

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

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### **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 FRS134: 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 2013. 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 2013.

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 2017. 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 2017. The Group and the Company will prepare their first MFRSs financial statements using MFRSs framework for the financial year ending 31 December 2017.

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

The auditors’ report on the financial statements for the year ended 31 December 2013 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 during the financial quarter under review.

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**A4. Segment Information**

Financial year ended 31 December 2014

<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>
Revenue from external customers	45,618	6,585	106,597	-	158,800
Inter-segment revenue	225	-	-	(225)	-
<b>Total revenue</b>	<b>45,843</b>	<b>6,585</b>	<b>106,597</b>	<b>(225)</b>	<b>158,800</b>
Operating (loss)/profit	(8,373)	1,951	3,986	-	(2,436)
Finance expenses					(3,666)
Finance income					192
Share of result of associates	(210)				(210)
Loss before taxation					(6,120)
Taxation					(1,561)
Loss after taxation					(7,681)

**A5. Changes in Estimates**

There were no changes in estimates that have had a material effect in the current quarter'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 year under review.

**A7. Dividends Paid**

No interim or final dividend was paid in the current year 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 2013.

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### A9. Debt and Equity Securities

- a) On 5 February 2014, the Company completed the subdivision of every one existing ordinary shares of RM1.00 each into two ordinary shares of RM0.50 each ("Share Split"). Following the completion of Share Split, the number of Company's share capital has increased from 85,483,506 to 170,967,012 shares listed on the Main Market of Bursa Malaysia Securities Berhad.
- b) KAF Investment Bank Berhad ("KAF") had on 16 January 2014 announced on behalf of the Board of Directors that the Company proposes to undertake a private placement of up to 17,096,701 new ordinary shares of RM0.50 each in the Company ("Placement Shares"), representing up to 10% of the issued and paid-up share capital of the Company ("Proposed Private Placement").

KAF had on 28 January 2014 announced on behalf of the Board of Directors that Bursa Malaysia Securities Berhad had vide its letter dated 27 January 2014, approved the Proposed Private Placement.

On 12 February 2014, KAF announced on behalf of the Board of Directors that the Ministry of International Trade and Industry had vide its letter dated 11 February 2014, approved the Proposed Private Placement.

KAF had on 9 May 2014 announced on behalf of the Board of Directors that the Company has fixed the issue price for the first tranche of the Proposed Private Placement comprising 5,000,000 Placement Shares at RM0.58 per Placement Share. The said issue price of RM0.58 per Placement Share represents a discount of approximately 2.64% from the five (5)-day volume weighted average market traded price of Jetson Shares up to and including 8 May 2014 of approximately RM0.5957 per Jetson Share.

Pursuant to the Proposed Private Placement of 5,000,000 Placement Shares, the new issued and paid-up capital of the Company after the Proposed Private Placement will be 175,967,012 ordinary shares at RM0.50 per share. The new shares were granted listing and quotation on 16 May 2014.

KAF had on 24 June 2014 announced on behalf of the Board of Directors that the Company has fixed the issue price for the second tranche of the Proposed Private Placement comprising 12,000,000 Placement Shares at RM0.52 per Placement Share. The said issue price of RM0.52 per Placement Share represents a premium of approximately 2.26% from the five (5)-day volume weighted average market traded price of Jetson Shares up to and including 23 June 2014 of approximately RM0.5085 per Jetson Share.

Pursuant to the Proposed Private Placement of 12,000,000 Placement Shares, the new issued and paid-up capital of the Company after the Proposed Private Placement will be 187,967,012 ordinary shares at RM0.50 per share. The new shares were granted listing and quotation on 3 July 2014.

The Board does not intend to place the remaining Placement Shares to potential investors. As a result, the Private Placement is deemed completed.

Apart from the above, there were no other issuance and repayment of debts and equity securities for the financial period to date.

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

- (a) On 22 July 2014, Jetson Development (Asia) Sdn. Bhd. ("JDA"), a wholly-owned subsidiary of the Company had entered into a Share Sale Agreement ("SSA") to dispose 14,572,034 ordinary shares of HK\$1.00 each in Asian Corporation Limited ("ACL"), representing 60% of the issued and paid-up share capital of ACL for a disposal consideration of HK\$8,500,000 (equivalent to RM3,524,950 based on the exchange rate of RM0.4147 to HK\$1). The disposal was completed upon signing of the SSA and subsequent to the disposal, the ACL Group, including Jetson (Yangzhou) Development Co. Ltd and Jebco Yangzhou Technology Co. Ltd ceased to be subsidiaries of JDA and became associate of JDA.
- (b) On 29 August 2014, Jetson Development Sdn. Bhd. ("JDSB"), a wholly-owned subsidiary of the Company, had acquired 2 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Senyuman Saujana Sdn. Bhd. ("SSSB"). Subsequent to the acquisition, SSSB became a wholly owned subsidiary of JDSB.
- (c) On 9 October 2014, JDSB had acquired two ordinary shares of RM1.00 each in Strategic Jewel Sdn. Bhd. ("SJSB"), representing the entire issued and paid-up share capital of SJSB. Subsequent to the acquisition, SJSB became a wholly-owned subsidiary of the Company.

