,072

Employees' Share Option Scheme ("ESOS")

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

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

The salient terms of the ESOS are as follows:

(a) Eligible employees, Non-Executive and Executive Directors must be at least eighteen years of age and must have been confirmed on that date of offer.

(b) The Eligible employees must be on full time employment basis with at least one year of period of employment, save for the non-executive Directors of the Company.

(c) The exercise price shall be discounted by not more than 10% from the weighted average of the market price of the Shares as shown in the daily official list issued by Bursa Securities for the five trading days immediately preceding the date of offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is the higher.

(d) The new shares to be allotted and issued upon any exercise of the options shall rank pari passu in respect with the existing shares of the Company except that the new shares will not be entitled to any dividends, rights, allotments and other distributions in which entitlement date precedes the date of allotment of the said shares.

(e) The option granted may be exercised at any time within a period of five years from the effective date provided. The Board of Directors shall have the discretion to extend the tenure of the ESOS for another five years immediately or such shorter period as it deems fit from the expiry of the first five years.

Other provisions are stipulated in the ESOS By-Law. As at the reporting date, no ESOS was granted by the Company.

25. Borrowings

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Secured				
Current liabilities				
Hire purchase liabilities	2,737,487	2,092,417	155,040	147,820
Term loans	76,713,875	77,847,252	-	3,796,569
Bill payables	81,044,191	98,122,621	-	-
Factoring loan	10,389,825	27,122,061	-	-
Revolving credits	35,000,000	35,000,000	35,000,000	35,000,000
Bank overdrafts	54,772,034	40,432,583	22,372,913	25,811,982
	260,657,412	280,616,934	57,527,953	64,756,371
Non-current liabilities				
Hire purchase liabilities	3,554,164	1,897,304	31,083	186,123
Term loans	339,531,108	192,027,812	-	-
	343,085,272	193,925,116	31,083	186,123
Total borrowings				
Hire purchase liabilities	6,291,651	3,989,721	186,123	333,943
Term loans	416,244,983	269,875,064	-	3,796,569
Bill payables	81,044,191	98,122,621	-	-
Factoring loan	10,389,825	27,122,061	-	-
Revolving credits	35,000,000	35,000,000	35,000,000	35,000,000
Bank overdrafts	54,772,034	40,432,583	22,372,913	25,811,982
	603,742,684	474,542,050	57,559,036	64,942,494

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Maturities of borrowings				
Not later than one year	260,657,412	280,616,934	57,527,953	64,756,371
Later than 1 year and not later than 5 years	165,925,272	193,925,116	31,083	186,123
More than 5 years	177,160,000	-	-	-
	603,742,684	474,542,050	57,559,036	64,942,494

25. Borrowings (cont'd)

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
	%	%	%	%
Hire purchase liabilities	2.55 - 6.60	2.80 - 6.60	2.55 - 3.12	2.55 – 3.12
Term loans	6.00 - 8.35	7.35 - 7.85	-	7.85
Bill payables	4.50 - 8.10	3.50 - 7.60	-	-
Factoring loan	7.60 - 7.85	7.10 - 7.60	-	-
Revolving credits	7.18 - 7.60	7.18 - 7.60	7.18 - 7.85	7.18 - 7.60
Bank overdrafts	7.85 - 8.85	7.60 - 8.60	7.85 - 8.35	7.85

Hire purchase liabilities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Future minimum hire purchase payments				
- not later than one year	2,982,061	2,264,535	160,368	160,368
- later than one year and not later than five years	3,856,602	1,999,530	31,287	191,655
	6,838,663	4,264,065	191,655	352,023
Less: Future interest charges	(547,012)	(274,344)	(5,532)	(18,080)
Present value of hire purchase liabilities	6,291,651	3,989,721	186,123	333,943
Represented by:				
Current				
- not later than one year	2,737,487	2,092,417	155,040	147,820
Non-current				
- later than one year and not later than five years	3,554,164	1,897,304	31,083	186,123
	3,554,164	1,897,304	31,083	186,123
	6,291,651	3,989,721	186,123	333,943

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

(i) fixed charges over certain property, plant and equipment as disclosed in Note 5 to the financial statements;

(ii) fixed charges over certain land held for property development and property development costs as disclosed in Notes 7 and 14 to the financial statements;

(iii) fixed charge over all investment properties as disclosed in Note 6 to the financial statements;

25. Borrowings (cont'd)

(iv) legal assignment of all cashflows, sale or tenancy agreements, insurance policies, construction contracts, construction guarantees and performance bonds in relation to a project developed by certain subsidiaries;

(v) fixed and floating charge over the present and future assets of certain subsidiaries;

(vi) first legal charge over the equity acquired in a subsidiary;

(vii) facilities agreements together with interest, commission and all other charges thereon;

(viii) assignment over proceeds under certain contracts, Letter of Notification and Letter of Instruction;

(ix) assignment of all dividends and/or distribution from a subsidiary's shares;

(x) assignment of a subsidiary's rights, titles, interest and benefits from a purchaser's sales and purchase agreement in relation to proposed disposal;

(xi) negative pledge;

(xii) personal guarantee by a Director of the Company;

(xiii) joint and several guarantee by certain Directors of a subsidiary;

(xiv) corporate guarantees provided by the Company and a third party;

(xv) deposits, debt service reserve, housing development account, project development account, escrow and operating account as indicated in Notes 21 and 22 to the financial statements;

(xvi) specific debenture by way of fixed and floating charge over investment properties as disclosed in Note 6;

(xvii) second part charge over investment properties as disclosed in Note 6;

(xviii) lodgement of private caveat over strata titles of the investment properties as disclosed in Note 6;

(xix) legal assignment of the present and future proceeds from the car parks' rental income in a subsidiary;

(xx) first legal charge over all its unencumbered shares of a non-controlling interest of a subsidiary; and

(xxi) deed of subordination in respect of the shareholders' advances of a subsidiary.

