A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

A1. Basis Of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirement of MFRS 134: 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 financial year ended 31 December 2018. These explanatory notes attached to the interim financial statements provide explanation of events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2018, except for the adoption of the following Malaysian Financial Reporting Standards ("MFRSs") and amendments to MFRS for financial periods beginning on or after 1 January 2019:-

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015-2017 Cycle	

As at the date of authorisation of the interim financial report, the following new MFRSs, amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been adopted by the Group:-

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements

A1. Basis Of Preparation (Cont'd)

Effective for financial periods beginning on or after 1 January 2020 (Cont'd)

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 132	Intangible Assets-Web Site Costs

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will adopt the above pronouncement when they become effective in the respective financial periods. The impact of the above accounting standards, amendments to accounting standards and interpretation effective during the financial period is not expected to have any significant impact to the financial results and position of the Group.

A2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2018 was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

The Group's operations were not materially affected by any seasonality or cyclicality for the financial period under review.

A4. Unusual Items Due To Their Nature, Size Or Incidence

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

A5. Changes In Estimates

There were no changes in estimates used for accounting estimates which may have a material effect for the current financial period under review.

A6. Debt And Equity Securities

There were no issuance and repayment of debts and equity securities for the financial period except for the issuance of 2,000,000 new ordinary shares at an issue price of RM0.21 per share via second tranche of the private placement. The details of the private placement are disclosed in Note B7 below.

A7. Dividends Paid

There were no dividend paid by the Company since the end of previous financial year.

A8. Segment Information

Segmental information for the 12 months ended 31 December 2019:

Business Segments	Construction and Property RM'000	Hostel Management RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
External sales	33,415	9,561	132,310	-	175,286
Inter-segment revenue	1,360	-	-	(1,360)	-
Total revenue	34,775	9,561	132,310	(1,360)	175,286
Operating (loss)/profit	(5,932)	4,584	4,330	-	2,982
Impairment losses					(2,957)
Finance costs					(3,769)
Interest income					126
Loss before tax					(3,618)
Tax expense					(2,649)
Loss after tax					(6,267)
Assets					
Segment assets	261,923	19,845	135,950	(197,287)	220,431
Liabilities					
Segment liabilities	138,505	16,834	92,288	(107,267)	140,360

A8. Segment Information (Cont'd)

Segmental information for the 12 months ended 31 December 2018:

Business Segments	Construction and Property RM'000	Hostel Management RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
External sales	53,636	6,790	133,203	-	193,629
Inter-segment revenue	1,342	-	-	(1,342)	-
Total revenue	54,978	6,790	133,203	(1,342)	193,629
Operating (loss)/profit	(10,547)	920	6,267	-	(3,360)
Impairment losses					(1,545)
Finance costs					(3,565)
Interest income					225
Loss before tax					(8,245)
Tax expense					(1,970)
Loss after tax					(10,215)
Assets					
Segment assets	244,292	20,227	130,843	(185,416)	209,946
Liabilities					
Segment liabilities	129,466	17,772	88,417	(111,677)	123,978

A9. Valuation Of Property, Plant And Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual financial statements.

A10. Subsequent Event

On 21 January 2020, the issued and paid up capital of Jebplus Sdn. Bhd. ("JPSB") has been increased from RM3,500,000 to RM5,500,000 following allotment of 2,000,000 new ordinary shares at an issue price of RM1.00 per shares to the Company. Consequently thereupon JPSB remain a wholly-owned subsidiary of Kumpulan Jebco (M) Sdn Bhd ("KJMSB").

Other than as disclosed above, there were no material events subsequent to the end of the reporting period that have not been reflected in these interim financial statements.

A11. Changes In Composition Of The Group

On 22 January 2019, Jetson Construction Sdn. Bhd. ("JCSB ") had transferred its entire 5,000,000 ordinary shares held in Jetson Development Sdn Bhd ("JDSB") to the Company. Consequent thereupon, JDSB became a direct wholly-owned subsidiary of the Company.

On 8 February 2019, the issued and paid-up capital of JCSB has been increased from RM40,000,000 to RM60,000,000 following the allotment of 20,000,000 new ordinary shares at an issue price of RM1.00 per share to the Company. Consequent thereupon, JCSB remained a wholly-owned subsidiary of the Company.

