

# KUMPULAN JETSON BERHAD (34134-H)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

---

### A1. Basis of Preparation

The condensed interim financial statements have been prepared on the historical cost basis, unless otherwise stated.

The condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017. The consolidated financial statements of the Group as at and for the year ended 31 December 2017 were prepared under Financial Reporting Standards (“FRS”). The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Group since the year ended 31 December 2017.

On 19 November 2011, the MASB issued a new MASB approved accounting standards, the Malaysian Financial Reporting Standards (“MFRSs framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRSs framework is mandatory for adoption by all Entities Other Than Private Entities for annual period beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141: Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate (“Transitioning Entities”). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2018. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework to financial year beginning on 1 January 2018.

This is the Group’s condensed consolidated interim financial report for the period covered by the Group’s first MFRS framework *and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

Except as described below, the accounting policies applied by the Group in this condensed interim financial report are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2017.

### **MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

# KUMPULAN JETSON BERHAD (34134-H)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

---

### A1. **Basis of Preparation (Cont'd)**

#### **MFRS 15 Revenue from Contracts with Customers (Cont'd)**

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The Group did not identify any material impact to revenue, cost of sales and profit/(loss) for the current financial period upon the adoption of MFRS 15.

#### **MFRS 9 Financial Instruments**

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Group and the Company's financial assets, but no impact on the classification and measurement of the Group and the Company's financial liabilities.

MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies and weaknesses in the previous model.

The Group did not identify any material impact to revenue, cost of sales and profit/(loss) for the current financial period upon the adoption of MFRS 9.

### A2. **Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.

### A3. **Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current quarter and financial period under review.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A4. Segment Information**

Financial period ended 30 September 2018

| <b>Business Segments</b> | <b>Construction and Property RM'000</b> | <b>Hostel Management RM'000</b> | <b>Manufacturing RM'000</b> | <b>Elimination RM'000</b> | <b>Total RM'000</b> |
|--------------------------|---|---------------------------------|-----------------------------|---------------------------|---------------------|
| External sales           | 35,538                                  | 4,880                           | 98,339                      | -                         | 138,757             |
| Inter-segment revenue    | 953                                     | -                               | -                           | (953)                     | -                   |
| Total revenue            | 36,491                                  | 4,880                           | 98,339                      | (953)                     | 138,757             |
| Operating (loss)/profit  | (6,268)                                 | 845                             | 4,478                       | -                         | (945)               |
| Finance costs            |   |                                 |                             |                           | (2,611)             |
| Interest income          |   |                                 |                             |                           | 193                 |
| Loss before tax          |   |                                 |                             |                           | (3,363)             |
| Tax expense              |   |                                 |                             |                           | (758)               |
| Loss after tax           |   |                                 |                             |                           | (4,121)             |

**A5. Changes in Estimates**

There were no changes in estimates that have had a material effect in the current period's results.

**A6. Comments about Seasonal or Cyclical Factors**

The business of the Group was not affected by any significant seasonal or cyclical factors for the financial period under review.

**A7. Dividends Paid**

No interim or final dividend was paid in the current period under review.

**A8. Carrying Amount of Revalued Assets**

The valuations of property, plant and equipment have been brought forward without amendments from the financial statements for the year ended 31 December 2017.

**A9. Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities for the financial period to date.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

---

**A10. Changes in Composition of the Group**

On 2 March 2018, the issued and paid-up capital of Jetson ARDC Sdn. Bhd. ("Jetson ARDC"), a 51% owned subsidiary of Jetson Construction Sdn. Bhd. ("JCSB") has been increased from RM100 to RM750,000 by way of the allotment of 749,900 ordinary shares at an issue price of RM1.00 per share. JCSB subscribed for 382,449 ordinary shares from this allotment. Consequent thereupon, Jetson ARDC remained a 51% owned subsidiary of JCSB.

On 19 March 2018, JCSB acquired the remaining 40 ordinary shares representing 40% of share capital in Jetson Construction (Sabah) Sdn. Bhd. ("JCSSB") for a total consideration of RM40. Consequent thereupon, JCSSB became a wholly-owned subsidiary of JCSB.

