

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's turnover and profit after tax for the current quarter amounted to RM90.7 million and RM22.1 million respectively. For the 9 months ended 31 July 2004, the Group achieved RM141.8 million in turnover and RM27.7 million profit after tax.

The financial performance presented is in respect of post acquisition result after the CDRS as highlighted in Note 1, Part A. Comparative figures for the corresponding period in the preceding year are not available as this is the Group's first reporting to the Bursa Securities.

2. Variation of Results Against Preceding Quarter

Not applicable as this is the first reporting of the quarterly results.

3. Current Year Prospects

The Group expects to achieve improvement for the coming quarter with the full effect from the CDRS implementation and from the revenue recognition of the Sabah project secured recently.

4. Profit Forecast / Guarantee

The Company had on 11 December 2003 entered into profit guarantee agreements with the JAKS Vendors (Collectively, Dato' Hj Jamian bin Mohamad, Datuk Ang Ken Seng and Ang Lam Poah) and the PTS Vendors (Collectively, Datuk Ang Ken Seng and Ang Lam Poah) where the vendors shall provide guarantees that the profit after tax of JAKS and PTS for the financial year ended 31 October 2003 shall not be less than the profit estimate submitted to the SC.

For the financial year ended 31 October 2003, the audited profit after taxation and minority interest of JAKS and PTS was RM14,237,219 and RM1,670,565 respectively. As such, both JAKS and PTS have met the profit estimates as provided under the profit guarantee agreements. Accordingly, on 16 January 2004, JAKS Resources had provided written confirmations to the JAKS Vendors and the PTS Vendors respectively that the profit estimates of JAKS and PTS for the aforesaid financial year were met. With the satisfaction of the profit estimates, the profit guarantee agreements were terminated.

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5. Taxation

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. Current year tax provision was based on the estimated taxable amount.

	Group RM'000
Current Year Provision	(3,657)
Deferred Taxation	14,000

	10,343
	=====

6. Unquoted Investments and Properties

There was no sale of unquoted investments or properties for the quarter under review save for the disposal of WTHB as disclosed in Note 8, Part B below.

7. Purchase / Disposal of Quoted Securities

There was no purchase or disposal of quoted securities in the quarter under review.

8. Status of the Corporate Restructuring Proposals

The CDRS comprises the following:

- (i) Acquisition by JAKS Resources from Dato' Hj Jamian bin Mohamad, Datuk Ang Ken Seng and Ang Lam Poah of 2,000,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of JAKS, for a purchase consideration of RM208.0 million satisfied by the issuance of 208.0 million new ordinary shares of RM1.00 each in JAKS Resources ("JAKS Resources Share(s)") issued at par. The acquisition was completed on 18 December 2003;
- (ii) Acquisition by JAKS Resources from Datuk Ang Ken Seng and Ang Lam Poah of 700,000 ordinary shares of RM1.00 each, representing 70.0% equity interest in Pipe Technology System Sdn Bhd, for a purchase consideration of RM12.0 million satisfied by the issuance of

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12.0 million new JAKS Resources Shares issued at par. The acquisition was completed on 18 December 2003;

- (iii) Disposal by Wing Tiek Holdings Berhad ("WTHB") to JAKS Resources of 9 pieces of freehold land and buildings for a total purchase consideration of RM75.0 million satisfied by the issuance of 40.0 million new JAKS Resources Shares at par and RM35.0 million nominal value of RCCLS-B at 100% of its nominal value ("WTHB Land Acquisition"). The disposals were completed on 17 May 2004;
- (iv) Disposal by WTHB to JAKS Resources of 45,912,738 ordinary shares of RM1.00 each, representing approximately 98.05% equity interest in WTSP for a total cash consideration of RM1. The disposal was completed on 17 May 2004;

On 8 September 2004, the notice for Extraordinary General Meeting to be held on 28 September 2004 was sent out to WTSP shareholders to approve the following:-

