

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

### 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 Paragraph 9.22 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 2011.

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 2011.

#### 2. Changes in Accounting Policies

The significant accounting policies applied in the quarterly report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 October 2011 except for the adoption of the following FRSs, IC Interpretations, amendments to FRSs and IC interpretations issued by Malaysia Accounting Standard Board (“MASB”) that are mandatory for the Group.

The following revised FRS, amendments/improvements to FRS, IC Interpretations and amendments to IC Interpretations that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group are as follows:-

|                    |  | <b>Effective for<br/>financial periods<br/>beginning on<br/>or after</b> |
|--------------------|--|--|
| <u>New FRS</u>     |  |  |
| FRS 9              | Financial Instruments                                | 1 January 2013   |
| FRS 10             | Consolidation Financial Statements                   | 1 January 2013   |
| FRS 11             | Joint Arrangements                                   | 1 January 2013   |
| FRS 12             | Disclosure of Interests in Other Entities            | 1 January 2013   |
| FRS 13             | Fair Value Measurement                               | 1 January 2013   |
| <u>Revised FRS</u> |  |  |
| FRS 124            | Related Party Disclosures                            | 1 January 2012   |
| FRS 1              | First-time Adoption of Financial Reporting Standards | 1 January 2011<br>and 1 January<br>2012                                  |
| FRS 2              | Share-based Payment                                  | 1 January 2011   |
| FRS 3              | Business Combinations                                | 1 January 2011   |

**JAKS RESOURCES BERHAD (Company No. 585648-T)****A. NOTES TO THE INTERIM FINANCIAL REPORT (cont'd)**

|                             |  | <b>Effective for<br/>financial periods<br/>beginning on<br/>or after</b> |
|-----------------------------|--|--|
| FRS 7                       | Financial Instruments : Disclosures                            | 1 January 2011<br>and 1 January<br>2012                                  |
| FRS 101                     | Presentation of Financial Statements                           | 1 January 2011<br>and 1 January<br>2012                                  |
| FRS 112                     | Deferred Tax: Recovery of Underlying<br>Assets                 | 1 January 2012   |
| FRS 119                     | Employee Benefits  | 1 January 2013   |
| FRS 121                     | The Effects of Changes in Foreign<br>Exchange Rates            | 1 January 2011   |
| FRS 127                     | Separate Financial Statements                                  | 1 January 2013   |
| FRS 128                     | Investments in Associates                                      | 1 January 2011   |
| FRS 131                     | Investments in Joint Ventures                                  | 1 January 2011   |
| FRS 132                     | Financial Instruments : Presentation                           | 1 January 2011   |
| FRS 134                     | Interim Financial Reporting                                    | 1 January 2011   |
| FRS 139                     | Financial Instruments : Recognition and<br>Measurements        | 1 January 2011   |
| <u>IC Int</u>               |  |  |
| IC Int 4                    | Determining Whether an Arrangement<br>contains a Lease         | 1 January 2011   |
| IC Int 18                   | Transfers of Assets from Customers                             | 1 January 2011   |
| IC Int 19                   | Extinguishing Financial Liabilities with Equity<br>Instruments | 1 July 2011  |
| IC Int 20                   | Stripping Costs in the Production Phase of a<br>Surface Mine   | 1 January 2013   |
| <u>Amendments to IC Int</u> |  |  |
| IC Int 13                   | Customer Loyalty Programmes                                    | 1 January<br>2011  |
| IC Int 14                   | Prepayments of a Minimum Funding<br>Requirement                | 1 July 2011  |

The adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application except for the new disclosures required under the Amendments to FRS 7 and the impact of adoption of IFRS 9: Financial Instruments: Classification and Measurement.

The adoption of the first phase of IFRS 9 will primarily have an effect on the classification and measurement of the Group's financial assets. The Group is currently assessing the impact of adopting FRS 9, however, the impact of adoption depends on the assets held by the Group at the date of adoption, it is not practical to quantify the effect.

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

**3. Qualification of Audit Report on Financial Statements.**

The financial statements of JAKS for the financial year ended 31 October 2011 have been reported on without any audit qualification.

**4. 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.

**5. 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.

**6. Material changes in estimates**

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

**7. 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.

**8. Dividend**

No dividend has been paid respect of the financial period under review.

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

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

**9. Segmental Information for the Financial Period Ended 31 July 2012.**

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<br>RM'000 | Trading<br>RM'000 | Construction<br>RM'000 | Investment<br>RM'000 | Property<br>Development<br>RM'000 | Elimination<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|-------------------|------------------------|----------------------|-----------------------------------|-----------------------|-----------------|
| REVENUE  |                         |                   |                        |                      |                                   |                       |                 |
| External Revenue                               | 30,795                  | 2,849             | 215,092                | 180                  | -                                 | -                     | 248,916         |
| Inter-Company                                  | 48,093                  | -                 | 42,079                 | 3,435                | -                                 | (93,607)              | -               |
|  | 78,888                  | 2,849             | 257,171                | 3,615                | -                                 | ( 51,336)             | 248,916         |
| Segment Results                                | (9,534)                 | (300)             | 17,648                 | 205                  | (484)                             |                       | 7,535           |
| Other Income                                   |                         |                   |                        |                      |                                   |                       | 1,379           |
| Finance Cost                                   |                         |                   |                        |                      |                                   |                       | (8,418)         |
|  |                         |                   |                        |                      |                                   |                       | 496             |
| Share of Profit from Associate                 |                         |                   |                        |                      |                                   |                       | 5,556           |
| Profit Before Taxation                         |                         |                   |                        |                      |                                   |                       | 6,052           |
| Taxation                                       |                         |                   |                        |                      |                                   |                       | (4,687)         |
| Profit After Taxation                          |                         |                   |                        |                      |                                   |                       | 1,365           |
| <u>Attributable to :</u>                       |                         |                   |                        |                      |                                   |                       |                 |
| Owners of the parent Non-Controlling Interests |                         |                   |                        |                      |                                   |                       | 2,070           |
|  |                         |                   |                        |                      |                                   |                       | (705)           |
|  |                         |                   |                        |                      |                                   |                       | <u>1,365</u>    |

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

**10. 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 2011.

**11. Subsequent Events.**

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.

**12. 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 12 December 2011, the Company wholly-owned subsidiary, JAKS Power Holding Limited incorporated a wholly-owned subsidiary company, JAKS-MPC (HD) Limited in British Virgin Islands with a total share capital of USD1.00.

**13. Changes in Contingent Liabilities**

The changes in contingent liabilities of the Group since 31 October 2011 until 31 July 2012 were as follows: -

|   | As at<br>31 July 2012<br>RM'000 | As at<br>31 October 2011<br>RM'000 |
|---|---------------------------------|------------------------------------|
| Bank guarantees issued for<br>- execution of contracts of<br>the Company or<br>Subsidiaries company | 112,290<br>=====                | 117,169<br>=====                   |

**14. Capital Commitment**

As at 31 July 2012, Capital commitment contracted for but not provided in the financial statements amounted to RM4,688.39 million.