

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 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 2014. 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 2014.

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 2014 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 2015

Business Segments	Construction and Property RM'000	Hostel Management RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	55,366	6,710	113,971	-	176,047
Inter-segment revenue	3,107	-	-	(3,107)	-
Total revenue	58,473	6,710	113,971	(3,107)	176,047
Operating (loss)/profit	(4,671)	1,832	9,340	-	6,501
Finance expenses					(3,579)
Finance income					110
Profit before taxation					3,032
Taxation					(1,425)
Profit after taxation					1,607

A5. Changes in Estimates

There were no changes in estimates that have had a material effect in the current year'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 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 2014.

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A9. Debt and Equity Securities

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

A10. Changes in Composition of the Group

(a) On 4 March 2015, a wholly-owned subsidiary of the Company, namely Jetson Marketing Sdn. Bhd. ("Jetson Marketing") acquired 2 ordinary shares of RM1 each, representing the entire issued and paid-up share capital of Jetson Machinery Sdn. Bhd. ("Jetson Machinery") for a total cash consideration of RM2. Consequent thereupon, Jetson Machinery became a wholly-owned subsidiary of Jetson Marketing.

On 1 June 2015, the issued and paid-up capital of Jetson Machinery has been increased from RM2 to RM100 by way of allotment of 98 ordinary shares of RM1 each. Following the allotment, Jetson Machinery became a 51% owned subsidiary of Jetson Marketing.

(b) On 11 March 2015, JDSB subscribed 4 ordinary shares of RM1 each in Strategic Jewel Sdn. Bhd. ("SJSB"). Consequent to the subscription, SJSB became a 60% owned subsidiary of JDSB.

(c) On 2 April 2015, a 60% owned subsidiary of the Company, namely SJSB, entered into a share sale agreement ("SSA") with EBIC Development Sdn. Bhd. to acquire 5,143,005 ordinary shares of RM1 each representing of the entire issued and paid-up share capital of Homegrown Development Sdn. Bhd. ("HDSB") for total purchase consideration of RM4,184,318.48 ("Proposed Acquisition of HDSB"). The Proposed Acquisition of HDSB was completed on 10 August 2015. Following the completion of the Proposed Acquisition of HDSB, HDSB became a 60% owned subsidiary of the Company.

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

A11. Capital Commitments

	31.12.2015	31.12.2014
	RM'000	RM'000
Approved and contracted for:- Property, plant and equipment	3,380	396
Approved and not contracted for:- Property, plant and equipment	2	-

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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 RM80.75 million as at 31 December 2014 to RM71.16 million as at 31 December 2015.

A13. Subsequent Event

There were no 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 RM48.64 million in Q4 2015, an increase of RM9.96 million or 25.7% as compared to RM38.68 million in Q4 2014. Accordingly, the Group reported a lower pre-tax loss of RM0.10 million in Q4 2015 compared to RM1.87 million in Q4 2014.

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

a) *Construction and Property Division*

Revenue from the division for the current quarter under review amounted to RM17.40 million, which was RM6.38 million higher than the corresponding quarter in previous year of RM11.02 million. This is due to higher revenue contributed from existing Vsummer project and Damai 12 project.

The loss before tax recorded was RM2.52 million in Q4 2015, RM0.79 million lower compared to RM3.31 million in Q4 2014. Lower loss recorded by the division for the current quarter is due to higher revenue recorded and reduction in its operating expenses.

b) *Hostel Management Division*

The revenue reported in Q4 2015 was marginally higher at RM2.01 million compared to RM1.95 million reported in Q4 2014.

However, the division reported a lower pre-tax profit of RM0.49 million compared to RM0.67 million reported in Q4 2014 due to higher electricity charges incurred for the year.

c) *Manufacturing Division*

Manufacturing Division registered revenue of RM29.23 million in the current quarter compared to previous year corresponding quarter of RM25.71 million. The increase in revenue was mainly due to higher demand for pails and chemical products during the period.

