

A. NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation.

The interim financial report is unaudited and has been prepared in compliance with FRS 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 October 2009.

The accounting policies and methods of computations followed by the Group in this interim financial report are consistent with those adopted in financial statements of the Group for the year ended 31 October 2009.

2. Qualification of Audit Report on Financial Statements.

The financial statements of JAKS for the financial year ended 31 October 2009 have been reported on without any audit qualification.

3. Seasonal or Cyclical Factors.

The business activities of the Group are not significantly affected by seasonal and cyclical factors except during Hari Raya and Chinese New Year festive seasons where business activities were generally lower.

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

There are no major unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the quarter under review.

5. Material changes in estimates

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

6. Issuance and Repayment of Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the financial period under review.

7. Dividend

The Group has not declared nor paid any dividends in respect of the financial period under review.

JAKS RESOURCES BERHAD (Company No. 585648-T)**A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)****8. Segmental Information for the Financial Period Ended 30 April 2010**

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

Business Segments

	Manufacturing RM'000	Trading RM'000	Construction RM'000	Investment RM'000	Elimination RM'000	Total RM'000
REVENUE						
External Revenue	32,162	2,855	73,110	-	-	108,127
Inter-Company	12,850	-	-	2,400	(15,250)	-
	45,012	2,855	73,110	2,400	(15,250)	108,127
Segment Results	(2,196)	181	5,157	499		3,641
Finance Cost						(3,002)
Profit Before Taxation						639
Taxation						(324)
Loss After Taxation						315
<u>Attributable to :</u>						
Equity holders of the parent						526
Minority Interests						(211)
						315

9. Valuation of Property, Plant & Equipment

The valuations of property, plant and equipment and investment properties have been brought forward without amendment from the financial statement for the year ended 31 October 2009.

10. Subsequent Events

Save for the status of Corporate Exercise as described in Note 8 in Part B, there were no significant subsequent events between the date of the last financial statements used in the preparation of this report and the date of this report which will affect materially the content of this report.

JAKS RESOURCES BERHAD (Company No. 585648-T)

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

11. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group during the period under review save as listed below:

On 8 December 2009, the Company subscribed for 1 ordinary shares of USD1 each at par in the paid-up share capital of Gain World Trading Limited and Golden Keen Holdings Limited. Both companies, which are incorporated in the British Virgin Island representing a 100% owned subsidiaries company of the Company.

On 29 December 2009, the subsidiary company of the Company, JAKS Sdn Bhd (JSB) subscribed for 510,000 ordinary shares of RM1.00 each at par in the paid-up share capital of JAKS Island Circle Sdn Bhd for a consideration of RM510,000.00, representing a 51% owned subsidiary of JSB.

12. Changes in Contingent Liabilities

The changes in contingent liabilities of the Group since 31 October 2009 until 30 April 2010 were as follows: -

	As at 30 April 2010 RM'000	As at 31 October 2009 RM'000
Bank guarantees issued for - execution of contracts of the company or subsidiaries company	55,311	45,566

13. Capital Commitment

There were no major material capital commitments as at the date of this report.

B. ADDITIONAL INFORMATION ON INTERIM FINANCIAL REPORT REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

1. Review of Financial Performance.

The Group achieved turnover of RM54.7 million for the current quarter ended 30 April 2010, a decrease of 33% from the previous year's corresponding quarter of RM81.3 million. The decrease was mainly due to lower recognition of works done for the projects in the construction division and lower steel related product revenue, especially during the Chinese New Year festive period.

The Group managed to achieve a profit before tax of RM894,000 for the current quarter as compared to a profit before tax of RM544,000 in the preceding year's corresponding quarter mainly due to higher pricing of the steel related products.

2. Variation of Results against Preceding Quarter.

The Group's turnover for the current quarter of RM54.7 million represents an increase of 2% over the turnover of RM53.4 million in the preceding quarter ended 31 January 2010.

The Group achieve a profit before tax of RM894,000 in the quarter under review as compared with a loss before tax of RM255,000 in the preceding quarter. The improvement was mainly due to better steel prices in the steel related products and higher turnover in the current quarter.

3. Prospects

The improvement in the global market is expected to boost the local market sentiments. Steel demand is expected to strengthen and expand at a faster pace in tandem with the growth of construction activities. The various stimulus packages and major projects implemented are expected to drive the local economy, which would have wide-ranging linkages such as construction, property, infrastructure sector and the steel industry market.

Nonetheless competitive pricing continues to be one of the Group's main challenge. The Group 's strategy is to improve further its internal efficiencies, optimize its operating capacity in its manufacturing divisions, control and manage its operations cost in order to be more competitive. The Group will simultaneously explore new opportunities to enhance the financial position of the Group. The Board is optimistic that the prospects of the Group will remain favourable in light of the outlook of the construction sector and the Group's strategies.

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

4. Profit Forecast / Guarantee

The Company did not issue any profit forecast or guarantees.

5. Taxation

Included in the taxation are the following:

	Current Quarter Ended 30 April 2010 RM'000	Year-to-date Ended 30 April 2010 RM'000
Taxation		
- Current Year	101	324
	----- 101 =====	----- 324 =====

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

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

6. Unquoted Investments and Properties

Save for the disposal of a leasehold industrial land and building in the District of Province Wellesley, Penang for a selling price of RM3.8 million in first quarter, there were no purchases or sale of unquoted investments and properties for the current financial period.