26. Trade payables

	Group	
	2014 RM	**2013 RM**
Trade payables	52,840,197	48,021,266
Deferred contract revenue	99,868,070	135,000,000
	152,708,267	183,021,266

(a) The normal trade credit terms granted to the Group range from 1 to 90 (2013: 1 to 90) days from date of invoice.

(b) Included in trade payables is retention sums of RM2,301,069 (2013: RM2,294,290).

26. Trade payables (cont'd)

(c) Deferred contract revenue

	Group	
	2014	2013
	RM	RM
Deferred contract revenue	135,000,000	135,000,000
Reclassification from deposit paid (Note 19)	(500,000)	-
Contract revenue recognised	(34,631,930)	-
	99,868,070	135,000,000

On 19 August 2011, a subsidiary of the Company, JAKS Island Circle Sdn. Bhd. ("JISCB") and Star Publication (Malaysia) Berhad entered into a Land Sale and Purchase Agreement to purchase a 99 years leasehold land which is located at No. HS (D) 259880, No. Lot PT 16, Seksyen 13, Bandar Petaling Jaya, to develop into a mixed residential and commercial development, with a purchase consideration of RM135,000,000.

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

During the financial year, RM34,631,930 has been recognised based on the stage of completion of the said development.

27. Other payables and accruals

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other payables	15,613,433	63,908,759	91,298	68,111
Deposits received	11,069,367	4,122,554	-	40,000
Accruals	103,604,795	13,303,279	17,424,771	11,944,556
	130,287,595	81,334,592	17,516,069	12,052,667

Included in accruals of the Group and of Company is an amount of RM15,616,313 (2013: RM10,646,132) which represents amount payable to consultants of the Vietnam Coal Fired Thermal Power Plan Project as disclosed in Note 12 to the financial statements.

Included in deposits received of the Group was an amount of RM4,763,891 (2013: RM4,078,554) which represents the earnest deposits and advances received from properties buyers.

28. Revenue

	Group		Company	
	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
Construction contract works (Note 15)	134,554,306	395,560,897	60,676,373	92,466,407
Property development activities	264,899,985	131,892,760	-	-
Sales of goods	91,478,143	58,644,758	-	-
Management fee	-	-	8,720,000	4,340,000
Rental income	-	280,000	-	1,400,000
	490,932,434	586,378,415	69,396,373	98,206,407

29. Cost of sales

	Group		Company	
	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
Construction contract works (Note 15)	103,298,999	345,126,147	57,034,895	86,914,531
Property development activities (Note 14)	189,401,984	110,500,752	-	-
Cost of finished goods	86,484,788	51,984,087	-	-
	379,185,771	507,610,986	57,034,895	86,914,531

30. Finance income

	Group		Company	
	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
Interest income				
- subsidiaries	-	-	-	120,718
- deposits placed with licensed bank	2,613,470	767,275	488,846	438,712
- debt service reserve account	12,180	-	-	-
- housing development accounts	873,290	-	-	-
	3,498,940	767,275	488,846	559,430

31. Finance costs

	Group		Company	
	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
Interest expenses				
- bank overdrafts	4,733,959	3,885,437	1,960,580	2,369,243
- bill payables	4,401,606	6,235,636	-	-
- factoring loan	2,081,585	2,847,694	-	-
- hire purchase	299,446	344,927	12,548	31,094
- term loans	4,577,052	2,098,886	298,070	458,888
- bank guarantee	101,262	105,371	-	-
- revolving credit	2,652,209	3,018,864	2,652,209	3,018,864
	18,847,119	18,536,815	4,923,407	5,878,089

Interest expense on borrowings amounted to RM3,245,897 and RM21,947,355 respectively has been capitalised in investment properties and property development costs as disclosed in Notes 6 and 14 to the financial statements.

32. Profit/(loss) before tax

In addition to items disclosed in Notes 30 and 31, profit/(loss) before tax has been arrived at:

	Group		Company	
	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
After charging:				
Allowance for impairment				
- subsidiaries	-	-	-	12,738,229
- third party (Note 17)	-	25,024	-	-
Amortisation of golf club memberships (Note 10)	7,894	7,894	-	-
Auditors' remuneration				
- current year	274,000	267,000	66,000	60,000
- (over)/under accrual in prior year	(20,000)	19,676	-	20,000
Depreciation				
- property, plant and equipment (Note 5)	4,133,195	5,150,651	211,062	505,965
- investment properties (Note 6)	4,468	5,379	33,444	418,558
Directors' remuneration				
- fees	266,000	326,500	126,000	164,500
- salaries, allowances and bonuses	2,068,960	1,859,063	1,420,000	1,620,000
- Employees' Provident Fund	239,957	214,776	162,000	186,000
- others	3,542	3,461	1,859	2,169
Impairment loss on:				
- investment in subsidiaries	-	-	-	16,043,994
- goodwill (Note 11)	6,723,975	-	-	-
- plant and equipment (Note 5)	3,733,556	-	-	-
Inventories written down to net realisable value	4,223,849	96,723	-	-
Loss on disposal of plant and equipment	3,002,500	-	-	-