The division achieved a higher pre-tax profit of RM1.93 million compared to the pre-tax profit of RM0.77 million a year ago. The improvement for the current quarter was driven by the better gross profit margin as a result of reduction in the price of certain raw materials while the results for Q4 2014 was also affected by the share of loss from its associated company in China which was subsequently fully disposed in early November 2015.

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B1. Performance Review (Cont'd)

For the twelve months ended 31 December 2015, the Group's revenue was RM176.05 million, an increase of RM16.99 million or 10.68% as compared to the twelve months ended 31 December 2014. Accordingly, the Group achieved a pre-tax profit of RM3.03 million as opposed to pre-tax loss of RM6.21 million for the corresponding year ended 31 December 2014.

The performance of the respective divisions for the twelve months ended 31 December 2015 is analysed as follows:-

a) *Construction and Property Division*

The division reported revenue of RM55.37 million, an increase of RM9.38 million or 20.4% compared to RM45.99 million in the last financial year. This is mainly due to higher revenue contribution from the existing projects namely Vsummer Place project as well as Damai 12 project.

Pre-tax loss for the twelve months ended 31 December 2015 was RM5.95 million which was lower by RM3.93 million or 39.78% compared to previous year corresponding period. Lower loss for the current year is due to higher revenue recognised and additional profits and loss of expense recognized from the finalisation of Ijok Alam Perdana project.

b) *Hostel Management Division*

Hostel Management Division reported revenue of RM6.71 million during the year as compared to RM6.59 million in the previous year.

Pre-tax profit recorded was slightly lower at RM1.12 million compared to RM1.14 million in last financial year, mainly due to higher operating cost.

c) *Manufacturing Division*

Revenue recorded for the division was RM113.97 million compared to RM106.49 million in the last financial year. This is mainly due to increase in revenue from the pail business and chemical products during the year.

Profit before taxation increased by approximately RM5.35 million from RM2.52 million in the 12 months ended 31 December 2014 to RM7.87 million in the same period for 2015. The improvement is mainly attributable to improvement in profit margin enjoyed by the chemical and pail businesses as well as lower absorption of losses from China operation following the disposal of 100% stake in Asian Corporation Limited group of companies in July 2014 and November 2015.

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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 grew by 24.81% from RM38.97 in Q3 2015 to RM48.64 in Q4 2015. The increase in revenue is due to higher revenue recognised from its construction projects while improvement in revenue was also recorded by the manufacturing and hostel management division.

Despite increase in the current quarter's revenue, profit dropped from RM0.52 million in the preceding quarter to loss of RM0.10 million in the current quarter. The drop in profit is mainly due to higher operating cost incurred and the recognition of foreign exchange losses for the current quarter.

B3. Commentary on Prospect

Local economy, moving forward, remain gloomy due to weakening ringgit and low crude oil prices. Its' sustainability is largely dependant on public and private consumption with the on-going infrastructure and mega projects.

The Group is continuing to aggressively pursue for more projects for it 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.

Riding on the weakening ringgit and low material prices, the manufacturing division will be aggressively strengthening its presence in the export market. Meanwhile, the division is also broadening its product base to accommodate for different market segments.

B4. Profit Forecast or Profit Guarantee

Not applicable.

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B5. Profit/(Loss) before taxation

	Individual quarter		Cumulative quarter	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation is arrived after charging/(crediting):-				
Amortisation of concession assets	467	467	1,868	1,868
Amortisation of land use rights	-	-	-	76
Depreciation of property, plant and equipment	955	981	3,920	3,402
Interest expense	912	885	3,579	3,592
Interest income	(37)	(101)	(110)	(192)
Inventories written off/(back)	94	83	125	(35)
Impairment loss on trade receivable	-	773	54	837
Impairment loss on other receivable	22	-	22	-
Gain on acquisition of a subsidiary company	-	-	(888)	-
Gain on disposal of an associate	(178)	-	(178)	-
Loss/(gain) on disposal of property, plant and equipment	93	(85)	(67)	(64)
Gain on disposal of subsidiary	-	(1,376)	-	(2,432)
Net (gain)/loss on foreign exchange				
- realised	490	(362)	(913)	(4)
- unrealised	108	46	(45)	3
Plant and equipment written off/(back)	1	(2)	1	1

