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 2019. 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 2019.

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 2019, except for the adoption of the following New and Revised Malaysian Financial Reporting Standards ("MFRSs") and amendments/Improvements to MFRS and New IC Interpretations ("IC Int") for financial periods beginning on or after 1 January 2020:-

Amendments to MFRS 2	Amendments to MFRS 2
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 and MFRS 108	Definition of Material
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
IC Interpretation 132	Intangible Assets-Web Site Costs

As at the date of authorisation of the interim financial report, the following new MFRSs, amendments/Improvements 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 2021

MFRS 17	Insurance Contracts

A1. Basis Of Preparation (Cont'd)

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

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. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial applications.

A2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2019 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

On 4 November 2020, the issued and paid-up ordinary share capital of the Company has been increased from RM110,091,886 comprising 211,567,012 ordinary shares to RM111,666,886 by way of an issuance of 10,500,000 new ordinary shares from private placement for the purpose of working capital of the Company. The new ordinary shares issued rank pari passu in all respects with the existing issued ordinary shares of the Company.

On 16 December 2020, the issued and paid-up ordinary share capital of the Company has been increased from RM111,666,886 comprising 222,067,012 ordinary shares to RM113,468,886 by way of an issuance of 10,600,000 new ordinary shares from private placement for the purpose of working capital of the Company. The new ordinary shares issued rank pari passu in all respects with the existing issued ordinary shares of the Company.

A7. Dividends Paid

No dividend has been paid or declared by the Company since the end of the previous financial year.

A8. Segment Information

Segmental information for the 12 months ended 31 December 2020:

Business Segments	Manufacturing RM'000	Construction and Property RM'000	Hostel Management RM'000	Elimination RM'000	Total RM'000
External sales	126,625	26,635	4,698	-	157,958
Inter-segment revenue	-	1,376	-	(1,376)	-
Total revenue	126,625	28,011	4,698	(1,376)	157,958
Operating profit/(loss)	8,014	(7,914)	564	-	664
Impairment losses					(5,250)
Finance costs					(3,868)
Interest income					539
Loss before tax					(7,915)
Tax expense					(1,934)
Loss after tax					(9,849)
Assets					
Segment assets	115,917	80,550	19,370	1,762	217,599
Liabilities					
Segment liabilities	64,000	62,344	9,790	7,788	143,922

A8. Segment Information (Cont'd)

Segmental information for the 12 months ended 31 December 2019:

Business Segments	Manufacturing RM'000	Construction and Property RM'000	Hostel Management RM'000	Elimination RM'000	Total RM'000
External sales	132,310	34,006	9,561	-	175,877
Inter-segment revenue	-	1,512	-	(1,512)	-
Total revenue	132,310	35,518	9,561	(1,512)	175,877
Operating profit/(loss)	5,952	(7,260)	4,576	-	3,268
Impairment losses					(2,880)
Finance costs					(3,804)
Interest income					156
Loss before tax					(3,260)
Tax expense					(2,932)
Loss after tax					(6,192)
Assets					
Segment assets	113,946	88,195	18,013	2,711	222,865
Liabilities					
Segment liabilities	60,305	67,218	7,250	7,942	142,715

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

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 9 October 2020, a wholly-owned subsidiary of the Company, namely Kumpulan Jebco (M) Sdn. Bhd. (“KJMSB”), had acquired 6 ordinary shares, representing the 60% issued shares of Jeb Rail Sdn. Bhd. (“JRSB”) from Jetson Development Sdn. Bhd. for a total consideration of RM6. Consequent there upon, JRSB became 60% owned subsidiary of KJMSB.

On 12 October 2020, a wholly-owned subsidiary of the Company, namely KJMSB, had acquired 4 ordinary shares, representing the 40% issued share of JRSB from third party for a total consideration of RM4. Consequent there upon, JRSB became a wholly-owned subsidiary of KJMSB.

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

A12. Capital Commitments

	As at 31 Dec 2020 RM'000	As at 31 Dec 2019 RM'000
Approved and contracted for:-		
Property, plant and equipment	797	1,141
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 RM15.807 million as at 31 December 2019 to RM19.753 million as at 31 December 2020.

