

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

### A. NOTES TO THE INTERIM FINANCIAL REPORT

#### 1. Basis of Accounting and Accounting Policies.

The accounting policies adopted in the preparation of the financial statements included in this report are consistent with those normally adopted in the preparation of the financial statements of JAKS Resources Berhad (“JAKS Resources”), JAKS Sdn Bhd (JAKS) and all of its subsidiaries (“JAKS Group”), Pipe Technology System Sdn Bhd (“PTS”) and Wing Tiek Steel Pipe Sdn Bhd (“WTSP”), and comply with applicable approved accounting standards issued or adopted by the Malaysian Accounting Standards Board (“MASB”).

The unaudited consolidated financial statements of JAKS Resources and its subsidiary companies (“JAKS Resources Group”) have been presented on the basis that the acquisition JAKS Resources Group is as follows :

Company	Date of Acquisition	No. of Months Taken into Consideration
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JAKS Group	18 December 2003	8 Months
PTS	18 December 2003	8 Months
WTSP	17 May 2004	3 Months

The financial year end of JAKS Resources is 31 October and the financial year ends of its subsidiary companies have been changed to 31 October to be coterminous with that of the financial year end of JAKS Resources. Prior to this, the financial year ends of the subsidiary companies are as follows:-

Subsidiary companies	Financial year end
JAKS	31 December
JAKS-KDEB Consortium Sdn. Bhd.(“JAKS-KDEB Consortium”)	31 October
Integrated Pipe Industries Sdn. Bhd.(“IPI”)	31 October
Pipe Technology Marketing Sdn. Bhd.(“PTM”)	31 December
PTS	30 September
WTSP	31 July

No comparative figures for preceding year corresponding quarter or period are available as this is the first reporting quarter.

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

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

This financial report should be read in conjunction with the Circular to Shareholders of Wing Tiek Holdings Berhad ("WTHB") Circular dated 22 April 2004.

#### **2. Qualification of Audit Report on Financial Statements.**

The financial statements of JAKS Resources for the financial year ended 31 October 2003 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 other unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the period under review.

#### **5. Material changes in estimates**

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

#### **6. Issuance and Repayment of Debt and Equity Securities**

The following securities were issued pursuant to the Corporate Debt Restructuring Scheme ("CDRS:")

- (a) Issuance of 208 million new JAKS Resources Shares on 18 December 2003 pursuant to acquisition of JAKS;
- (b) Issuance of 12 million new JAKS Resources Shares on 18 December 2003 pursuant to acquisition of PTS;
- (c) Issuance of RM60.0 million nominal value of Redeemable Convertible Secured Loan Stocks-A 2004/2011 (RCSLS-A) on 9 June 2004 pursuant to the Debt Restructuring Scheme;
- (d) Issuance of RM35.0 million nominal value of Redeemable Convertible Secured Loan Stocks-B 2004/2011 (RCSLS-B) and 40 million new JAKS Resources Shares on 9 June 2004 and 1 June 2004 respectively pursuant to the WTHB Land Acquisition;

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

- (e) Issuance of 35 million of new JAKS Resources Shares on 1 June 2004 pursuant to the Debt Restructuring Scheme;
- (f) Issuance of 8,510,070 new JAKS Resources Shares on 31 May 2004 pursuant to Share Exchange; and
- (g) Issuance of 89,054,647 new JAKS Resources Shares pursuant to the conversion of 60,000,000 RCSLS-A and 29,054,647 RCSLS-B between the period of 9 June 2004 to 26 July 2004 as summarized below:-

Loan Stock	Issued	Converted	Balance Outstanding
	'000		'000
RCSLS-A	60,000	60,000	-
RCSLS-B	35,000	29,055	5,945
Total	95,000	89,055	5,945
	=====	=====	=====

- (h) The issued and paid up share capital of JAKS Resources as at the date of this report is 392,564,719 ordinary shares of RM1.00 each. There are 5,945,353 RCSLS-B still outstanding as at 23 September 2004. The RCSLS-A was fully converted into JAKS Resources Shares.

### 7. Dividend

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

### 8. Segmental Information for the Financial Period Ended 31 July 2004

	Turnover RM'000	Profit After Taxation RM'000
Manufacturing	35,452	18,050
Trading	43,935	2,101
Construction	62,386	7,576
	<u>141,773</u>	<u>27,727</u>

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

**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 then ended as indicated in Note 1 above.

**10. Subsequent Events**

Save for the status of CDRS 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.

**11. Effect of Changes in the Composition of the Group**

Pursuant to the CDRS, the Group comprises the following companies: -

- i) JAKS Group
- ii) PTS
- iii) WTSP
- iv) WTHB and subsidiaries.

On 9 July 2004, JAKS Resources disposed of 68,081,700 ordinary shares of RM1.00 each, representing the entire issued and paid-up capital of WTHB to Fable Saga Sdn Bhd, the Special Purpose Vehicle nominated and controlled by the Directors of WTHB for a total nominal cash consideration of RM1.00 pursuant to the CDRS. This is to facilitate the liquidation of the remaining companies within the WTHB Group.

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

**12. Contingent Liabilities**

As at the date of this announcement, the directors of the Group are not aware of any contingent liabilities, which upon becoming enforceable may have a material impact of the financial position of the Group other than listed below:-

	As at 31 July 2004 RM'000
Corporate Guarantee in favour of Financial institutions for facilities Granted to subsidiaries:-	
Approved Limit	35,770 =====
Amount Utilized	6,384 =====

**13. Capital Commitments**

	RM'000
Approved but not contracted for option granted to buy additional parcels of leasehold land	32,037 =====
Approved and contracted for purchase of manufacturing machinery	11,504 =====