

JAKS RESOURCES BERHAD (Company No. 585648-T)

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

1. Review of Financial Performance.

The Group achieved revenue of RM85.7 million for the current quarter ended 31 October 2010, an increase of 38% from the previous year's corresponding quarter of RM62.3 million. The increase was mainly due to higher revenue contributed from the steel related products and recognition of works done for the projects in the construction division.

Corresponding with the increase in revenue, the Group was able to achieve a profit before tax of RM2.5 million for the current quarter as compared to a loss before tax of RM580,000 in the preceding year's corresponding quarter.

For the financial year ended 31 October 2010, the Group achieved a turnover of RM257.3 million, a decrease of 7% on the turnover in the previous financial year of RM278.1 million.

Despite lower turnover, the Group was able to achieve a profit before tax of RM4.4 for the financial year as compared to a loss before tax of RM2.4 million in the preceding year. The improvement was mainly due to recovery in selling prices of various steel related products and better margins as compared with previous year.

2. Variation of Results against Preceding Quarter.

The Group's revenue for the current quarter of RM85.7 million represents an increase of 35% over the revenue of RM63.4 million in the preceding quarter ended 31 July 2010. The improvement was mainly due to higher recognition of works done for the projects in the construction division and also the increase in revenue of the steel related products.

With higher revenue and better selling price, the Group achieved a profit before tax of RM2.5 million in the quarter under review as compared with a profit before tax of RM1.3 million in the preceding quarter.

3. Prospects.

The outlook for the steel industry is expected to improve in anticipation of the spending for infrastructure and development projects which requires vast amount of steel related products. However, the Group is aware of the challenges and competition environment in the market.

Nonetheless, the Group will continue to review its internal efficiencies, remain committed to improve continuous productivity improvement, control and manage its operation cost in order to be more competitive. The Board is optimistic that the results of the next year will remain favourable but is cautious of the challenging market sentiment.

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 31 October 2010 RM'000	Year-to-date Ended 31 October 2010 RM'000
Taxation		
- Current Year	997	1,832
Deferred Taxation		
- Current Year	315	315
- Prior year	(146)	(146)
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	1,166	2,001
	=====	=====

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

Save for the disposal of the Company's subsidiaries quoted securities for a total consideration of RM183,000 in the open market in the current quarter, there were no other purchases or disposal of quoted securities for the quarter under review. The disposal of the quoted securities resulted in a gain of RM94,000 to the Group.

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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 31 October 2010 including interest denominated in Ringgit Malaysia are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	142,486	-	142,486
Overdraft	12,212	-	12,212
Long term borrowings	1,452	-	1,452
Total	<u>156,150</u>	<u>-</u>	<u>156,150</u>

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10. Off Balance Sheet Financial Instruments

As at 27 December 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 final Case Management will be on 12 October 2010 to ensure all issues to be tried and statement of agreed facts are resolved. The trial date has been fixed on 16 December 2010, 17 December 2010, 20 January 2011 and 21 January 2011. The oral submissions will be heard on 24 January 2011 and 25 January 2011.

At the hearing on 17 December 2010, the Kuala Lumpur High Court has vacated the trial date on 20 January 2011 and fixed new trial dates on 28 March 2011 to 31 March 2011

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 31/10/10 RM'000	Preceding Year Quarter 31/10/09 RM'000	Current Year To-date 31/10/10 RM'000	Preceding Year To-date 31/10/09 RM'000
Profit / (Loss) for the period attributable to Ordinary Shareholders	1,195	(3,134)	2,278	(6,745)
Weighted average Number of Share in issue (RM1.00 each)	438,361	438,361	438,361	438,361
Basic Earnings / (Loss) Per Share (sen)	0.27	(0.71)	0.52	(1.54)

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 Thermal 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 January 2010 while the EIA has been approved by MONRE in 27 February 2010.

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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.
- 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.

Application of the Investment Certificate was submitted on 24 November 2010. Upon the issuance of the Investment Certificate, the project company in Vietnam will be incorporated and the project agreement will be signed.

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