On 28 September 2018, the issued and paid-up capital of GRP Sdn. Bhd. ("GRP"), a wholly-owned subsidiary of Jebco Manufacturing Sdn. Bhd. ("Jebco Manufacturing") has been increased from RM1,000,002 to RM3,000,006 by way of the allotment of 2,000,004 new ordinary shares to Jebco Manufacturing through capitalisation the sum of RM2,000,004 from the retained earnings of GRP Sdn Bhd as at 31 December 2017. Consequent thereupon, GRP remained a wholly-owned subsidiary of Jebco Manufacturing.

On 28 September 2018, the issued and paid-up capital of Jetson Development (Asia) Sdn Bhd ("JDA"), a wholly-owned subsidiary of JCSB has been increased from RM500,000 to RM5,000,000 following the allotment of 4,500,000 new ordinary shares at an issue price of RM1.00 per share to JCSB. Consequent thereupon, JDA remained a wholly-owned subsidiary of JCSB.

Other than as disclosed above, there were no other changes in the composition of the Group during the financial period under review.

**A11. Capital Commitments**

|                                   | <b>30.09.2018</b> | <b>31.12.2017</b> |
|-----------------------------------|-------------------|-------------------|
|                                   | <b>RM'000</b>     | <b>RM'000</b>     |
| Approved and contracted for:-     |                   |                   |
| Property, plant and equipment     | 1,743             | 4,180             |
|                                   | <hr/>             | <hr/>             |
| Approved and not contracted for:- |                   |                   |
| Property, plant and equipment     | 62                | -                 |
|                                   | <hr/>             | <hr/>             |

**A12. Changes in Contingent Liabilities and Contingent Assets**

Contingent liabilities of the Company refer to bank guarantees and corporate guarantees extended in support of banking and credit facilities utilised by its subsidiaries. Contingent liabilities decreased from RM78.49 million as at 31 December 2017 to RM76.42 million as at 30 September 2018.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

---

**A13. Subsequent Event**

On 16 October 2018, Jebco Manufacturing Sdn Bhd, a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary known as Tradebiz Marketing Sdn Bhd ("TMSB"), a private limited company under the Companies Act 2016. The issued and paid-up share capital of TMSB is RM1.00 comprising 1 ordinary share.

On 12 November 2018, Jetson Development Sdn Bhd, a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary known as Jetson LB Development Sdn Bhd ("JLSB"), a private limited company under the Companies Act 2016. The issued and paid-up share capital of JLSB is RM1.00 comprising 1 ordinary share.

Other than as disclosed above, there were no material events subsequent to the end of the financial period reported.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

---

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

**B1. Performance Review**

The Group recorded revenue of RM46.49 million for Q3 2018, an increase of RM11.93 million or 34.50% against the corresponding period Q3 2017 of RM34.57 million. Accordingly, the Group reported a lower loss before tax of RM0.89 million in Q3 2018 as opposed to loss before tax of RM1.79 million in Q3 2017, mainly contributed by the Construction and Property Division.

The performance of the respective divisions for the current quarter was as follows:-

a) *Construction and Property Division*

The division generated total revenue of RM10.06 million, which was RM8.42 million higher than the corresponding quarter in previous year of RM1.64 million. Revenue for the quarter was mainly contributed by the division's ongoing projects include construction of residential and infrastructure projects namely Pavilion Parks 2, SUKE Highway project and MEX II Highway bridgeworks and its property development activities at Taman Melawati.

Despite higher revenue, the division reported higher loss before tax by RM0.18 million as compared to loss before tax of RM1.05 million in Q3 2017 mainly attributed to thin profit margin of the projects.

b) *Hostel Management Division*

There was a marginal increase in revenue for the quarter at RM1.18 million compared to RM1.17 million reported in Q3 2017.

Despite higher revenue, the division reported higher loss before tax by RM0.11 million as compared to loss before tax of RM0.27 million in Q3 2017 mainly due to lower occupancy rate.

c) *Manufacturing Division*

Manufacturing Division registered total revenue of RM35.25 million in the current quarter, which was RM3.48 million higher than previous year corresponding quarter of RM31.77 million. The increase in revenue was mainly due to higher exports demand for adhesive and sealant products and the tax holiday period as a result of abolishment of GST for the period from June 2018 to August 2018.