32. Profit/(loss) before tax (cont'd)

	Group		Company	
	12 months ended 2014 RM	**14 months ended 2013 RM**	**12 months ended 2014 RM**	**14 months ended 2013 RM**
After charging (cont'd):				
Loss on foreign exchange				
- realised	-	20,570	-	-
Liquidated and ascertained damages	1,829,543	-	-	-
Management fees	3,600,000	3,600,000	-	-
Property, plant and equipment write off	-	1,149	-	-
Rental expenses	390,000	406,400	-	-
Staff costs				
- salaries, allowances and bonuses	16,495,340	14,873,299	2,920,728	2,720,281
- Employees' Provident Fund	1,653,922	1,451,800	324,532	300,623
- other staff related costs	412,960	463,672	50,792	30,574
And crediting:				
Administrative fees received	120,620	-	-	-
Bad debt recovered	9,656	-	-	-
Gain on disposal of properties, plant and equipment	14,441,151	12,436	-	159,506,302
Forfeiture of deposits from purchasers	226,981	64,654	-	-
Impairment of receivables no longer required (Note 17)	12,872	31,641	-	-
Late payment interest received	1,279,671	127,543	-	-
Management fee	-	-	8,720,000	4,340,000
Rental income	252,000	299,000	-	1,400,000

The Directors' remuneration and staff costs capitalised in development expenditure in Note 12 to the financial statements Group are as follows:

	Group	
	12 months ended 2014 RM	**14 months ended 2013 RM**
Directors' remuneration		
- salaries, allowances and bonuses	540,000	590,000
- Employees' Provident Fund	32,400	35,400
- others	443	517
Staff costs		
- salaries, allowances and bonuses	1,071,383	1,956,269
- Employees' Provident Fund	125,239	153,210
- others	7,108	9,255

33. Tax expense

	Group		Company	
	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
Income tax				
- current year/period	(18,074,636)	(7,998,432)	(1,117,480)	(329,461)
- (under)/over accrual in prior years/period	(733,131)	(727,546)	157	(127,054)
	(18,807,767)	(8,725,978)	(1,117,323)	(456,515)
Real property gain tax	(798,458)	-	-	-
	(19,606,225)	(8,725,978)	(1,117,323)	(456,515)
Deferred tax				
- current year/period	(225,099)	(1,017,537)	-	-
- (under)/over accrual in prior year/period	(123,271)	617,729	-	635,296
- Effect of change in corporate tax rate from 25% to 24%	266	-	-	-
	(348,104)	(399,808)	-	635,296
	(19,954,329)	(9,125,786)	(1,117,323)	178,781

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

	Group		Company	
	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
Profit/(Loss) before tax	54,316,327	19,782,842	(214,992)	125,799,830
Taxation at statutory tax rate of 25% (2013: 25%)	(13,579,082)	(4,945,710)	53,748	(31,449,957)
Tax effects in respect of:				
- non-taxable income	3,894,083	196,667	122,212	39,876,576
- non-deductible expenses	(7,844,680)	(3,981,881)	(1,293,440)	(8,756,080)
- deferred tax assets not recognised in the financial statements	(1,168,297)	(285,045)	-	-
- utilisation of previously unrecognised deferred tax assets	398,241	-	-	-
- Real property gain tax	(798,458)	-	-	-
- (under)/over provision of current tax in prior years	(733,131)	(727,546)	157	(127,054)
- (under)/over provision of deferred tax in prior years	(123,271)	617,729	-	635,296
- Effect of change in corporate tax rate from 25% to 24%	266	-	-	-
Tax expense for the financial year/period	(19,954,329)	(9,125,786)	(1,117,323)	178,781

34. Earnings per share

(a) Basic

The basic earnings per share is calculated by dividing the net earnings for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group 12 months ended 2014 RM	Group 14 months ended 2013 RM
Profit for the financial year/period attributable to owners of the Company	14,023,683	7,503,421
Weighted average number of ordinary shares in issue	438,361,072	438,361,072
Basic earnings per ordinary share (sen)	3.20	1.71

(b) Diluted

For diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential ordinary shares.

The Group has no dilutive potential ordinary shares. As such, there is no dilutive effect on the earnings per share of the Group.

35. Contingent liabilities

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Unsecured				
Bank guarantees issued for				
- execution of contracts of the subsidiaries	112,201,907	34,733,715	-	-
- others	65,537,464	75,537,464	65,537,464	75,537,464
Corporate guarantees given to licensed banks to secure credit facilities granted to the subsidiaries	-	-	610,493,179	281,454,071
Guarantees given to suppliers of goods for credit terms granted to subsidiaries	2,000,000	2,000,000	-	-
	179,739,371	112,271,179	676,030,643	356,991,535

36. Significant related party transactions

(a) Significant Related Party Transactions

In addition to the information detailed elsewhere in the financial statements, the Company carried out the following transactions with its related parties during the financial year:

	Company	
	12 months ended 2014 RM	14 months ended 2013 RM
Management fees received/ receivable from subsidiaries		
- JAKS Sdn. Bhd.	3,000,000	3,500,000
- JAKS-KDEB Consortium Sdn. Bhd.	240,000	280,000
- JAKS Marketing Sdn. Bhd.	180,000	210,000
- Integrated Pipe Industries Sdn. Bhd.	120,000	140,000
- Pipe Technology System Sdn. Bhd.	180,000	210,000
- MNH Global Assets Management Sdn. Bhd.	5,000,000	-
Interest income received/receivable from subsidiaries		
- JAKS-KDEB Consortium Sdn. Bhd.	-	69,761
- Integrated Pipe Industries Sdn. Bhd.	-	34,167
- Pipe Technology System Sdn. Bhd.	-	22,643
Interest expense charged by a subsidiary		
- JAKS Marketing Sdn. Bhd.	-	5,853
Rental income received/receivable from subsidiaries		
- Integrated Pipe Industries Sdn. Bhd.	-	1,120,000
Construction costs charged by a subsidiary		
- JAKS Sdn. Bhd.	57,034,895	86,914,531
Gain on disposal of properties of subsidiaries		
- Premier Place Property Sdn. Bhd.	-	125,352,833
- Harbour Front Development Sdn. Bhd.	-	34,153,469

