JAKS RESOURCES BERHAD

585648-T

ANNUAL REPORT

2013

EXPANDING OUR REACH

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 Vision

"To be a Global 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, excellence 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.

Our Mission

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Ang Lam Poah
(Chief Executive Officer)

Dato' Razali Merican Bin Naina Merican
(Executive Director)

Ang Lam Aik
(Executive Director)

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

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

SECRETARY

Leong Oi Wah (MAICSA 7023802)

REGISTERED OFFICE

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

REGISTRARS

Tricor Investor 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
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 BANKERS

AmBank (M) Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad
Hong Leong Bank Berhad
Bangkok Bank Berhad

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE
AS AT 7 MAY 2014

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

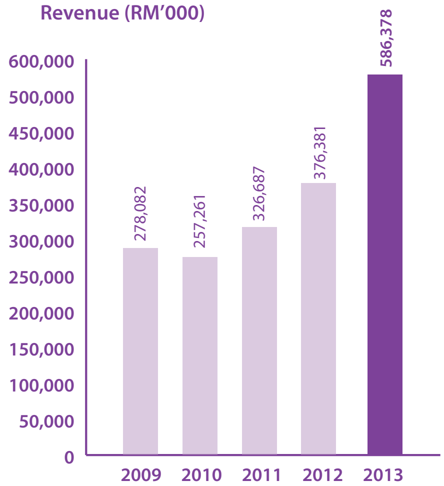
Construction
Manufacturing
Trading
Investment Holding
Property Development
Investment, implementation & operation of project

5 YEARS FINANCIAL HIGHLIGHTS

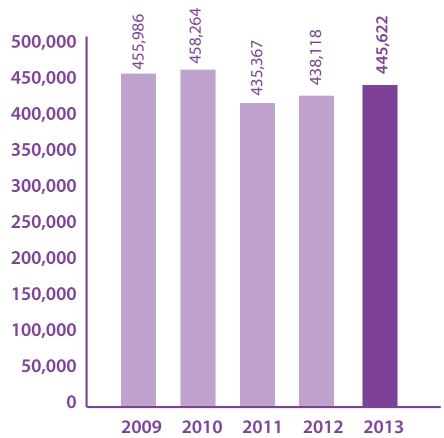
	← 12 Months Period Ended 31 October →				14 Months Period ended December
Group Five Years Summary	**2009 RM'000**	**2010 RM'000**	**2011 RM'000**	**2012 RM'000**	**2013 RM'000**
Revenue	278,082	257,261	326,687	376,381	586,378
Profit / (Loss) before taxation	(2,432)	4,440	(19,238)	8,223	19,783
Profit / (Loss) attributatble to owners of the Company	(6,747)	2,278	(22,896)	2,751	7,503
Paid up Capital	438,361	438,361	438,361	438,361	438,361
Shareholders' funds	455,986	458,264	435,367	438,118	445,622
Net assets per share (RM)	1.04	1.05	0.99	1.00	1.02

Note :
The financial statements of the Group in Financial Year 2013 is for the period of 14 months from 1 November 2012 to 31 December 2013.

Revenue (RM'000)

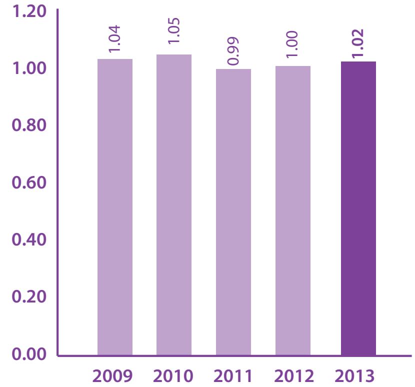


Shareholders' funds (RM'000)



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

Net assets per share (RM)



TAN SRI DATUK HUSSIN BIN HAJI ISMAIL

A Malaysian, aged 61, 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. He served the Royal Malaysia Police for 39 years, commanding police districts and held positions as Head of Special Branch of Special Branch of Perlis and Perak, Chief Police Officer of Terengganu, Chief Police Officer of Johore, Director of Internal Security and Public Order Department, commanding General Operation Force (GOF), Police Marine Force, Police Air Wing, Elite Forces (VAT69 Commandos & Special Action Force) and Traffic Police. Due to his excellence in service, he was chosen to serve at a foreign mission as a Malaysian diplomat based in Moscow, Russia. He rose to the rank of Deputy Inspector General of Police in year 2010.

During his tenure in the Royal Malaysia Police, Tan Sri Hussin has attended various specialised and sub specialised courses namely Psychological Operation/Psychological Warfare Management Course, Middle Command and International Senior Command Courses, Procurement of Tactical Intelligence, Special Branch School, US-CIA Intelligence Analysis, Global Security Asia, Seminars on 'Money Laundering', 'Chemical, Biological, Radioactive, Nuclear and Explosive' (CBRNE), Finance and Account Workshop, Maritime Management and International Terrorism by JTAC in London, United Kingdom. He was also awarded as an outstanding achievement award (Top Five Achievers) recipients in the Leadership and Management Course (JUSA) in 2007.

Upon his retirement, Tan Sri Hussin was appointed by the Government to be a member of the Special Commission to study the transformation of the Malaysian Civil Service. He is a member of the Board of Trustee of Pengaman Foundation and an Independent Non-Executive Director of Tecnic Group Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad. He also holds directorship in a number of private companies. He was recently appointed as a member of the Police Force Commission.

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

ANG LAM POAH

A Malaysian, aged 46 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.

Board Of Directors (cont'd)

DATO' RAZALI MERICAN BIN NAINA MERICAN

A Malaysian, aged 43 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 the 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, aged 40, 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 Chief Executive Officer, Ang Lam Poah. Save as disclosed, he does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past ten years.

DATO' AZMAN BIN MAHMOOD

A Malaysian, aged 62, was appointed to the Board as Director on 23 December 2003. He is an Independent Non-Executive Director of the Company and the Chairman of the Audit Committee as well as the Nomination Committee.

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

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, aged 55, was appointed to the Board on 23 December 2003. He is an Independent Non-Executive Director of the Company and the Chairman of the Remuneration Committee. He is also a member of the Audit Committee and Nomination Committee.

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

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

CHAIRMAN'S STATEMENT

On behalf of the Board, it is my privilege to present to you JAKS Resources Berhad's (JAKS) Annual Report and Financial Statements of the Group and Company for the financial period ended 31 December 2013.

FINANCIAL REVIEW

For the 14 months financial period ended 31 December 2013, the Group achieved revenue of RM586.4 million as compared to the revenue of RM376.4 million the preceding year 12 months period ended 31 October 2012. The increase of 56% in revenue stems from the recognition of additional two months of revenue as well as higher recognition of the Construction and Property Development's revenue in the current year. The Property Development's revenue resulted from the consolidation of the results of MNH Global Assets Management Sdn Bhd (MNH) for the project at Ara Damansara as well as the progress billing on JAKS Island Circle Sdn Bhd (JIC) for the Pacific Star project at Section 13 Petaling Jaya. On a comparative 12 months period, the Group had at the close on 31 October 2013 achieved higher revenue of RM509.9 million for the 12 months ended 31 October 2013, an increase of 35% against that achieved in 2012.

In line with the higher revenue achieved, the Group improved its profitability from RM8.2 million in the preceding year 12 months period ended 31 October 2012 to profit before tax of RM19.8 million in the 14 months period ended 31 December 2013. The improvement was more than doubled that of the previous financial period, largely due to growth in profits recorded by the Construction and Property Development Divisions.

DIVIDEND

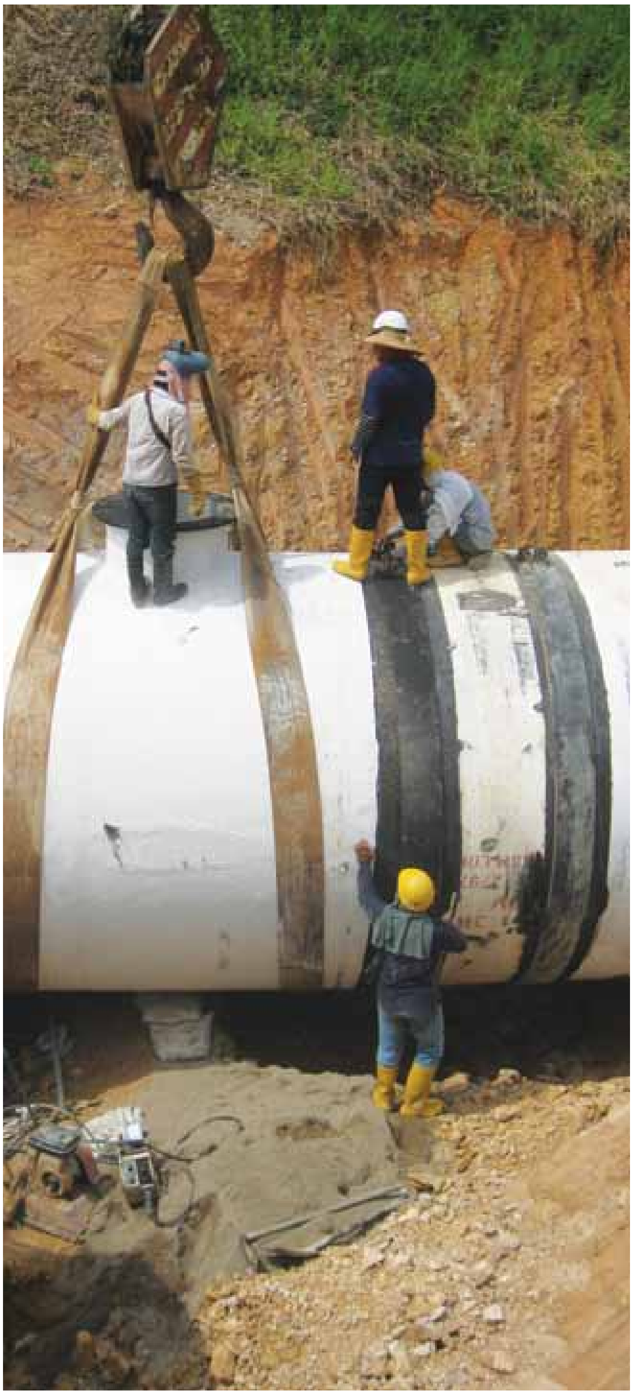
Although the Group has been able to improve its profitability through its new ventures in the property development sector, it still has an accumulated loss of RM1.11 million as at the end of 31 December 2013. The Board is of the view that since the new ventures has yet to reach a sustainable level, the Company is not recommending any dividends to be paid out for the financial period ended 31 December 2013.

OPERATION REVIEW

The Construction and Property Development division's revenue increased by RM49.9 million and RM130.9 million respectively against the previous year, mainly due to the increase in construction activities and higher recognition of the Property Development's revenue in the current year following the consolidation of the results of MNH as well as the progress billing on JIC. The Trading division generated revenue that was higher by RM33.3 million from that achieved last year as the Group continued to pursue its strategy to focus on the trading activities. Generally the increase has been the better performance as well as recognition of revenue due to the additional two months in the current period under review.

The Construction, Property Development and Trading division achieved profit before tax of RM18.0 million, RM9.6 million and RM4.8 million respectively for the 14 months period under review. In the previous year, the Construction division achieved profit before tax of RM21.3 million. However, the Property Development and Trading incurred loss before tax of RM0.7 million and RM0.1 million respectively in the previous year. The Manufacturing division recorded a loss before tax of RM3.6 million in the current 14 months period compared to a loss before tax of RM8.9 million in the preceding year. The Investment division recorded loss before tax of RM8.9 million in the 14 months period ended 31 December 2013 compared to a loss before tax of RM3.5 million in the preceding year, mainly due to the interest and additional expenses incurred in respect of the corporate exercise in the acquisition of the new subsidiary company, MNH.

During the financial period, the Construction Division was kept busy with the contracts in hand and successfully secured various contracts from both internal and external parties. With the intense price competition in the construction industry, higher material costs as well as more stringent conditions imposed on foreign workers, this division has been more selective in tendering for major works during the financial year for replenishment of its order book.



Chairman's Statement (cont'd)

PROPERTY DEVELOPMENT A NEW STRONGHOLD

During the financial year, the Group acquired 51% equity interest in MNH for a total cash consideration of RM93.2 million to provide the Group with a steady revenue stream and enhance the revenue contribution for its property development division. MNH is the registered owner and developer of an ongoing commercial development known as Pacific Place at Ara Damansara, Petaling Jaya, Selangor. This project is strategically located in Ara Damansara with comprehensive amenities surrounding the mixed development. Ara Damansara currently is growing in affluence and affords excellent accessibility to transport infrastructure and other facilities. Prices of both residential and commercial properties at Ara Damansara are appreciating at a fast pace, with continual demand from buyers. The gross development value of this project is approximately RM1.2 billion, including the mall and parking lots which would be part of the Group's investment assets.

The Pacific Place project has thus far experienced positive sales performance, indicating keen demand despite the upward revision of prices according to the current market trend. The retail mall spaces within the Pacific Place project are much sought-after due to its strategic location next to the new Ara Damansara LRT station coupled with large population catchments within the Properties as well as in the existing and up-coming developments in the surrounding areas. The retail mall will provide good yields, both short term as well as long term, to its owner, operator and tenants.

The Group also has another property development project at Section 13, Petaling Jaya under the Pacific Star Project. This was initially a joint venture with the Star Publications (Malaysia) Berhad ("STAR") but consequently, both parties agreed that the Group should undertake it on its own. The Group acquired the 6 acres land from the STAR for RM135 million and the payment for this consideration would be the construction and transfer of an office tower to the STAR.

This would be a state of the art project as the building design will incorporate steel, glass and greenery into a modern cutting-edge urban building in a garden setting. The 5 Towers will present a contemporary aesthetic setting a high bar for design and construction. The entire site including the Tower decks will be heavily landscaped to establish a green city oasis, enhancing indoor/outdoor spaces and serves to also soften the visual impact of the podium and Towers.

The mixed development of commercial space and residential units would comprise of 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 levels of basement car park and 4th to 8th floor elevated car park. The gross development value of this project is approximately RM940 million.

Besides the above, the Group is also currently considering potential development of its existing properties to maximise returns to the Group.

IPP PROJECT

Much have been done on the Independent Power Plant project ("the IPP Project") in Vietnam, All the necessary project documents such as the Build-Operate-Transfer ("BOT") contract, Power Purchase Agreement, Coal Supply Agreement and the Land Lease Agreement have been executed. The IPP Project has also been granted government guarantees for payments and tax incentives, which newer power projects may not get to enjoy.

The site clearance and land compensation for the site of the main plant has also been completed and the site officially handed over. The Group has also started and/or completed project infrastructure works 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.

On 26 March 2014, the Group 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 to achieve the financial close of the IPP Project. However, despite efforts made with the joint venture partner, Wuhan Kaidi Electric Power Engineering Co. Ltd ("Kaidi") to proceed with the IPP project, on 1 April 2014, the Group announced that the Kaidi Subscription Agreement, Shareholders' Agreement, and Supplemental shareholders' Agreement signed on 15 April 2013 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 Kaidi Proposed Joint Venture shall not take effect.

The Group is currently evaluating new potential partners and is confident of attracting the right potential partner within the extended financial close deadline and achieve the above endeavour 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.