B6. Taxation

	Individual quarter		Cumulative quarter	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Current tax:-				
Current period's provision	519	358	877	496
(Over)/under provision in prior year	(12)	59	84	147
	507	417	961	643
Deferred tax:-				
Current period's provision	(327)	546	304	586
Underprovision in prior year	160	322	160	322
	(167)	868	464	908
Tax expenses	340	1,285	1,425	1,551

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B7. Status of Corporate Proposal

On 2 April 2015, a 60% owned subsidiary of the Company, namely Strategic Jewel Sdn. Bhd. ("SJSB"), entered into a share sale agreement ("SSA") with EBIC Development Sdn. Bhd. to acquire 5,143,005 ordinary shares of RM1 each representing of the entire issued and paid-up share capital of Homegrown Development Sdn. Bhd. ("HDSB") for total purchase consideration of RM4,184,318.48 ("Proposed Acquisition of HDSB"). The Proposed Acquisition of HDSB was completed on 10 August 2015. Following the completion of the Proposed Acquisition of HDSB, HDSB became a 60% owned subsidiary of the Company.

On the even date, SJSB has also entered into sale and purchase agreement ("SPA") with HDSB and Welly City Sdn. Bhd. for proposed acquisition of a piece of land held under No. Hakmilik PM 78. Lot 1228, Mukim Ulu Kelang, Daerah Gombak, Kampong Klang Gates Bharu with an available land area measuring approximately 0.9965 hectares for a purchase consideration of RM8.5 million ("Proposed Acquisition of Property"). In consideration of the completion of the Proposed Acquisition of HDSB, all the parties agreed that in relation to the Proposed Acquisition of Property, the extended completion date which falls on 31 July 2015 ("Extended Completion Date") shall be extended for a further 3 months commencing on 1 August 2015 (i.e. the day immediately following the expiration of the Extended Completion Date) and expiring on 31 October 2015.

Other than above, there was no other corporate proposal announced but not completed as of 18 February 2016 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this announcement).

B8. Borrowings

	31.12.2015	31.12.2014
	RM'000	RM'000
Current :		
Bank overdrafts	8,110	10,657
Revolving credits	4,284	3,778
Trust receipts and bankers' acceptance	12,996	14,311
Term loans	4,608	2,505
Finance lease payables	2,590	2,567
	<hr/> 32,588	<hr/> 33,818
Non-current :		
Term loans	23,249	26,635
Finance lease payables	3,759	5,948
	<hr/> 27,008	<hr/> 32,583

The bank overdrafts, revolving credits, trust receipts and bankers' acceptances of the Group at the end of the year 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.

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B8. Borrowings (Cont'd)

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 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.

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"), a 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

B10. Status of Material Litigation (Cont'd)

(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, 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.

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.

On 20 April 2015, the Court of Appeal dismissed LBCN's appeal on 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 is now fixed for case management on 29 February 2016 for purposes of fixing hearing dates.

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B10. Status of Material Litigation (Cont'd)

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

(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.

On 12 March 2015, the Court of Appeal dismissed LADKS’s appeal in the Court of Appeal and on 7 April 2015, LADKS then filed an appeal in the Federal Court against the decision of the Court of Appeal.

LADKS lodged an appeal in the Federal Court. This matter is now fixed for case management on 29 February 2016 for purposes of fixing hearing dates.

The LRP is presently fixed for hearing on 26 April 2016 to 28 April 2016.

