

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

**1. Review of Financial Performance.**

The Group achieved revenue of RM80.4 million for the current quarter ended 30 April 2012, an increase of 9% from the previous year's corresponding quarter of RM73.8 million. The Construction division's revenue for the quarter under review increased by RM24.7 million from the previous year's corresponding quarter on higher revenue recognition of works done for the projects. Revenue from the Manufacturing and Trading division for the same comparative quarters was lower by RM16.5 million and RM1.7 million respectively as the steel industry market continues to be competitive.

The Pahang Raw Water Transfer Project and its related works that is undertaken on a joint venture, has progressed well and the Group managed to generate an associate profit of approximately RM4.1 million up to the quarter ended 30 April 2012. This together with the increase in revenue in the Construction division, enabled the Group to achieve a profit before tax of RM2.6 million in the current quarter as compared to a profit before tax of RM1.9 million in the preceding year's corresponding quarter.

Included in the profit before tax of RM2.6 million is the Construction division's contribution of approximately RM9.5 million for the quarter under review. The Manufacturing division recorded a loss before tax of RM5.7 million in the quarter under review due to higher raw material cost and higher unit cost as the production levels were not optimized.

**2. Variation of Results against Preceding Quarter.**

The Group's revenue for the current quarter of RM80.4 million is about the same with the revenue of RM80.5 million in the preceding quarter ended 31 January 2012.

For the quarter under review, the Group achieved a profit before tax of RM2.6 million compared with a profit before tax of RM1.5 million in the preceding quarter. The higher profit was mainly due to recognition of the associate profit and higher revenue from the Construction division. However, the losses incurred in the Manufacturing division reduced the overall profit before tax to the Group.

**3. Prospects.**

The Group's construction division continues to be the main contributor to the Group and with the projects-in-hand, this division is expected to fair better than the previous year. The manufacturing division continues to be plagued by the competitive market and higher raw material and operational cost. However, steps are being taken to address the challenges for positive changes.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory performance for the new financial year.

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**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 2012 RM'000	Period-to-date Ended 30 April 2012 RM'000
Taxation		
- Current Year	2,391 =====	3,413 =====

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. Status of the Corporate Exercise**

There were no corporate proposals announced but not completed as at the date of this report except as stated in Note B, Item 15 in relation to the Proposed Joint Venture.

**7. Group Borrowings**

Group borrowings as at 30 April 2012 including interest denominated in Ringgit Malaysia are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	125,053	-	125,053
Overdraft	38,430	-	38,430
Long term borrowings	1,568	-	1,568
Total	<u>165,051</u>	<u>-</u>	<u>165,051</u>

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**8. Realised and Unrealised Profit or Loss**

The breakdown of the Group's retained profits / (accumulated losses) as at 30 April 2012 into realised and unrealised profits or losses are as follows:

	As At 30 April 2012 RM'000	As At 31 October 2011 RM'000
Retained profits / Accumulated losses		
- Realised	(70,320)	(69,965)
- Unrealised	9,068	9,068
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	(61,252)	(60,897)
Less : Consolidation adjustments	51,103	49,535
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	(10,149)	(11,362)
	=====	=====

**9. Notes to the statement of comprehensive income**

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

Expense / (Income)	Current Period-to-date 30 April 2012 RM'000
Rental Income	(120)
Interest Income	-
Interest Expense	5,622
Depreciation and amortization	1,937
Provision for and write off	
Of receivables	-
Provision for and write off	
Of inventories	-
Gain on disposal of property, Plant & equipment	(1,335)
Impairment of Assets	-
Foreign exchange gain or loss	-
Exceptional item	-

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**10. 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 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 February 2012. As of to date, the appeal has not been fixed for case management nor hearing.

**10. Dividend**

No dividend has been declared for the quarter under review.

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**11. 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 owners of the Parent for the period and the weighted average number of ordinary shares outstanding as at end of the period.

	<u>Individual Quarter</u>		<u>Cumulative Year</u>	
	Current Year Quarter 30/4/12 RM'000	Preceding Year Quarter 30/4/11 RM'000	Current Year To-date 30/4/12 RM'000	Preceding Year To-date 30/4/11 RM'000
Profit for the period attributable to owners of the Parent	536	553	1,213	1,418
Weighted average Number of Share in issue (RM1.00 each)	438,361	438,361	438,361	438,361
Basic Earnings Per Share (sen)	0.12	0.13	0.28	0.32

**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.

**12. 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

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approved by MONRE in 27 February 2010.

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 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.

Following the execution of the above MOAs, an application for the Investment Certificate was submitted and on 30 June 2011, The Ministry of Planning and Investment of Vietnam granted the Investment Certificate to JAKS Hai Duong to undertake the coal-fired power plant project in the province of Hai Duong, Vietnam.

On 26 August 2011, JAKS Hai Duong entered into various project agreements for the Project, the details of which are as follows:-

- a) BOT Contract with MOIT and the Government Guarantee and Undertakings Agreement with the Government of the Socialist Republic of Vietnam;
- b) Power Purchase Agreement with EVN;
- c) Coal Supply Agreement with Vinacomin; and
- d) Land Lease Agreement with Department of Natural Resources and Environment of Hai Duong People’s Committee.

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On 21 October 2011, JAKS revoked the MOA with CHEC in relation to the EPC Contract and JAKS Hai Duong entered into a new EPC Contract with a consortium consisting of China National Technical Import & Export Corporation and Tianjin Electric Power Construction Company, both of which are established under the laws of the People's Republic of China, as the Contractor.

On 6 January 2012, subject to the approval of all relevant parties, JAKS Power Holding ("JPH"), a subsidiary of the Company entered into the following agreements to reflect the Proposed Joint Venture between JPH, Meiya Power (HD) Limited ("Meiya Power") and Island Circle Investment Holding Limited ("Island Circle") to invest in a 2 X 600 Megawatt Coal-Fired Thermal Power Plant in Vietnam ("Proposed Joint Venture").

- (i) Conditional sale and purchase agreement in respect of divestment by JPH to Meiya Power of 100 Class B shares of USD1/- each representing 50% of the issued and paid up ordinary share capital of JAKS-MPC (HD) Limited ("JMHD"), for a cash consideration of USD5,000,100/-,
- (ii) Shareholders agreement between JPH, Meiya Power and JMHD to regulate their proposed relationship as shareholders of JMHD as well as certain other matters relating to the shares and management of JMHD ("JMHD SHA"); and
- (iii) Shareholders agreement between JPH, JMHD, Island Circle and JAKS Pacific Power Limited ("JPP") to regulate their proposed relationship as shareholders of JPP as well as certain other matters relating to the shares and management of JPP ("JPP SHA").

The above agreements were entered into to formalise the entry of Meiya Power and Island Circle as equity partners in the Proposed Joint Venture where upon completion of the Proposed Joint Venture, the effective equity interest of JPH, Meiya Power and Island Circle in JPP is 50%, 40% and 10% respectively.

On 29 March 2012, the shareholders at the Extraordinary General Meeting of the Company, approved the resolution for the Proposed Joint Venture. The Board is currently actively working towards the completion of the Proposed Joint Venture.

**13. Authorisation for issue**

The interim financial statements were authorized for issue by the Board of Directors on 27 June 2012.

**Date : 27 June 2012.**