Accordingly, the division reported higher profit before tax by RM1.31 million as compared to profit before tax of RM0.31 million in the corresponding quarter of previous year. The pre-tax profit was further boosted by gain on foreign exchange and savings in the operating cost.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

---

**B1. Performance Review (Cont'd)**

For the nine months ended 30 September 2018, the Group's revenue was RM138.76 million, an increase of RM32.46 million or 30.53% as compared to the nine months ended 30 September 2017. Despite the higher revenue, the Group reported higher loss before tax of RM3.36 million as compared to loss before tax of RM1.73 million for the corresponding period in the previous year.

The performance of the respective divisions for the period under review is analysed as follows:-

*d) Construction and Property Division*

The division reported revenue of RM35.51 million compared to RM4.06 million for nine months ended 30 September 2017. This is mainly due to higher revenue contributed by the existing projects include construction of residential and infrastructure projects namely Pavilion Parks 2, SUKE Highway project and MEX II Highway bridgeworks and its property development activities at Taman Melawati. Lower revenue was recorded in preceding corresponding period as most of the projects were completed in 2016 while new projects undertaken by the division only commenced towards the end of second quarter 2017.

The loss before tax for current period under review was reported at RM4.22 million compared to RM3.21 million a year ago. Higher loss reported as only minimal profit recognised from the above new projects which fetch thin profit margin. The performance was further aggravated by the recognition of additional costs for VSummer Place project. Lower loss in previous corresponding period was also attributed to additional profit recognised from the finalisation of Larkin project.

*e) Hostel Management Division*

Hostel Management Division reported revenue of RM4.88 million for current period under review compared to RM4.67 million for the corresponding period in the preceding year.

Accordingly, profit before tax was higher at RM0.56 million compared to RM0.36 million.

*f) Manufacturing Division*

Revenue recorded for current period under review was RM98.34 million as compared to RM97.58 million a year ago. The slight increase in revenue was mainly due to higher demand for adhesive and sealant products especially in the third quarter of the year mitigated by lower demand on automotive parts.

Despite marginal increase in revenue, the division reported a lower profit before tax by RM0.82 million compared to profit before tax of RM3.58 million in the corresponding period of previous year. Lower profit before tax reported is also due to higher raw material costs especially in the second quarter of current year.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

---

**B2. Comment on Material Change in Results against the Preceding Quarter**

The Group's revenue increased marginally from RM46.39 million in the immediate preceding quarter (Q2 2018) to RM46.49 million in the current quarter. The increase in revenue is mainly due to higher contribution from Manufacturing Division.

Accordingly, the Group recorded a lower loss before tax of RM0.89 million as compared to a loss before tax of RM1.12 million in Q2 2018.

**B3. Commentary on Prospect**

Moving forward, the sustainability of the local economy is largely dependent on public and private consumption with the on-going infrastructure and mega projects. The volatility of the ringgit against foreign currencies would have an impact on the export sales of our Manufacturing Division as the pricing of our products may not be competitive compared to our competitors.

The Group is continuing to aggressively pursue for more projects especially in East Malaysia for its Construction Division in order to replenish its order book.

In addition, the Group is also relentlessly penetrating into property development either through acquisition of land or joint venture with the land owner.

The Manufacturing Division will aggressively strengthening its presence in the export market. Meanwhile, the division is also broadening its product base to accommodate for different market segments. To counter the factors of volatility ringgit and increase in crude oil prices, the division would continuously source for cheaper or alternative material while emphasizing on improving the efficiency of the production.

Although market conditions remain challenging, the Group aims to improve 2018 revenue growth development, cost monitoring of the key cost drivers and innovating on operational efficiencies.