A11. Changes In Composition Of The Group (Cont'd)

On 12 March 2019, JDSB, a wholly-owned subsidiary had acquired 10 ordinary shares, representing the entire issued shares in Jeb Rail Sdn Bhd ("JRSB") (formerly known as Ara 2J Sdn Bhd) for a total consideration of RM10.00. Consequent thereto, Ara 2J, a company incorporated in Malaysia with the issued and paid-up capital of RM10.00 divided into 10 ordinary shares became a wholly-owned subsidiary of JDSB.

On 21 March 2019, the issued and paid-up capital of Jetson Development (Asia) Sdn Bhd ("JDASB") has been increased from RM5,000,000 to RM17,828,220 following the allotment of 12,828,220 new ordinary shares at an issue price of RM1.00 per share by way of capitalisation the sum of RM12,828,220, being amount owing by JDASB to JCSB and the Company amounting to RM9,232,420 and RM3,595,800 respectively. Consequently thereto, JDASB became a 79.83% owned subsidiary of JCSB.

On 26 September 2019, a wholly-owned subsidiary of the company, namely JDSB disposed of it 4 ordinary shares held in JRSB, representing 40% of the total number of issued shares of JRSB for a disposal consideration of RM4.

On 1 November 2019, Jetson Builders Limited, a wholly-owned subsidiary of JCSB has been dissolved via voluntary strike-off.

On 12 December 2019, Jebco Manufacturing Sdn Bhd ("JMSB") had transferred its entire 2,000,000 ordinary shares held in JPSB to KJMSB. Consequently thereupon, JPSB becomes wholly-owned subsidiary of KJMSB.

On 27 December 2019, the issued and paid-up capital of JPSB has been increased from RM2,500,000 to RM3,500,000 following the allotment of 1,000,000 new ordinary shares at an issue price of RM1.00 per share by way of offsetting against amount owing to KJMSB. Consequent thereupon, JPSB remained a wholly-owned subsidiary of the Company.

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

A12. Capital Commitments

	As at 31 Dec 2019 RM'000	As at 31 Dec 2018 RM'000
Approved and contracted for:-		
Property, plant and equipment	5,023	2,616
Approved and not contracted for:-		
Property, plant and equipment	-	-

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 increased from RM11.08 million as at 31 December 2018 to RM15.81 million as at 31 December 2019.

A14. Related Party Transactions

	12 Months Ended	
	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Transaction with a company in which a Director of the Company is a member:		
- Professional fees	25	154
Transaction with a Director of the Company:		
- Consultation fees	46	-

The Board of Directors, save for the interested directors is of the opinion that all transactions between the Group and the interested directors are at arm's length basis and on terms not more favourable to the related party than those generally available to the public.

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

B1. Financial Review For The Current Quarter

	Revenue		Operating Results	
Operating segment	Current Year Quarter 31 Dec 2019 RM'000	Preceding Year Corresponding Quarter 31 Dec 2018 RM'000	Current Year Quarter 31 Dec 2019 RM'000	Preceding Year Corresponding Quarter 31 Dec 2018 RM'000
Construction and Property	8,640	18,487	(1,780)	(4,279)
Hostel Management	2,214	1,910	584	75
Manufacturing	34,328	34,864	237	1,789
Elimination	(344)	(389)	-	-
	44,838	54,872	(959)	(2,415)
Impairment losses			(2,957)	(1,545)
Finance costs			(995)	(954)
Interest income			44	32
Loss before tax			(4,867)	(4,882)

The Group recorded revenue of RM44.838 million for current quarter, a decrease of RM10.034 million or 18.29% compared to preceding year's corresponding quarter of RM54.872 million mainly due to decrease in revenue from Construction and Property Division. The Group incurred operating loss of RM0.959 million in current quarter compared to RM2.415 million in preceding year corresponding quarter, mainly due lower operation loss from Construction and Property Division.

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

a) Construction and Property Division

The division generated total revenue of RM8.640 million, which was RM9.847 million lower compared to the corresponding quarter of RM18.487 million. Revenue for the quarter was mainly contributed by the division's existing ongoing projects which include construction of infrastructure projects namely SUKE Highway project and MEX II Highway bridgeworks, building and external works namely Isola project, its property development activities at Taman Melawati and refurbishment work.

