

# KUMPULAN JETSON BERHAD

## NOTES TO THE INTERIM FINANCIAL REPORT

### A1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of freehold land included within property, plant and equipment.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These 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 2008.

### A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

The following new FRSs and interpretations were issued but not yet effective and have not been applied by the Group:-

<b>FRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
FRS 4 : Insurance Contracts	1 January 2010
FRS 7 : Financial Instruments : Disclosures	1 January 2010
FRS 8 : Operating Segments	1 July 2009
FRS 139 : Financial Instruments : Recognition and Measurement	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010

The new FRSs and Interpretations are expected to have no significant impact to the financial statements of the Group upon their initial application except for the changes in the disclosures arising from the adoption of FRS 7 and FRS 8.

The Group are exempted from disclosing the possible impact, if any, to the financial statements upon initial application of FRS 139 and FRS 7.

### A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

### A4. Segment Information

#### Year ended 31 March 2009

Business Segments	Construction and Property RM'000	Hostel Management RM'000	Manufacturing RM'000	Investment Holding RM'000	Elimination RM'000	Total RM'000
Revenue from External customer	5,077	1,257	18,752	-	-	25,086
Inter-segment revenue	-	-	-	-	-	-
Total revenue	5,077	1,257	18,752	-	-	25,086
Operating profit/(loss)	(586)	(110)	1,181	(401)	-	84
Financing expenses						(877)
Financing income						28
Share of associate result						-
Loss before tax						(765)
Taxation						(8)
Loss after tax						(773)

### A5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2009.

### A6. Changes in Estimates

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

### A7. 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.

A8. Dividends Paid

No dividend has been paid out during the quarter under review.

A9. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2008.

A10. Debt and Equity Securities

During the quarter, there was no movement in the issued and paid up capital of the Company.

A11. Changes in Composition of the Group

During the period under review,

- i) On 3 March 2009, Jetson (Labuan) Ltd, a wholly owned subsidiary of Jetson Construction Sdn Bhd (“JCSB”) which in turn a wholly owned subsidiary of the Company, had acquired the entire one (1) share in Jetson Lanka (Private) Limited (“Jetson Lanka”) for a total consideration of Sri Lanka Rupees Ten only (Rs10.00) (equivalent to approximately RM0.32). As a result, Jetson Lanka is now a wholly owned subsidiary of Jetson (Labuan) Ltd.

On 5 March 2009 Jetson (Labuan) Ltd had subscribed 2,761,000 new shares at a value of Rs10.00 per share in Jetson Lanka for a total cash consideration of Sri Lanka Rupees Twenty Seven Million Six Hundred and Ten Thousand only (Rs.27,610,000) equivalent to approximately RM898,871.

The Stated Capital of Jetson Lanka after the issuance of new 2,761,000 shares is Rs27,610,010.00. Jetson Lanka still a wholly owned subsidiary of Jetson (Labuan) Ltd after issuance of the new shares.

A12. Capital Commitments

The amount of commitments for the property, plant and equipment not provided for in the interim financial statements as at 31 March 2009 is as follows:

	RM’000
Approved and contracted for	47

A13. 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 RM50.40 million as at 31 December 2008 to RM46.34 million as at 31 March 2009.

#### A14. Subsequent Events

There were no other material events subsequent to the end of the interim period up to 26 May 2009 that have not been reflected in the financial statements for this quarter.

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

#### B1. Performance Review

The Group recorded slightly lower revenue of RM25.09 million in the current quarter compared to RM26.78 million in the previous corresponding quarter, representing a drop of 6.3%. However, the Group suffered loss after tax and minority interest of RM726K compared to profit after tax and minority interest of RM1,087K in Qtr 1 2008.

The slight decline in revenue of the Group was mainly attributed to the drop in sales in automotive sector, especially, Proton and Perodua in Manufacturing Division in current quarter compared to Qtr 1 2008.

The Group suffered a loss after tax and minority interest of RM726K compared to a profit after tax and minority interest of RM1,087K in Qtr 1 2008. The profit in the previous corresponding quarter was mainly contributed by the Environmental Services Division.

#### B2. Comment on Material Change in Results Against the Preceding Quarter

The Group's revenue decreased from RM29.72 million in Qtr 4 2008 to RM25.09 million in the current quarter was mainly attributed to the drop in sales in automotive sector, especially, Proton and Perodua in Manufacturing Division. Despite the higher revenue in Qtr 4 2008, the Group registered a higher loss before tax of RM1,940K compared to lower loss before tax of RM765K in current quarter mainly resulted by the higher provisioning of doubtful debts in Qtr 4 2008.