**B4. Profit Forecast or Profit Guarantee**

Not applicable.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**B5. (Loss)/profit before tax**

|  | Individual quarter   |                      | Cumulative quarter   |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 30.09.2018<br>RM'000 | 30.09.2017<br>RM'000 | 30.09.2018<br>RM'000 | 30.09.2017<br>RM'000 |
| (Loss)/profit before tax is arrived after charging/(crediting):- |                      |                      |                      |                      |
| Amortisation of concession right                                 | 467                  | 469                  | 1,401                | 1,404                |
| Bad debts written off  | -                    | -                    | -                    | 7                    |
| Depreciation of property, plant and equipment                    | 1,475                | 1,176                | 4,286                | 3,510                |
| Gain on deconsolidation of a subsidiary                          | -                    | -                    | -                    | (423)                |
| Interest expense   | 919                  | 739                  | 2,611                | 2,337                |
| Interest income  | (68)                 | (6)                  | (193)                | (26)                 |
| Inventories written back   | -                    | (57)                 | -                    | -                    |
| Inventories written down   | 5                    | -                    | 5                    | -                    |
| (Reversal)/allowance for slow-moving stocks                      | (3)                  | 29                   | (13)                 | 29                   |
| Impairment loss on:  |                      |                      |                      |                      |
| - trade receivables  | 78                   | (91)                 | 85                   | -                    |
| - other receivables  | -                    | (26)                 | -                    | -                    |
| Reversal of impairment loss on trade receivable                  | (53)                 | -                    | (133)                | (82)                 |
| Gain on disposal of property, plant and equipment                | (53)                 | -                    | (48)                 | (8)                  |
| Loss/(gain) on foreign exchange:                                 |                      |                      |                      |                      |
| - realised   | 14                   | (93)                 | 434                  | (188)                |
| - unrealised   | (172)                | (1)                  | (281)                | 204                  |
| Plant and equipment written off                                  | -                    | 28                   | 1                    | 39                   |

**B6. Tax expense**

|                                      | Individual quarter   |                      | Cumulative quarter   |                      |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                      | 30.09.2018<br>RM'000 | 30.09.2017<br>RM'000 | 30.09.2018<br>RM'000 | 30.09.2017<br>RM'000 |
| Income tax:-                         |                      |                      |                      |                      |
| Based on result for current period   | 262                  | 164                  | 421                  | 548                  |
| (Over)/Under provision in prior year | 203                  | 46                   | 203                  | 46                   |
|                                      | 465                  | 210                  | 624                  | 594                  |
| Deferred tax:-                       |                      |                      |                      |                      |
| Origination of temporary differences | 86                   | 27                   | 134                  | 295                  |
|                                      | 86                   | 27                   | 134                  | 295                  |
| Tax expense                          | 551                  | 237                  | 758                  | 889                  |

The effective tax rate of the Group for the current period is higher than the statutory tax rate principally due mainly to losses incurred by the Company and certain operating subsidiaries.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

---

**B7. Status of Corporate Proposal**

On 3 July 2018, the KAF Investment Bank Berhad (“KAF”) announced on behalf of the Board of Directors that the Company proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company to independent third party investor(s) to be identified (“Proposed Private Placement”). The Proposed Private Placement may entail the issuance of up to between 20,666,700 and 24,086,000 new ordinary shares in the Company (“Placement Shares”).

KAF had on 10 July 2018 announced on behalf of the Board of Directors that Bursa Malaysia Securities Berhad (“Bursa Securities”) had, vide its letter dated 9 July 2018, approved the Proposed Private Placement subject to the following conditions:-

- i) The Company and KAF must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”) pertaining to the implementation of the Proposed Private Placement;
- ii) The Company and KAF to inform Bursa Securities upon the completion of the Proposed Private Placement;
- iii) The Company and KAF to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Private Placement is completed;
- iv) If relevant, the Company to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the Company’s forthcoming annual general meeting for the authority to issue shares pursuant to the Companies Act, 2016 before the listing of the Placement Shares;
- v) KAF must submit to Bursa Securities the placee’s details in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the Placement Shares; and
- vi) If applicable, payment of additional listing fee based on the final issue price of the Placement Shares together with a copy of the details of the computation of the amount of listing fees payable.

KAF had on 13 November 2018 further announced that the Company has fixed the issue price for the first tranche of the Proposed Private Placement comprising 2,900,000 Placement Shares at RM0.21 per Placement Share. The said issue price of RM0.21 per Placement Share represents a premium of approximately 9.95% from the five (5)-day volume weighted average market price of the Company’s shares (“Jetson Share”) up to and including 12 November 2018 of approximately RM0.1910 per Jetson Share.