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B10. Status of Material Litigation (Cont'd)

- (b) Jetson Lucksoon Sdn. Bhd. (“JLSB”), a 80% owned subsidiary of the Company, had on 10 December 2014 served a Notice of Amicable Settlement and Arbitration (“Notice”) on Vinci Construction Grands Projets Sdn. Bhd. (“VCGP”) pertaining to, amongst others, the following 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 for the 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 and swimming pool and 1 block of 38 levels offices on Lots 43, 44, 133 & 135 Section 58, Kuala Lumpur” (“Sub-Contract Works”):
- (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 its financial commitments to JLSB.

JLSB filed the Request for Arbitration against VCGP on 13 April 2015 claiming a sum of RM22 million.

On 17 June 2015, VCGP served the Answer to the Request and Counterclaim and also a Request for Joinder, joining Kumpulan Jetson Berhad to the arbitration proceedings as the parent company of JLSB.

JLSB had on 21 July 2015 filed and served the Reply and Defence to Counterclaim and filed and served the Answer to the Request for Joinder on 27 July 2015. On 19 October 2015, the Tribunal dismissed VCGP’s request for Joinder.

On 26 October 2015, parties appeared before the Tribunal for a case management meeting wherein the Procedural Order 3 dated 27 October 2015 was issued in accordance with the agreement by all parties, as well as the Tribunal on the timetable of the arbitration.

On 20 November 2015, the parties submitted their respective List of Expert Issues.

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B10. Status of Material Litigation (Cont'd)

- (b) JLSB had on 16 December 2014 through its solicitors served a Writ and Statement of Claim filed by the Company against Mr Cha Ti @ Cheah Tai ("1st Defendant"), Mr Woh Teng Sang ("2nd Defendant") and Lucksoon Metal Works Sdn. Bhd. ("LMWSB" or "3rd Defendant") (collectively known as "Defendants") on the 1st Defendant. Service of the Writ and Statement of Claim had also been 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:

- (i) 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:
- (a) 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 Sub-Contract Works awarded by VCGP to JLSB.
- (b) 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.
- (ii) The 1st Defendant and/or 2nd Defendant, through the 3rd Defendant, were directly negotiating with VCGP to take over the Sub-Contract Works from JLSB, for the benefit of the 3rd Defendant.
- (iii) 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;
- (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 Sub-Contract Works, including any secret profits; and
- (iv) such further or other relief, including all further necessary or appropriate accounts, inquiries and directions.

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B10. Status of Material Litigation (Cont'd)

- (c) On 19 January 2015, the Defendants have filed a Statement of Defence and Counter Claim against JLSB for the sum of RM478,143.66 and interest of 8% per annum from the date of this counter claim. Subsequently on 4 February 2015, a Notice of Application was filed by JLSB to stay the Counterclaim proceedings pending arbitration.

The matters were fixed for case management on 9 February 2015 and 16 February 2015 to obtain directions from the Court regarding the Notice of Application dated 4 February 2015. The Court subsequently fixed the matter for hearing on 11 March 2015.

On 11 March 2015, the Defendants' solicitors informed the Court that the Defendants are ready to withdraw the Counterclaim and to make an amendment to the Statement of Defence. The Court ordered the Counterclaim to be struck out and the Notice of Application dated 4 February 2015 withdrawn. The Court had also ordered cost of RM2,000 to be paid by the Defendants to JLSB. The Defendants' solicitors had informed the Court that they will be making a formal application to amend the Statement of Defence.

Trial of the proceedings took place on 3 August 2015 to 5 August 2015 and all witnesses took the stand and parties accordingly closed their case. After the trial had completed, the Judge gave the following directions:-

- (i) parties to file Written Submissions by 28 August 2015;
- (ii) parties to file Reply Submissions by 7 September 2015;
- (iii) decision to be delivered on 17 September 2015 at 4.00 p.m..

On 5 October 2015, the High Court Judge dismissed JLSB's claim and awarded cost to be paid by the JLSB of (i) RM40,000 to the 1st and 3rd Defendants, and (ii) RM40,000 to the 2nd Defendant.