B1. Financial Review For The Current Quarter (Cont'd)

a) Construction and Property Division (Cont'd)

The division's operating loss for the current quarter decrease to RM1.780 million from RM4.279 million in preceding year corresponding quarter mainly due to other income earned during the current quarter.

b) Hostel Management Division

There was an increase in revenue for the quarter by RM0.304 million from RM1.910 million in preceding year corresponding quarter to RM2.214 million reported in the current quarter.

The division reported higher operating profit of RM0.584 million as compared to operating profit of RM0.075 million in the preceding year corresponding quarter mainly due to other income on deposit forfeited generated during the quarter.

c) Manufacturing Division

Manufacturing Division registered total revenue of RM34.328 million in the current quarter, which was RM0.536 million lower than the preceeding year corresponding quarter of RM34.864 million. The decrease in revenue was mainly due to lower sales in automotive industries.

The division reported operating profit of RM0.237 million as compared to RM1.789 million in the preceding year corresponding quarter. Lower operating profit in the current quarter was mainly due to there were higher operating expenses in automotive industries and lower sales of higher margin product in chemical industries.

B2. Financial Review For The Current Quarter Compared With Immediate Preceding Quarter

	Revenue		Operating Results	
	Current Year Quarter	**Immediate Preceeding Quarter**	**Current Year Quarter**	**Immediate Preceeding Quarter**
	31 Dec 2019	**30 Sep 2019**	**31 Dec 2019**	**30 Sep 2019**
Operating segment	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Construction and Property	8,640	9,746	(1,780)	(489)
Hostel Management	2,214	1,301	584	432
Manufacturing	34,328	31,939	237	1,211
Elimination	(344)	(343)	-	-
	44,838	42,643	(959)	1,154
Impairment losses			(2,957)	
Finance costs			(995)	(907)
Interest income			44	63
(Loss)/Profit before tax			(4,867)	310

The Group's revenue marginally increased from RM42.643 million in the immediate preceding quarter to RM44.838 million in the current quarter. The increase in revenue was mainly due to higher contribution from Manufacturing division.

B2. Financial Review For The Current Quarter Compared With Immediate Preceding Quarter (Cont'd)

The Group recorded an operating loss of RM0.959 million as compared to operating profit of RM1.154 million in the immediate preceding quarter mainly due to additional construction cost incurred in Construction and Property Division and higher cost in operating expenses in automotive industries from Manufacturing Division.

B3. Commentary On Prospect

According to Bank Negara Malaysia, the global economy continues to expand at a moderate pace. Latest indicators and the recent dissipation of trade tensions point to improving global trade activity. Monetary easing across major economies in the second half of 2019 has helped ease financial conditions, and is expected to continue to support economic activity. However, downside risks remain due to geopolitical tensions and policy uncertainties in a number of countries. This could cause a resurgence of financial market volatility and weigh on the global growth outlook.

For the Malaysian economy, Bank Negara Malaysia forecasted that the economy growth in 2020 to gradually improve (from the modest growth in 2019) with continued support from household spending and better export performance. Overall investment activity is expected to record a modest recovery, underpinned by ongoing and new projects, both in the public and private sectors. However, downside risks to growth remain. These include uncertainty from various trade negotiations, geopolitical risks, weaker-than-expected growth of major trade partners, heightened volatility in financial markets, and domestic factors that include weakness in commodity-related sectors and delays in the implementation of projects.

In addition, the recent outbreak of Coronavirus (Covid-19) originated in China and now affected countries outside China is a major concern, where the true extend its impact and downside risk has yet been fully assessed will pose further challenges and downside risks to businesses, moving forward.