There were no other changes in the composition of the Group during the financial year under review.

**A11. Capital Commitments**

	31.12.2014 RM'000	31.12.2013 RM'000
Approved and contracted for:-		
Investment in associate	2,967	2,967
Property, plant and equipment	178	2,212
	<u>3,145</u>	<u>5,179</u>
Approved and not contracted for:-		
Property, plant and equipment	-	1,528
	<u>-</u>	<u>1,528</u>

**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 RM90.87 million as at 31 December 2013 to RM82.18 million as at 31 December 2014.

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**A13. Subsequent Event**

Subsequent to the end of the financial year reported, Jetson Development Sdn. Bhd. ("JDSB"), a wholly-owned subsidiary of the Company had on 30 January 2015 subscribed four ordinary shares of RM1.00 each in Ara 2J Sdn. Bhd. Consequent upon the subscription, Ara 2J Sdn. Bhd. became a 40% owned associate of JDSB.

Other than above, there were no other material events subsequent to the end of the financial year reported.

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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 RM38.42 million in Q4 2014, which was RM17.35 million or 31% lower as compared to RM55.77 million in Q4 2013. Accordingly, the Group reported a pre-tax loss of RM1.78 million in Q4 2014 compared to pre-tax loss of RM0.57 million in Q4 2013.

The performance of the respective division for the current quarter is as follows:-

a) *Construction and Property Division*

The division recorded a revenue of RM10.65 million in current quarter, which was RM14.69 million lower than the corresponding quarter in previous year of RM25.34 million. The decrease in revenue was mainly due to the impact of termination of Ritz Corporate Suite project which lead to reversal of contract revenue of approximately RM1.71 million in current quarter compared to the RM9.20 million revenue recorded in Q4 2013. This contributed to the major reduction of revenue in current quarter. Furthermore, there was fewer projects in current quarter as compared to corresponding quarter in previous year.

As a result of lower contract revenue, the loss before tax was RM3.18 million, an increase of approximately RM2.26 million compared to Q4 2013. Lower gross profit margin recorded by current projects and higher operating expenses also contributed to the higher loss for the current quarter.

b) *Hostel Management Division*

The revenue for this division is marginally higher at RM1.954 million compared to RM1.946 million in Q4 2013.

Accordingly, the division achieved higher pre-tax profit of RM0.67 million compared to RM0.45 million reported in Q4 2013.

c) *Manufacturing Division*

Manufacturing division registered revenue of RM25.82 million in current quarter as compared to last year corresponding quarter of RM28.48 million, representing a reduction of RM2.66 million or 9.33%. This was due to lower demand for automotive parts in local market but mitigated by improvement in the revenue of pail business and adhesive and sealants business. Despite lower revenue, the division reported pre-tax profit of RM0.73 million in current quarter, an increase of RM0.83 million compared to the pre-tax loss of RM0.10 million in Q4 2013. This was mainly attributed to the deconsolidation of Asian Corporation Limited group of companies following the disposal of 60% stake in July 2014.

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

For the twelve months ended 31 December 2014, the Group's revenue was RM158.80 million, a decrease of RM62.32 million or 28% compared to the twelve months ended 31 December 2013. The Group reported pre-tax loss of RM6.12 million for the twelve months ended 31 December 2014 compared to pre-tax loss of RM4.43 million for the corresponding year ended 31 December 2013. Higher loss for the current year is mainly due to lower revenue achieved resulting lower gross profit. However, this has been mitigated by lower absorption of losses from China operation following the disposal of 60% interest in Asian Corporation Limited group of companies.

The performance of the respective divisions for the twelve months ended 31 December 2014 is analysed as follows:-

#### *a) Construction and Property Division*

Revenue for twelve months ended 31 December 2014 was RM45.62 million, a decrease of approximately 57% or RM61.02 million compared to the corresponding year ended 31 December 2013, which was recorded at RM106.64 million. This was mainly due to lesser projects and substantial reduction in revenue from Ritz Corporate Suite project as a result of termination of this project towards the end of the financial year. The revenue for last financial year was also boosted by the sales of Penang lands amounted to RM29 million.