7. Purchase / Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the quarter under review. Total investments in quoted securities as at 30 April 2010 were as follows:

	RM'000
At Cost	102
At Book Value	88
At Market Value	163

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

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

8. Status of the Corporate Exercise

Proposed Placement

On 11 November 2009, JAKS announced the proposal to undertake a private placement of new ordinary shares of RM1.00 each in JAKS of up to 10% of the issued and paid-up share capital of the Company together with detachable warrants on the basis of up to one (1) Warrant for every one (1) Placement Share subscribed. ("Proposed Private Placement").

The Proposed Private Placement is subject to approval of :

- i) Ministry of International Trade and Industry (MITI)
- ii) Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the Placement Shares as well as the listing of and quotation for the new shares to be issued pursuant to the exercise of the warrants on the main market.
- iii) Shareholders of the Company at the Extraordinary General Meeting
- iv) Any other relevant authorities for the Proposed Private Placement.

JAKS has on 11 December 2009 submitted the draft circular to shareholders in relation to the Proposed Private Placement to Bursa Securities and the application to MITI for approval. On 24 December 2009, Bursa Securities has approved the application for the Proposed Private Placement. MITI also vide its letter dated 29 December 2009, approved the Proposed Private Placement.

At the Extraordinary General Meeting convened on 3 February 2010, the shareholders of the Company approved the Proposed Private Placement. The Board is now seeking potential investors to subscribe for the placement shares.

9. Group Borrowings

Group borrowings as at 30 April 2010 including interest denominated in Ringgit Malaysia are as follows: -

	Secured <u>RM'000</u>	Unsecured <u>RM'000</u>	Total <u>RM'000</u>
Short term borrowings	120,225	-	120,225
Overdraft	9,303	-	9,303
Long term borrowings	918	-	918
Total	<u>130,446</u>	<u>-</u>	<u>130,446</u>

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

10. Off Balance Sheet Financial Instruments

As at 25 June 2010, the Group does not have any off balance sheet financial instruments.

11. 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 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 Contract.

The case management in respect of the legal suit commenced on 29 May 2008 is still on-going and the next Case Management will be on 4 August 2010.

12. Dividend

No dividend has been declared nor paid for the quarter under review.

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

13. Earnings or Loss Per Ordinary Share

a) Basic Earnings or Loss Per Share

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

	<u>Individual Period</u>		<u>Cumulative Period</u>	
	Current Year Quarter 30/4/10 RM'000	Preceding Year Quarter 30/4/09 RM'000	Current Year To-date 30/4/10 RM'000	Preceding Year To-date 30/4/09 RM'000
Profit / (Loss) for the period attributable to Ordinary Shareholders	809	142	526	(3,825)
Weighted average Number of Share in issue (RM1.00 each)	438,361	438,361	438,361	438,361
Basic Earnings / (Loss) Per Share (sen)	0.18	0.03	0.12	(0.87)

b) Diluted Earnings or Loss Per Share

This is not applicable, as there exists no share option, warrants or other financial instruments that will dilute or have the effect of diluting the basic earnings or loss per share.

14. Report on the 2 x 600 MW Hai Duong Thermo Power Plant Project in Vietnam.

The Company ("JAKS") announced on 17 October 2008 that it had received a letter dated 10 October 2008 from the Ministry of Industry and Trade of Vietnam ("MOIT") to prepare for submission, the Investment Project ("IP") Report for the above power plant in Hai Duong Province in Northern Vietnam ("Project"). The IP Report also includes the Environmental Impact Assessment ("EIA") Report for submission and approval of the Ministry of Natural Resources and Environment ("MONRE").

The Company appointed Institute of Energy, an Electricity of Vietnam ("EVN") owned consultancy to prepare the IP and EIA Reports, which has been submitted to MOIT and MONRE respectively in August 2009. Appraisal for the IP Report has been completed by MOIT on 15 Jan 2010 while the EIA has been approved by MONRE in 27 Feb 2010.

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

The MOIT has also approved that the project be carried out on a Build-Own-Transfer (“BOT”) Basis and a Memorandum of Understanding (“MOU”) was signed on 13 May 2009 to this effect. Negotiations for the Principle Agreement, which sets out the common principles for all the project agreements was completed and signed on 10 July 2009.

On 8 April 2010, after intensive negotiations, the relevant authorities and Government agencies in Vietnam entered into various Memorandum of Agreements (“MOA”) with JAKS to confirm the parties agreement to the terms and conditions of the documents as follows:

- a) MOA with MOIT, in relation to the BOT Contract, where the parties confirmed their agreement on all terms of the BOT Contract except for two issues which have been identified. As at to-date, after further negotiations, there is only one issue remain to be resolved.
- b) MOA with 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 finalization of the BOT Contract), including without limitation the tariff stated therein.
- c) MOA with Vietnam National Coal-Mineral Industries Group (“Vinacomin”) in relation to the Coal Supply Agreement (“CSA”) where the parties confirmed their agreement to the terms and conditions to the CSA, including without limitation the coal price as stated therein.
- d) MOA with the Department of Natural Resources and Environment of Hai Duong People’s Committee, in relation to the Land Lease Agreement (“LLA”) where the parties confirmed their agreement to the terms and conditions for the lease of the project site land.
- e) In addition, the Company also executed an MOA with China Huadian Engineering Co. Ltd (“CHEC”), in relation to the Engineering, Procurement and Construction (“EPC”) Contract where the parties confirmed their agreement to the terms and conditions for the EPC Contract.

Upon the issuance of the Investment Licence and the incorporation of the project company in Vietnam, the BOT Contract, PPA, CSA, LLA and the EPC Contract will be signed.

Meanwhile, the Board is exploring various investments and funding options, including joint-venture arrangements to undertake the project.

By Order of the Board

Ang Lam Poah
Managing Director
29 June 2010.