BUSINESS OUTLOOK

For the past three years, the construction sector had largely been spurred by the Government spending to build the country's infrastructure through projects such as My Rapid Transit, highways, properties, and five economic corridors including Sarawak Corridor of Renewable Energy in line with the Economic Transformation Programme ("ETP"). Mega projects like the Klang Valley Mass Rapid Transit 2 and other Transformation Programme (ETP) projects are expected to generate RM25 billion worth of business. As such, the Board views that the construction industry is poised for continued growth given the orders which will last players for the next five years despite pressure on the Government to roll out its planned developments in a move to reduce its current account deficit as seen in the smaller development expenditure of RM46.5 billion in 2014 from RM49.7 billion last year. However, the Board is still cautious of the upward cost pressures that would likely occur in 2014. Although building material prices have remained largely unchanged, inflationary pressures may come from tight labour supply and indirect sources arising from the reduction in government subsidies and the weaker ringgit.

There are also projects announced and to be announced in the coming months that is expected to generate more positive news flow on tenders and awards. These projects included the RM5 billion Langat 2, RM5 billion Warisan Merdeka Tower, RM8 billion SUKE and DASH highways, private and foreign contracts (such as RM3 billion Kuantan Port expansion, RM2.2 billion Kinrara-Damansara Expressway, Duta-Ulu Kelang Expressway (Phase 2), indoor and outdoor theme park in Rawang, RM1 billion road and bridge works in the Gulf states and RM2.6 billion Cavite-Laguna Expressway in the Philippines. As the Government has forecast construction to contribute 9% to GDP in 2014 compared with 10.6% in 2013, the highest among the economic sub-sectors, the construction GDP growth is expected to stay robust largely due to the progress of many construction works awarded in 2012-2013. The Group has built up its resources and will be able to take advantage of the new projects that are up for tender.

For the coming financial year, the core divisions will continue to drive the revenues and profit for the Group as it is able to recognize them from the construction projects that are already in progress as well as the encouraging property sales of the Group. Although Bank Negara continues to advocate prudent management of household debt by introducing further lending curbs and other property measures, we are confident that from the positive results in the 14 months period of the financial year and with the consolidation of the MNH results in the remaining project period, the Group can expect to see further improvement in coming financial year.

ACKNOWLEDGEMENT

I would like to thank the staff who have been resilient to the dynamic business environment in the past year and their continued drive, hard work and dedication. 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.

Also my sincere thanks to all our shareholders, business partners, suppliers, financiers, consultants and government authorities and agencies for their continued support and confidence shown towards us throughout these years.

Tan Sri Datuk Hussin Bin Haji Ismail
Chairman

PERUTUSAN PENGERUSI

"Bagi pihak Lembaga Pengarah, saya dengan sukacitanya ingin membentangkan Laporan Tahunan dan Penyata Kewangan untuk Kumpulan dan Syarikat JAKS Resources Berhad (JAKS) bagi tempoh kewangan berakhir 31 Disember 2013. "

TINJAUAN KEWANGAN

Bagi tempoh kewangan 14 bulan berakhir 31 Disember 2013, Kumpulan telah mencatatkan pendapatan sebanyak RM586.4 juta berbanding RM376.4 juta untuk tempoh 12 bulan tahun sebelumnya yang berakhir 31 Oktober 2012. Pengiktirafan yang lebih tinggi daripada pendapatan Pembinaan dan Pembangunan Hartanah telah menyumbang peningkatan pendapatan sebanyak 56% dalam pendapatan bagi tahun semasa. Pendapatan dari divisyen Pembangunan Hartanah meningkat berikutan dari hasil penyatuan MNH Global Assets Management Sdn Bhd (MNH) bagi projek di Ara Damansara dan juga proses pengebilan kemajuan di JAKS Island Circle Sdn Bhd (JIC) bagi Projek Pacific Star di Seksyen 13, Petaling Jaya. Untuk perbandingan tempoh 12 bulan, Kumpulan telah mencapai pendapatan yang lebih tinggi pada penghujung 31 Oktober 2013 iaitu sebanyak RM509.9 juta bagi tempoh 12 bulan bagi tahun semasa. Ini adalah peningkatan sebanyak 35% berbanding pencapaian pada tahun 2012.

Sejajar dengan peningkatan pendapatan, Kumpulan telah mencapai peningkatan keuntungan sebelum cukai dari RM8.2 juta untuk tempoh 12 bulan pada tahun sebelumnya yang berakhir 31 Oktober 2012 kepada RM19.8 juta untuk tempoh 14 bulan yang berakhir 31 Disember 2013. Peningkatan ini adalah lebih tinggi berbanding tahun kewangan sebelumnya. Sebahagian besar daripada peningkatan ini adalah disebabkan oleh pertumbuhan dalam keuntungan yang dicatatkan oleh divisyen Pembinaan dan divisyen Pembangunan Hartanah.

DIVIDEN

Walaupun Kumpulan telah memperolehi peningkatan dalam keuntungan melalui usaha niaga barunya dalam sektor pembangunan hartanah, ia masih mengalami kerugian terkumpul sebanyak RM1.11 juta pada akhir tahun 31 Disember 2013. Lembaga Pengarah berpendapat bahawa memandangkan usaha niaga baru tersebut masih belum mencapai tahap yang kukuh, Syarikat tidak mencadangkan sebarang dividen bagi tempoh kewangan berakhir 31 Disember 2013.

TINJAUAN OPERASI

Pendapatan divisyen Pembinaan dan Pembangunan Hartanah telah meningkat sebanyak RM49.9 juta dan RM130.9 juta berbanding tahun sebelumnya. Peningkatan ini adalah disebabkan oleh peningkatan dalam aktiviti pembinaan dan pengiktirafan yang lebih tinggi daripada perolehan Pembangunan Hartanah pada tahun semasa berikutan hasil penyatuan MNH dan juga proses pengebilan kemajuan pada JIC. Divisyen Perdagangan telah mencapai pendapatan RM33.3 juta lebih tinggi berbanding tahun sebelumnya. Ini adalah kerana Kumpulan terus melaksanakan strategi dalam memberi tumpuan kepada aktiviti-aktiviti perdagangan. Secara amnya, peningkatan tersebut disebabkan prestasi yang lebih baik dan juga peningkatan pendapatan penambahan 2 bulan dalam tahun semasa.

Di bawah tinjauan operasi, Divisyen Pembinaan, Pembangunan Hartanah dan Perdagangan telah mencapai keuntungan sebelum cukai sebanyak RM18.0 juta, RM9.6 juta dan RM4.8 juta bagi tempoh 14. Pada tahun sebelumnya, Divisyen Pembinaan telah mencapai keuntungan sebelum cukai sebanyak RM21.3 juta. Walau bagaimanapun, Divisyen Pembangunan Hartanah dan Perdagangan telah mengalami kerugian sebelum cukai, masing-masing sebanyak RM0.7 juta dan RM0.1 juta pada tahun sebelumnya. Divisyen Pembuatan mencatatkan kerugian sebelum cukai sebanyak RM3.6 juta dalam tempoh 14 bulan semasa berbanding kerugian sebelum cukai sebanyak RM8.9 juta pada tahun sebelumnya. Divisyen Pelaburan mencatatkan kerugian sebelum cukai sebanyak RM8.9 juta dalam tempoh 14 bulan berakhir 31 Disember 2013 berbanding kerugian sebelum cukai sebanyak RM3.5 juta pada tahun sebelumnya. Ini disebabkan oleh faedah dan perbelanjaan tambahan yang ditanggung dalam pengambilalihan anak syarikat baru, MNH.

Dalam tempoh kewangan yang ditinjau, Bahagian Pembinaan berjaya memperolehi pelbagai kontrak dari dalam Kumpulan dan pihak luar. Dengan adanya persaingan harga yang sengit di dalam industri pembinaan, kos bahan yang lebih tinggi dan juga kawalan yang lebih ketat yang dikenakan kepada pekerja-pekerja asing, divisyen ini adalah lebih berwaspada dalam pemilihan tender bagi kerja-kerja utamanya dalam tahun kewangan yang ditinjau demi menambahkan buku pesanannya.

PEMBANGUNAN HARTANAH KEKUATAN BARU

Dalam tahun kewangan yang ditinjau, Kumpulan telah mengambilalih 51% ekuiti dalam MNH dengan nilai sebanyak RM93.2 juta bagi memberikan aliran pendapatan yang stabil kepada Kumpulan dan juga meningkatkan sumbangan pendapatan bagi divisyen pembangunan hartanahnya. MNH adalah pemilik dan pemaju yang berdaftar untuk pembangunan komersial yang dikenali sebagai Pacific Place di Ara Damansara, Petaling Jaya, Selangor. Projek ini terletak di Ara Damansara, dengan kemudahan yang komprehensif dikelilingi pembangunan komersial bercampur. Ara Damansara kini semakin berkembang dan mempunyai akses yang baik dalam infrastruktur pengangkutan dan kemudahan-kemudahan lain di tempat itu. Nilai hartanah di kediaman dan komersial, Ara Damansara telah meningkat dengan kadar yang cepat, dan terdapatnya permintaan berterusan dari pembeli. Nilai pembangunan kasar projek ini adalah kira-kira RM1.2 bilion. Nilai tersebut termasuk pusat membeli-belah dan tempat letak kereta yang akan dijadikan aset pelaburan Kumpulan. Projek Pacific Place telah mencapai prestasi jualan yang positif setakat ini, di mana ia menandakan permintaan yang mengalakkan walaupun terdapat peningkatan harga yang mengikut tren pasaran semasa. Ruang tempat di pusat membeli-belah sekitar projek Pacific Place mempunyai permintaan yang tinggi berikutan lokasinya yang strategik di mana lokasi tersebut bersebelahan dengan stesen LRT Ara Damansara, Lokasi ini juga manjadi tumpuan para pelanggan kerana pembangunan-pembangunan yang sedia ada dan dijangka kawasan ini akan dimajukan dimasa hadapan. Pusat membeli-belah ini dijangka akan menyumbangkan hasil yang baik kepada pemilik, pengendali dan penyewanya, dalam jangka masa pendek dan masa panjang,

Kumpulan juga mempunyai satu lagi projek pembangunan hartanah, iaitu Projek Pacific Star di Seksyen 13, Petaling Jaya. Pada mulanya, ia merupakan usaha sama dengan Star Publications (Malaysia) Berhad ("STAR") tetapi akhirnya, kedua-dua pihak bersetuju bahawa Kumpulan akan mengambilalih projek tersebut. Kumpulan dengan itu telah mengambilalih tanah sebanyak 6 ekar dari STAR dengan harga RM135 juta dan mengikut persetujuan, pertimbangan ini adalah dari pembinaan dan pemindahan menara pejabat kepada STAR.

Ini akan menjadi satu projek kesenian tinggi di mana seni reka bentuk bangunan itu akan menggabungkan keluli, kaca dan kehijauan untuk menjadikannya bangunan yang moden dan canggih di dalam persekitaran taman. 5 menara tersebut akan menampilkan rekabentuk kontemporari serta seni bentuk di mana ia akan menetapkan standard yang tinggi bagi reka bentuk dan pembinaan. Seluruh tapak termasuk dek Menara akan dihiasi dengan seni taman untuk mewujudkan sebuah oasis bandar hijau, meningkatkan ruang dalaman/luaran dan juga berfungsi untuk melembutkan kesan visual pada podium dan Menara.

Pembangunan bercampur antara ruang komersial dan unit-unit kediaman akan merangkumi 2 blok komersial 14 tingkat (bangunan pejabat STAR) dan 16 tingkat (Signatute Office Suites), 3 blok servis apartmen 24 dan 33 tingkat, 4 tingkat ruang niaga, 4 ruang letak kereta bawah tanah dan ruang letak kereta bertingkat dari tingkat 4 ke tingkat 8. Nilai pembangunan kasar projek ini adalah kira-kira RM940 juta.

Selain daripada itu, Kumpulan juga sedang mempertimbangkan pembangunan potensi hartanah sedia ada demi memaksimumkan pulangan kepada Kumpulan.

PROJEK STESEN JANA KUASA BEBAS

Banyak yang telah dilakukan ke atas projek Stesen Jana Kuasa Bebas("Projek IPP") di Vietnam. Semua dokumen projek yang diperlukan seperti "Built-Operate-Transfer ("BOT")", "Power Purchase Agreement", "Coal Supply Agreement" dan "Land Lease Agreement" telah dilaksanakan. Projek IPP juga telah diberikan jaminan oleh kerajaan untuk pembayaran dan pertukaran mata wang asing dan insentif cukai di mana keistimewaan ini jarang dinikmati oleh projek-projek tenaga yang baru.

Kerja-kerja pembersihan tapak dan pampasan tanah untuk tapak stesen jana kuasa utama juga telah selesai dan telah diserahkan secara rasmi. Sesetengah kerja-kerja infrastruktur seperti pengesanan dan pembersihan bom serta jerangkap samar, menambak tanah, pembinaan jalan masuk utama, dinding sempadan dan penempatan semula talian transmisi voltan tinggi di luar tapak projek telah dilaksanakan ataupun status sedang dijalankan oleh Kumpulan.

Pada 26 Mac 2014, Kumpulan telah menerima kelulusan daripada "Ministry of Industry and Trade of Vietnam ("MOIT")" untuk lanjutan tempoh selama 12 bulan mulai 30 Oktober 2013 ke 31 Oktober 2014 demi mencapai kewangan bagi projek IPP. Walaupun terdapatnya percubaan yang telah dilakukan dengan rakan usahasama dengan Wuhan Kaidi Electric Power Engineering Co. Ltd ("Kaidi") untuk meneruskan projek IPP, pada 1 April 2014, Kumpulan telah mengumumkan bahawa "Kaidi Subscription Agreement, Shareholders' Agreement and Supplemental Shareholders' Agreement" yang ditandatangani pada 15 April 2013 telah tamat berikutan ianya tidak memenuhi syarat oleh Kaidi pada atau sebelum tarikh akhir yang dilanjutkan pada 31 Mac 2014. Sehubungan itu, Cadangan Usahasama Kaidi tersebut tidak akan diteruskan.

Kumpulan kini sedang menilai rakan-rakan baru yang berpotensi dan yakin yang ia dapat menarik bakal rakan kongsi yang berpotensi dalam tempoh tarikh akhir lanjutan kewangan dan mencapai usaha memandangkan terdapatnya kekuatan dalam projek ini. Stesen jana kuasa Hai Duong, yang merupakan salah satu daripada lima projek jana kuasa BOT yang dilesenkan di Vietnam sejak dua dekad yang lalu terletak di tapak yang baik, telah membekalkan bekalan arang batu tempatan dan mendapat sokongan yang konsisten daripada pihak berkuasa Vietnam.