As a result of lower revenue and higher expenses, pre-tax loss for the twelve months ended 31 December 2014 increased from RM5.95 million in previous year to RM9.75 million in the current year. Furthermore, loss in the preceding year was cushioned by the gain on disposal of 3 pieces of freehold lands in Penang.

#### *b) Hostel Management Division*

Hostel Management Division reported revenue of RM6.59 million for the twelve months ended 31 December 2014 compared to RM6.66 million in last financial year. This was mainly due to lower occupancy rate in the financial year under review.

However, pre-tax profit rose from RM0.95 million to RM1.14 million, an increase of RM0.19 million as a result of lower expenses and finance cost incurred for the financial year.

#### *c) Manufacturing Division*

Revenue for the division decreased slightly from RM107.81 million in the previous financial year to RM106.60 million for the current financial year. The reduction in revenue was due to lower demand for parts in the local automotive market. However, the impact has been mitigated by improvement in pail business as well as the sale of adhesive and sealant.

Following the disposal of 60% stake in Asian Corporation Limited group of companies during the year, the pre-tax profit of the division increased from RM0.57 million in the previous financial year to RM2.49 million as a result of lower absorption of losses. Improvement in performance was also driven by better gross profit margin achieved by the division as a result of cost reduction.

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

Compared to the immediate preceding quarter's results, the Group's revenue has decreased from RM42.69 million in Q3 2014 to RM38.42 million in the current quarter. Lower revenue was mainly due to reduction in contract revenue from construction division.

Despite lower revenue recorded in current quarter, the pre-tax loss for Q4 2014 was RM1.78 million as compared to RM1.92 million in the immediate preceding quarter mainly driven by the recognition of the foreign reserve as income following the deconsolidation of Asian Corporation Limited group of companies.

**B3. Commentary on Prospect**

Path ahead still remains "rocky" due to somewhat weak sentiment in the global economy. However, it is anticipated that local economy would stay resilient with the ongoing infrastructure and mega projects.

We should witness an increase in construction activities as a result of on-going and newly secured projects. At the same time, the division will continue to pursue for more projects in the building and curtain walling segment aggressively.

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

**B4. Profit Forecast or Profit Guarantee**

Not applicable.



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**B5. Loss before taxation**

	Individual quarter		Cumulative quarter	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Loss before taxation is arrived after charging/(crediting):-				
Amortisation of concession assets	467	467	1,868	1,868
Amortisation of land use rights	1	24	77	119
Depreciation of property, plant and equipment	987	1,043	3,408	3,293
Gain on disposal of subsidiary	(1,377)	-	(2,433)	-
Interest expense	959	865	3,666	3,288
Interest income	(101)	(132)	(192)	(166)
Inventories write back	(2)	-	(120)	-
Impairment loss on trade receivable	269	-	333	435
Reversal of impairment loss on trade receivable	-	(1,039)	-	-
Impairment loss on investment in associates	712	-	712	-
Loss on disposal of property, plant and equipment	5	-	26	10
Net loss/(gain) on foreign exchange exchange				
- realised	30	650	(13)	132
Net gain on foreign exchange exchange				
- unrealised	(382)	(347)	(24)	(384)
Plant and equipment written off	-	115	3	115

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**B6. Taxation**

	Individual quarter		Cumulative quarter	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Current tax:-				
Current period's provision	427	907	565	1,313
Under provision in prior year	59	99	147	99
	<u>486</u>	<u>1,006</u>	<u>712</u>	<u>1,412</u>
Deferred tax:-				
Current period's provision	492	875	532	1,096
Underprovision in prior year	317	289	317	289
	<u>809</u>	<u>1,164</u>	<u>849</u>	<u>1,385</u>
Tax expenses	<u>1,295</u>	<u>2,170</u>	<u>1,561</u>	<u>2,797</u>

**B7. Status of Corporate Proposal**

There are no corporate proposals announced but not completed as at 20 February 2015 (being the latest practicable date which is not earlier than 7 days from the date of this announcement).

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**B8. Borrowings**

**Borrowings**

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current :</b>		
Bank overdrafts	10,656	13,334
Revolving credits	3,778	2,000
Trust receipts and bankers' acceptance	14,311	19,130
Term loans	3,377	5,984
Finance lease payables	2,558	1,340
	<b>34,680</b>	<b>41,788</b>
<b>Non-current :</b>		
Term loans	25,763	28,471
Finance lease payables	5,958	2,861
	<b>31,721</b>	<b>31,332</b>

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

- a) Negative pledge over all the assets of certain subsidiaries;
- b) corporate guarantee from the Company;
- c) 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 part legal assignment of the rights, titles, benefits and proceeds of the privatisation agreement of the university hostel project;
- c) assignment of the rights, benefits, proceeds from/ under all insurance policies over the hostel building;
- d) property, plant and equipment pledged as collateral; and
- e) corporate guarantee from the Company.