Other than the above, there were no other corporate proposal announced but not completed as at 21 November 2018 (being the latest practicable date which is not earlier than 7 days from the date of this report).

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**B8. Borrowings**

|  | <b>30.09.2018</b> | <b>31.12.2017</b> |
|--|-------------------|-------------------|
|  | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>Current :</b>                       |                   |                   |
| Bank overdrafts                        | 14,467            | 11,575            |
| Trust receipts and bankers' acceptance | 15,173            | 16,863            |
| Term loans                             | 5,380             | 4,249             |
| Finance lease payables                 | 4,018             | 2,700             |
|  | <u>39,038</u>     | <u>35,387</u>     |
| <b>Non-current :</b>                   |                   |                   |
| Term loans                             | 19,262            | 21,912            |
| Finance lease payables                 | 3,977             | 3,970             |
|  | <u>23,239</u>     | <u>25,882</u>     |

The bank overdrafts, revolving credits, trust receipts and bankers' acceptances of the Group at the end of the period under review are secured by:

- a) negative pledge over all the assets of certain subsidiaries;
- b) corporate guarantee from the Company;
- c) time deposits with licensed banks of a subsidiary; and
- d) existing assignment of contract payments.

The term loans of the Group are secured by the following:

- a) first fixed and floating charge over all assets of a subsidiary;
- b) first party legal assignment of the rights, titles, benefits and proceeds of the privatisation agreement of the university hostel project;
- c) assignment of all rights, benefits, proceeds from/ under all insurance policies over the concession asset;
- d) freehold land, long leasehold land and buildings pledged as collateral;
- e) fresh 2 party assignment between a subsidiary and a financial institution for the rental proceeds generated from the above property; and
- f) corporate guarantee from the Company and a corporate shareholder of a subsidiary.

**B9. Off Balance Sheet Financial Instruments**

There is no financial instrument with off balance sheet risk at the date of this report.

## KUMPULAN JETSON BERHAD (34134-H) NOTES TO THE INTERIM FINANCIAL STATEMENTS

---

### **B10. Status of Material Litigation**

- (a) Citarasa Haruman Sdn. Bhd. (“CHSB”), a subsidiary of the Company (pursuant to MFRS 10), entered into a Joint Development Agreement (“JDA”) with LBCN Development Sdn. Bhd. (“LBCN”) to develop a piece of land in Mukim of Ijok (“the Land”) on 28 May 2007.

Under the JDA, LBCN was to provide and make available the Land for development whereas CHSB was identified as the sole and exclusive developer of the Land and had paid RM12 million towards the land cost which constitutes LBCN’s sole entitlement pursuant to the JDA.

In the course of carrying out development of the Land, CHSB had incurred costs in respect of improvements to the Land and other development costs. Under the JDA, CHSB is entitled to all gross sale proceeds arising from the JDA.

On 19 December 2009, the Land Administrator of the District of Kuala Selangor (“LADKS”) issued a notification to compulsorily acquire the Land with an award of approximately RM50 million to a secured creditor of LBCN and LBCN as the proprietor of the Land (“the Award”).

In November 2011, a Land Reference Proceedings was lodged by CHSB, as the person interested in the Land, to object to the Award. Concurrently, LBCN filed a Judicial Review Proceedings against certain local authorities responsible for the acquisition of the Land.

- (a) Status of litigation is as follows:

(i) Judicial Review Proceedings by LBCN

In January 2011, LBCN had filed an application for judicial review at the Shah Alam High Court (“the High Court”) against Lembaga Perumahan Dan Hartanah Selangor (“LPDHS”), Pentadbir Tanah Kuala Selangor (“PTKS”) and Kerajaan Negeri Selangor (“KNS”) on the basis that the acquisition of the Land was not valid.

On 6 November 2011, the High Court granted stay of acquisition proceedings pending judicial review.

On 14 November 2011, CHSB had filed an objection under Land Reference Proceedings (as described in (ii) below). The objection has however, been stayed on the basis that the Judicial Review Proceedings are dismissed, barring any further suits or applications that may be filed, CHSB would be able to proceed with its Land Reference Proceedings for compensation.