	Group	
	12 months ended 2014 RM	14 months ended 2013 RM
Sales of property to Island Circle Development (M) Sdn. Bhd., a related party of a subsidiary company	3,307,600	-

36. Significant related party transactions (cont'd)

(b) Key Management Personnel Compensation

The remuneration of key management personnel, which included the Directors' remuneration, is disclosed as follows:

	Group		Company	
	12 months ended 2014 RM	14 months ended 2013 RM	12 months ended 2014 RM	14 months ended 2013 RM
Short term employees benefits	5,947,276	4,513,570	2,910,183	2,794,263
Defined contribution plans	573,120	436,128	324,626	306,790

37. Capital commitment

	Group	
	2014 RM	2013 RM
Capital expenditure contracted but not provided for in respect of consulting services for a project as disclosed in Note 12 to the financial statements	6,265,493,000	5,531,540,000

38. Segment information

For management purposes, the Group is organised into business units based on their nature of businesses, and has five reportable operating segments as follows:

Manufacturing : Comprise mainly manufacturing of pipes.

Trading : Comprise mainly trading in sheet piles, steel bars, mild steel and special pipes, other steel related products, building materials and supply of products for water supply industry.

Construction : Comprise mainly provision of sub-contracting activities, general contractor, supplier of building materials and also construction.

Investment : Investment holding

Property Development : Development of residential and commercial properties.

38. Segment information (cont'd)

12 months ended 2014

Business Segment	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Investment RM	Elimination RM	Total RM
Revenue							
External revenue	12,058,211	79,419,932	134,554,306	264,899,985	-	-	490,932,434
Inter-company	(2,740,122)	10,579,247	252,856,467	-	8,720,000	(269,415,592)	-
	9,318,089	89,999,179	387,410,773	264,899,985	8,720,000	(269,415,592)	490,932,434
Results							
Segment results	(9,967,331)	413,000	13,035,902	53,135,133	(3,329,884)	-	53,286,820
Other income	12,000	22,528	658	1,901,259	14,441,241	-	16,377,686
Finance costs - (net)	(82,165)	(3,475,121)	(5,575,358)	2,237,812	(8,453,347)	-	(15,348,179)
Profit/(loss) before tax	(10,037,496)	(3,039,593)	7,461,202	57,274,204	2,658,010	-	54,316,327
Tax expense	(353,801)	(527,714)	(2,254,636)	(14,838,164)	(1,980,014)	-	(19,954,329)
Profit/(loss) for the financial year	(10,391,297)	(3,567,307)	5,206,566	42,436,040	677,996	-	34,361,998
Attributable to:							
Owners of the Company	(10,156,424)	(3,336,419)	5,206,566	21,631,964	677,996	-	14,023,683
Non-controlling interests	(234,873)	(230,888)	-	20,804,076	-	-	20,338,315
	(10,391,297)	(3,567,307)	5,206,566	42,436,040	677,996	-	34,361,998

38. Segment information (cont'd)

12 months ended 2014

Business Segment	**Manufacturing RM**	**Trading RM**	**Construction RM**	**Property Development RM**	**Investment RM**	**Total RM**
OTHER INFORMATION						
Segment assets	14,491,418	51,451,709	143,384,141	803,031,080	420,198,514	1,432,556,862
Total assets	14,650,349	60,731,127	143,384,141	804,173,174	420,198,514	1,443,137,305
Segment liabilities	1,566,140	70,876,452	92,984,710	586,891,391	134,419,853	886,738,546
Total liabilities	1,566,140	70,876,452	96,100,392	590,354,138	135,377,438	894,274,560
Capital Expenditure	-	-	5,970,489	292,187,874	47,183,466	345,341,829
Depreciation and amortisation	998,643	200,612	1,709,209	500,731	736,362	4,145,557

38. Segment information (cont'd)

14 months ended 2013

Business Segment	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Investment RM	Elimination RM	Total RM
Revenue							
External revenue	21,020,745	37,624,013	395,560,897	131,892,760	280,000	-	586,378,415
Inter-company	9,055,309	56,275,091	208,221,904	-	5,460,000	(279,012,304)	-
	30,076,054	93,899,104	603,782,801	131,892,760	5,740,000	(279,012,304)	586,378,415
Results							
Segment results	(792,669)	1,315,868	29,394,274	9,049,239	(2,010,640)	-	36,956,072
Other income	19,000	31,641	13,117	532,240	312	-	596,310
Finance costs - (net)	(2,848,284)	3,441,159	(11,413,210)	(21,576)	(6,927,629)	-	(17,769,540)
Profit/(loss) before tax	(3,621,953)	4,788,668	17,994,181	9,559,903	(8,937,957)	-	19,782,842
Tax expense	122,930	(1,220,353)	(5,623,110)	(2,576,490)	171,237	-	(9,125,786)
Profit/(loss) for the financial period	(3,499,023)	3,568,315	12,371,071	6,983,413	(8,766,720)	-	10,657,056
Attributable to:							
Owners of the Company	(3,345,101)	3,682,632	12,371,071	3,561,539	(8,766,720)	-	7,503,421
Non-controlling interests	(153,922)	(114,317)	-	3,421,874	-	-	3,153,635
	(3,499,023)	3,568,315	12,371,071	6,983,413	(8,766,720)	-	10,657,056

38. Segment information (cont'd)

14 months ended 2013

Business Segment	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Investment RM	Total RM
OTHER INFORMATION						
Segment assets	25,140,210	56,048,249	112,373,240	685,110,654	371,029,341	1,249,701,694
Total assets	26,077,417	65,568,698	112,373,240	686,141,882	371,029,341	1,261,190,578
Segment liabilities	4,490,662	77,750,997	131,468,773	376,305,226	148,882,250	738,897,908
Total liabilities	4,490,662	77,855,340	135,806,007	379,522,564	149,015,258	746,689,831
Capital Expenditure	309,344	-	1,875,281	164,175,685	14,122,570	180,482,880
Depreciation and amortisation	698,878	1,231,283	1,449,493	276,051	1,508,219	5,163,924

No geographical segment information is presented as the Group operates principally in Malaysia.