A14. Related Party Transactions

	12 Months Ended	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Transaction with a company in which a Director of the Company is a member:		
- Professional fees	-	25
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 that 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 Quarter Ended 31 Dec 2020 RM'000	Corresponding Quarter Ended 31 Dec 2019 RM'000	Current Quarter Ended 31 Dec 2020 RM'000	Corresponding Quarter Ended 31 Dec 2019 RM'000
Manufacturing	39,280	34,328	3,741	1,859
Construction and Property	10,694	9,383	(1,926)	(3,108)
Hostel Management	1,128	2,214	183	576
Elimination	(344)	(496)	-	-
	50,758	45,429	1,998	(673)
Impairment losses			(5,219)	(2,880)
Finance costs			(1,126)	(1,030)
Interest income			373	74
Loss before tax			(3,974)	(4,509)

The Group recorded revenue of RM50.758 million for current quarter, an increase of RM5.329 million or 11.73% compared to preceding year's corresponding quarter of RM45.429 million mainly due to increase in revenue from Manufacturing Division. The Group achieved operating profit of RM1.998 million in current quarter compared to operating loss of RM0.673 million in preceding year corresponding quarter, this was mainly due to increase in sales volume in Manufacturing Division and lower operating costs in Construction Division.

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

a) Manufacturing Division

Manufacturing Division registered total revenue of RM39.280 million in the current quarter, which was RM4.952 million higher than the preceding year corresponding quarter of RM34.328 million. The increase in revenue was mainly due to higher sales from automotive industries benefited from 100% sales tax (SST) exemption on locally-assembled (CKD) vehicles provided by the government.

The division reported operating profit of RM3.741 million as compared to operating profit of RM1.859 million in the preceding year corresponding quarter. It was mainly due to lower operating expenses and subsidy from PERKESO under Prihatin Programme.

b) Construction and Property Division

The division generated total revenue of RM10.694 million, which was RM1.311 million higher compared to the corresponding quarter of RM9.383 million. Revenue for the quarter was mainly contributed by the existing projects namely Isola and APU project. Higher revenue was mainly due to rapid project progress for APU project.

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

b) Construction and Property Division (Cont'd)

The division's operating loss for the current quarter decrease to RM1.926 million from RM3.108 million in preceding year corresponding quarter mainly due to lower operating costs in preceding year corresponding quarter.

c) Hostel Management Division

There was a decrease in revenue for the quarter by RM1.086 million from RM2.214 million in preceding year corresponding quarter to RM1.128 million reported in the current quarter.

The division reported lower operating profit of RM0.183 million as compared to RM0.576 million in the preceding year corresponding quarter mainly due to higher expenses incurred during the current quarter.

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

	Revenue		Operating Results	
Operating segment	Current Quarter Ended 31 Dec 2020 RM'000	Immediate Preceeding Quarter Ended 30 Sep 2020 RM'000	Current Quarter Ended 31 Dec 2020 RM'000	Immediate Preceeding Quarter Ended 30 Sep 2020 RM'000
Manufacturing	39,280	39,277	3,741	3,686
Construction and Property	10,694	8,849	(1,926)	(1,508)
Hostel Management	1,128	1,187	183	74
Elimination	(344)	(344)	-	-
	50,758	48,969	1,998	2,252
Impairment losses			(5,219)	-
Finance costs			(1,126)	(884)
Interest income			373	55
(Loss)/Profit before tax			(3,974)	1,423

The Group's revenue increased from RM48.969 million in the immediate preceding quarter to RM50.758 million in the current quarter. The increase in revenue was mainly from Construction and Property Division.

The Group recorded operating profit of RM1.998 million as compared to operating profit of RM2.252 million in the immediate preceding quarter mainly due to contract assets written off of RM0.337 million in Construction and Property Division.

B3. <u>Commentary On Prospect</u>

The core business of the Group and the prospects for year 2020 is as analyzed below.

a) Manufacturing Division

The Manufacturing Division will still be the main driver for the Group's revenue in 2020.

- Anti-vibration segment

  The anti-vibration segment which is supplying to the automotive industry will continue to be the main revenue contributor of the Manufacturing Division. For the local market, we are currently involved in the development of the anti-vibration parts for new car models for Perodua, the anti-vibration parts for new car models for Proton and the localization of anti-vibration parts for existing Proton models.

  Meanwhile the division is also expected to further expand its export market with collaborations with existing and new customers (consist of car manufacturers and major OEM automotive parts manufacturers) in Europe, Japan, US, Thailand, Indonesia, India and China.

- Chemical segment

  The adhesive, sealant and cementitious products business will continue to be the main source of revenue of the Chemical Division and growth is forecasted from the export market such as South East Asia, Pacific Islands, Middle East and Africa countries. In the meantime, the Chemical Division has successfully secured 4 new sale territories as the sole sale agent and distributor in Bangladesh, Maldives, Ethiopia and Kenya for the Dunlop Brand.