On 16 October 2012, Menteri Besar Incorporation Berhad (“MBIB”) intervened the judicial review as it had made the payments towards the Land. The High Court has directed this application to proceed concurrently with the judicial review.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

---

**B10. Status of Material Litigation (Cont'd)**

(a) Status of litigation is as follows (cont'd):

(i) Judicial Review Proceedings by LBCN (cont'd)

On 23 May 2013, the High Court dismissed LBCN's application for judicial review. LBCN then lodged an appeal to the Court of Appeal. LBCN's lawyers sought for an adjournment of the matter as it wanted to file further affidavits in the appeal which the Court granted the adjournment and fixed for hearing on 20 April 2015.

In September 2013, LBCN applied for a stay of all Land Reference Proceedings pending its appeal to the Court of Appeal on judicial review. The High Court dismissed this application for a stay on 6 February 2014. By this, the Land Reference Proceedings are to proceed in the normal way as directed by the High Court.

On 20 April 2015, the Court of Appeal dismissed LBCN's appeal on the High Court's decision to dismiss LBCN's application for judicial review and further awarded costs in the sum of RM15,000 to be paid by LBCN to CHSB.

LBCN then lodged an appeal to the Federal Court and this matter was fixed for case management on 29 February 2016 for purposes of fixing hearing dates.

On 17 May 2016, LBCN had in accordance to the consent order between LBCN and LPDHS, PTKS, KNS and MBIB (collectively, "the Parties"), withdrawn the above appeal with no order as to cost.

(ii) Land Reference Proceedings ("LRP") by CHSB

On 14 November 2011, pursuant to the Land Acquisition Act, 1960, CHSB had lodged a land reference to the High Court objected to the Award by LADKS on the following premise:-

- the amount of compensation;
- the persons to whom it is payable; and
- the apportionment of the compensation.

On 9 July 2014, the judge decided that the Land was indeed alienated for the purposes of mixed development. In this respect, the Land ought to be valued as commercial land taking into account all the infrastructures that were built on the Land.

LADKS had filed a Notice of Appeal dated 21 July 2014 against the Court decision on the category or usage of the Land. On 29 October 2014, CHSB was served with LADKS's notice of application for stay of proceedings. Furthermore, on 14 January 2015, a new valuation report has been filed by LADKS and a new case management was held on 29 January 2015 for CHSB to file rebuttal to the valuation report.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

---

**B10. Status of Material Litigation (Cont'd)**

(a) Status of litigation is as follows (cont'd):

(ii) Land Reference Proceedings (“LRP”) by CHSB (cont'd)

On 12 March 2015, the Court of Appeal dismissed LADKS’s appeal. On 7 April 2015, LADKS then filed an appeal in the Federal Court against the decision of the Court of Appeal. This matter was fixed for case management on 29 February 2016 for purposes of fixing hearing dates.

On 29 February 2016, the Federal Court fixed a further case management on 19 May 2016 for parties to update the Court as to the status of the on-going settlement discussion between the Parties.

At the case management on 19 May 2016, given that the Parties have yet to finalise the terms of settlement, the Federal Court therefore fixed the matter for case management on 20 June 2016 for the Parties to update the Court on the status of the settlement.

At the case management on 20 June 2016, the Parties informed the Court that the settlement process is still ongoing. The Court fixed a further case management on 19 October 2016 for the Parties to update the Court on the status of the settlement.

At the case management on 19 October 2016, the Parties informed the Court that the matter was now pending settlement in respect of payment of settlement sum by LBCN to CHSB. The matter was fixed for further case management on 28 November 2016 for the Parties to update the Court as to the status of the settlement.

At the case management on 28 November 2016, the Court fixed the matter for case management on 28 February 2017 for the Parties to update the Court to the status of settlement between all related parties.

At the case management on 28 February 2017, the Court was informed that the payment in respect of settlement has yet to be received by CHSB. The matter is now fixed for case management on 19 April 2017 for parties to update the Court as to the status of settlement between all related parties arising from the settlement between LBCN and the Land Administrator.