39. Material litigation

A subsidiary of the Company, JAKS-KDEB Consortium Sdn. Bhd. ("JKDEB") had on 6th October 2006 filed a civil suit against Perbadanan Urus Air Selangor Berhad ("PUAS"), Syarikat Bekalan Air Selangor Sdn. Bhd ("SYABAS") and the Government of the State of Selangor Darul Ehsan ("Selangor Government") (collectively referred as the "Defendant") for the breach of the Supply Agreement dated 25th October 2001 ("Supply Agreement") awarded by the Selangor Government to supply pipes and fittings in the whole state of Selangor Darul Ehsan including the Federal Territory of Kuala Lumpur and Putrajaya.

JKDEB claimed for declarations, damages and injunctions to restrain PUAS and SYABAS from purchasing pipes and fittings on all water projects being carried out in Selangor, Federal Territory of Kuala Lumpur and Putrajaya except from JKDEB and the specific performance of the Supply Agreement.

On 5 October 2011, the Kuala Lumpur High Court dismissed the action taken by JKDEB against the three Defendants with cost.

JKDEB appealed but on 14 November 2013, the Court of Appeal dismissed the appeal taken against the three Respondents.

JKDEB has filed an appeal to the Federal Court on 4 February 2014. On 5 August 2014, Federal Court dismissed the appeal with total costs of RM50,000 to the three Respondents. Litigation has now come to an end with this result.

40. Significant events

Significant events during the financial year

(a) As disclosed in Note 12 to the financial statements, on 6 March 2014, the Group has further extended the Proposal Security up to 7 June 2014, which was duly submitted to MOIT.

On 26 March 2014, the Group received approval from the MOIT for an extension of 12 months from 30 October 2013 to 31 October 2014 to achieve the financial close of the Project.

On 1 April 2014, the Group announced that the Kaidi Subscription Agreement, JPP SHA and Supplement JPP SHA have lapsed following the non-fulfillment of the condition precedents by Kaidi on or before the extended cut-off date of 31 March 2014. Accordingly, the JPH-Kaidi Proposed Joint Venture shall not take effect.

On 27 October 2014, JPP had submitted its letter dated 24 October 2014, applied to MOIT to extend the required date for completion of the preconditions of the Project (including to achieve financial close) to 31 October 2015. As at the end of the current financial year and the date of this report, the Group has not received any negative response from MOIT pertaining to this application. MOIT has, however vide its letter dated 7 November 2014, requested the Group to extend the Proposal Security to at least until 7 March 2015 in order for Vietnam Government to consider the above application. The Group has extended the Proposal Security up to 7 December 2015 and duly submitted to MOIT, which has accepted by the latter.

(b) On 6 March 2014, a 51% owned subsidiary of the Company, MNH Global Assets Management Sdn. Bhd. had incorporated a wholly-owned subsidiary, Evolve Concept Mall Sdn. Bhd. with authorised capital of RM400,000 and issued and paid-up capital of RM2.

(c) On 2 September 2014, a wholly-owned subsidiary of the Company, Harbour Front Development Sdn. Bhd. had entered into a conditional sale and purchase agreement with Welloyd Engineering (M) Sdn. Bhd. for the sale of a piece of freehold land with cash consideration of RM59,395,256. The disposal is subject to the fulfillment of the conditions precedent as at 31 December 2014.

(d) On 26 September 2014, a wholly-owned subsidiary of the Company, Empire Deluxe Sdn. Bhd. ("EDSB") had entered into a conditional sale and purchase agreement with Tok Cheng Boon and Ngan Sook Chin for the sale of a piece of freehold land and buildings with cash consideration of RM22,350,000. EDSB has recognised a gain on disposal of RM14,441,151 in the current financial year, where the conditions precedent are substantially met as at 31 December 2014.

41. Financial instruments

(a) Classification of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:
a) Loans and receivables (L&R)
b) Other liabilities (OL)

	L&R/(OL)			
	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Financial Assets				
Trade receivables	110,056,411	75,761,959	26,004,225	15,871,393
Other receivables and deposits	73,580,539	65,017,432	176,530	140,990
Amount owing by subsidiaries	-	-	350,367,707	290,643,151
Deposits placed with licensed banks	92,082,086	38,222,032	23,589,793	19,041,762
Cash and bank balances	80,342,382	94,188,654	1,928,776	1,442,712
	356,061,418	273,190,077	402,067,031	327,140,008

	L&R/(OL)			
	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Financial Liabilities				
Trade payables	(152,708,267)	(183,021,266)	-	-
Other payables and accruals	(130,287,595)	(81,334,592)	(17,516,069)	(12,052,667)
Amount owing to subsidiaries	-	-	(159,937,951)	(87,613,883)
Borrowings	(603,742,684)	(474,542,050)	(57,559,036)	(64,942,494)
	(886,738,546)	(738,897,908)	(235,013,056)	(164,609,044)

(b) Financial Risk Management and Objectives

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

(i) Credit Risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The Company's exposure to credit risk arises primarily from loan, advances and financial guarantees to subsidiaries.