The Manufacturing Division will continue to be the main revenue driver for the Group. During 2019, the Anti-Vibration Division had entered into several technical collaborations and cooperation agreements with Ningbo Tuopu Automobile Parts Co Ltd, a leading automotive OEM from China and Sumitomo Riko Company Limited, a global automotive OEM based in Japan – both in relation to development of anti-vibration products for automotive industry. We also entered into technical partnership with China Academy of Railways Science ("CARS" – China's only comprehensive research institute with multi-disciplines and multi-specialties in railway industry) for development of products for the railways industry. The Anti-Vibration Division is also involved in the developments of anti—vibration parts for new car models for Perodua and Proton, where production is expected to roll out in 2020. All the aforesaid new technical collaborations will enable the Anti-Vibration Division to not only further expand its products base (by joint development of new products) but at the same time allow the Division to penetrate into new export markets especially in US, Europe and China, that will contribute positively to revenue.

In the meantime, the Chemical Division successfully secured a new manufacturing licensing and distribution rights from a leading manufacturer from Australia. These are certified environmentally friendly household & hospitality cleaning chemicals, personal care & hygiene cleaning solutions, industrial cleaners and degreasers, industrial cleaners for use in oil & gas industry. Manufacturing and marketing of these new products for Malaysian market is expected to commence in second half of 2020 before being expanded to other countries in South East Asia.

B4. **Profit Forecast**

Not applicable as no profit forecast was published.

B5. **Loss Before Tax**

	Individual quarter		Cumulative quarter	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived after charging/(crediting):-				
Amortisation of concession right	634	466	2,053	1,867
Amortisation of right-of-use asset	702	-	703	-
Bad debts written off	-	13	-	13
Contract asset written off	-	1,633	-	1,633
Depreciation of property, plant and equipment	1,415	1,570	6,034	5,856
Dividend income	-	(2)	-	(2)
Fair value gain on short term investment	-	(2)	-	(2)
Gain on disposal of property, plant and equipment	-	(21)	(62)	(69)
Gain on disposal of subsidiary	-	(431)	(3)	(431)
Goodwill on consolidation written off	-	-	14	-
Impairment loss on concession right	2,081	-	2,081	-
Impairment loss on investment in associate	452	260	452	260
Impairment loss on other receivables	-	476	-	476
Impairment loss on trade receivables	353	724	424	809
Interest expense	995	954	3,769	3,565
Interest income	(44)	(32)	(126)	(225)
Inventories written back	(115)	(40)	(115)	(40)
Inventories written down	7	82	7	87
Prepayment written off	-	39	-	39
Property, plant and equipment written off	1,129	3	1,155	4
Reversal for slow-moving inventories	2	13	-	-
Additions of impairment loss on trade receivable	-	-	-	-
Additions /(Reversal) of impairment loss on trade receivable	(15)	53	(33)	(80)
(Gain)/Loss on foreign exchange:				
- realised	103	(43)	231	391
- unrealised	3	141	89	(140)

B6. Tax Expense

	Individual quarter		Cumulative quarter	
	31 Dec 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Income tax:-				
Based on result for current quarter	(1,046)	(552)	(1,458)	(973)
(Over)/Under provision in prior year	(52)	86	(37)	(117)
	(1,098)	(466)	(1,495)	(1,090)
Deferred tax:-				
Origination of temporary differences	(881)	(621)	(1,154)	(755)
Underprovision in prior year	-	(125)	-	(125)
Tax expense	(1,979)	(1,212)	(2,649)	(1,970)

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

B7. Status Of Corporate Proposal

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

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

i) The Company and KAF must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") pertaining to the implementation of the Proposed Private Placement;

ii) The Company and KAF to inform Bursa Securities upon the completion of the Proposed Private Placement;

iii) The Company and KAF to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed;

iv) If relevant, the Company to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders at the Company's forthcoming annual general meeting for the authority to issue shares pursuant to the Companies Act, 2016 before the listing of the Placement Shares;

v) KAF must submit to Bursa Securities the placee's details in accordance with Paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the Placement Shares; and

vi) If applicable, payment of additional listing fee based on the final issue price of the Placement Shares together with a copy of the details of the computation of the amount of listing fees payable.

B7. Status Of Corporate Proposal (Cont'd)

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

Pursuant to the first tranche of the Proposed Private Placement, 2,900,000 new ordinary shares were issued on 21 November 2018 and listed on the main market of Bursa Securities on 23 November 2018.