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**B9. Off Balance Sheet Financial Instruments**

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

**B10. Status of Material Litigation**

- (a) Citarasa Haruman Sdn. Bhd. (“CHSB”), subsidiary of the Company, 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.

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, Pentadbir Tanah Kuala Selangor and Kerajaan Negeri Selangor 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.

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

Status of litigation is as follows:

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

On 16 October 2012, Menteri Besar Incorporation Berhad 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.

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.

(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 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.

The LRP is presently fixed hearing on 29 April 2015 and 30 April 2015.

The solicitors are of the view that:

- CHSB has an arguable case of demonstrating that it is entitled to compensation for the acquisition of the Land, on the basis that it is a 'person interested' within the meaning of the Act;

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

Status of litigation is as follows:

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

- The amount recoverable would be based on the valuers’ reports filed into Court by CHSB and LADKS;
- CHSB has a good arguable case in demonstrating that it is at the very least, entitled to compensation of the land cost of RM12 million as restitution of the contributions it had made on the Land prior to its acquisition.

(b) Notice of Amicable Settlement and Arbitration between Jetson Lucksoon Sdn. Bhd. (“JLSB”) and Vinci Construction Grands Projects Sdn. Bhd. (“VCGP”)

JLSB, a 80% owned subsidiary of the Company, had on 10 December 2014 served a Notice of Amicable Settlement and Arbitration (“Notice”) on VCGP pertaining to, amongst others, the disputes that have arisen between JLSB and VCGP in connection with or arising from the sub-contract works, namely design, supply, installation and completion of internal glazing and façade works – Package 1 and Package 2 (“Sub-Contract Works”) for the project which is known as “Basement, podium and corporate suites for the proposed development comprising of 3 levels basement car parks, 1 level reception lobby, 7 levels + 1 mezzanine level podium car parks, 1 level amenities & swimming pool and 1 block of 38 levels offices on Lots 43, 44, 133 & 135 Section 58, Kuala Lumpur”. The disputes between JLSB and VCGP includes the following:

- (i) VCGP’s failure and refusal to make payment for all amounts properly due and owing to JLSB, including but not limited to certified progress claims, variation orders and materials purchased and VCGP’s continuous conduct of under certifying of JLSB’s claims;
- (ii) VCGP’s unilateral and unlawful conduct in dealing directly with JLSB’s sub-contractors and suppliers without JLSB’s knowledge or consent including but not limited to making direct payments to JLSB’s sub-contractors and suppliers;
- (iii) VCGP’s unlawful interference with JLSB’s scope of works, including but not limited to unlawful procurement of materials purportedly on JLSB’s behalf and taking over of JLSB’s works when there was no basis for such intervention; and
- (iv) VCGP’s wrongful and unlawful deductions, set-offs and back charges without proper and valid justification and without taking into account all of the matters set out in the Notice, especially VCGP’s continued failure to recognise that both packages have been delayed due to VCGP’s failure to meet the financial commitments to JLSB.

Arising from the disputes set out in the Notice, the intended claims against VCGP is in the region of RM19,264,789.

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

- (b) Writ and Statement of Claim by Jetson Lucksoon Sdn Bhd ("JLSB"), a 80% owned subsidiary of the Company against Mr Cha Ti @ Cheah Tai ("1st Defendant"), Mr Woh Teng Sang ("2nd Defendant") and Lucksoon Metal Works Sdn Bhd ("3rd Defendant")

The Company had on 16 December 2014 announced that JLSB had on 16 December 2014 through its solicitors served a Writ and Statement of Claim filed by JLSB against 1st Defendant, 2nd Defendant and 3rd Defendant (collectively known as "Defendants") on the 1st Defendant. Service of the Writ and Statement of Claim is being carried out on the 2nd Defendant and 3rd Defendant.