On 4 November 2015, JLSB filed a Notice of Appeal to appeal against the decision of the High Court Judge on 5 October 2015. Record of Appeal has been filed on 30 December 2015 in accordance to the Rules and Practice Direction.

- (d) On 8 April 2015, Jetson Construction Sdn. Bhd. ("JCSB") filed an Originating Summons ("OS") and Notice of Application ("NOA") for an order restraining LMWSB from acting in breach of the non-compete clause under the Shareholders' Agreements pending disposal of the arbitration proceedings vide Notice of Arbitration dated 6 April 2015 from JCSB.

On 20 April 2015, VCGP filed an application to intervene ("Application to Intervene") in these proceedings. Both NOA and Application to Intervene were fixed for hearing on 22 April 2015. Upon hearing the parties' counsels on 22 April 2015, the Court allowed VCGP's Application to Intervene with no order as to cost. The Court also refused to grant the Ad-Interim Injunction pending disposal of the OS at hearing proper.

At the hearing of the OS and NOA on 27 May 2015, the Court dismissed JCSB's OS and NOA for an interim injunction pending disposal of the arbitration on inter alia, the grounds that the balance of convenience lies in favour of not granting the injunction in that the defendants would suffer grievances and that damages were adequate remedy.

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B10. Status of Material Litigation (Cont'd)

- (d) By Notice of Arbitration dated 6 April 2015 above, JCSB commenced arbitration proceedings against LMWSB for inter alia, a declaration that LMWSB has engaged in business or entered into transactions/contracts that are in direct competition with the business undertaken by JLSB of the Shareholders' Agreement, without prior written consent of JCSB.

On 20 May 2015, JCSB requested the Kuala Lumpur Regional Centre for Arbitration for the appointment of a sole arbitrator and on 28 May 2015, an arbitrator was appointed.

Pursuant to Procedural Orders and Direction No. 1 ("Procedural Order") dated 3 July 2015, orders and directions were made by the Arbitration in respect of the arbitration proceedings.

Pursuant to paragraph 6.1 of the Procedural Order and the Variation of the Procedural Order granted by the Arbitrator on 8 August 2015, JCSB delivered the Statement of Claim on 17 August 2015. On 5 October 2015, LMWSB delivered the Statement of Defence and Counterclaim. On 12 November 2015, JCSB delivered the Statement of Reply and Defence to Counterclaim. On 22 December 2015, LMWSB submitted the Respondent's Reply to Defence to Counterclaim. On 17 February 2016, the parties submitted the request to produce.

B11. Retained Profits

The breakdown of the retained earnings of the Group as at 31 December 2015 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.

	31.12.2015	31.12.2014
	RM'000	RM'000
Total retained earnings of the Group		
- realised	(9,702)	(8,376)
- unrealised	210	584
	<hr/>	<hr/>
	(9,492)	(7,792)
Less: Consolidation adjustments	7,286	3,729
	<hr/>	<hr/>
	(2,206)	(4,063)
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B12. Dividend Payable

No dividend has been recommended by the Board of Directors during the financial period ended 31 December 2015.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

B13. Earnings /(Loss) Per Share

(a) Basic

Basic earnings /(loss) per share amounts are calculated by dividing earnings /(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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit attributable to the owners the Company	(403)	(2,953)	1,850	(7549)
Adjusted weighted average number of ordinary shares in issue and issuable	187,967	187,967	187,967	171,904
Basic earnings/(loss) per share (sen)	(0.21)	(1.57)	0.98	(4.40)

* Pursuant to MFRS 133, Earnings Per Share, the profit /(loss) per share for the individual and cumulative quarter ended 31 December 2015 and 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.

(b) Diluted

For the purpose of calculating diluted earnings /(loss) per share, the profit /(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").

There is no dilution in the profit per share of the Company as at 31 December 2015 and 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.