KAF had on 10 December 2018 announced that KAF had, on 10 December 2018, submitted an application to Bursa Securities to seek an extension of time of six (6) months from 9 January 2019, on which the approval of Bursa Securities for the Proposed Private Placement granted on 9 July 2018 would lapse, for the Company to implement the Proposed Private Placement.

Bursa Securities had, vide its letter dated 14 December 2018, resolved to grant the Company an extension of time of six (6) months until 9 July 2019 for the Company to implement the Proposed Private Placement.

KAF had on 27 December 2018 further announced that the Company has fixed the issue price for the second tranche of the Proposed Private Placement comprising 2,000,000 Placement Shares at RM0.21 per Placement Share. The said issue price of RM0.21 per Placement Share represents a premium of approximately 18.31% from the five (5)-day volume weighted average market price of Jetson Shares up to and including 26 December 2018 of approximately RM0.1775 per Jetson Share.

Pursuant to the second tranche of the Proposed Private Placement, 2,000,000 new ordinary shares were issued on 8 January 2019 and listed on the main market of Bursa Securities on 9 January 2019.

KAF had on 19 June 2019 announced that KAF had, on the same day, submitted an application to Bursa Securities to seek an extension of time of six (6) months from 9 July 2019, on which the approval of Bursa Securities for the Private Placement granted on 14 December 2018 would lapse, for the Company to implement the Private Placement.

Bursa Securities had, vide its letter dated 27 June 2019, resolved to grant the Company an extension of time until 9 January 2020 for the Company to implement the Private Placement.

KAF had on 13 December 2019 announced that KAF had, on the same day, submitted an application to Bursa Securities to seek an extension of time of six (6) months from 9 January 2020, on which the approval of Bursa Securities for the Private Placement granted on 27 June 2019 would lapse, for the Company to implement the Private Placement.

Bursa Securities had, vide its letter dated 23 January 2020, resolved to grant the Company an further extension of time until 9 July 2020 for the Company to implement the Private Placement.

Other than the above, there were no other corporate proposal announced but not completed as at 20 February 2020 (being the latest practicable date which is not earlier than 7 days from the date of this report).

B8. Group Borrowings

	As at 31 December 2019		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
Bank overdrafts	-	12,593	12,593
Trust receipts and bankers' acceptance	-	23,562	23,562
Term loans	16,733	7,812	24,545
Finance lease payables	4,096	3,563	7,659
	20,829	47,530	68,359

	As at 31 December 2018		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
Bank overdrafts	-	13,199	13,199
Trust receipts and bankers' acceptance	-	19,136	19,136
Term loans	18,412	4,981	23,393
Finance lease payables	3,516	3,730	7,246
	21,928	41,046	62,974

a) The Group's total borrowing as at 31 December 2019 was RM68.359 million, an increased of RM5.385 million compared to preceding year correspondence quarter.

b) The Group does not have any borrowings denominated in foreign currency.

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) Kuala Lumpur High Court Suit No. WA-22NCvC-447-08/2017
Jetson Construction Sdn Bhd-vs-MCC Overseas (M) Sdn Bhd

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

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

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

B10. Status Of Material Litigation (Cont'd)

(a) Kuala Lumpur High Court Suit No. WA-22NCvC-447-08/2017
Jetson Construction Sdn Bhd-vs-MCC Overseas (M) Sdn Bhd (Cont'd)

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

(i) a declaration that the termination of the Sub-Contract is unlawful and in breach of the terms of the letter of award dated 16 June 2017 issued by the Defendant;

(ii) an order that the Defendant do pay the Plaintiff damages for expenses incurred by the Plaintiff in the sum of RM792,659.83; and

(iii) an order that the Defendant do pay the Plaintiff damages in the form of loss of profit in the sum of RM55,231,602.16.

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

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

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

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

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

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

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

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

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

B10. Status Of Material Litigation (Cont'd)

(a) Kuala Lumpur High Court Suit No. WA-22NCvC-447-08/2017
Jetson Construction Sdn Bhd-vs-MCC Overseas (M) Sdn Bhd (Cont'd)

The Defendant had filed an application to amend their defence. This was heard before the Judge on 3 December 2018 and dismissed with costs of RM5,000 to be paid by the Defendant to JCSB. The trial was commenced on 3, 4 and 6 December 2018 and parties were directed to file written submissions. As such, parties filed written submissions on 28 January 2019 and submissions in reply on 4 February 2019. The Court shall write to inform parties when a decision is ready to be delivered.