At the case management on 19 April 2017, the Court was informed that CHSB is still awaiting payment of settlement sum from LBCN. The matter is fixed for further case management on 22 June 2017.

The Court directed for the matter to be fixed for mention on 30 August 2017 for parties to explain to the Court on why the matter cannot be closed and why settlement sum remains pending from LBCN to CHSB.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

---

**B10. Status of Material Litigation (Cont'd)**

(a) Cont'd

- (ii) The hearing for the LRP were initially fixed on 26 April 2016 to 28 April 2016. These dates have however been vacated given that Parties are in settlement discussion. The Court has fixed a case management date on 14 October 2016 for Parties to update the Court as to the status of settlement discussions.

On 11 May 2016, the Company announced that CHSB had on even date, entered into a settlement agreement ("SA") with LBCN, Mujur Zaman Sdn Bhd and Liputan Canggih Sdn Bhd to:-

- (i) Revoke the written agreement dated 28 May 2007 entered into between LBCN and CHSB ("SPA") pertaining to the sale and purchase of the Land;
- (ii) Revoke the JDA dated 28 May 2007 entered into between LBCN and CHSB pertaining to the joint development of the Land;
- (iii) Discontinue and withdraw all Judicial Review and the Borang N Application filed by CHSB and includes any appeals therefrom; and
- (iv) Carry out all other matters as stipulated in the SA

for a settlement sum of RM15,000,000 ("Settlement Sum"), being the agreed, full and final settlement of all monies due and owing to CHSB under the SPA and JDA arising from or by reason of the mutual revocation of the same.

At the case management on 14 October 2016, CHSB informed the Court that it may only receive payment of the Settlement Sum from LBCN by end of 2016 or early 2017. The Court fixed a case management on 15 November 2016 for the Parties to withdraw the suits upon payment of the Settlement Sum.

At the case management on 15 November 2016, CHSB informed the Court that more time is required for settlement of payment for the Settlement Sum by LBCN to CHSB. The Court fixed a case management date on 14 February 2017 for Parties to update the Court as to the status of the settlement.

Given that the matter have taken too long and CHSB had yet to receive its portion of the Settlement Sum, the Court fixed the matter for final case management on 14 April 2017 to update the High Court as to the settlement status.

At the case management on 14 April 2017, CHSB informed the Court that it is still awaiting payment of Settlement Sum by LBCN. The Court fixed the matter for further case management on 21 June 2017.

At the case management on 21 June 2017, CHSB informed the Court that CHSB is still awaiting payment of Settlement Sum from LBCN and can only withdraw the suit upon the receipt of payment per Consent Order of the Court and the Settlement Agreement. The Court fixed the matter for further case management on 22 August 2017.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

---

**B10. Status of Material Litigation (Cont'd)**

(a) Cont'd

- (ii) On 4 October 2017, CHSB received partial payment of RM5.0 million. In relation thereto, CHSB agreed and proceeded to withdraw the LRP on 19 October 2017. Following that, LADKS had in accordance to Consent Order, withdraw its appeal at the Federal Court with no order as to costs on 24 October 2017.

The balance of RM10.0 million was subsequently received in January 2018.

- (b) On 29 June 2017, the Company announced that Jetson Construction Sdn. Bhd. ("JCSB"), a wholly-owned subsidiary of the Company had accepted the sub-contract works for main building works - Package B (preliminaries, demolition and site works, architectural works to basement, podium structural works, elevated carpark, retails, Tower B, sky bridges and facilities floor, external works, hard landscaping works at Jalan Conlay) ("the Project").

On 3 July 2017, JCSB received a letter from MCC Overseas (M) Sdn. Bhd. ("MCC" or "Defendant") wherein MCC purported to unilaterally rescind the award of the sub-contract relating to the Project on the basis that there was an alleged misrepresentation or non-disclosure of a certain matter namely that one of the substantial shareholders of the Company is a director of a third-party consultant to the employer of the Project.

JCSB had on 28 August 2017 through its solicitors filed and served an unsealed Writ of Summons and Statement of Claim against the Defendant.