TINJAUAN PERNIAGAAN

Sejak tiga tahun yang lalu, sebahagian besar sektor pembinaan telah didorong oleh perbelanjaan Kerajaan untuk membina infrastruktur negara melalui projek-projek seperti My Rapid Transit, lebuh raya, hartanah dan lima koridor ekonomi termasuk Koridor Tenaga Diperbaharui Sarawak selaras dengan Program Ekonomi Transformasi ("ETP"). Projek-projek mega seperti Klang Valley Mass Rapid Transit 2 dan Program Transformasi yang lain ("ETP") dijangka akan menjana RM25 bilion nilai perniagaan. Oleh itu, Lembaga Pengarah berpendapat bahawa industri pembinaan dijangka akan berkembang berterusan di mana ia akan bertahan untuk lima tahun yang akan datang. Walaupun terdapatnya tekanan ke atas Kerajaan untuk melancarkan pembangunan yang dirancang dalam usaha untuk mengurangkan defisit akaun semasa seperti dilihat dalam perbelanjaan pembangunan yang lebih kecil daripada RM46.5 bilion pada 2014 berbanding RM49.7 bilion tahun lepas, industri pembinaan dijangka bersedia untuk pertumbuhan tersebut. Walau bagaimanapun, Lembaga Pengarah masih berhati-hati terhadap tekanan kos yang meningkat yang mungkin akan berlaku pada 2014. Walaupun sebahagian besar harga bahan binaan akan kekal dan tidak berubah, tekanan inflasi mungkin akan wujud akibat kekurangan bekalan sumber tenaga kerja dan sumber-sumber tidak langsung yang timbul daripada pengurangan subsidi kerajaan dan nilai ringgit yang lebih lemah.

Terdapat juga projek-projek yang diumumkan dan akan diumumkan pada bulan-bulan yang akan datang dan ini dijangka akan membawa berita baik dan positif mengenai pemberian tender. Projek-projek ini termasuk Langat 2 yang bernilai RM5 bilion, Menara Warisan Merdeka yang bernilai RM5 bilion, lebuh raya SUKE dan DASH yang bernilai RM8 bilion, kontrak swasta dan luar negara (contohnya pembangunan Pelabuhan Kuantan yang bernilai RM3 bilion, Kinrara-Damansara Expressway yang bernilai RM2.2 bilion, Duta-Ulu Kelang Expressway (fasa 2), taman tema tertutup dan luar di Rawang, kerja-kerja jalan dan jambatan di negara-negara Teluk yang bernilai RM1 bilion dan Lebuhraya Cavite-Laguna di Filipina yang bernilai RM2.6 bilion. Sebagaimana yang diramalkan oleh Kerajaan di mana pembinaan akan menyumbang 9% kepada KDNK pada tahun 2014 berbanding 10.6% pada tahun 2013, tertinggi di dalam bahagian sektor ekonomi, pertumbuhan KDNK dijangka kekal teguh disebabkan oleh kemajuan kerja-kerja pembinaan yang dianugerahkan pada 2012-2013. Kumpulan telah membina sumber-sumbernya dan berpeluang untuk mengambil kesempatan daripada projek-projek baru yang akan ditender.

Bagi tahun kewangan yang akan datang, divisyen utama akan terus memacu menyumbang kepada hasil dan keuntungan bagi Kumpulan kerana projek-projek pembinaan yang sedang dijalankan serta jualan hartanah yang menggalakkan bagi Kumpulan. Walaupun Bank Negara terus menyokong pengurusan berhemat bagi hutang isi rumah dengan memperkenalkan sekatan pinjaman dan langkah-langkah penyejukan harta yang lain, kami yakin bahawa hasil yang positif dalam tempoh 14 bulan tahun kewangan dan hasil dari penyatuan MNH dalam baki tempoh projek, Kumpulan dijangka akan mencapai peningkatan dalam tahun kewangan yang akan datang.

PENGHARGAAN

Disini, saya ingin mengucapkan ribuan terima kasih kepada kakitangan syarikat yang memperlihatkan daya saing yang tinggi dalam persekitaran perniagaan yang dinamik serta usaha, kerja keras dan dedikasi mereka yang berterusan sepanjang tahun lepas. 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 dalam menggerakkan Kumpulan untuk terus maju ke hadapan.

Ucapan terima kasih saya juga ditujukan kepada semua pemegang saham, rakan-rakan perniagaan, para pembekal, pembiaya kewangan, konsultan dan pihak berkuasa kerajaan dan agensi-agensi kerajaan atas sokongan dan keyakinan berterusan yang diberikan kepada kami selama ini.

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 helps to realize 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 period ended 31 December 2013.

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 maximize 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 3 Board Committees namely Audit Committee, Nomination Committee and Remuneration Committee. All the Board Committees have its own terms of reference and has 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 Chief Executive Officer ("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 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.

Corporate Governance Statement (cont'd)

c. Board Meetings

During the financial period ended 31 December 2013, six board meetings were held and the respective Directors' attendance record is as shown in the table below:

Directors	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	5/6
Dato' Azman Bin Mahmood	5/6
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 Secretaries and was confirmed by the Board and signed by the Chairman of the meeting.

d. Supply of Information

The Board is provided with the agendas 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/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. 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 familiarize themselves with the Company's business.

During the financial period ended 31 December 2013, the Directors attended an in-house training conducted on 28 March 2013. The following directors attended the following training programs:-

Director	Mode of Training	Title of Training	Duration of Training
Tan Sri Datuk Hussin Bin Haji Ismail	Seminar	Enhancing Corporate Governance	1 Day
Dato' Azman Bin Mahmood	Internal Training	Director' Continuing Education Programme -Fraser & Neave Holdings Berhad and Cocoaland Holdings Berhad	3 Days
	Internal Training	Conference 2014-Crystalville Group	1 Day
Mr. Liew Jee Min @ Chong Jee Min	In-House Training	Corporate Governance / Enterprise Risk Management, Personal Data Protection Act 2010 & Competition Act 2010	1 Day
	Workshop	Bursa Malaysia: Corporate Governance Statement Reporting	1 Day
	Seminar	Bursa Malaysia :Towards Boardroom Excellence	1/2 Day
	Seminar	Bursa Malaysia: Advocacy Sessions on Corporate Disclosure for Directors	1 Day

f. Appointment 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 Chief Executive Officer 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 and review the composition of the Board to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge their duties efficiently and effectively.

During the financial period under review, the Nomination Committee met once to review the mix of skills and experience of the Board and was satisfied that the core competencies of the Directors in various specialised fields was strategic and fundamental to the success of the Company. The Nomination Committee also assessed the effectiveness of the Board as a whole, the Board Committees and contribution of the directors.

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 twice during the financial period 2013 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 period ended 31 December 2013 are set out on page 97 of the Audited Financial Statements.

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

	Fees (RM)	Salaries (RM)	EPF & SOCSO (RM)	Total (RM)
Executive Directors	-	1,760,000	205,021	1,965,021
Non-Executive Directors	164,500	-	-	164,500

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

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	4
RM400,000 – RM500,000	2	-
RM1,000,000 – RM1,100,000	1	-

C. SHAREHOLDERS

The Company recognizes 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 29.

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 page 25 and 26.

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 period ended 31 December 2013.

2. Options, Warrants or Convertible Securities Exercised in the Financial period ended 31 December 2013
There were no options, warrants or convertible securities issued during the financial period ended 31 December 2013.

3. American Depository Receipt ("ADR")/Global Depository Receipt ("GDR")
During the financial period ended 31 December 2013, the Company did not sponsor any ADR or GDR programme.

4. Sanctions and/or Penalties Imposed on the Company and its Subsidiaries, Directors or Management by the Relevant Regulatory
There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial period ended 31 December 2013.

5. Non-audit Fees
The amount of non-audit fees paid to the external auditors by the Company and its subsidiaries for the financial period ended December 2013 amounting to RM27,500.00.

6. Profit Guarantee
During the financial period ended 31 December 2013, 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 period ended 31 December 2013.

8. Variation of Results
There was no material variation between the audited financial statements for the financial period ended 31 December 2013 and the unaudited results announced.

BOARD COMMITTEES REPORT

A. AUDIT COMMITTEE REPORT

a. Members

The Audit Committee consists of the following members:

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

b. Functions and Responsibilities

The key functions and responsibilities of the 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 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 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.
  - To consider other topics as defined by the Board.

c. Summary of Activities of Audit Committee for the financial period ended 31 December 2013

The Audit Committee held six meetings during the financial period ended 31 December 2013.

The attendance record for the financial period ended 31 December 2013 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
Tan Sri Datuk Hussin Bin Haji Ismail	6/6	100
Liew Jee Min @ Chong Jee Min	6/6	100
Dato' Azman Bin Mahmood	5/6	83.3

The minutes of each meeting held were distributed to each member of the Board at the subsequent Board Meeting. The Audit Committee Chairman reported on each of the meetings to members of the Board.

For the financial period ended 31 December 2013, the following activities were carried out by the Audit Committee:

i. Review the quarterly results and Audited Financial Statements;
ii. Review the internal audit report tabled by Internal Auditors;
iii. Review and approve the Internal Audit Plan and the External Audit Plan;
iv. Review the Audit Review Memorandum and discussed with External Auditors on their findings;
v. Review the Statement on Risk Management & Internal Control and Audit Committee Report prior to the Board's approval for inclusion into the Annual Report; and
vi. Made recommendations to the Board for change of External Auditors.

d. Summary of Activities of the Internal Audit Division for the financial period ended 31 December 2013.

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 amounted to approximately RM80,000.00

The Group's Statement on Risk Management and Internal Control is set out on page 25 and 26 of this Annual Report.

B. NOMINATION COMMITTEE

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)

The Committee met once during the financial period 31 December 2013.

The Board, through the Nomination Committee implemented a process for annual assessment of the effectiveness of the Board as a whole, the committees of the Board and contribution of each director, including Independent Non-Executive Directors. The Nomination Committee also assists the Board in reviewing the board structure, size and composition of the Board. The Committee is responsible for making recommendations to the Board on new Board members and Board Committee appointment as well as the re-election of retiring directors.

C. REMUNERATION COMMITTEE

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 twice during the financial period ended 31 December 2013.

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.

Introduction

The Board of Directors of JAKS Resources Berhad ("JAKS") is pleased to present a statement on the state of JAKS Group's internal controls for the financial period ended 31 December 2013 and 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: Guidance for Directors of Public Listed Issuers. This statement outlines the nature and state of the internal controls of the Group during the financial period ended 31 December 2013.

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 these 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 internal controls, 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 process in place for the financial period under review involved the re-assessment of the existing risk profile and the updating of the risk management schedule to capture and re-prioritise the key risk profiles, delegate ownership of risks, set timelines for action plans and provide continuous monitoring and reporting of risks.

The above-mentioned risk management practices of the Group serves as the on-going process used to identify, evaluate and managed significant risks for the period 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 period ended 31 December 2013, 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 to the Audit Committee at their quarterly meetings. In addition, the outsourced internal auditors had followed up with reviews on previously reported audit issues to ensure that the Management has adequately addressed these issues. The reviews and results of improvements are periodically reported to the Audit Committee.

Total professional fees paid for outsourcing of internal audit function for the period ended 31 December 2013 was RM80,000.

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

Others Key Elements of Internal Control

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

- An organizational 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 periodically reviews this quality management process that is implemented throughout the financial period. Three subsidiaries within the Group are accredited with ISO9001:2008, the internationally accepted quality standard and with such a certification, audits are conducted by internal and external parties regularly to ensure compliance with the terms and conditions of the certification;
- 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 performance on a weekly basis; and
- Executive Directors are actively involved in the running of the business and operations of the Group and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group.

At a meeting held on 24 April 2014, the Board obtained assurance from the Chief Executive Officer and Senior Group General Manager of Finance that the Group's risk management and internal controls systems are operating adequately and effectively in all material respects.

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 maximizing shareholders' return but at the same time emphasizing 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 is committed to practice fair opportunity to all existing and prospective employees without unlawful or unfair discrimination. 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 organized 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 recognizing 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 the Occupational Safety and Health practices in the business operations. Guidelines are developed, implemented and continuously improved to meet the current 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.

Corporate Social Responsibility Statement (cont'd)

Environment

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

It is anticipated that by adopting simple, environmentally friendly initiatives, the Group will raise awareness amongst stakeholders and the wider community. The Group regularly reviews its environmental policy to ensure that it reflects changes in regulations and best practice. We aim to continually to manage the impact of our operations and develop initiatives to improve our environmental footprint.

In addition, as part of the our support for a greener environment, we have established the environment management for proper disposal of toxic and hazardous waste. These 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 minimize 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 organizations 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 period and of the results and cash flows of the Group for the financial period then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the period ended 31 December 2013, 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 the 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

For The Financial Period Ended
31 December 2013

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the 14 months financial period ended 31 December 2013.

CHANGE OF FINANCIAL YEAR END

On 26 September 2013, the Board of Directors of the Company had approved the change of financial year of the Company from 31 October to 31 December. The reason of the change is for the Company to coincide with the financial year of its subsidiary pursuant to Section 168 of the Companies Act 1965.

Consequently, the comparatives for the statements of comprehensive income, changes in equity and cash flows as well as certain comparatives in the notes to the financial statements of the Group and the Company for the period of 14 months from 1 November 2012 to 31 December 2013, are not comparable to those of the previous 12 months ended 31 October 2012. The next financial statements will be for a period of 12 months commencing from 1 January 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 9 and 10 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net profit for the financial period	10,657,056	125,978,611
Attributable to:		
Owners of the Company	7,503,421	125,978,611
Non-controlling interests	3,153,635	-
	10,657,056	125,978,611

DIVIDEND

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

The Directors do not recommend the payment of any dividends in respect of the financial period ended 31 December 2013.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, 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 23 to the financial statements.

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

DIRECTORS

The Directors in office since the date of the last report are:

Ang Lam Aik	
Ang Lam Poah	
Dato' Azman Bin Mahmood	
Dato' Razali Merican Bin Naina Merican	
Liew Jee Min @ Chong Jee Min	
Tan Sri Datuk Hussin Bin Haji Ismail	
Tan Sri Dato' Seri Law Hieng Ding	(Resigned on 22 March 2013)

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 period in shares in the Company and its related corporations during the financial period ended 31 December 2013 are as follows:

	Number of ordinary shares of RM1/- each			
The Company	**At 1.11.2012**	**Bought**	**Sold**	**At 31.12.2013**
Direct				
Ang Lam Aik	2,500,000	-	-	2,500,000
Ang Lam Poah	26,800,002	-	-	26,800,002
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 Aik, Ang Lam Poah and Dato' Razali Merican Bin Naina Merican are deemed to have interest in the shares of the 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 period had any other interests in the ordinary shares and options in the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary 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 35 to the financial statements.

Neither during nor at the end of the financial period 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 PERIOD

(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 period have not been substantially affected by any item, transaction or event of a material and unusual nature, other than a gain on disposal of the properties amounted to RM159,506,302 of the Company as disclosed in Notes 6 and 31 to the financial statements.

(II) FROM THE END OF THE FINANCIAL PERIOD TO THE DATE OF THIS REPORT

(c) 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.

(d) 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 period 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 period which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

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

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

(g) 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 and after the financial period are disclosed in Note 39 to the financial statements.

MATERIAL LITIGATION

Details of material litigation are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, ECOVIS AHL, 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 24 April 2014.

……………………………………………………………

DATO' RAZALI MERICAN BIN NAINA MERICAN
Director

……………………………………………………………

ANG LAM POAH
Director

Kuala Lumpur

STATEMENT BY DIRECTORS

We, **DATO' RAZALI MERICAN BIN NAINA MERICAN** and **ANG LAM POAH**, being two of the Directors of JAKS Resources Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 40 to 116 are properly drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the financial results and cash flows of the Group and of the Company for the financial period then ended in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The supplementary information set out in Note 42, on page 117 has been compiled 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 24 April 2014.

……………………………………………………………………
DATO' RAZALI MERICAN BIN NAINA MERICAN
Director

……………………………………………………………………
ANG LAM POAH
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 financial statements set out on pages 40 to 116 and the supplementary information in Note 42 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 24 April 2014.