On 29 May 2019, the Court dismissed both the claim by JCSB and the counterclaim by MCC. The Court awarded RM10,000 costs to be paid by JCSB to MCC.

Subsequently, JCSB had filed the Notice of Appeal to the Court of Appeal against the entire dismissal of the Plaintiff's claim therein on 4 June 2019.

The Court has fixed 11 September 2019 as the next case management wherein JCSB is to file the records of appeals by 26 August 2019.

On 4 June 2019, JCSB filed an appeal to the Court of Appeal against the High Court's decision. The matter is currently pending at the Court of Appeal as a Hearing date has yet to be fixed. A case management is fixed on 12 March 2020 for parties to fix a Hearing date.

(b) Kuala Lumpur Originating Summons No. WA-24C-266-12/2019
Jetson Construction Sdn Bhd-vs-Skyscape Industries Sdn Bhd

On 2 June 2017, Jetson Construction Sdn Bhd ("JCSB"), a wholly-owned subsidiary of the Company engaged Skyscape Industries Sdn Bhd ("Skyscape") as a second tier sub-contractor for the construction and completion of the site clearing works, earthworks, drainage works, roadworks and RC Structural Works ("the Works") for Project Penswastaan Lebuhraya Bertingkat Sungai Besi-Ulu Kelang Package CB5 - Construction and Completion of the Mainline and other associated works from CH21200 to CH24000 ("the Project") in consideration of a contract sum of RM91,900,000.00 ("Sub-Contract").

On 24 May 2019, Skyscape served a payment claim on JCSB pursuant to Construction Industry Payment and Adjudication Act 2012 ("CIPAA") wherein Skyscape claimed for a sum of RM478,959.33 which Skyscape alleged to be payments due pursuant to two (2) payment certificates under the Sub-Contract ("the Adjudication Proceedings")

Thereafter, the following documents were served in the Adjudication Proceedings:

(i) JCSB served the Payment Response on 11 June 2019;
(ii) Skyscape served an Adjudication Claim dated 1 August 2019;
(iii) JCSB served an Adjudication Response dated 16 August 2019;
(iv) Skyscape served an Adjudication Reply dated 23 August 2019.

B10. Status Of Material Litigation (Cont'd)

(b) Kuala Lumpur Originating Summons No. WA-24C-266-12/2019
Jetson Construction Sdn Bhd-vs-Skyscape Industries Sdn Bhd (Cont'd)

The adjudicator then issued a decision dated 14 October 2019 whereby the Skyscape's claim was allowed and JCSB was to pay the Skyscape as follows:

(i) the Adjudicated Sum in the sum of RM478,959.33;
(ii) the Total Adjudicated Proceeding Costs in the sum of RM70,370.75; and
(iii) 5% interest in the sum of RM23,882.35.

On 6 December 2019, JCSB also filed the abovementioned Originating Summons to set aside the Adjudication Decision ("the Setting Aside OS")

On 11 December 2019, Jetson also filed an application to stay the abovementioned Adjudication Decision pending the disposal of the Setting Aside OS.

On 27 December 2019, the Court allowed JCSB's Stay Application and ordered that the sum of RM574,974.07 being the sum pursuant to the Adjudication Decision be deposited with Messrs Arthur Wang, Lian & Associates ("the Defendant's Solicitors") as stakeholders pending the disposal of the Setting Aside OS.

The sum of RM574,974.07 was deposited with Skyscape's Solicitors as stakeholders on 6 January 2020.

The Setting Aside OS is currently fixed for Hearing on 26 February 2020.

(c) Kuala Lumpur Originating Summons No. WA-24NCC-688-12/2019
Jetson Construction Sdn Bhd -vs- Skyscape Industries Sdn Bhd

On 2 December 2019, JCSB was served with a Notice pursuant to Section 465 and 466 of the Companies Act 2016 ("the Statutory Notice") by Skyscape's Solicitors to demand for the sum of RM574,974.07.