According to the Writ of Summons and Statement of Claim, the Plaintiff's claim against the Defendants is, amongst others, the following:

- (a) a declaration that the termination of the Sub-Contract is unlawful and in breach of the terms of the letter of award dated 16 June 2017 issued by the Defendant;
- (b) an order that the Defendant do pay the Plaintiff damages for expenses incurred by the Plaintiff in the sum of RM792,659.83; and
- (c) an order that the Defendant do pay the Plaintiff damages in the form of loss of profit in the sum of RM55,231,602.16.

The sealed Writ of Summons was served on 7 September 2017.

MCC filed the Memorandum of Appearance on 20 September 2017 and Statement of Defence on 27 October 2017. JCSB filed the Statement in Reply and Amended Statement of Claim on 10 November 2017.

The Court fixed 11 December 2017 as the next case management wherein parties are to file their Bundles of Documents, Agreed Facts, Issues to be Tried and List of witnesses. The Court directed parties to attempt mediation at the Kuala Lumpur High Court Mediation Centre. Mediation was fixed for 11 January 2018.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

---

**B10. Status of Material Litigation (Cont'd)**

(b) Cont'd

On 11 January 2018, the parties attended the first mediation for the above matter. The mediation was then adjourned to 30 January 2018. As parties could not reach an amicable settlement, the mediation was terminated. The case management for the above matter was fixed for 7 March 2018 to update the Court as to the status of any possible settlement between the parties and to obtain further trial directions.

The Court also fixed the matter for trial on 12 to 15 March 2018.

The trial was subsequently postponed to 11 and 12 June 2018. The Court fixed 26 April 2018 for case management to obtain final instructions as to the filing of witness statements and any other outstanding matters to be dealt with.

At the case management on 26 April 2018, the Court had given directions regarding some housekeeping matters of the bundles. As such, the Court has fixed 25 May 2018 as case management of the matter to obtain any further directions. The trial of this matter is still fixed for 11 and 12 June 2018.

JCSB was informed that the learned Judge is retiring and as such, is not able to hear the trial. Therefore, the Court fixed a case management on 2 October 2018 for JCSB to appear before the new Judge in order to get further directions and fix new trial dates.

Subsequently, this matter has been fixed for trial on 3, 4 and 6 December 2018 and another round on 14 and 15 January 2019. However, the Defendant has filed an application to amend their defence which was served on 12 November 2018. This application has yet to be set for hearing. The Court has fixed a case management on 23 November 2018 to deal with the same.

**B11. Dividend Payable**

No dividend has been recommended by the Board of Directors during the financial period ended 30 September 2018.

**KUMPULAN JETSON BERHAD (34134-H)**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**B12. Loss Per Ordinary Share**

(a) Basic

Basic loss per ordinary share are calculated by dividing loss for the financial period attributable to owners of the company by the number of ordinary shares in issue during the financial period.

|   | <b>3 months ended</b> |                   | <b>9 months ended</b> |                   |
|---|-----------------------|-------------------|-----------------------|-------------------|
|   | <b>30.09.2018</b>     | <b>30.09.2017</b> | <b>30.09.2018</b>     | <b>30.09.2017</b> |
|   | <b>RM'000</b>         | <b>RM'000</b>     | <b>RM'000</b>         | <b>RM'000</b>     |
| Net loss attributable to the owners of the Company                        | (1,316)               | (1,923)           | (3,978)               | (2,414)           |
| Adjusted weighted average number of ordinary shares in issue and issuable | 206,667               | 205,339           | 206,667               | 197,334           |
| Basic loss per share (sen)  | (0.64)                | (0.94)            | (1.92)                | (1.22)            |

\* Pursuant to MFRS 133, Earnings Per Share, the loss per share for the individual and cumulative quarter ended 30 September 2018 and 30 September 2017 have been adjusted for the share split involving the subdivision of every one existing ordinary share of RM1.00 each in the Company into two ordinary shares of RM0.50 each completed on 5 February 2014.

(b) Diluted

Diluted loss per ordinary share for the financial period is calculated by dividing the loss for the financial period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

The Group have no dilution in their loss per ordinary shares as the exercise price of the warrants has exceeded the average market price of ordinary shares during the financial period and as at 30 September 2017 and the warrants do not have any dilutive effect on the weighted average number of ordinary shares.