41. Financial instruments (cont'd)

(b) Financial Risk Management and Objectives (cont'd)

(i) Credit Risk (cont'd)

The management has in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and an ongoing basis. Credit evaluations are performed on all customers requiring credit over certain amount.

a. *Exposure to credit risk*

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statements of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 17 to the financial statements.

b. *Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The Group's trade receivables credit risk is concentrated in Malaysia.

The Group has no significant concentration of credit risk except as disclosed in Note 17 to the financial statements. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statements of financial position.

c. *Financial assets that are neither past due nor impaired*

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 17 to the financial statements.

Deposits placed with licensed banks that are neither past due nor impaired are placed with reputable financial institutions with no history of default.

d. *Financial assets that are either past due or impaired*

Information regarding financial assets that are past due or impaired is disclosed in Note 17 to the financial statements.

e. *Intercompany balances*

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

f. *Financial guarantee*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

41. Financial instruments (cont'd)

(b) Financial Risk Management and Objectives (cont'd)

(ii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

Financial liabilities	Carrying amount RM	Contractual undiscounted cash flows RM	On demand or within one year RM	One to five years RM	Over five years RM
Group					
2014					
Trade payables	152,708,267	152,708,267	152,708,267	-	-
Other payables and accruals	130,287,595	130,287,595	130,287,595	-	-
Borrowings	603,742,684	1,039,984,020	580,297,504	232,037,713	227,648,803
	886,738,546	1,322,979,882	863,293,366	232,037,713	227,648,803
2013					
Trade payables	183,021,266	183,021,266	183,021,266	-	-
Other payables and accruals	81,334,592	81,334,592	81,334,592	-	-
Borrowings	474,542,050	521,155,752	298,791,171	222,364,581	-
	738,897,908	785,511,610	563,147,029	222,364,581	-
Company					
2014					
Other payables and accruals	17,516,069	17,516,069	17,516,069	-	-
Amount owing to subsidiaries	159,937,951	159,937,951	159,937,951	-	-
Borrowings	57,559,036	57,564,568	57,533,281	31,287	-
	235,013,056	235,018,588	234,987,301	31,287	-
2013					
Other payables and accruals	12,052,667	12,052,667	12,052,667	-	-
Amount owing to subsidiaries	87,613,883	87,613,883	87,613,883	-	-
Borrowings	64,942,494	65,258,645	65,066,990	191,655	-
	164,609,044	164,925,195	164,733,540	191,655	-

41. Financial instruments (cont'd)

(b) Financial Risk Management and Objectives (cont'd)

(iii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure arising from cash and bank balances that are denominated in a currency other than Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD") and Singapore Dollar ("SGD").

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

	Group	
	2014	**2013**
	RM	**RM**
Cash and bank balances		
Denominated in:		
United States Dollar	444,390	1,028,776
Singapore Dollar	-	8,157
	444,390	1,036,933

Sensitivity analysis for foreign currency risk

A 5% strengthening of the RM against following currencies at the end of reporting period would increased/(decreased) profit before tax as per below. This analysis assumes that all other variables remain unchanged.

	Group Profit before tax Increase/ (Decrease) RM
Cash and bank balances	
12 months ended 2014	
United States Dollar	22,220
Singapore Dollar	-
	22,220
14 months ended 2013	
United States Dollar	51,439
Singapore Dollar	408
	51,847

A 5% weakening of the RM against above currencies at the end of the reporting period would have had an equal but opposite effect on the above currency to the amounts shown above on the basis that all other variable remain constant.

41. Financial instruments (cont'd)

(b) Financial Risk Management and Objectives (cont'd)

(iv) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed rate instruments				
Financial assets				
Deposits placed with licensed banks	92,082,086	38,222,032	23,589,793	19,041,762
Financial liabilities				
Hire purchase liabilities	6,291,651	3,989,721	186,123	333,943
Term loans	201,665,928	-	-	-
Floating rate instruments				
Financial liabilities				
Bank overdrafts - secured	54,772,034	40,432,583	22,372,913	25,811,982
Bills payables	81,044,191	98,122,621	-	-
Factoring loan	10,389,825	27,122,061	-	-
Revolving credits	35,000,000	35,000,000	35,000,000	35,000,000
Term loans	214,579,055	269,875,064	-	3,796,569

Sensitivity analysis for interest rate risk

- Sensitivity analysis for fixed rate instruments

  Sensitivity analysis is not disclosed on fixed rate financial liabilities as fixed rate financial liabilities are not exposed to interest rate risk and are measured at amortised cost.

- Sensitivity analysis for floating rate instruments

  A change of 50 basis point ("bp") in interest rates at the end of reporting period would have increase or decrease the Group's and the Company's profit before tax by RM1,978,926 and RM286,865 (2013: RM2,352,762 and RM323,043) respectively. This analysis assumes that all other variables remain unchanged.

41. Financial instruments (cont'd)

(c) Fair value of financial instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for following:

	2014	
	Carrying Amount RM	**Fair Value RM**
Fixed rate term loan	201,665,928	202,284,423

The following summarise the methods used to determine the fair values of the financial instruments:

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of finance lease liabilities is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

(d) Fair value hierarchy

The Group and the Company do not have any financial instruments carried at fair value as at 31 December 2014.

42. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital refers to equity attributable to the equity holders of the Company.