Before me,

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF JAKS RESOURCES BERHAD

Report on the Financial Statements

We have audited the financial statements of JAKS Resources Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 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 2013 and of their financial performance and cash flows for the period 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 13 to the financial statements which disclose the current status of the Vietnam Power Plant Project ("the Project").

On 12 December 2012, the Group entered into various project agreements and supplementary agreements as detailed in Note 13(a) to the financial statements to facilitate the execution of the Project, all of which has been approved by the shareholders of the Company on 28 June 2013 through an Extraordinary General Meeting.

On 26 March 2014, the Group had received approval from the Ministry of Industry and Trade of Vietnam for an extension of 12 months from 30 October 2013 to 31 October 2014 to achieve the financial close of the Project.

As detailed in Note 13(b) to the financial statements, subsequent to the financial period end, due to the non-fulfillment of the conditions precedents in the project agreements and supplementary agreements by the joint venture partner on or before the extended cut-off date of 31 March 2014, the said agreements with the joint venture partner have lapsed and the proposed joint venture shall not take effect.

The Group is currently evaluating new potential partners and is confident of attracting the right potential partner within the extended financial close deadline and achieve the above endeavour considering the various strengths the Project holds.

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

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 financial statements and the auditors' reports as disclosed in Note 9 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 9 to the financial statements.

(c) Other than those subsidiaries without the financial statements as disclosed in Note 9 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 9 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 42 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

1. 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.

2. The financial statements as at 31 October 2012 and for the year then ended were audited by other auditors.

ECOVIS AHL
Firm No: AF 001825
Chartered Accountants

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

Kuala Lumpur

24 April 2014

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

		Group		Company	
	Note	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	37,975,104	96,295,272	761,860	7,974,633
Investment properties	7	213,479	218,858	6,149,619	55,911,799
Land held for property development	8	56,493,698	-	-	-
Investment in subsidiaries	9	-	-	221,323,155	237,367,143
Golf club memberships	11	536,842	544,736	-	-
Goodwill on consolidation	12	185,224,880	155,222,975	-	-
Development expenditure	13	107,064,880	93,385,578	61,499,541	60,455,526
Deferred tax assets	14	9,631,282	10,616,580	-	-
		397,140,165	356,283,999	289,734,175	361,709,101
CURRENT ASSETS					
Inventories	15	15,621,520	13,188,500	-	-
Property development costs	16	412,336,250	184,506,905	-	-
Amount due from customers on contracts works	17	81,431,151	154,706,400	19,044,548	30,730,607
Trade receivables	18	152,107,283	44,873,724	15,871,393	17,614,947
Other receivables, deposits and prepayments	19	68,285,921	65,071,809	171,842	508,219
Amount owing by subsidiaries	20	-	-	290,643,151	36,605,340
Tax recoverable		1,857,602	1,222,515	-	297,171
Deposits placed with licensed banks	21	38,222,032	17,838,681	19,041,762	11,194,227
Cash and bank balances	22	94,188,654	16,919,702	1,442,712	1,125,990
		864,050,413	498,328,236	346,215,408	98,076,501
TOTAL ASSETS		1,261,190,578	854,612,235	635,949,583	459,785,602

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

Statements Of Financial Position
As At 31 December 2013 (cont'd)

	Note	Group 31.12.2013 RM	Group 31.10.2012 RM	Company 31.12.2013 RM	Company 31.10.2012 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	23	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
(Accumulated losses)/Retained profits	24	(1,108,218)	(8,611,639)	24,485,295	(101,493,316)
Equity attributable to owners of the Company		445,621,564	438,118,143	471,215,077	345,236,466
Non-controlling interests		68,879,183	5,005,808	-	-
TOTAL EQUITY		514,500,747	443,123,951	471,215,077	345,236,466
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	25	193,925,116	3,121,617	186,123	376,251
Deferred tax liabilities	14	203,495	788,985	-	635,296
		194,128,611	3,910,602	186,123	1,011,547
CURRENT LIABILITIES					
Trade payables	26	183,021,266	149,164,046	-	-
Other payables, deposits and accruals	27	81,334,592	74,707,956	12,052,667	10,083,260
Amount owing to subsidiaries	20	-	-	87,613,883	36,827,588
Borrowings	25	280,616,934	180,291,289	64,756,371	66,626,741
Tax payable		7,588,428	3,414,391	125,462	-
		552,561,220	407,577,682	164,548,383	113,537,589
TOTAL LIABILITIES		746,689,831	411,488,284	164,734,506	114,549,136
TOTAL EQUITY AND LIABILITIES		1,261,190,578	854,612,235	635,949,583	459,785,602

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

		Group		Company	
	Note	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM
Revenue	28	586,378,415	376,380,938	98,206,407	70,846,174
Cost of sales	29	(507,610,986)	(338,295,196)	(86,914,531)	(62,024,223)
GROSS PROFIT		78,767,429	38,085,742	11,291,876	8,821,951
Other income		596,310	1,717,869	159,506,302	-
Selling and distribution expenses		(4,392,957)	(1,063,195)	-	-
Administrative expenses		(37,393,376)	(20,122,899)	(10,897,466)	(7,466,418)
Other operating expenses		(25,024)	-	(28,782,223)	-
OPERATING PROFIT		37,552,382	18,617,517	131,118,489	1,355,533
Finance costs (net)	30	(17,769,540)	(10,394,194)	(5,318,659)	(4,086,107)
PROFIT/(LOSS) BEFORE TAXATION	31	19,782,842	8,223,323	125,799,830	(2,730,574)
Taxation	32	(9,125,786)	(6,207,985)	178,781	106,707
NET PROFIT/(LOSS) FOR THE FINANCIAL PERIOD/YEAR		10,657,056	2,015,338	125,978,611	(2,623,867)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD/YEAR		10,657,056	2,015,338	125,978,611	(2,623,867)
NET PROFIT/(LOSS) ATTRIBUTABLE TO:					
Owners of the Company		7,503,421	2,750,573	125,978,611	(2,623,867)
Non-controlling interests		3,153,635	(735,235)	-	-
		10,657,056	2,015,338	125,978,611	(2,623,867)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:					
Owners of the Company		7,503,421	2,750,573	125,978,611	(2,623,867)
Non-controlling interests		3,153,635	(735,235)	-	-
		10,657,056	2,015,338	125,978,611	(2,623,867)
EARNING/(LOSS) PER ORDINARY SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)					
- Basic	33(a)	1.71	0.63		
- Diluted	33(b)	1.71	0.63		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

	← Attributable to Owners of the Company →					
		Non-Distributable	Distributable			
	Share Capital RM	Share Premium RM	(Accumulated Losses) RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group						
Balance as at 1 November 2011	438,361,072	8,368,710	(11,362,212)	435,367,570	5,741,043	441,108,613
Total comprehensive income/ (loss) for the financial year	-	-	2,750,573	2,750,573	(735,235)	2,015,338
Balance as at 31 October 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
Balance as at 31 December 2013	438,361,072	8,368,710	(1,108,218)	445,621,564	68,879,183	514,500,747

	← Attributable to Owners of the Company →			
		Non-Distributable	Distributable	
	Share Capital RM	Share Premium RM	Retained profits/ (Accumulated Losses) RM	Total RM
Company				
Balance as at 1 November 2011	438,361,072	8,368,710	(98,869,449)	347,860,333
Total comprehensive loss for the financial year	-	-	(2,623,867)	(2,623,867)
Balance as at 31 October 2012	438,361,072	8,368,710	(101,493,316)	345,236,466
Total comprehensive profit for the financial period	-	-	125,978,611	125,978,611
Balance as at 31 December 2013	438,361,072	8,368,710	24,485,295	471,215,077

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

	Group		Company	
	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	19,782,842	8,223,323	125,799,830	(2,730,574)
Adjustments for:				
Allowance for impairment	25,024	-	12,738,229	-
Amortisation of corporate golf club membership	7,894	7,894	-	-
Depreciation:				
- property, plant and equipment	5,150,651	4,173,595	505,965	470,308
- investment properties	5,379	4,560	418,558	358,763
Dividend income	-	(19,312)	-	-
Gain on disposal of property, plant and equipment	(12,436)	(1,343,208)	(159,506,302)	-
Impairment loss on investment in subsidiaries	-	-	16,043,994	-
Interest expense	18,536,815	11,453,614	5,878,089	4,950,150
Interest income	(767,275)	(1,059,420)	(559,430)	(864,043)
Property, plant and equipment write off	1,149	-	-	-
Impairment of receivables no longer required	(31,641)	(554,906)	-	-
Written down of inventories	96,723	-	-	-
Operating profit before working capital changes	42,795,125	20,886,140	1,318,933	2,184,604
Changes in working capital:				
Inventories	(2,529,743)	18,027,427	-	-
Amount due from customers on contract works	73,275,249	(19,766,664)	11,686,059	(1,535,560)
Receivables	20,247,211	(13,199,703)	2,079,931	(14,129,406)
Payables	(7,024,684)	20,733,521	1,969,407	7,002,429
Property development costs	(53,443,001)	(2,840,144)	-	-
Cash generated from/(used in) operations	73,320,157	23,840,577	17,054,330	(6,477,933)
Interest paid	(16,093,002)	(10,742,632)	(5,388,107)	(4,508,862)
Tax paid	(13,760,414)	(6,805,346)	(33,882)	(278,436)
Net cash from/(used in) operating activities	43,466,741	6,292,599	11,632,341	(11,265,231)

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

Statements Of Cash Flows
For The Financial Period Ended 31 December 2013 (cont'd)

	Group		Company	
	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in development expenditure	(13,679,302)	(6,805,385)	(1,044,015)	(6,580,181)
Dividend received	-	19,312	-	-
Proceeds from disposal of property, plant and equipment	60,000	1,347,071	-	-
Interest received	767,275	1,059,420	438,712	229,173
Net cash outflows from acquisition of interest in subsidiaries (Note 9a)	(40,137,246)	-	(6)	-
Purchase of property, plant and equipment (Note A)	(1,331,908)	(1,055,600)	(443,268)	-
Net cash used in investing activities	(54,321,181)	(5,435,182)	(1,048,577)	(6,351,008)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from subsidiaries	-	-	130,973	18,857,743
Placement of deposits and debt service reserve	(21,517,341)	(5,992,083)	(7,847,535)	(3,767,868)
Interest paid	(2,443,813)	(710,982)	(489,982)	(441,288)
Net movement on bill payables	1,699,459	8,240,095	-	-
Net movement on factoring loan	23,584,151	(5,776,036)	-	-
Repayments of hire purchase liabilities	(2,691,060)	(1,784,521)	(429,212)	(394,680)
Net movement on term loans	86,151,956	(1,144)	(1,199,951)	(1,144)
Net cash from/(used in) financing activities	84,783,352	(6,024,671)	(9,835,707)	14,252,763
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	73,928,912	(5,167,254)	748,057	(3,363,476)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD/YEAR	(21,306,831)	(16,139,577)	(25,117,327)	(21,753,851)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD/YEAR (NOTE B)	52,622,081	(21,306,831)	(24,369,270)	(25,117,327)

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

Statements Of Cash Flows
For The Financial Period Ended 31 December 2013 (cont'd)

	Group		Company	
	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM
NOTE A :				
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT				
Purchase of property, plant and equipment	2,783,908	3,636,203	443,268	-
Financed by hire purchase liabilities	(1,452,000)	(2,580,603)	-	-
Cash payments on purchase of property, plant and equipment	1,331,908	1,055,600	443,268	-
NOTE B :				
CASH AND CASH EQUIVALENTS COMPRISE:				
Deposits placed with licensed banks	38,222,032	17,838,681	19,041,762	11,194,227
Cash and bank balances	94,188,654	16,919,702	1,442,712	1,125,990
Bank overdrafts - secured	(40,432,583)	(38,226,533)	(25,811,982)	(26,243,317)
	91,978,103	(3,468,150)	(5,327,508)	(13,923,100)
Less: Deposits held as security values	(38,222,032)	(17,838,681)	(19,041,762)	(11,194,227)
Debt service reserve account	(1,133,990)	-	-	-
	52,622,081	(21,306,831)	(24,369,270)	(25,117,327)

The accompanying notes form an integral part of these 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 9 and 10 to the financial statements.

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

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 24 April 2014.

2. CHANGE OF FINANCIAL YEAR END

On 26 September 2013, the Board of Directors of the Company had approved the change of financial year of the Company from 31 October to 31 December. The reason of the change is for the Company to coincide with the financial year of its subsidiary pursuant to Section 168 of the Companies Act 1965.

Consequently, the comparatives for the statements of comprehensive income, changes in equity and cash flows as well as certain comparatives in the notes to the financial statements of the Group and the Company for the period of 14 months from 1 November 2012 to 31 December 2013, are not comparable to those of the previous 12 months ended 31 October 2012. The next financial statements will be for a period of 12 months commencing from 1 January 2014.

3. 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.

The preparation of financial statements in conformity with the FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities at the reporting date. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and judgement are based on the Director's best knowledge of current events and actions, actual results may differ from those estimates.

3. BASIS OF PREPARATION (cont'd)

3.1 Adoption of New/Revised and Amendments to Financial Reporting Standards During the Current Financial Period

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:

FRS 124	Related Party Disclosures (Revised)
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters
Amendments to FRS 7	Disclosures - Transfers of Financial Assets
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income
Amendments to FRS 112	Deferred Tax - Recovery of Underlying Assets

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 period.

3.2 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 January 2013

- FRS 1, *First-time Adoption of Financial Reporting Standards (Amendments to Government Loans)*
- FRS 1, *First-time Adoption of Financial Reporting Standards (Amendments to Improvements to FRSs (2012))*
- FRS 7, *Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Financial Liabilities)*
- FRS 10, *Consolidated Financial Statements*
- FRS 10, *Consolidated Financial Statements (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance)*
- FRS 11, *Joint Arrangements*
- FRS 11, *Joint Arrangements (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance)*
- FRS 12, *Disclosures of Interests in Other Entities*
- FRS 12, *Disclosures of Interests in Other Entities (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance)*
- FRS 13, *Fair Value Measurement*
- FRS 101, *Presentation of Financial Statements (Amendments to Improvements to FRSs (2012))*
- FRS 116, *Property, Plant and Equipment (Amendments to Improvements to FRSs (2012))*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*

Effective for financial periods beginning on or after 1 January 2014

- FRS 10, *Consolidated Financial Statements (Amendments relating to Investment Entities)*
- FRS 12, *Disclosures of Interests in Other Entities (Amendments relating to Investment Entities)*
- FRS 127, *Separate Financial Statements (2011) (Amendments relating to Investment Entities)*
- FRS 132, Financial Instruments: Presentation *(Amendment relating to Offsetting Financial Assets and Financial Liabilities)*
- Amendments to FRS 136, *Recoverable Amount Disclosures for Non-financial Assets*
- Amendments to FRS 139, *Novation of Derivatives and Continuation of Hedge Accounting*

3. BASIS OF PREPARATION (cont'd)

3.2 FRSs and IC Interpretations that Have Been Issued, But Not Yet Effective and Not Yet Adopted (cont'd)

Effective for financial periods beginning on or after 1 July 2014

- Amendments to FRS 116, Annual Improvements to FRSs 2010-2012 cycle
- Amendments to FRS 119, Defined Benefit Plans: Employee Contributions
- Amendments to FRS 124, Annual Improvements to FRSs 2010-2012 cycle

To be announced

- FRS 9, *Financial Instruments (IFRS 9 issued by IASB in November 2009)*
- FRS 9, *Financial Instruments (IFRS 9 issued by IASB in October 2010)*
- FRS 9, Financial Instruments: Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application, except as discussed below:

FRS 9, *Financial Instruments*
FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's and of the Company's financial assets, but will not have an impact in classification and measurements of the Group's and of the Company's financial liabilities. The Group and the Company will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

FRS 10, *Consolidated Financial Statements*
FRS 10, *Consolidated Financial Statements* introduces a new single control model to determine which investees should be consolidated. FRS 10 supersedes FRS 127, *Consolidated and Separate Financial Statements* and IC Interpretation 112, *Consolidation - Special Purpose Entities*. There are three elements to the definition of control in FRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee. The adoption of FRS 10 does not have significant impact on the amounts recognised in the financial statements.

