

**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 RM88.0 million for the current quarter ended 31 July 2012, an increase of 5% from the previous year's corresponding quarter of RM83.4 million. The Construction division's revenue for the quarter under review increased by RM25.9 million from the previous year's corresponding quarter on higher revenue recognition of works done for the projects. Revenue from the Manufacturing division for the same comparative quarters was lower by RM21.6 million as the steel industry market continues to be competitive. There are no significant changes to the Trading division's revenue for the comparative quarters under review.

The Pahang Raw Water Transfer Project and its related works that is undertaken on a joint venture generate an associate profit of approximately RM1.4 million in the current quarter ended 31 July 2012. This together with the increase in revenue in the Construction division, enabled the Group to achieve a profit before tax of RM1.9 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 RM1.9 million is the Construction division's contribution of approximately RM5.3 million for the quarter under review. The Manufacturing division recorded a loss before tax of RM2.3 million in the quarter under review due to 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 RM88.0 million represents an increase of 9% from the revenue of RM80.4 million in the preceding quarter ended 30 April 2012. The Group achieved a profit before tax of RM1.9 million compared with a profit before tax of RM2.6 million in the preceding quarter. The lower profit in the current quarter was mainly due to higher recognition of the associate profit in the preceding quarter.

**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. In line with the steps taken to improve the contribution of the manufacturing division, the Group has rationalized the operations of one of the manufacturing units and will implement strategies for the other manufacturing units so as not to affect the overall performance of the Group.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory performance for this 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 31 July 2012 RM'000	Period-to-date Ended 31 July 2012 RM'000
Taxation		
- Current Year	1,274 =====	4,687 =====

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 31 July 2012 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	132,768	-	132,768
Overdraft	37,690	-	37,690
Long term borrowings	2,736	-	2,736
Total	<u>173,194</u>	<u>-</u>	<u>173,194</u>

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

The breakdown of the Group's retained profits / (accumulated losses) as at 31 July 2012 into realised and unrealised profits or losses are as follows:

	As At 31 July 2012 RM'000	As At 31 October 2011 RM'000
Retained profits / Accumulated losses		
- Realised	(69,720)	(69,965)
- Unrealised	9,068	9,068
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	(60,652)	(60,897)
Less : Consolidation adjustments	51,360	49,535
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	(9,292)	(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 31 July 2012 RM'000
Rental Income	(180)
Interest Income	-
Interest Expense	8,418
Depreciation and amortization	2,888
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.

**11. Earnings Per Ordinary Share**

**a) Basic Earnings Per Share**

The earnings 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 31/7/12 RM’000	Preceding Year Quarter 31/7/11 RM’000	Current Year To-date 31/7/12 RM’000	Preceding Year To-date 31/7/11 RM’000
Profit for the period attributable to owners of the Parent	857	813	2,070	2,231

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Weighted average Number of Share in issue (RM1.00 each)	438,361	438,361	438,361	438,361
Basic Earnings Per Share (sen)	0.20	0.19	0.47	0.51

**b) Diluted Earnings 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.**

On 6 January 2012, 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”).

On 29 March 2012, the shareholders at the Extraordinary General Meeting of the Company, approved the resolution for the Proposed Joint Venture. The Company on 29 June 2012 announced that the expected completion date of the Proposed Joint Venture shall be 30 September 2012 instead of 30 June 2012 in order for JRB and its subsidiaries to fulfil the conditions precedent of the conditional sale and purchase agreement dated 6 January 2012 between JPH and Meiya Power in relation to the Proposed Joint Venture.

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**13. Authorisation for issue**

The interim financial statements were authorized for issue by the Board of Directors on 24 September 2012.

**Date : 24 September 2012.**