As such, on 20 December 2019, JCSB filed the abovementioned Originating Summons ("the Injunction OS") for the following relief:-

(i) A declaration that the statutory notice dated 2 December 2019 issued by Skyscape pursuant the Section 465 (1)(e) and 466 (1)(a) of the Companies Act 2016 ("Statutory Notice") is null, voild, unlawful and/ or invalid;
(ii) A declaration that Skyscape has no right to file, present, initiate or otherwise commence any winding up petition or other proceeding premised on the Statutory Notice against JCSB pending determination of the disputed sums demanded in the Statutory Notice;
(iii) An order restraining Skyscape, whether by themselves or through their solicitors, representative and/or agents or howsoever otherwise, from issuing any other statutory notice and/or filing, presenting, initiating or otherwise commencing any winding up petition or other proceeding against JCSB for any amount due which is based on the Statutory Notice;
(iv) Costs of this application to be borne by Skycape; and
(v) Such further order and/or relief that this Honourable Court deems fit and proper to grant.

B10. Status Of Material Litigation (Cont'd)

(c) Kuala Lumpur Originating Summons No. WA-24NCC-688-12/2019
Jetson Construction Sdn Bhd -vs- Skyscape Industries Sdn Bhd (Cont'd)

On the same date, JCSB also filed an application for the following ("the Fortuna Injunction"):

(i) That Skyscape, whether by itself or through its solicitors, representatives and/or agents or however otherwise, be restrained by an injunction from acting upon the statutory notice dated 2 December 2019 pursuant to Sections 465 (1)(e) and 466 (1)(a) of the Companies Act 2016 ("Statutory Notice") and/or initiating and/or presenting and/or filing and/or advertising and/or gazetting a winding up petition against JCSB pursuant to section 465 and 466 of the Companies Act 2016 based on the Statutory Notice against JCSB pending the final disposal of the Originating Summons filed herein;
(ii) That the costs of this application to be in the cause; and
(iii) Such further order and/or relief that this Honourable Court deems fit and proper to grant.

On 23 December 2019, the Court granted the Fortuna Injunction with an amendment to paragraph above whereby the Fortuna Injunction was granted pending the disposal of the Setting Aside OS.

The Court then fixed 23 January 2020 for the Hearing of the Injunction OS.

On 23 January 2020, parties entered the following consent order:

(i) The Statutory Notice is withdrawn with no order as to cost; and
(ii) Skyscape, whether by itself or through its solicitors, representatives and/or agents or however otherwise, undertakes not to act on the statutory notice dated 2 December 2019 pursuant to Section 465 (1)(e) and 466 (1)(a) of the Companies Act 2016 and/or initiate and/or present and/or file and/or advertise and/or gazette a winding up petition against JCSB pursuant to section 465 and 466 of the Companies Act 2016 pending the final disposal of the Originating Summons vide Kuala Lumpur Originating Summons No. WA-24C-266-12/2019 in the High Court.

This case and case in (b) are tried together.

(d) Kuala Lumpur Originating Summons No. WA-24C-3-01/2020
Skyscape Industries Sdn Bhd -vs-Jetson Construction Sdn Bhd

On 6 January 2020, Skyscape filed the above Originating Summons against Jetson to register the Adjudication Decision with the High Court.

The matter has been fixed to be heard together with the Setting Aside OS on 26 February 2020.

This case and case in (b) are tried together.

B11. Dividend Payable

No dividend has been recommended by the Board of Directors during the financial period ended 31 December 2019.

B12. Loss Per Ordinary Share

(a) Basic

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

	3 Months Ended		Cummulative Year To-date	
	31 Dec 2019 RM'000	**31 Dec 2018 RM'000**	**31 Dec 2019 RM'000**	**31 Dec 2018 RM'000**
Net loss attributable to the owners of the Company	(6,055)	(6,126)	(6,107)	(10,104)
Adjusted weighted average number of ordinary shares in issue and issuable	211,567	207,896	211,523	206,977
Basic loss per share (sen)	(2.87)	(2.96)	(2.89)	(4.88)

(b) Diluted

Diluted loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares. The Group have no dilution in their loss per ordinary shares.

B13. Authorised For Issuance

The interim financial statement for the financial period ended 31 December 2019 has been approved by the Board of Directors on 27 February 2020 for release to the Bursa Securities.