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Borrowings	603,742,684	474,542,050	57,559,036	64,942,494
Trade and other payables	282,995,862	264,355,858	17,516,069	12,052,667
Amount owing to subsidiaries	-	-	159,937,951	87,613,883
Less:				
Deposits placed with licensed banks	(92,082,086)	(38,222,032)	(23,589,793)	(19,041,762)
Cash and bank balances	(80,342,382)	(94,188,654)	(1,928,776)	(1,442,712)
Net debt	714,314,078	606,487,222	209,494,487	144,124,570
Equity attributable to the owners of the Company	459,645,247	445,621,564	469,882,762	471,215,077
Capital and net debt	1,173,959,325	1,052,108,786	679,377,249	615,339,647
Gearing ratio	0.61	0.58	0.31	0.23

43. Comparatives

The financial statements for the financial period ended 31 December 2013 covered a period of 14 months from 1 November 2012 to 31 December 2013 due to the change in financial year end. Accordingly, the comparatives for the current year's statement of profit or loss and other comprehensive income, statement of cash flows and the related notes are not comparable.

Certain comparative figures have been reclassified to conform with current year presentation.

44. Supplementary information on the disclosure of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of reporting period, into realised and unrealised profits and/or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts realised and unrealised profits included in the (accumulated losses)/ retained profits of the Group and of the Company as at financial year/period end are as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
The retained profits/(accumulated losses) of the Group and of the Company				
- Realised	3,835,782	(10,536,005)	23,152,980	24,485,295
- Unrealised	9,079,683	9,427,787	-	-
	12,915,465	(1,108,218)	23,152,980	24,485,295

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements* as issued by the Malaysian Institute of Accountants on 20 December 2010.

The determination of realised and unrealised profits or losses is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

PROPERTIES OF THE GROUP
AS AT 31 DECEMBER 2014

Location/Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition/ Revaluation
Lot No 72086 Mukim of Kapar District of Klang Selangor Darul Ehsan	Freehold land	Land area: 89,340 sq. metres Gross building area: 15,734 sq. metres	18 Years	Property held for Sale	19,048	17/5/2004
Lot No 526, 527, 528 and 62506 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Freehold land	Land area: 59,883 sq. metres	N/A	Land held for Property Development	38,580	17/5/2004
Lot No. 541 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Freehold land	Land area: 12,140 sq. metres Gross building area: 6,023 sq. metres	20 Years	Office & Factrory Building	6,976	17/5/2004
No. 924/1F, Storey No.1st Floor, Building No. Block: Front Unit Type 3, Taman Desa Cheras, Kuala Lumpur	Freehold 1st Floor of 3 Storey Shophouse	Building area : 64.82 sq. metres (697.72 sq. feet)	12 Years	Vacant	52	23/12/2003
P.T. No. 12186 H.S.(D) 11480 Mukim and District of Bentong, State of Pahang Darul Makmur	Leasehold Land (Industrial) (Duration - 66 Years) (Expiry date 5/10/2059)	Land area: 25,657 sq. metres Gross Building area: 5,806 sq. metres	19 Years	Office, Warehouse & Factory Building	3,189	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	3 years	Shoplot for investment	209	27/03/2012
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)	12 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)	12 Years	Vacant	110	5/11/2003

Location/Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition/ Revaluation
B-17-09 Villa Kejora Type A Rilau Penang	Freehold Apartment	700 Sq feet	16 Years	Vacant	76	12/3/1999
PT No 35295 H.S. (D) 283505 Mukim Damansara, Petaling Selangor	Leasehold Property (Duration - 99 Years) (Expiry Date: 04/09/2097)	Land area: 182,952 sq feet	N/A	Investment Property Under construction	250,781	23/8/2013
PN Lot 97384 Lot 141 Seksyen 13 Bandar Petaling Jaya Petaling Selangor	Leasehold Property (Duration - 99 Years) (Expiry Date: 21/05/2112)	Land area: 121,500 sq feet	N/A	Investment Property Under construction	40,661	19/8/2011

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Paid-up Capital	:	RM438,361,072.00
Class of Share	:	Ordinary Shares of RM1.00 each
Voting Right	:	One Vote per Ordinary Share held

ANALYSIS OF SHAREHOLDINGS
as at 30 April 2015

Size of Holdings	No. of Shareholders	(%)	No. of Shares	(%)
1 – 99	921	6.35	34,605	0.01
100 – 1,000	6,724	46.36	2,010,365	0.46
1,001 – 10,000	4,149	28.60	23,538,863	5.37
10,001 – 100,000	2,303	15.88	76,065,583	17.35
100,001 – 21,918,052 (*)	406	2.80	287,921,656	65.68
21,918,053 and above (**)	2	0.01	48,790,000	11.13
	14,505	100.00	438,361,072	100.00

NOTES: * Less than 5% of the issued and paid-up share capital
** 5% and above of the issued and paid-up share capital

30 LARGEST SHAREHOLDERS
as at 30 April 2015

	Names	No. of Shares	(%)
1.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - AmBank (M) Berhad for Ang Lam Poah	26,790,000	6.11
2.	AMMB Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Original Invention Sdn Bhd	22,000,000	5.02
3.	CitiGroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Market Value Fund	9,634,600	2.20
4.	CitiGroup Nominees (Tempatan) Sdn Bhd Allianz Life Insurance Malaysia Berhad (MEF)	7,824,700	1.78
5.	Beh Eng Par	6,592,200	1.50
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Cheong Fat	6,397,000	1.46
7.	CitiGroup Nominees (Tempatan) Sdn Bhd Exempt An for AIA Bhd	6,000,000	1.37
8.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Ching Leng	6,000,000	1.37
9.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad	5,930,000	1.35

Analysis Of Shareholdings
As At 30 April 2015 (cont'd)