According to the Writ and Statement of Claim, JLSB contends and will contend, amongst others, the following:

1. The 1st Defendant and/or 2nd Defendant were in breach of trust and confidence/fiduciary duties/duty of care and their employment in JLSB by the reason of, amongst other matters, as follows:
  - (i) The 1st Defendant and/or the 2nd Defendant, in requesting and agreeing to direct payments being made to JLSB's subcontractors and suppliers, including the 3rd Defendant, had acted against JLSB's interest and had compromised JLSB's rights and entitlements under the subcontract works to design, supply, install and complete internal glazing and façade works for Package 1 and Package 2 of a project known as "Basement, Podium and Corporate Suites for the Proposed Development Comprising of: 3 Levels Basement Car Parks, 1 Level Reception Lobby, 7 Levels + 1 Mezzanine Level Podium Car Parks, 1 Level Amenities & Swimming Pool and 1 Block of 38 Levels Offices on Lots 43, 44, 133 & 135 Section 58, Kuala Lumpur" ("Project") awarded by Vinci Construction Grands Projets Sdn Bhd ("Vinci") to JLSB ("Subcontract Works").
  - (ii) The 1st Defendant and/or 2nd Defendant had acted in conflict of interest with their duties and obligations as officers of JLSB given that the 1st Defendant and/or 2nd Defendant had placed their own interest and the interest of the 3rd Defendant before the interest of JLSB.
2. The 1st Defendant and/or 2nd Defendant, through the 3rd Defendant, were directly negotiating with Vinci to take over the Subcontract Works from JLSB, for the benefit of the 3rd Defendant.
3. The 3rd Defendant is the recipient of monies and benefits as a result of the conduct and actions of the 1st Defendant and/or 2nd Defendant as pleaded in the Statement of Claim.

JLSB's claim against the Defendants is, amongst others, the following:

- (i) Damages for breach of trust and confidence/fiduciary duties/duty of care and their employment in JLSB as against the 1st Defendant and 2nd Defendant;
- (ii) a declaration that the 3rd Defendant holds all profits and other remuneration achieved as a result of the breach of trust and confidence/fiduciary duties/duty of care and their employment in JLSB on trust for JLSB;

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

(b) Writ and Statement of Claim by Jetson Lucksoon Sdn Bhd ("JLSB"), a 80% owned subsidiary of the Company against Mr Cha Ti @ Cheah Tai ("1st Defendant"), Mr Woh Teng Sang ("2nd Defendant") and Lucksoon Metal Works Sdn Bhd ("3rd Defendant") (Cont'd)

- (iii) an account of all monies received or the value of the materials procured for the benefit and received by the 3rd Defendant under the Project, including any secret profits; and
- (iv) such further or other relief, including all further necessary or appropriate accounts, inquiries and directions.

On 19 January 2015, the Defendants have filed a Statement of Defence and Counter Claim against JLSB for the sum of RM478,144 and interest of 8% per annum from the date of this counter claim. Subsequently, application was filed by JLSB to stay the counterclaim pending arbitration. Defendants' counsels were directed to obtain their client's instruction as to whether LMWSB will be opposing the application on or before the hearing date. Hearing date is then fixed on 11 March 2015 for the disposal of the Application for Stay pending arbitration (if LMWSB intends to oppose).

**B11. Retained Profits**

The breakdown of the retained earnings of the Group as at 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Group		
- realised	(10,385)	1,718
- unrealised	672	1,825
	<u>(9,713)</u>	<u>3,543</u>
Total share of retained earnings from associate		
- realised	(210)	-
Less: Consolidation adjustments	5,943	(57)
	<u>(3,980)</u>	<u>3,486</u>

**B12. Dividend Payable**

No dividend has been recommended by the Board of Directors during the financial period ended 31 December 2014.



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**B13. Loss Per Share**

(a) Basic

Basic loss per share amounts are calculated by dividing loss for the financial year attributable to ordinary equity holders of the company by the number of ordinary shares in issue during the financial year.

	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to the owners of the Company	(2,870)	(2,733)	(7,466)	(7,792)
Adjusted weighted average number of ordinary shares in issue and issuable	187,967	85,483	171,904	84,324
Basic loss per share (sen)	(1.53)	(3.20)	(4.34)	(9.24)

\* Pursuant to MFRS 133, Earnings Per Share, the loss per share for the individual and cumulative quarter ended 31 December 2014 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.

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**B13. Loss Per Share (Cont'd)**

(b) Diluted

For the purpose of calculating diluted loss per share, the loss for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. detachable warrants ("Warrants").

	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to the owners of the Company	#	*	#	*
Weighted average number of ordinary shares in issue	#	*	#	*
Effect of dilution - Warrants 2014/2019	#	*	#	*
Adjusted weighted average number of ordinary shares in issue and issuable	#	*	#	*
Basic loss per share (sen)	#	*	#	*

# There is no dilution in the loss per shares of the Company as at 31 December 2014 as the market value of the above securities was lower than the exercise prices. Accordingly, full conversion of the securities would result in anti-dilution.

\* There is no dilution in the loss per shares of the Company as at 31 December 2013.