FRS 11, *Joint Arrangements*
FRS 11, Joint Arrangements establishes the principles for classification and accounting for joint arrangements and supersedes FRS 131, Interest in Joint Ventures. Under FRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

FRS 12, *Disclosure of Interests in Other Entities*
FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no financial impact on the Group's and the Company's financial position or performance.

FRS 13, *Fair Value Measurement*
FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

3. BASIS OF PREPARATION (cont'd)

3.2 FRSs and IC Interpretations that Have Been Issued, But Not Yet Effective and Not Yet Adopted (cont'd)

Amendments to FRS 7, *Disclosures - Offsetting Financial Assets and Financial Liabilities*
The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potentional effect of netting arrangements, including rights or set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

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

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the 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 ("MFRS 141") and/or IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. On 7 August 2013, MASB further deferred the effective date of MFRS Framework for Transitioning Entities for an additional one year from 1 January 2014 to 1 January 2015.

The Group and the Company falls within the definition of Transitioning Entities and have opted to defer adoption of the new MFRSs Framework. Accordingly, the Group and the Company will be required to prepare its financial statements using the MFRSs Framework in its first MFRSs financial statements for the financial year ending 31 December 2015. In presenting its first MFRSs financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRSs Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

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

4. 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 combination from 1 January 2011 onwards

Acquisitions of businesses are accounted for using the acquisitions method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary at the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Business combination from 1 January 2011 onwards (cont'd)

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4(d). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 January 2011

Under the purchase method of accounting, the cost of a business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of a business combination is allocated to identifiable assets required, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4(d) to the financial statements on goodwill). If the cost of a business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(i) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(ii) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transition, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for a revaluation.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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 comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

Transaction with non-controlling interest (cont'd)

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 in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiaries which is eliminated on consolidation is stated in the Company's separate financial statements at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(m) to the financial statements. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the profit or loss.

4. 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 4(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 Power Plant. Development expenditures are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Other development expenditures which do not meet these criteria are expensed when incurred.

(f) Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 4(m) to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

(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. The policy for the recognition and measurement of impairment losses is in accordance with Note 4(m) to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Investment Properties (cont'd)

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 of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposals. Any gains or losses on the retirement or disposal of the investment properties are recognised in the profit or loss in the financial year in which they arise.

(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 4(m) to the financial statements.

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

(i) Property Development Activities

Land held for property development

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

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

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

Property development costs

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Property Development Activities (cont'd)

Property development costs (cont'd)

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

(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 the 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Financial Instruments (cont'd)

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 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

Available-for-sale financial assets (cont'd)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Financial Instruments (cont'd)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment of Assets (cont'd)

(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 the statements of comprehensive income, a reversal of that impairment is recognised as income in the statements of comprehensive income.

(n) Cash and Cash Equivalents

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

(o) Revenue Recognition

(i) Construction Contract

Revenue from construction contracts is recognised based on the stage of completion method as described in Note 4 (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 4 (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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Revenue Recognition (cont'd)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Employee Benefits (cont'd)

(iii) Share-based Compensation

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

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

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

(r) Foreign Currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions and translations

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

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Operating Segments (cont'd)

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 4(f) to the financial statements.

(ii) Operating leases

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

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

(u) Share Capital

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Borrowing Costs

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

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

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

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

(w) Related Parties

A party is related to an entity if:

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

ii. the party is an associated of the entity;

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

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

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

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

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

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

(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.

5. 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

There were no significant judgements made by the management in the process of applying the Group's accounting policies which have material effect on the amounts recognised in the financial statements.

(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.

(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 disclosed in Note 9, 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 assets is more than the recoverable amount.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

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

(iii) Impairment of property, plant and equipment (cont'd)

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

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.

(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.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(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.

(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 credit 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.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

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

(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 carrying values of unrecognised deferred tax asset of the Group were RM7,698,914 (31.10.2012: RM12,309,702).

(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 2013 was RM185,224,880 (31.10.2012: RM155,222,975).

(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.

6. 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
31.12.2013									
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	(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	-	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	-	(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

6. **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
31.10.2012									
At cost									
At 1 November	49,108,899	23,351,183	1,108,760	71,562	3,331,654	76,761,361	7,636,034	2,260,257	163,629,710
Additions	-	-	-	-	-	2,414,456	383,124	838,623	3,636,203
Disposals/write off	-	-	-	-	-	(43,399,703)	(544,607)	-	(43,944,310)
At 31 October	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
Accumulated depreciation									
At 1 November	-	2,771,084	125,523	15,508	848,367	58,209,709	2,863,903	1,959,089	66,793,183
Depreciation for the financial year	-	401,125	20,920	1,431	66,633	2,356,227	1,169,119	158,140	4,173,595
Disposals/write off	-	-	-	-	-	(43,395,841)	(544,606)	-	(43,940,447)
At 31 October	-	3,172,209	146,443	16,939	915,000	17,170,095	3,488,416	2,117,229	27,026,331
Carrying amount									
At 31 October	49,108,899	20,178,974	962,317	54,623	2,416,654	18,606,019	3,986,135	981,651	96,295,272

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold Land RM	Freehold Building RM	Motor Vehicles RM	Office Equipment and Renovation RM	Total RM
Company					
31.12.2013					
At 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	-	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
31.10.2012					
At Cost					
At 1 November/ 31 October	5,434,400	2,118,118	2,133,873	80,657	9,767,048
Accumulated Depreciation					
At 1 November	-	310,657	936,761	74,689	1,322,107
Depreciation for the financial year	-	42,362	426,775	1,171	470,308
At 31 October	-	353,019	1,363,536	75,860	1,792,415
Carrying amount					
At 31 October	5,434,400	1,765,099	770,337	4,797	7,974,633

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Freehold land	-	5,434,400	-	5,434,400
Freehold building	-	1,765,099	-	1,765,099
Leasehold land	937,913	962,317	-	-
Factory buildings	2,338,915	2,416,654	-	-
Plant and machinery	251,450	784,572	-	-
	3,528,278	11,363,042	-	7,199,499

b) Carrying amount 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	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Motor vehicles	3,026,893	3,642,826	338,451	770,337
Plant and machinery	4,124,876	3,598,766	-	-

c) The freehold land and buildings of the Company with carrying amount of RM56,493,698 is disposed off to its subsidiaries for a consideration of RM216,000,000, which the Company recognised a gain on disposal of RM159,506,302 for the current financial period.

7. INVESTMENT PROPERTIES

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
At Cost				
At 1 November	223,418	-	58,730,991	58,730,991
Additions	-	223,418	-	-
Disposals	-	-	(52,277,272)	-
At 31 December/ 31 October	223,418	223,418	6,453,719	58,730,991
Accumulated depreciation				
At 1 November	4,560	-	2,819,192	2,460,429
Depreciation for the financial period/year	5,379	4,560	418,558	358,763
Disposals	-	-	(2,933,650)	-
At 31 December/31 October	9,939	4,560	304,100	2,819,192
Carrying amount				
At 31 December/31 October	213,479	218,858	6,149,619	55,911,799

7. INVESTMENT PROPERTIES (cont'd)

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

(ii) The fair values of the investment properties of the Group and of the Company were estimated at RM213,479 (31.10.2012: RM218,858) and RM22,000,000 (31.10.2012: RM110,000,000) respectively at Directors' valuation which were made based on current prices in an active market for the said properties. The fair value of the investment properties of the Group approximates its carrying value in the financial statements.

(iii) Rental income earned from the investment property of the Group and of the Company, during the financial period amounted to RM299,000 (31.10.2012: RM240,000) and RM1,400,000 (31.10.2012: RM1,980,000) respectively.

(iv) Direct operating expenses on income generating investment properties of the Group and of the Company during the financial period amounted to RM167,331 (31.10.2012: RM371,838) and RM166,190 (31.10.2012: RM371,838) respectively.

8. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land RM
Group	
31.12.2013	
At cost	
At 1 November	-
Transferred from property, plant and equipment (Note 6)	56,493,698
At 31 December	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.

9. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2013 RM	**31.10.2012 RM**
Unquoted shares, at cost		
At 1 November	237,786,613	237,786,613
Acquisition of subsidiaries	6	-
At 31 December/31 October	237,786,619	237,786,613
Accumulated impairment		
At 1 November	419,470	419,470
Impairment during the financial period/year	16,043,994	-
	16,463,464	419,470
Carrying amount	221,323,155	237,367,143

9. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:-

Name of Companies	Country of Incorporation	Effective Equity Interest 31.12.13 %	Effective Equity Interest 31.10.12 %	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 *#β	British Virgin Islands	100	100	Investment holding
JAKS Offshore Sdn. Bhd.*	Malaysia	51	51	Offshore, drilling, oil, gas and general trading
Harbour Town Sdn. Bhd. #	Malaysia	100	-	Investment holding
Premier Place Property Sdn. Bhd. ^	Malaysia	100	-	Property development
Harbour Front Development Sdn. Bhd. ^	Malaysia	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

9. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Companies	Country of Incorporation	Effective Equity Interest 31.12.13 %	Effective Equity Interest 31.10.12 %	Principal Activities
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	Manufacturing and trading of butt welding pipe fitting products and steel elbow joints.
Indirect subsidiary held through JAKS Power Holding Limited				
JAKS Pacific Power Limited *#β	Hong Kong	100	100	Investment holding
JAKS-MPC (HD) Limited ^	British Virgin Islands	100	100	Investment holding
Indirect subsidiary held through JAKS Pacific Power Limited				
JAKS Hai Duong Power Limited *#α	Vietnam	100	100	Undertake investment, implementation and operationof Vietnam Project
Indirect subsidiary held through Harbour Town Sdn. Bhd.				
MNH Global Assets Management Sdn. Bhd. ∆	Malaysia	51	-	Investment holding and property development

* *Subsidiaries not audited by ECOVIS AHL*

^ *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 13 to the financial statements which explains the circumstances and consideration the Directors have taken into account in preparing the financial statements.*

9. INVESTMENT IN SUBSIDIARIES (cont'd)

β *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.*

α *The financial year of this subsidiary ends on 30 September 2013.*

Δ *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.*

Acquisition of subsidiaries

a) During the financial period

i. On 19 March 2013, the Company had acquired a wholly owned subsidiary, Harbour Town Sdn. Bhd ("Harbour Town"). with 2 ordinary shares of RM1 each for a consideration of RM2, representing in total of 100% equity interest.

ii. On 23 August 2013, a wholly owned subsidiary of the Company, Harbour Town, had acquired 765,000 ordinary shares of RM1 each in MNH Global Assets Management Sdn. Bhd. ("MNH") for a consideration of RM93,200,000, representing in total 51% equity interest.

The fair value of the identifiable assets and liabilities of MNH as at the date of acquisition were:

	Carrying Amount RM	Fair Value RM
Property, plant and equipment	588,986	588,986
Property development cost	121,555,380	174,386,344
Trade and other receivables	130,688,265	130,688,265
Fixed deposits placed with licensed bank	100,000	100,000
Cash and bank balances	52,962,754	52,962,754
Trade and other payables	(47,508,540)	(47,508,540)
Borrowings	(178,726,588)	(178,726,588)
Current tax liabilities	(8,537,886)	(8,537,886)
Deferred tax liabilities	(35,500)	(35,500)
Net identifiable assets	71,086,871	123,917,835

<u>Total cost of business combination</u>	**RM**
The total cost of business combination is as follows:	
Consideration paid	93,200,000

The effect of the acquisition on cash flows as follows:	**RM**
The total cost of business combination/Consideration settled in cash	93,200,000
Less: cash and cash equivalents of subsidiary acquired	(53,062,754)
Net cash outflow on acquisition	40,137,246

9. INVESTMENT IN SUBSIDIARIES (cont'd)

Acquisition of subsidiaries (cont'd)

a) During the financial period (cont'd)

ii. On 23 August 2013, a wholly owned subsidiary of the Company, Harbour Town, had acquired 765,000 ordinary shares of RM1 each in MNH Global Assets Management Sdn. Bhd. ("MNH") for a consideration of RM93,200,000, representing in total 51% equity interest. (cont'd)

Goodwill arising from acquisition	**RM**
Fair value of net identifiable asset	123,917,835
Less: non-controlling interest	(60,719,740)
Goodwill on acquisition	30,001,905
Cost of business combination	93,200,000

From the date of acquisition, MNH has contributed RM76,971,225 of revenue and RM5,055,359 of profit before tax to the Group.

iii. On 20 December 2013, the Company had acquired two wholly owned subsidiaries, Harbour Front Development Sdn. Bhd. and Premier Place Property Sdn. Bhd. both with 2 ordinary shares of RM1 each for a consideration of RM2 each, representing in total 100% equity interest.

b) Subsequent to financial period end

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

10. JOINTLY CONTROLLED OPERATIONS

The details of the jointly controlled operations are as follows:

Name of Companies	**Country of Incorporation**	**Effective Equity Interest 31.12.13 %**	**Effective Equity Interest 31.10.12 %**	**Principal Activities**
IJM - JAKS Joint Venture *	Malaysia	40	40	Construction
KACC - JAKS Joint Venture *	Malaysia	50	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.

10. JOINTLY CONTROLLED OPERATION (cont'd)

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

	Group	
	31.12.2013 RM	31.10.2012 RM
Non-current assets	331,460	112,618
Current assets	22,030,366	12,289,959
Current liabilities	(16,844,283)	(7,098,971)
Net assets	5,517,543	5,303,606

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

	Group	
	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM
Revenue	74,846,957	72,794,060
Expenses including taxation	(74,633,019)	(67,490,454)
Net profit for the financial period/year	213,938	5,303,606

11. GOLF CLUB MEMBERSHIPS

	Group	
	31.12.2013 RM	31.10.2012 RM
At cost		
At beginning/end of financial period/year	600,000	600,000
Less: Accumulated amortisation		
At beginning of financial period/year	55,264	47,370
Amortisation for the financial period/year	7,894	7,894
At end of financial period/year	63,158	55,264
Carrying amount		
At end of financial period/year	536,842	544,736

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

12. GOODWILL ON CONSOLIDATION

	Group	
	31.12.2013 RM	31.10.2012 RM
At cost		
At beginning of financial period/year	181,090,857	181,090,857
Acquisition of a subsidiary	30,001,905	-
At end of financial period/year	211,092,762	181,090,857
Accumulated impairment		
At beginning of financial period/year	(25,867,882)	(25,867,882)
Carrying amount	185,224,880	155,222,975

Impairment test of goodwill

Goodwill has been allocated to the Group's CGUs identified according to business segments as follows:

	31.12.2013 RM	31.10.2012 RM
Manufacturing	6,723,975	6,723,975
Construction	148,499,000	148,499,000
Property development	30,001,905	-
	185,224,880	155,222,975

(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.
- The anticipated annual revenue growth included in the cash flow projections was based on the management's estimation of the number of project to be awarded within the 5-year, and also the completion period of the potential projects. Management plans to achieve annual revenue of approximately RM509,847,000 in the first year of business, and by the fifth year, the accumulated revenue will be at approximately RM3,478,537,000.
- Budgeted gross margins are based on average values achieved in the preceding projects completed which is estimated at 10% to 17%.
- The pre-tax discount rates used range from 7% to 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 amount.