	Names	No. of Shares	(%)
10.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	5,800,000	1.32
11.	Maybank Nominees (Tempatan) Sdn Bhd Exempt An for Affin Hwang Asset Management Berhad	5,282,000	1.20
12.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Affin Hwang Flexi Fund II	5,085,800	1.16
13.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jamian Bin Mohamad @ Md. Semaal	5,000,000	1.14
14.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account- AmBank (M) Berhad for Ang Ken Seng	5,000,000	1.14
15.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Cheong Fat	4,561,600	1.04
16.	Tan Yee Huat	4,557,400	1.04
17.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An for Affin Hwang Asset Management Berhad	4,345,800	0.99
18.	Ang Ken Seng	4,329,559	0.99
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Upper Prestige Sdn Bhd	4,250,000	0.97
20.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for CIMB-Principal Small Cap Fund	4,143,200	0.95
21.	CitiGroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC	4,007,500	0.91
22.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Cheng See	4,000,000	0.91
23.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jamian Bin Mohamad @ Md Semaal	3,500,000	0.80
24.	Tan Eng	3,500,000	0.80
25.	CitiGroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	3,430,900	0.78
26.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Affin Hwang Select Asia (Ex Japan) Quantum Fund	3,321,000	0.76
27.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Sai Men	3,193,500	0.73
28.	Cartaban Nominees (Asing) Sdn Bhd Exempt An for Standard Chartered Bank Singapore	3,000,000	0.68
29.	Mohd Fazil Bin Shafie	3,000,000	0.68
30.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Tong Sang	2,834,700	0.65

DIRECTORS' SHAREHOLDING
as at 30 April 2015

Names of Directors	Direct Interest No. of Shares	(%)	Indirect Interest No. of Shares	(%)
Ang Lam Poah	^32,600,002	7.44	-	-
Dato' Razali Merican Bin Naina Merican	-	-	*25,000,000	5.70
Ang Lam Aik	-	-	-	-
Dato' Azman Bin Mahmood	-	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-	-

NOTES:

^ 26,790,000 shares held through AMSEC Nominees (Tempatan) Sdn Bhd
^ 5,800,000 shares held through Maybank Nominees (Tempatan) Sdn Bhd

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

SHARES IN RELATED CORPORATION

None of the above Directors has any direct interest in shares in the related corporation as at 30 April 2015.

SUBSTANTIAL SHAREHOLDERS
as at 30 April 2015

	Substantial Shareholders	Direct Interest No. of Shares	(%)	Indirect Interest No. of Shares	(%)
1.	Ang Lam Poah	^32,600,002	7.44	-	-
2.	Original Invention Sdn Bhd	25,000,000	5.70	-	-
3.	Dato' Razali Merican Bin Naina Merican	-	-	*25,000,000	5.70

NOTES:

^ 26,790,000 shares held through AMSEC Nominees (Tempatan) Sdn Bhd
^ 5,800,000 shares held through Maybank Nominees (Tempatan) Sdn Bhd

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

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of the Company will be held at Selangor 3 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 29 June 2015 at 10.30 a.m. for the purpose of considering the following businesses:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who are retiring pursuant to the Company's Articles of Association:
   (i) Tan Sri Datuk Hussin Bin Haji Ismail (Article 101) **Resolution 1**
   (ii) Ang Lam Poah (Article 101) **Resolution 2**

3. To approve the payment of Directors' Fees. **Resolution 3**

4. To re-appoint Messrs Ecovis AHL PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 4**

As Special Business:
To consider and if thought fit, pass the following resolution:

5. **ORDINARY RESOLUTION:** **Resolution 5**
   Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

LEONG OI WAH (MAICSA 7023802)
Company Secretary
Petaling Jaya
29 May 2015

Notes:

1. *A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead. The proxy need not be a Member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

2. *When a Member appoints two or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholdings to be represented by each proxy.*

3. *The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal, or the hand of its attorney.*

4. *The instrument appointing a proxy together with the power of attorney (as the case may be) must be deposited at the Share Registrar of the Company at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 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 22 June 2015 shall be regarded as Member of the Company entitled to attend the Thirteenth Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

NOTES ON SPECIAL BUSINESS

Resolution 5:

The proposed Resolution 5 will give powers to the Directors to issue up to a maximum ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 26 June 2014. The Company did not utilise the mandate that was approved last year. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

JAKS RESOURCES BERHAD
585648-T

PROXY FORM

Number of Shares Held	

*I/We ____ (Full Name in Block Letters) of

____ (Address) being a

member / members of JAKS Resources Berhad hereby appoint *Mr/Ms____________________

of____

(the next name and address should be completed where it is desired to appoint two/more proxies)

or *Mr/Ms _____________________ of____

or failing *him/*her/*them, the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf, and if necessary, to demand a poll, at the Thirteenth Annual General Meeting of the Company to be held at Selangor 3 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 29 June 2015 at 10.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, *my/our *proxy/proxies may vote or abstain from voting at his/her discretion.

No.	Resolutions	For#	Against#
1.	Re-election of Tan Sri Datuk Hussin Bin Haji Ismail as Director		
2.	Re-election of Ang Lam Poah as Director		
3.	Payment of Directors' Fees		
4.	Re-appointment of Auditors		
5.	Approval to issue shares pursuant to Section 132D of the Companies Act, 1965		

 # Please indicate your vote "For" or "Against" with an "X" within the box provided.
** Delete if not applicable*

Signed this ______day of ________________ 2015

____
Signature/Common Seal of Shareholder(s)

Notes: -

1. *A Member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead. The proxy need not be a Member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

2. *When a Member appoints two or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholdings to be represented by each proxy.*

3. *The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorised in writing or, if such be executed appointed is a corporation under its common seal, or the hand of its attorney.*

4. *The instrument appointing a proxy together with the power of attorney (as the case may be) must be deposited at the Share Registrar of the Company at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 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 22 June 2015 shall be regarded as Member of the Company entitled to attend the Thirteenth 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 SERVICES SDN BHD
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

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