#### B3. Commentary on Prospect

With the uncertainties in the global economies, The Directors foresee that the operating environment of the Group remain challenging and competitive. However, the Group will continue to focus on the affirmative measures taken to minimize its impact.

As a mean of diversifying its risk profile arising from a focus on local markets, the Group will explore growth opportunities in the overseas market. The Group's Construction and Property Division will continue to focus its attention in penetrating the foreign markets albeit with a cautions tinge. Accordingly, the Group's Manufacturing Division has also strategized its business apart from consolidating new overseas operations in China and India, the Division is also actively developing new markets in Europe countries..

B4. Profit Forecast or Profit Guarantee

Not applicable.

B5. Income Tax Expense

	3 months ended	
	31.03.2009	31.03.2008
	RM'000	RM'000
<b>Continuing Operations:-</b>		
Current tax:		
Current period's provision	8	2

B6. Sale of Unquoted Investments and Properties

There is no sale of unquoted investments and / or properties during the quarter under review.

B7. Quoted Securities

There was no sale of quoted securities during the quarter under review.

B8. Status of Corporate Proposal

(a) Bumiputera Condition for Private Placement

The Company's private placement exercise representing up to 5,689,980 new ordinary shares of RM1.00 each in the Company, or equivalent to 10% of the enlarged issued and paid-up share capital of the Company, assuming full conversion of outstanding irredeemable convertible unsecured loan stocks ("Private Placement"), was approved by the Securities Commission ("SC") on 15 June 2004 subject to compliance with certain conditions.

One of the conditions of the SC's approval on the Private Placement is that the Company should allocate 30% of the placement shares to Bumiputera investors or increase its Bumiputera equity by 3.46% of the enlarged issued and paid-up share capital within two (2) years from the date of the implementation of the Private Placement, i.e. by 19 August 2006 ("Bumiputera Condition"). The SC had on 31 July 2006, approved an extension of time of one (1) year i.e. to 19 August 2007, for the Company to comply with the Bumiputera Condition.

Subsequently, SC vide its letter on 22 August 2007 had approved for a further extension of time of one (1) year i.e. to 19 August 2008, for the Company to comply with the Bumiputera Condition.

The Company had applied for further extension from SC and SC had vide its letter dated 7 August 2008, granted further extension of time of one (1) year i.e. up to 19 August 2009, for the Company to comply with the Bumiputera Condition.

B8. Status of Corporate Proposal (Cont'd)

- (b) Disposal of GRP Sdn Bhd by Kumpulan Jebco (M) Sdn Bhd, a wholly owned subsidiary of Kumpulan Jetson Bhd.

On 28<sup>th</sup> October 2008, Kumpulan Jebco (M) Sdn Bhd (“Vendor”), a wholly owned subsidiary of the Company, entered into a Share Sale Agreement (“SSA”) with SWHP Sdn Bhd (“Purchaser”) to dispose its 1,000,002 ordinary shares of RM1.00 each in GRP Sdn Bhd (“GRP”) (a wholly owned subsidiary of the Vendor) (“Shares”), representing 100% of the issued and paid up capital of GRP to the Purchaser at a cash consideration of RM1,751,207.00 (“Disposal”).

The completion of the Disposal is conditional on the fulfillment of the following Conditions Precedents (“CPs”) within three (3) months from the date of the SSA or mutually extended period or alternatively waived by the Purchaser. The completion shall take place upon due transfer of all but not part of the Shares from the Vendor to the Purchaser or its nominee (“Completion”).

CPs to be fulfilled are:

- (i) The Vendor and the Purchaser shall seek from the authorities the grant of all approvals necessary including the issuance or transfer of any licence to enable Completion lawfully to take place;
- (ii) The Purchaser procuring a letter of offer for a loan of not less than RM6.0 million from a financial institution to first redeem the various credit and banking facilities made available to GRP with an aggregate facility limit not exceeding RM6.65 million and thereafter to finance the working capital of GRP;
- (iii) Discharge satisfaction or payment in full by GRP of its indebtedness amounting to approximately RM1.6 million being the aggregate of the long term loan and business debt owing to the Vendor and/or its related companies;
- (iv) The Vendor and the Purchaser obtaining in writing the approval of Building Adhesive Ltd (Company No. 742637) of Longton Road Trentham Stoke on Trent ST4 8JB England to the sale of the Shares pursuant to the SSA; and
- (v) Agreement between the Vendor and the Purchaser on the terms of the assignment to GRP of the relevant registered and unregistered trade marks and names together with the goodwill of the business in which they are used.