13. DEVELOPMENT EXPENDITURE

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
At 1 November	93,385,578	77,746,281	60,455,526	53,875,345
Addition	13,679,302	15,639,297	7,202,595	12,681,392
Transfer	-	-	(6,158,580)	(6,101,211)
At 31 December/31 October	107,064,880	93,385,578	61,499,541	60,455,526

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.

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 Department of Natural Resources and Environment of 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.

13. DEVELOPMENT EXPENDITURE (cont'd)

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") had 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 has 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.

a) During the financial period

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 is subject to the approval of the shareholders.

13. DEVELOPMENT EXPENDITURE (cont'd)

a) During the financial period (cont'd)

On 15 April 2013, JPP and SMSB had 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.

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 a waiver for JPP and/or JHDP from achieving the financial close by 30 October 2013. As at the end of the current financial period, the Group has yet to receive affirmative response from MOIT pertaining to this application. MOIT has however in a letter dated 20 November 2013 requested the Group to extend the Proposed Security at least until 14 February 2014 in order for Vietnam Government to consider the above application. On 4 December 2013, the Group has extended the proposed security up to 7 March 2014.

b) Subsequent to the financial period end

On 6 March 2014, the Group has further extended the Proposed 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.

13. DEVELOPMENT EXPENDITURE (cont'd)

b) Subsequent to the financial period end (cont'd)

The Group is currently evaluating new potential partners and is confident of attracting the right potential partner within the extended financial close deadline and achieve the above endeavour 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.

The site clearance and land compensation for the site of the main plant has also been completed and the site officially handed over. The Group has also started and/or completed project infrastructure works 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.

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

14. DEFERRED TAX ASSETS/(LIABILITIES)

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

(a) Deferred Tax Assets

	Group	
	31.12.2013 RM	**31.10.2012 RM**
At 1 November	10,616,580	10,385,709
Recognised in profit or loss	(985,298)	230,871
At 31 December/31 October	9,631,282	10,616,580

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

	Group	
	31.12.2013 RM	**31.10.2012 RM**
Tax effects of:		
- Unabsorbed capital allowances and Unutilised tax losses	9,631,282	10,599,830
- Deductible temporary differences	-	16,750
	9,631,282	10,616,580

14. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

(a) *Deferred Tax Assets (cont'd)*

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

	Group	
	31.12.2013 RM	**31.10.2012 RM**
Unabsorbed capital allowances and Unutilised tax losses	6,451,400	11,075,440
Deductible temporary differences	1,247,514	1,234,262
	7,698,914	12,309,702

(b) *Deferred Tax Liabilities*

	Group		Company	
	31.12.2013 RM	**31.10.2012 RM**	**31.12.2013 RM**	**31.10.2012 RM**
At 1 November	(788,985)	(1,317,283)	(635,296)	(1,020,439)
Recognised in profit or loss	585,490	528,298	635,296	385,143
At 31 December/31 October	(203,495)	(788,985)	-	(635,296)

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

	Group		Company	
	31.12.2013 RM	**31.10.2012 RM**	**31.12.2013 RM**	**31.10.2012 RM**
Tax effects of:				
- Deductible temporary differences	(203,495)	(788,985)	-	(635,296)

15. INVENTORIES

	Group	
	31.12.2013 RM	**31.10.2012 RM**
At cost		
Raw materials	3,788,105	7,344,169
Work-in-progress	426,232	2,630,514
Finished goods	9,783,085	1,554,195
Building materials	1,624,098	1,659,622
	15,621,520	13,188,500

16. PROPERTY DEVELOPMENT COSTS

	Leasehold Land and Conversion Premium RM	Development costs RM	Total RM
Group			
31.12.2013			
At cost			
At 1 November	177,839,350	7,548,538	185,387,888
Add: Acquisition of subsidiaries	84,634,321	497,562,771	582,197,092
Add: Incurred during the financial period	-	164,019,670	164,019,670
Less: 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
Add: Acquisition of subsidiaries	13,780,651	394,030,098	407,810,749
Add: 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

	Leasehold Land and Conversion Premium RM	Development costs RM	Total RM
Group			
31.10.2012			
At cost			
At 1 November	-	4,042,814	4,042,814
Add: Incurred during the financial year	177,839,350	3,505,724	181,345,074
At 31 October	177,839,350	7,548,538	185,387,888
Accumulative Development Costs Recognised in Profit or Loss			
At 1 November	-	-	-
Less: Development costs recognised during the financial year	215,403	665,580	880,983
At 31 October	215,403	665,580	880,983
Carrying Amount			
At 31 October	177,623,947	6,882,958	184,506,905

16. PROPERTY DEVELOPMENT COSTS (cont'd)

On 19 August 2011, the Company and Star Publication (M) Bhd entered into a Land Sale and Purchase Agreement to purchase a 99 year 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 Certificate of Completion and Compliance, free from all encumbrances of Tower A of the mixed residential and commercial development of the Group. An amount of RM135,000,000 is included in the Group's trade payable as disclosed in Note 26 to the financial statements.

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

Included in property development costs is an amount of RM182,265,755 (31.10.2012: RM23,892,734) that have been charged to banks to partially secured the bank borrowings as disclosed in Note 25 to the financial statements.

Included under property development costs is borrowing costs of RM17,131,443 (31.10.2012: RM13,130,203) incurred during the financial period.

17. AMOUNT DUE FROM CUSTOMERS ON CONTRACT WORKS

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Aggregate costs incurred to date	1,591,130,822	972,728,451	247,003,038	160,088,507
Attributable profits	358,324,258	300,735,333	15,777,923	10,226,045
	1,949,455,080	1,273,463,784	262,780,961	170,314,552
Less: Progress billings	(1,868,023,929)	(1,118,757,384)	(243,736,413)	(139,583,945)
Amount due from customers on contract works	81,431,151	154,706,400	19,044,548	30,730,607
Construction contract revenue recognised as contract revenue during the financial period/year	395,560,897	345,648,881	92,466,407	65,986,174
Construction contract costs recognised as contract expense during the financial period/year	345,126,147	303,676,878	86,914,531	62,024,223

Included in progress billings of the Group is the retention sums amounted to RM14,343,885 (31.10.2012: RM42,494,590).

18. TRADE RECEIVABLES

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Trade receivables	77,092,812	46,211,194	15,871,393	17,614,947
Less: Allowance for impairment	(1,330,853)	(1,337,470)	-	-
	75,761,959	44,873,724	15,871,393	17,614,947
Accrued billings in respect of property development costs	76,345,324	-	-	-
	152,107,283	44,873,724	15,871,393	17,614,947

(i) The Group's and the Company's normal trade credit terms range from 14 to 120 (31.10.2012: 60 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 has no concentration of credit risk except for the amount owing by two customers which constituted approximately 30% of its trade receivables as at the end of the reporting period.

(ii) Included in trade receivables of the Company is the retention sums of RM6,654,980 (31.10.2012: RM2,967,000).

(iii) The currency exposure profile of trade receivables is as follows:

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Ringgit Malaysia	152,107,283	44,743,290	15,871,393	17,614,947
United State Dollar	-	130,434	-	-
	152,107,283	44,873,724	15,871,393	17,614,947

(iv) Ageing analysis on trade receivables

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

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Neither past due nor impaired	24,235,844	32,476,382	15,871,393	17,614,947
Past due but not impaired				
Past due 1 to 30 days	6,968,097	1,141,922	-	-
Past due 31 to 60 days	12,467,184	1,442,331	-	-
Past due 61 to 90 days	5,736,966	962,991	-	-
Past due more than 90 days	26,353,868	8,850,098	-	-
	51,526,115	12,397,342	-	-
Impaired	1,330,853	1,337,470	-	-
	77,092,812	46,211,194	15,871,393	17,614,947

18. TRADE RECEIVABLES (cont'd)

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

(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 period.

(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	
	31.12.2013 RM	**31.10.2012 RM**
Individually impaired		
Trade receivables		
- Nominal amounts	1,330,853	1,337,470
Less : Allowance for impairment	(1,330,853)	(1,337,470)
	-	-

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.

18. TRADE RECEIVABLES (cont'd)

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

(c) Receivables that are impaired (cont'd)

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

	Group	
	31.12.2013 RM	**31.10.2012 RM**
At 1 November	1,337,470	1,892,376
Add: Charge for the financial period/year	25,024	-
Less: Reversal of impairment no longer required	(31,641)	(554,906)
At 31 December / 31 October	1,330,853	1,337,470

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 are secured by the indemnity agreements given by guarantors.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	31.12.2013 RM	**31.10.2012 RM**	**31.12.2013 RM**	**31.10.2012 RM**
Other receivables	37,083,088	20,342,258	-	43,000
Deposits	27,934,344	42,172,698	140,990	141,790
Prepayments	3,268,489	2,556,853	30,852	323,429
	68,285,921	65,071,809	171,842	508,219

(i) Included in deposits of the Group is an amount of RM5,796,554 and RM500,000 (31.10.2012: RM9,796,554 and RM500,000) which represents deposit paid for the purchase of raw materials and deposit paid to The Star for the acquisition of leasehold land as disclosed in Note 16 to the financial statements.

(ii) Included in other receivables, deposits and prepayment are amount RM24,909,909 (31.10.2012: RM30,211,576) due from a single (31.10.2012: five) receivable. 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 of the Group is an amount of RM24,909,909 (31.10.2012: Nil) owing from a non-controlling interest.

20. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company	
	31.12.2013 RM	31.10.2012 RM
Amount owing by subsidiaries:		
Non-trade		
- Interest bearing at 6%	2,182,430	1,030,120
- Non-interest bearing	301,198,950	35,575,220
	303,381,380	36,605,340
Less: allowance for impairment	(12,738,229)	-
	290,643,151	36,605,340
Amount owing to subsidiaries:		
Trade	(86,910,004)	(36,467,588)
Non-trade		
- Non-interest bearing	(703,879)	(360,000)
	(87,613,883)	(36,827,588)

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 represent amounts of RM38,222,032 and RM19,041,762 (31.10.2012: RM17,838,681 and RM11,194,227) pledged to the banks to secure credit facilities granted to the Group and the Company respectively as disclosed in Note 25 to the financial statements.

The effective interest rates for the Group's and the Company's deposits range from 2.50% to 3.53% and 3.00% to 3.53% (31.10.2012: 2.50% to 3.30% and 3.0% to 3.3%) per annum respectively.

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

22. CASH AND BANK BALANCES

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Housing development accounts	58,341,028	2,036,678	-	-
Project development account	13,790,336	500	-	-
Debt service reserve account	1,133,990	-	-	-
Cash and bank balances	20,923,300	14,882,524	1,442,712	1,125,990
	94,188,654	16,919,702	1,442,712	1,125,990

22. CASH AND BANK BALANCES (cont'd)

Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

The debt service reserved account was opened in accordance with the terms and conditions set out in the term loan agreements referred to in Note 25 to the financial statements.

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

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Ringgit Malaysia	93,151,721	16,790,246	1,442,712	1,125,990
United State Dollar	1,028,776	120,814	-	-
Singapore Dollar	8,157	8,642	-	-
	94,188,654	16,919,702	1,442,712	1,125,990

23. SHARE CAPITAL

	Group and Company			
	31.12.2013		31.10.2012	
	No. of shares unit	RM	No. of shares unit	RM
Ordinary shares of RM1 each:				
Authorised:				
At 1 November/31 December/ 31 October	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid:				
At 1 November/31 December/ 31 October	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.

23. SHARE CAPITAL (cont'd)

Employees' Share Option Scheme ("ESOS") (cont'd)

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.

24. RETAINED PROFIT

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes.

Under this system, all of the Company's retained profits are distributable by way of single tier dividends and the dividend distributed to shareholders from the Company's profit will be exempted from tax.

The entire retained profits is available for distribution as single tier dividends.

25. BORROWINGS

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Current liabilities				
Secured:				
Hire purchase liabilities	2,092,417	2,107,164	147,820	386,904
Term loans	77,847,252	4,996,520	3,796,569	4,996,520
Bill payables	98,122,621	96,423,162	-	-
Factoring loan	27,122,061	3,537,910	-	-
Revolving credits	35,000,000	35,000,000	35,000,000	35,000,000
Bank overdrafts	40,432,583	38,226,533	25,811,982	26,243,317
	280,616,934	180,291,289	64,756,371	66,626,741
Non-current liabilities				
Secured:-				
Hire purchase liabilities	1,897,304	3,121,617	186,123	376,251
Term loans	192,027,812	-	-	-
	193,925,116	3,121,617	186,123	376,251
Total borrowings				
Hire purchase liabilities	3,989,721	5,228,781	333,943	763,155
Term loans	269,875,064	4,996,520	3,796,569	4,996,520
Bill payables	98,122,621	96,423,162	-	-
Factoring loan	27,122,061	3,537,910	-	-
Revolving credits	35,000,000	35,000,000	35,000,000	35,000,000
Bank overdrafts	40,432,583	38,226,533	25,811,982	26,243,317
	474,542,050	183,412,906	64,942,494	67,002,992

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Maturities of borrowings				
Not later than one year	280,616,934	180,291,289	64,756,371	66,626,741
Later than 1 year and not later than 5 years	193,925,116	3,121,617	186,123	376,251
	474,542,050	183,412,906	64,942,494	67,002,992

25. BORROWINGS (cont'd)

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

	Group		Company	
	31.12.2013 %	31.10.2012 %	31.12.2013 %	31.10.2012 %
Hire purchase liabilities	2.80 - 6.60	4.00 - 6.60	4.00 - 6.60	4.00 - 6.60
Term loans	7.35 - 7.85	7.85	7.85	7.85
Bill payables	3.50 - 7.60	3.99 - 7.85	-	-
Factoring loan	7.10 - 7.60	7.10	-	-
Revolving credits	7.18 - 7.60	7.18 - 7.60	7.18 - 7.60	7.18 - 7.60
Bank overdrafts	7.60 - 8.60	7.60 - 8.60	7.85	7.60 - 8.60

Hire purchase liabilities

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Future minimum hire purchase payments				
- not later than one year	2,264,535	2,379,523	160,368	415,082
- later than one year and not later than five years	1,999,530	3,328,213	191,655	397,247
	4,264,065	5,707,736	352,023	812,329
Less: Future interest charges	(274,344)	(478,955)	(18,080)	(49,174)
Present value of hire purchase liabilities	3,989,721	5,228,781	333,943	763,155
Represented by:				
Current				
- not later than one year	2,092,417	2,107,164	147,820	386,904
Non-current				
- later than one year and not later than five years	1,897,304	3,121,617	186,123	376,251
	1,897,304	3,121,617	186,123	376,251
	3,989,721	5,228,781	333,943	763,155

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 6;

(ii) fixed charges over certain land held for property development and property development costs as disclosed in Notes 8 and 16;

(iii) fixed charge over all investment properties as disclosed in Note 7;

(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;

25. BORROWINGS (cont'd)

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

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

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

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

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

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

(xi) fresh 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; and

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

26. TRADE PAYABLES

	Group	
	31.12.2013 RM	**31.10.2012 RM**
Trade payables	48,021,266	12,904,692
Progress billings in respect of project development costs	-	1,259,354
Amount due to land vendor (Note 16)	135,000,000	135,000,000
	183,021,266	149,164,046

Group

The normal trade credit terms granted to the Group range from 30 to 90 (31.10.2012: 30 to 90) days from date of invoice.