- a) the change of WTSP name to JAKS Steel Industries Sdn Bhd with effect from the date of the Companies Commission of Malaysia registers the change of name.
 - b) the change of Auditor from Messrs KPMG to Messrs Monterio & Heng for the year ended 31 July 2004.
- (v) Scheme of arrangement between WTHB, its shareholders and JAKS Resources under Section 176 of the Companies Act, 1965 ("Act") whereby the entire issued and paid-up share capital of WTHB was exchanged with new JAKS Resources Shares on the basis of 1 JAKS Resources Share for every 8 ordinary shares of RM1.00 each in WTHB. The share exchange was completed on 31 May 2004;
 - (vi) Settlement and compromise repayment of the debts amounting to a total of RM679.449 million owing by WTHB and certain of its subsidiary companies namely, Wing Tiek Metal Industries Sdn Bhd, Wing Tiek Ductile Iron Pipe Sdn Bhd, Wing Bee Hardware Sdn Bhd, Victory Skyline Sdn Bhd (collectively "WTHB Companies") and WTSP to their respective scheme creditors under schemes of arrangement pursuant to Section 176 of the Act by the following:
 - (a) RM35.0 million nominal value of RCCLS-B and 40.0 million new JAKS Resources Shares received by WTHB pursuant to the WTHB Land Acquisition;
 - (b) RM60.0 million nominal value of RCCLS-A issued by JAKS Resources; and

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- (c) 35.0 million new JAKS Resources Shares issued by JAKS Resources at par;

The 75 million new JAKS Resources shares were issued on 3 June 2004 and the RCSLS-A and the RCSLS-B were issued on 9 June 2004. For the period 9 June 2004 to 26 July 2004, there were 60,000,000 RCSLS-A and 29,054,647 RCSLS-B were converted into 89,054,647 new JAKS Resources Shares as summarized below:-

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

There are 5,945,353 RCSLS-B still outstanding as at 23 September 2004. The RCSLS-A was fully converted into JAKS Resources Shares.

- (vii) Transfer of WTHB's listing status on the Main Board of Bursa Malaysia Securities Berhad to JAKS Resources. On 1 July 2004, JAKS Resources was listed on the Main Board of Bursa Malaysia Securities Berhad; and
- (viii) Disposal of the entire issued and paid-up share capital of WTHB by JAKS Resources to a special purpose vehicle nominated and controlled by the Directors of WTHB for a total nominal cash consideration of RM1. On 9 July 2004, WTHB was disposed to Fable Saga Sdn Bhd. This is to facilitate the liquidation of the remaining companies within the WTHB Group.

9. Group Borrowings

Group borrowings as at 31 July 2004 including interest denominated in Ringgit Malaysia are as follows: -

Secured	Unsecured	Total
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>

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Short term borrowings	24,167	-	24,167
RCCLS-B	5,945		5,945
Long term borrowings	3,680	-	3,680
Total	<u>33,792</u>	<u>-</u>	<u>33,792</u>

The Group Borrowings are secured by the followings:-

- (i) a registered debenture over all fixed and floating assets charge over the present and future assets of PTS ;
- (ii) fixed deposits of JAKS-KDEB Consortium of RM500,000;
- (iii) property belonging to a third party ;
- (iv) joint and several guarantees by third party; and
- (v) Corporate guarantee by JAKS Resources Berhad

The RCCLS-B are secured by a first legal charge over 4 pieces of freehold land and buildings. There were 29,054,647 nominal value of RCCLS-B that were fully converted to JAKS Resources share between the period 9 June 2004 and 26 July 2004. There are 5,945,353 RCCLS-B still outstanding as at 23 September 2004

10. Off Balance Sheet Financial Instruments

As at 23 September 2004, the Group does not have any off balance sheet financial instruments.

11. Material Litigation

The Group does not have any material litigation as at 23 September 2004.

12. Dividend

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No dividend has been declared nor paid for the quarter under review.

13. Earnings Per Ordinary Share

The Earnings per ordinary share is calculated based on the Group's profit after taxation and minority interest on the weighted average number of ordinary share of RM1.00 each of 392,564,719 in issue during the year. The weighted average number of ordinary shares calculated was 217,615,893 ordinary shares as at 31 July 2004.

Current Quarter Ended 31 July 2004

Net Profit for the quarter (RM'000) 21,970

Weighted average Number
of Share in issue (RM1.00 each) ('000)
217,616

Basic Earnings Per Share (sen)
10.10

Current Year-to-date ended 31 July 2004

Net Earnings for the period (RM'000) 27,425

Weighted average Number
of Share in issue (RM1.00 each) ('000) 217,616

Basic Earnings Per Share (sen)
12.60

Enlarged number of shares
in issue (RM1.00 each) ('000) 398,510 (*)

Diluted Earnings Per Share (sen)
6.88

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** The Diluted Earnings per Share has been calculated based on the results for the period and the enlarged share capital of JAKS Resources of RM398,510,072. The enlarged share capital is calculated based on the number of ordinary shares assumed to be in issue and the full conversion of the RCSLS-B.*

By Order of the Board

Ang Lam Poah
Managing Director

23 September 2004.