On 14 January 2009, the Vendor had granted an extension of one month until 28 February 2009 to the Purchaser to comply with the CPs.

On 4 March 2009, the Vendor had decided to reject the Purchaser’s request for a second extension of time for the fulfillment of CPs in the Agreement and accordingly, rescinded the Agreement. The Agreement therefore terminated pursuant to the terms and conditions of the Agreement.

(c) Utilisation of Proceeds from Disposal of Environmental Services Division

The total proceeds raised by the Company from the disposal of the Environmental Services Division were RM30.7 million. The status of utilisation of the proceeds is as follows:

	Approved utilisation RM'000	Utilised as at 20 May 2009 RM'000	Balance yet to be utilised RM'000
Repayment of bank borrowings	25,900	24,933	967
Working capital of the Group	4,500	3,051	1,449
Expenses relating to the Disposal	300	171	129
	<u>30,700</u>	<u>28,155</u>	<u>2,545</u>

B9. Borrowings

The Group's borrowings at the end of the quarter under review:

- a) are secured by way of negative pledge, legal charge and / or corporate guarantees executed by the Company
- b) are segregated into short and long term as follows :

	RM'000
Short Term	31,706
Long Term	14,918

- c) are denominated in RM.

B10. Off Balance Sheet Financial Instruments

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

B11. Status of Material Litigation

- (a) The Company entered into a construction contract with Kumpulan Sepang Utama Sdn Bhd ("Respondent"). On July 2002, the project was suspended indefinitely and remains incomplete.

On 12 December 2002, the Company joined a winding up petition together with third parties and filed in action against the Respondent, pursuant to the recovery of the outstanding amounts due from the Respondent.

On 22 August 2003, the Company lodged a Debt General Form with Official Assignee and currently the case is under the Official Assignee.

B11. Status of Material Litigation (Cont'd)

- (b) The Company made various claims against Xin Yiap Project Consultants Sdn Bhd (formerly known as Xin Yiap Management Services Sdn Bhd) (“Xin Yiap”) by way of arbitration proceedings arising out of a construction contract in respect of superstructure works on 3 Blocks of 5-Storey Apartments for “Cadangan Skim Perumahan Di Atas Lot 2851, Mukim Cheras, Daerah Ulu Langat, Selangor” (“Project”). The Company was the contractor employed by Xin Yiap in that Project and the works were completed and a Certificate of Practical Completion was issued.

The works were completed later than the time stipulated in the contract due to events which caused delay and which form part of the disputes in the arbitration. The Company succeeded in obtaining the Arbitrator’s Award on 23 March 2004 and Xin Yiap failed in its counterclaim against the Company. The Arbitrator’s Award was challenged by Xin Yiap at the High Court

and the High Court set aside the Arbitrator’s Award. The Company has filed for an appeal at the Court of Appeal against the decision of the High Court. No hearing date has been fixed for the appeal as yet. The solicitors are of the opinion that the Company has a reasonably strong case to appeal.

B12. Dividend Payable

The Board has not proposed any dividend for the current period to date.



### B13. (Loss)/Earnings Per Share

#### (a) Basic

The calculation of basic (loss)/earnings per share is based on the net (loss)/earnings for the period attributable to ordinary equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period including the effect of mandatory conversion of ICULS which is required by FRS133.

	Current Quarter		Cumulative Quarter	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Loss from continuing operations attributable to ordinary equity holders of the parent (RM'000)	(726)	(911)	(726)	(911)
Profit from discontinued operation attributable to ordinary equity holders of the parent (RM'000)	-	1,998	-	1,998
(Loss)/earnings attributable to ordinary equity holders of the parent (RM'000)	<u>(726)</u>	<u>1,087</u>	<u>(726)</u>	<u>1,087</u>
Weighted average number of ordinary shares in issue ('000)	52,791	52,791	52,791	52,791
Increase in shares on conversion of ICULS ('000)	<u>6,393</u>	<u>6,393</u>	<u>6,393</u>	<u>6,393</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>59,184</u>	<u>59,184</u>	<u>59,184</u>	<u>59,184</u>

#### (b) Diluted

The Company has 17,004,000 warrants which could have potential dilutive effect on the earnings per share of the Company.

There is no dilution in the earnings per share of the Company as the market values of the above securities were lower than the exercise prices. Accordingly, there is no assumed full conversion of the securities to merit for adjusting for an increase in the number of ordinary shares which could result in a dilution of the Company's earnings per share.