Included in trade payables is retention sums of RM2,294,290 (31.10.2012: RM992,909).

27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Other payables	63,908,759	57,575,398	68,111	40,895
Deposits	4,122,554	6,197,142	40,000	45,000
Accruals	13,303,279	10,935,416	11,944,556	9,997,365
	81,334,592	74,707,956	12,052,667	10,083,260

Included in accruals of the Group and of Company is an amount of RM10,646,132 (31.10.2012: RM8,833,912) which represents amount payable to consultants of the Vietnam Coal Fired Thermal Power Plan Project as disclosed in Note 13. The amount due is trade in nature, unsecured, interest free, and is repayable on demand.

28. REVENUE

	Group		Company	
	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM
Construction contract works (Note 17)	395,560,897	345,648,881	92,466,407	65,986,174
Property development activities	131,892,760	1,019,711	-	-
Sales of goods	58,644,758	29,472,346	-	-
Management fee	-	-	4,340,000	2,880,000
Rental income	280,000	240,000	1,400,000	1,980,000
	586,378,415	376,380,938	98,206,407	70,846,174

29. COST OF SALES

	Group		Company	
	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM
Construction contract works (Note 17)	345,126,147	303,676,878	86,914,531	62,024,223
Property development activities (Note 16)	110,500,752	880,983	-	-
Cost of finished goods	51,984,087	33,737,335	-	-
	507,610,986	338,295,196	86,914,531	62,024,223

Notes To The Financial Statements (cont'd)

30. FINANCE COSTS (NET)

	Group		Company	
	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM
Interest income				
- subsidiaries	-	-	120,718	634,870
- deposits placed with licensed bank	767,275	1,059,420	438,712	229,173
	767,275	1,059,420	559,430	864,043
Less: Interest expenses				
- bank overdrafts	(3,885,437)	(3,039,190)	(2,369,243)	(1,973,545)
- bill payables	(9,254,500)	(6,897,642)	(3,018,864)	(2,535,317)
- factoring loan	(2,847,694)	(773,106)	-	-
- hire purchase	(344,927)	(318,869)	(31,094)	(49,175)
- term loans	(2,098,886)	(392,113)	(458,888)	(392,113)
- bank guarantee	(105,371)	(32,694)	-	-
	(18,536,815)	(11,453,614)	(5,878,089)	(4,950,150)
	(17,769,540)	(10,394,194)	(5,318,659)	(4,086,107)

31. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived at:

	Group		Company	
	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM
After charging:				
Allowance for impairment				
- subsidiaries	-	-	12,738,229	-
- third party	25,024	-	-	-
Amortisation of golf club memberships	7,894	7,894	-	-
Auditors' remuneration				
- current year	267,000	204,000	60,000	60,000
- under accrual in prior year	19,676	12,870	20,000	10,000
Depreciation				
- property, plant and equipment	5,150,651	4,173,595	505,965	470,308
- investment properties	5,379	4,560	418,558	358,763
Directors' remuneration				
- fees	326,500	308,000	164,500	168,000
- salaries, allowances and bonuses	1,859,063	1,429,988	1,620,000	1,333,000
- Employees' Provident Fund	214,776	163,322	186,000	150,360
- others	3,461	2,922	2,169	1,859
Impairment loss on investment in subsidiaries	-	-	16,043,994	-
Loss on foreign exchange				
- realised	20,570	-	-	-
Management fees	3,600,000	-	-	-
Property, plant and equipment write off	1,149	-	-	-
Rental expenses	406,400	55,000	-	-
Staff costs				
- salaries, allowances and bonuses	14,873,299	13,090,401	2,720,281	1,653,878
- Employees' Provident Fund	1,451,800	1,103,050	300,623	185,386
- other staff related costs	463,672	219,570	30,574	12,882
Written down of inventories	96,723	-	-	-
And crediting:				
Dividend income	-	19,312	-	-
Gain on disposal of				
- plant and equipment	12,436	1,343,208	-	-
- properties	-	-	159,506,302	-
Forfeiture of deposits from purchasers	64,654	-	-	-
Impairment of receivables no longer required	31,641	554,906	-	-
Late payment interest received	127,543	-	-	-
Management fee	-	-	4,340,000	2,880,000
Rental income	299,000	240,000	1,400,000	1,980,000

32. TAXATION

	Group 14 months ended 31.12.2013 RM	Group 12 months ended 31.10.2012 RM	Company 14 months ended 31.12.2013 RM	Company 12 months ended 31.10.2012 RM
Income tax				
- current period/year	(7,998,432)	(5,691,774)	(329,461)	-
- under accrual in prior period/years	(727,546)	(1,275,380)	(127,054)	(278,436)
	(8,725,978)	(6,967,154)	(456,515)	(278,436)
Deferred tax				
- current period/year	(1,017,537)	724,303	-	386,210
- (under)/over accrual in prior period/years	617,729	34,866	635,296	(1,067)
	(399,808)	759,169	635,296	385,143
	(9,125,786)	(6,207,985)	178,781	106,707

The income tax is calculated at the statutory tax rate of 25% (31.10.2012: 25%) of the estimated taxable profit for the financial period.

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

	Group 14 months ended 31.12.2013 RM	Group 12 months ended 31.10.2012 RM	Company 14 months ended 31.12.2013 RM	Company 12 months ended 31.10.2012 RM
Profit/(Loss) before taxation	19,782,842	8,223,323	125,799,830	(2,730,574)
Taxation at statutory tax rate of 25% (31.10.2012: 25%)	(4,945,710)	(2,055,831)	(31,449,957)	682,643
Tax effects in respect of:				
- non-taxable income	196,667	520,849	39,876,576	-
- non-deductible expenses	(3,981,881)	(1,130,562)	(8,756,080)	(296,434)
- deferred tax assets not recognised in the financial statements	(285,045)	(2,301,927)	-	-
- (under)/over provision in prior years	(109,817)	(1,240,514)	508,242	(279,502)
Tax expense for the financial period/year	(9,125,786)	(6,207,985)	178,781	106,707

33. EARNINGS PER SHARE

(a) Basic

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

	Group	
	14 months ended 31.12.2013 RM	12 months Ended 31.10.2012 RM
Profit for the financial period/year attributable to owners of the Company	7,503,421	2,750,573
Weighted average number of ordinary shares in issue	438,361,072	438,361,072
Basic earnings per ordinary share (sen)	1.71	0.63

(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.

34. CONTINGENT LIABILITIES

	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Unsecured				
Bank guarantees issued for				
- execution of contracts of the subsidiaries	34,733,715	38,794,601	-	-
- others	75,537,464	71,769,621	75,537,464	71,769,621
Corporate guarantees given to licensed banks to secure credit facilities granted to the subsidiaries	-	-	281,454,071	150,642,888
Guarantees given to suppliers of goods for credit terms granted to subsidiaries	2,000,000	2,000,000	-	-
	112,271,179	112,564,222	356,991,535	222,412,509

The Group's bank guarantees are secured over certain properties and deposits placed with licensed bank of the Group.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of Related Parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Company and the party are subject to common control significant influence. Related parties may be individuals or other entities.

Related party of the Company include its subsidiaries as disclosed in Note 35(b) to the financial statements.

(b) Significant Related Party Transactions

In the normal course of business, the Company undertakes transactions with certain of its related parties. Set out below are the significant related party transactions for the financial period. The related party transactions described below were carried out on terms and conditions mutually agreed between the respective parties.

	Company	
	14 months ended 31.12.2013 RM	12 months Ended 31.10.2012 RM
Management fees received/receivable from subsidiaries		
- JAKS Sdn. Bhd.	3,500,000	1,800,000
- JAKS-KDEB Consortium Sdn. Bhd.	280,000	240,000
- JAKS Marketing Sdn. Bhd.	210,000	180,000
- Integrated Pipe Industries Sdn. Bhd.	140,000	120,000
- Pipe Technology System Sdn. Bhd.	210,00	180,000
- JAKS Steel Industries Sdn. Bhd.	-	300,000
- Surge System Sdn. Bhd.	-	60,000
Interest income received/receivable from subsidiaries		
- JAKS-KDEB Consortium Sdn. Bhd.	69,761	70,928
- Integrated Pipe Industries Sdn. Bhd.	34,167	516,380
- Pipe Technology System Sdn. Bhd.	22,643	6,370
- JAKS Marketing Sdn. Bhd.	-	3,415
- Surge System Sdn. Bhd.	-	37,778
Interest expense charged by a subsidiary		
- JAKS Marketing Sdn. Bhd.	5,853	-
Rental income received/receivable from subsidiaries		
- JAKS Steel Industries Sdn. Bhd.	-	780,000
- Integrated Pipe Industries Sdn. Bhd.	1,120,000	960,000
Construction costs charged by a subsidiary		
- JAKS Sdn. Bhd.	86,914,531	62,024,223
Gain on disposal of properties of subsidiaries		
- Premier Place Property Sdn. Bhd.	125,352,833	-
- Harbour Front Development Sdn. Bhd.	34,153,469	-

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and the terms are no less favourable than those arranged with third parties.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

(c) Key Management Personnel Compensation

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

	Group		Company	
	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM	14 months ended 31.12.2013 RM	12 months ended 31.10.2012 RM
Short term employees benefits	4,513,570	3,225,001	2,794,263	2,291,750
Defined contribution plans	436,128	275,221	306,790	227,056

36. CAPITAL COMMITMENT

	Group	
	31.12.2013 RM	31.10.2012 RM
Capital expenditure contracted but not provided for in respect of consulting services for a project as disclosed in Note 13 to the financial statements	5,531,540,000	4,688,390,000

37. 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, ductile steel pipes and steel hollow section.
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.

37. SEGMENT INFORMATION (cont'd)

14 months ended 31.12.2013

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 taxation	(3,621,953)	4,788,668	17,994,181	9,559,903	(8,937,957)	-	19,782,842
Taxation	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

37. SEGMENT INFORMATION (cont'd)

14 months ended 31.12.2013

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

Notes To The Financial Statements (cont'd)

37. SEGMENT INFORMATION (cont'd)

12 months ended 31.10.2012

Business Segment	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Investment RM	Elimination RM	Total RM
Revenue							
External revenue	25,125,834	4,346,512	345,648,881	1,019,711	240,000	-	376,380,938
Inter-company	59,279,430	-	62,024,223	-	4,620,000	(125,923,653)	-
	84,405,264	4,346,512	407,673,104	1,019,711	4,860,000	(125,923,653)	376,380,938
Results							
Segment results	(9,271,236)	(365,655)	26,635,776	(725,792)	626,555	-	16,899,648
Other income	1,622,931	-	30,377	64,040	521	-	1,717,869
Finance costs - (net)	(1,207,356)	271,416	(5,372,147)	-	(4,086,107)	-	(10,394,194)
Profit/(loss) before taxation	(8,855,661)	(94,239)	21,294,006	(661,752)	(3,459,031)	-	8,223,323
Taxation	345,676	(343,434)	(6,316,934)	-	106,707	-	(6,207,985)
Profit/(loss) for the financial year	(8,509,985)	(437,673)	14,977,072	(661,752)	(3,352,324)	-	2,015,338
Attributable to:							
Owners of the Company	(8,228,354)	(308,327)	14,977,072	(337,494)	(3,352,324)	-	2,750,573
Non-controlling interests	(281,631)	(129,346)	-	(324,258)	-	-	(735,235)
	(8,509,985)	(437,673)	14,977,072	(661,752)	(3,352,324)	-	2,015,338

37. SEGMENT INFORMATION (cont'd)

12 months ended 31.10.2012

Business Segment	Manufacturing RM	Trading RM	Construction RM	Property Development RM	Investment RM	Elimination RM	Total RM
OTHER INFORMATION							
Segment assets	57,499,363	11,883,651	193,044,048	199,343,460	381,002,618	-	842,773,140
Total assets	68,977,712	11,947,227	193,044,048	199,343,460	381,299,788	-	854,612,235
Segment liabilities	62,042,366	3,276,447	65,180,323	197,125,639	79,660,133	-	407,284,908
Total liabilities	62,042,366	3,322,447	68,702,404	197,125,639	80,295,428	-	411,488,284
Capital Expenditure	224,378	-	2,674,393	181,299,099	15,642,230	-	199,840,100
Depreciation and amortisation	1,723,039	23,023	1,038,642	71,406	1,329,939	-	4,186,049

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

38. MATERIAL LITIGATION

On 19 October 2006, the Company announced that its subsidiary company, JAKS-KDEB Consortium Sdn. Bhd. ("JKDEB") has on 6 October 2006 filed a civil suit against Perbadanan Urus Air Selangor Berhad ("PUAS"), Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") and Government of the State of Selangor Darul Ehsan ("Selangor Government") (collectively referred as the "Defendants") for the breach of the Supply Agreement dated 25 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 has 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. However, the Company has served the Notice of Appeal against the Kuala Lumpur High Court decision on 3 November 2011. The Record of Appeal was filed and served on 17 January 2012.

On 22 May 2013, the Court of Appeal had adjourned the hearing of the Appeal filed against the High Court dated 5 October 2011 which had dismissed JKDEB's claim, to a date which will be fixed later by the Court of Appeal.

Subsequent to that, the case management was held on 28 August 2013 and 5 September 2013 respectively. On 5 September 2013, the Court of Appeal at the case management held had fixed the hearing on the appeal filed against the decision of the Kuala Lumpur High Court dated 5 October 2011 on 14 November 2013. 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 and the case management hearing is fixed on 6 May 2014.

39. SIGNIFICANT EVENTS

Significant event during the financial period

a) As disclosed in Note 13 to the financial statements, subject to the approval of all relevant parties, JAKS Power Holding Limited ("JPH") had on 12 December 2012 entered into the following agreements to reflect the Proposed Joint Venture between JPH, Wuhan Kaidi Electric Power Engineering Co. Ltd. ("Kaidi") and Sanjung Merpati Sdn. Bhd. ("SMSB") to invest in a 2 X 600 Megawatt Coal-Fired Thermal Power Plant in Vietnam ("Kaidi-SMSB Proposed Joint Venture"):

   (i) Subscription agreement between JAKS Pacific Power Limited ("JPP"), a wholly-owned subsidiary of JPH which in turn is a wholly-owned subsidiary of JAKS Resources Berhad, and 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 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 matter related to JAKS Hai Duong Power Company Limited ("JHDP") ("JPP SHA"); and

39. SIGNIFICANT EVENTS (cont'd)

Significant event during the financial period (cont'd)

(iv) engineering, procurement and construction ("EPC") contract between JHDP, a wholly-owned subsidiary of JPP, 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 project involving the design, engineering, procurement and construction of the 2 X 600 megawatt ("MW") Coal Fired Thermal Power Plant at Phuc Thanh Commune, Kinh Mon District in Hai Duong Province, Vietnam ("the Project").

