

# 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 is 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

#### Period ended 30 September 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	12,651	4,615	62,947	-	-	80,213
Inter-segment revenue	44	-	-	-	(44)	-
Total revenue	12,695	4,615	62,947	-	(44)	80,213
Operating profit/(loss)	(425)	1,238	5,110	(1,178)	-	4,745
Financing expenses						(2,368)
Financing income						53
Profit before tax						2,430
Taxation						(183)
Profit after tax						2,247

### 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 30 September 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 of the Group have been brought forward without amendment from the financial statements for the year ended 31 December 2008 except for the freehold land and factory buildings. These were revalued by Rahim & Co, an independent professional valuer, based on the open market basis. Details of the latest independent professional valuations are as follows :-

<b>Date of valuation</b>	<b>Description of property</b>	<b>Valuation amount (RM)</b>
6 <sup>th</sup> August 2009	Freehold land and factory buildings	22,500,000.00

The valuation indicated that the Group's revalued properties have appreciated in value as compared to the net carrying amounts as at date of valuation. The difference has been accounted for as an increase in the revaluation reserve of the Group.

A10. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review except for the following :-

- (a) On 9<sup>th</sup> September 2009, the Company issued 10,000 ordinary shares of RM1.00 each arising from the conversion of ICULS; and
- (b) On 14<sup>th</sup> September 2009, the Company issued 272,000 ordinary shares of RM1.00 each arising from the conversion of ICULS.

A11. Changes in Composition of the Group

There was no change in the composition of the Group for the current quarter under review except for the following :-

Kumpulan Jebco (M) Sdn. Bhd. ("Jebco"), a wholly owned subsidiary of the Company, had on 13<sup>th</sup> August 2009 entered into an agreement with Weihai Xin San Yuan Electronic Device Assemble Co. Ltd. and Huge Jet Limited for the proposed incorporation of Sinn Jebco (Weihai) Technology Co. Ltd. ("Sinn Jebco") in Weihai, Shandong province of The People Republic of China, a joint venture private limited company with a total registered capital of USD3,000,000.00. Jebco has acquired 1,200,004 ordinary shares of USD1.00 each representing 40% issued and paid up share capital in Sinn Jebco resulting in Sinn Jebco becoming an Associate Company of the Company.

#### A12. Capital Commitments

The amount of commitments for the property, plant and equipment not provided for in the interim financial statements as at 30 September 2009 is as follows:

	RM'000
Approved and contracted for	87

#### 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 RM40.78 million as at 30 September 2009.

#### A14. Subsequent Events

There were no material events subsequent to the end of the current quarter except for the following :-

- (a) On 1<sup>st</sup> October 2009, the Company issued 16,000 ordinary shares of RM1.00 each arising from the conversion of ICULS;
- (b) On 7<sup>th</sup> October 2009, the Company issued 37,388 ordinary shares of RM1.00 each arising from the conversion of ICULS;
- (c) On 12<sup>th</sup> October 2009, the Company issued 129,700 ordinary shares of RM1.00 each arising from the conversion of ICULS;
- (d) On 14<sup>th</sup> October 2009, the Company issued 10,000 ordinary shares of RM1.00 each arising from the conversion of ICULS;
- (e) On 22<sup>nd</sup> October 2009, the Company issued 4,000 ordinary shares of RM1.00 each arising from the conversion of ICULS;
- (f) On 27<sup>th</sup> October 2009, the Company issued 33,400 ordinary shares of RM1.00 each arising from the conversion of ICULS;
- (g) On 29<sup>th</sup> October 2009, the Company issued 11,800 ordinary shares of RM1.00 each arising from the conversion of ICULS;
- (h) On 5<sup>th</sup> November 2009, the Company issued 2,300 ordinary shares of RM1.00 each arising from the conversion of ICULS;
- (i) On 11<sup>th</sup> November 2009, the Company issued 15,700 ordinary shares of RM1.00 each arising from the conversion of ICULS;
- (j) On 16<sup>th</sup> November 2009, the Company issued 24,000 ordinary shares of RM1.00 each arising from the conversion of ICULS; and
- (k) On 18<sup>th</sup> November 2009, the Company issued 20,400 ordinary shares of RM1.00 each arising from the conversion of ICULS.

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

B1. Performance Review

The Group posted slightly lower revenue of RM28.19 million in the current quarter compared to RM29.29 million in the previous corresponding quarter, representing a drop of 3.8%. The slight decline in revenue of the Group was mainly attributed to the lower sales recorded by Manufacturing Division in current quarter.

Despite the lower revenues, the Group registered profit before tax of RM2.14 million compared to a loss of RM0.64 million on the preceding corresponding quarter. Such improvement was mainly contributed by better gross profit margin recorded by the Group.

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

The Group’s revenue increased marginally from RM26.94 million in Qtr 2 2009 to RM28.19 million in the current quarter. Despite the marginal increase in revenue, the Group’s profit before tax posted an increase from RM1.068 million in Qtr 2 2009 to RM2.14 million in the current quarter under review. Such improvement was mainly resulted by the better gross profit margin recorded by the Group. In addition, tighter cost control measures implemented since the beginning of the year had further boosted the results of the Group.

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 to minimize its impact.

B4. Profit Forecast or Profit Guarantee

Not applicable.

B5. Income Tax Expense

	Current Quarter		Cumulative Quarter	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	RM’000	RM’000	RM’000	RM’000
<b>Continuing Operations:-</b>				
Current tax:				
Current period’s provision	170	39	183	48

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) 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 11 Nov 2009 RM'000	Balance yet to be utilised RM'000
Repayment of bank borrowings	25,900	25,900	-
Working capital of the Group	4,500	4,500	-
Expenses relating to the Disposal	300	174	126
	<u>30,700</u>	<u>30,574</u>	<u>126</u>

B9. Borrowings

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

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

	RM'000
Short Term	28,800
Long Term	13,021

- 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.

- (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. The Court Hearing date has been postponed until further notice. 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. Earnings/(Loss) Per Share

### (a) Basic

The calculation of basic earnings/(loss) per share is based on the net earnings/(loss) 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	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Profit/(Loss) from continuing operations attributable to ordinary equity holders of the parent (RM'000)	1,998	(747)	2,452	(1,573)
Profit from discontinued operation attributable to ordinary equity holders of the parent (RM'000)	-	-	-	15,086
Earnings attributable to ordinary equity holders of the parent (RM'000)	<u>1,998</u>	<u>(747)</u>	<u>2,452</u>	<u>13,513</u>
Weighted average number of ordinary shares in issue ('000)	53,126	52,791	52,895	52,791
Increase in shares on conversion of ICULS ('000)	<u>6,061</u>	<u>6,393</u>	<u>6,061</u>	<u>6,393</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>59,187</u>	<u>59,184</u>	<u>58,956</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.