The above agreement were entered into to facilitate the entry of Kaidi as equity partner cum EPC Contractor and SMSB as equity partners in the Kaidi-SMSB Proposed Joint Venture and is subject to the approval of the shareholders.

On 15 April 2013, JPP and SMSB had 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.

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.

39. SIGNIFICANT EVENTS (cont'd)

Significant event during the financial period (cont'd)

a) On 28 June 2013, the shareholders of the Company approved the JPH-Kaidi Proposed Joint Venture at an Extraordinary General Meeting held so that it can proceed with the joint venture partners in raising 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 a waiver for JPP and/or JHDP from achieving the financial close by 30 October 2013.

As at the end of the current financial period, the Group has yet to receive affirmation response from MOIT pertaining to this application. MOIT has however in a letter dated 20 November 2013 requested the Group to extend the Proposed Security at least until 14 February 2014 in order for Vietnam Government to consider the above application. On 4 December 2013, the Group has extended the Proposed Security up to 7 March 2014.

b) As disclosed in Note 9 to the financial statements, a wholly owned subsidiary of the Company, Harbour Town Sdn. Bhd. ("Harbour Town"), had acquired 765,000 ordinary shares of RM1 each in MNH Global Assets Management Sdn. Bhd. ("MNH") on 23 August 2013 for a consideration of RM93,200,000, representing in total 51% equity interest.

c) As disclosed in Note 6 to the financial statements, on 26 December 2013, the freehold land and buildings of the Company with carrying amount of RM56,493,698 is disposed of to its subsidiaries for a consideration of RM216,000,000, which the Company recognised a gain on disposal of RM159,506,302 for the current financial period.

Significant event after the financial period

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

On 26 March 2014, the Group had 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 precedent by Kaidi on or before the extended cut-off date of 31 March 2014. Accordingly, the JPH-Kaidi Joint Venture shall not take effect.

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

40. 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	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Financial Assets				
Amount due from customers on contract works	81,431,151	154,706,400	19,044,548	30,730,607
Trade receivables	152,107,283	44,873,724	15,871,393	17,614,947
Other receivables and deposits	65,017,432	62,514,956	140,990	184,790
Amount owing by subsidiaries	-	-	290,643,151	36,605,340
Deposits placed with licensed banks	38,222,032	17,838,681	19,041,762	11,194,227
Cash and bank balances	94,188,654	16,919,702	1,442,712	1,125,990
	430,966,552	296,853,463	346,184,556	97,455,901

	L&R/(OL)			
	Group		Company	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Financial Liabilities				
Trade payables	(183,021,266)	(149,164,046)	-	-
Other payables, deposits and accruals	(81,334,592)	(74,707,956)	(12,052,667)	(10,083,260)
Amount owing to subsidiaries	-	-	(87,613,883)	(36,827,588)
Borrowings	(474,542,050)	(183,412,906)	(64,942,494)	(67,002,992)
	(738,897,908)	(407,284,908)	(164,609,044)	(113,913,840)

(b) Financial Risk Management and Objectives

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

(i) Credit Risk

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

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

40. FINANCIAL INSTRUMENTS (cont'd)

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

(i) Credit Risk (cont'd)

a. Exposure to credit risk

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

Information regarding credit enhancements for trade receivables is disclosed in Note 18 to the financial statements.

b. Credit risk concentration profile

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

The Group has no significant concentration of credit risk except as disclosed in Note 18 to the financial statements. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statements of financial position.

c. Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 18 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 18 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.

40. 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:-

Group **Financial liabilities**	**On demand or within one year** **RM**	**One to five years** **RM**	**Over five years** **RM**	**Total** **RM**
31.12.2013				
Trade payables	183,021,266	-	-	183,021,266
Other payables, deposits and accruals	81,334,592	-	-	81,334,592
Borrowings	280,616,934	193,925,116	-	474,542,050
	544,972,792	193,925,116	-	738,897,908
31.10.2012				
Trade payables	149,164,046	-	-	149,164,046
Other payables, deposits and accruals	74,707,956	-	-	74,707,956
Borrowings	180,291,289	3,121,617	-	183,412,906
	404,163,291	3,121,617	-	407,284,908
Company				
31.12.2013				
Other payables, deposits and accruals	12,052,667	-	-	12,052,667
Amount owing to subsidiaries	87,613,883	-	-	87,613,883
Borrowings	64,756,371	186,123	-	64,942,494
	164,422,921	186,123	-	164,609,044

40. FINANCIAL INSTRUMENTS (cont'd)

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

(ii) Liquidity Risk (cont'd)

Maturity analysis (cont'd)

Company **Financial liabilities**	**On demand or within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
31.10.2012				
Other payables, deposits and accruals	10,083,260	-	-	10,083,260
Amount owing to subsidiaries	36,827,588	-	-	36,827,588
Borrowings	66,626,741	376,251	-	67,002,992
	113,537,589	376,251	-	113,913,840

(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:

	31.12.2013	**31.10.2012**	
	Cash and Bank Balances RM	**Trade Receivables RM**	**Cash and Bank Balances RM**
Group			
Denominated in:			
United States Dollar	1,028,776	130,434	120,814
Singapore Dollar	8,157	-	8,642
	1,036,993	130,434	129,456

40. FINANCIAL INSTRUMENTS (cont'd)

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

(iii) Foreign Currency Risk (cont'd)

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 or loss before tax as per below. This analysis assumes that all other variables remain unchanged.

	Profit before tax Increase/(Decrease) Trade Receivables RM	Cash and Bank Balances RM
Group		
14 months ended 31.12.2013		
United States Dollar	-	51,439
Singapore Dollar	-	408
	-	51,847
12 months ended 31.10.2012		
United States Dollar	6,522	6,040
Singapore Dollar	-	432
	6,522	6,472

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

(iv) Interest Rate Risk

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

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

40. FINANCIAL INSTRUMENTS (cont'd)

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

(iv) Interest Rate Risk (cont'd)

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

	Group	
	31.12.2013 RM	**31.10.2012 RM**
Fixed rate instruments		
Financial assets		
Deposits placed with licensed banks	38,222,032	17,838,681
Financial liabilities		
Hire purchase liabilities	3,989,721	5,228,781
Floating rate instruments		
Financial liabilities		
Bank overdrafts - secured	40,432,583	38,226,533
Bills payables	98,122,621	96,423,162
Factoring loan	27,122,061	3,537,910
Revolving credits	35,000,000	35,000,000
Term loans	269,875,064	4,996,520

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 1% in interest rates at the end of reporting period would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Profit before tax	
	Increase 1% **RM**	***Decrease 1%*** **RM**
Floating rate instruments		
Financial liabilities	(4,705,523)	4,705,523

40. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value

All financial assets and financial liabilities are carried at the amounts approximating their fair values on the statements of financial position of the Group and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

The carrying amounts of cash and cash equivalents, receivables and payables and short-term borrowings approximate fair values due to the relatively short term maturity of these financial instruments. The carrying amounts of the term loans approximated fair values as these instruments bear interest at variable rates.

(d) Fair value hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group and the Company do not have any financial instruments carried at fair value as at 31 December 2013.

41. 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	
	31.12.2013 RM	31.10.2012 RM	31.12.2013 RM	31.10.2012 RM
Borrowings	474,542,050	183,412,906	64,942,494	67,002,992
Trade and other payables	264,355,858	223,872,002	12,052,667	10,083,260
Amount owing to subsidiaries	-	-	87,613,883	36,827,588
Less:				
Deposits placed with licensed banks	(38,222,032)	(17,838,681)	(19,041,762)	(11,194,227)
Cash and bank balances	(94,188,654)	(16,919,702)	(1,442,712)	(1,125,990)
Net debt	606,487,222	372,526,525	144,124,570	101,593,623
Equity attributable to the owners of the Company	445,621,564	438,118,143	471,215,077	345,236,466
Total capital	445,621,564	438,118,143	471,215,077	345,236,466
Capital and net debt	1,052,108,786	810,644,668	615,339,647	466,830,089
Gearing ratio	0.58	0.46	0.23	0.22

42. 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 period end are as follows:

	Group		**Company**	
	31.12.2013 RM	**31.10.2012 RM**	**31.12.2013 RM**	**31.10.2012 RM**
The (accumulated losses)/retained profits of the Group and of the Company				
- Realised	(10,536,005)	(18,439,234)	24,485,295	(100,858,020)
- Unrealised	9,427,787	9,827,595	-	(635,296)
	(1,108,218)	(8,611,639)	24,485,295	(101,493,316)

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 2013

Location	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition
Lot 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	17 Years	Office, Warehouse & Factory Building	18,847	17/5/2004
Lot No. 62506 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Freehold land	Land area: 23,463 sq. metres Gross building area: 17,667 sq. metres	22 Years	Warehouse & Factroy Building	15,443	17/5/2004
Lot No. 527 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Freehold land	Land area: 12,140 sq. metres Gross building area: 6,540 sq. metres	27 Years	Warehouse & Factroy Building	7,582	17/5/2004
Lot No. 528 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Freehold land	Land area: 12,140 sq. metres Gross building area: 6,270 sq. metres	27 Years	Warehouse & Factroy Building	7,472	17/5/2004
Lot No. 526 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Freehold land	Land area: 12,140 sq. metres Gross building area: Warehouse 2,191 sq. metres Office floor area: 3,039 sq. metres	23 Years	Office warehouse & factory building	7,150	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	19 Years	Warehouse & Factroy Building	6,149	17/5/2004
Lot No. 767 Mukim of Damansara District of Petaling Selangor Darul Ehsan	Freehold land	Land area: 12,140 sq. metres Gross Building area: 9,863 sq. metres	21 Years	Warehouse & Factory Building	5,886	5/4/2007
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)	11 Years	Vacant	53	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	18 Years	Office, Warehouse & Factory Building	3,277	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	2 years	Shoplot for investment	213	27/03/2012

Properties Of The Group
As At 31 December 2013 (cont'd)

Location	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition
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)	11 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)	11 Years	Vacant	110	5/11/2003
B-17-09 Villa Kejora Type A Rilau Penang	Freehold Apartment	700 Sq feet	15 Years	Vacant	76	12/3/1999

ANALYSIS OF SHAREHOLDINGS
AS AT 7 MAY 2014

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 7 May 2014

Size of Holdings	No. of Shareholders	(%)	No. of Shares	(%)
1 – 99	901	5.43	33,978	0.01
100 – 1,000	6,985	42.07	2,134,497	0.49
1,001 – 10,000	5,045	30.38	29,696,213	6.77
10,001 – 100,000	3,213	19.35	108,001,256	24.64
100,001 – 21,918,052 (*)	459	2.76	249,705,128	56.96
21,918,053 and above (**)	2	0.01	48,790,000	11.13
	16,605	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 7 May 2014

	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.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	8,355,200	1.91
5.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Mak Ngia Ngia @ Mak Yoke Lum	6,643,200	1.52
6.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities account for Lee Ching Leng	6,000,000	1.37
7.	Universal Trustee (Malaysia) Berhad TA Islamic Fund	5,950,000	1.36
8.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities account for Jamian Bin Mohamad @ Md. Semaal	5,000,000	1.14
9.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities account - AmBank (M) Berhad for Ang Ken Seng	5,000,000	1.14

	Names	No. of Shares	(%)
10.	Ang Ken Seng	4,329,559	0.99
11.	Tan Yee Huat	4,300,000	0.98
12.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Upper Prestige Sdn Bhd	4,250,000	0.97
13.	CitiGroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	4,007,500	0.91
14.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Cheng See	4,000,000	0.91
15.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	3,937,400	0.90
16.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jamian Bin Mohamad @ Md. Semaal	3,500,000	0.80
17.	Tan Eng	3,500,000	0.80
18.	CitiGroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	3,430,900	0.78
19.	Cartaban Nominees (Asing) Sdn Bhd Exempt An for Standard Chartered Bank Singapore Branch	3,000,000	0.68
20.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad	3,000,000	0.68
21.	Mohd Fazil Bin Shafie	3,000,000	0.68
22.	Tam Kok Siew	2,645,000	0.60
23.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Kam Fut	2,628,000	0.60
24.	Scotia Nominees (Tempatan) Sdn Bhd The Bank of Nova Scotia Bhd	2,570,094	0.59
25.	Beh Eng Par	2,303,200	0.53
26.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Seng	2,234,500	0.51
27.	Ang Lily	2,100,000	0.48
28.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Lim Ka Kian	2,000,000	0.46
29.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Tai Siang	1,888,700	0.43
30.	MERSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	1,800,000	0.41

Analysis Of Shareholdings
As At 7 May 2014 (cont'd)

DIRECTORS' SHAREHOLDING
as at 7 May 2014

Names of Directors	Direct Interest No. of Shares	(%)	Indirect Interest No. of Shares	(%)
Ang Lam Poah	^26,800,002	6.11	-	-
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
* 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 7 May 2014.

SUBSTANTIAL SHAREHOLDERS
as at 7 May 2014

	Substantial Shareholders	Direct Interest No. of Shares	(%)	Indirect Interest No. of Shares	(%)
1.	Ang Lam Poah	^26,800,002	6.11	-	-
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
* Deemed interest by virtue of his shareholdings in Original Invention Sdn Bhd

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of the Company will be held at Royal Ballroom, Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 26 June 2014 at 10.30 a.m. for the purpose of considering the following businesses:

1. To receive the Audited Financial Statements for the financial period ended 31 December 2013 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) Dato' Razali Merican Bin Naina Merican (Article 101) **Resolution 1**
   (ii) Dato' Azman Bin Mahmood (Article 101) **Resolution 2**

3. To approve the payment of Directors' Fees. **Resolution 3**

4. To re-appoint Messrs Ecovis AHL as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 4**

As Special Business:
To consider and if thought fit, pass the following resolutions:

5. ORDINARY RESOLUTION: **Resolution 5**
   Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

LEONG OI WAH (MAICSA 7023802)
Company Secretary
Petaling Jaya
3 June 2014

Notice Of Twelfth Annual General Meeting (cont'd)

Notes:

1. *A member of the company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead. The proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

2. *When a member appoints two or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.*

3. *The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorized 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 19 June 2014 shall be regarded as Member of the Company entitled to attend the Twelfth 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 30 April 2013. The Company did not utilize 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 Twelfth Annual General Meeting of the Company to be held at Royal Ballroom, Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Thursday 26 June 2014 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 summarized below, *my/our *proxy/proxies may vote or abstain from voting at his/her discretion.

No.	Resolutions	For#	Against#
1.	Re-election of Dato' Razali Merican Bin Naina Merican as Director		
2.	Re-election of Dato' Azman Bin Mahmood as Director		
3.	Payment of Directors' Fees		
4.	Appointment of Auditors		
5.	Approval to issue shares pursuant to Section 132D of the Companies Act, 1965		

 # Please indicate your vote "For" or "Against" with an "X" within the box provided.

** Delete if not applicable*

Signed this _______day of __________________ 2014

____
Signature/Common Seal of Shareholder(s)

Notes: -

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5. *Depositors who appear in the Record of Depositors as at 19 June 2014 shall be regarded as Member of the Company entitled to attend the Twelfth 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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JAKS RESOURCES BERHAD
585648-T

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