- Plastic segment

  This segment is expected to maintain its position as one of the leading manufacturers of industrial pails for the paint, lubricant, joint compound and adhesive industry in Malaysia. At the same time, we will continue to grow our market share in packaging products for the food industries and plastic products for the agriculture sector.

b) Construction and Property Division

The division will monitor the construction market, exercise prudence in the selection of projects to participate in or tender for, with emphasis on our strengths as a Design and Build and Construction of infrastructure. At the same time this division will concentrate to complete the existing residence development, Tropika Melawati, at Taman Melawati, Selangor, the new project at Asia Pacific University and the project at Isola KLCC.

B3. Commentary On Prospect (Cont'd)

The core business of the Group and the prospects for year 2020 is as analyzed below. (Cont'd)

c) *Hostel Management Division*

The division continues to operate and manage the hostels and facilities in University Putra Malaysia (UPM"), Serdang under the "Build, Operate and Transfer" (BOT) arrangement with UPM for concession period of 25 years. (expiring in 2028)

A new rental agreement was signed on 21 August 2019, where UPM had agreed to pay an improved fixed half yearly rental payment for the remaining concession period (against the previously arrangement of daily rental and depending on occupancy rate by students). As part of the agreement we will undertake a major refurbishment of the hostel facilities commencing in 2019 and expected to be completed by end of 2021. This new agreement will ensure a steady income flow to the Hostel Management Division while we implementing various measures to improve the costs structure.

The Group anticipates the business operating conditions to remain challenging with the persistence of uncertainties clouding the global and local markets due to the COVID-19 pandemic. However, the Board remain steadfast as to continue to focus on the expansion plans.

B4. Profit Forecast

Not applicable as no profit forecast was published.

B5. Loss Before Tax

	Individual quarter		Cumulative quarter	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Loss before tax is arrived after charging/(crediting):-				
Amortisation of concession right	718	634	2,626	2,053
Contract asset written off	337	-	337	-
Depreciation of property, plant and equipment	991	(344)	3,899	4,275
Depreciation of right-of-use assets	737	2,510	2,755	2,511
Dividend income	-	(3)	-	(3)
Fair value gain on short term investment	-	(1)	-	(1)
Gain on disposal of property, plant and equipment	(11)	-	(23)	(62)
Gain on disposal of subsidiary	-	3	-	-
Goodwill on consolidation written off	-	-	-	14
Impairment loss on concession right	-	2,081	-	2,081
Impairment loss on other receivables	2,385	351	2,385	351
Impairment loss on trade receivables	2,834	377	2,865	448
Interest expense	790	1,030	3,532	3,804
Interest income	(373)	(73)	(539)	(155)
Inventories written back	-	(113)	-	(115)
Inventories written down	78	29	78	29
investment in associate written off	-	452	-	452
Prepayment written off	-	39	-	-
Property, plant and equipment written off	2	(17)	2	9
Reversal of impairment loss on trade receivable	-	(80)	-	(98)
Right-of-use asset written off	-	1,146	-	1,146
(Gain)/Loss on foreign exchange:				
- realised	35	103	(158)	231
- unrealised	(32)	3	46	89
Written back of amount due to associate	-	-	-	(801)

B6. Tax Expense

	Individual quarter		Cumulative quarter	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Income tax:-				
Based on result for current quarter	(749)	(1,027)	(1,473)	(1,439)
Under/(Over) provision in prior year	497	(44)	497	(29)
	(252)	(1,071)	(976)	(1,468)
Deferred tax:-				
Origination of temporary differences	(1,011)	(672)	(958)	(945)
Underprovision in prior year	-	(519)	-	(519)
	(1,011)	(1,191)	(958)	(1,464)
	(1,263)	(2,262)	(1,934)	(2,932)

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

B7. <u>Status Of Corporate Proposal</u>

a) 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.

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.

B7. <u>Status Of Corporate Proposal (Cont'd)</u>

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.

KAF had on 9 July 2020 announced that the approval from Bursa Securities for the extension of time of up to 9 July 2020 to complete the implementation of the Private Placement will lapse on 9 July 2020. The Company was not able to place out the remaining placement shares under the Private Placement and hence, the Private Placement is deemed completed on 9 July 2020.

b) On 14 August 2020, 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 21,156,701 new ordinary shares in the Company ("Placement Shares").

On 26 August 2020, KAF Investment Bank Berhad announced that the listing application in relation to the Proposed Private Placement had been submitted to Bursa Malaysia Securities Berhad.

B7. Status Of Corporate Proposal (Cont'd)

On 10 September 2020, KAF announced that Bursa Securities had, vide its letter dated 10 September 2020, approved the listing of and quotation for up to 21,156,701 Placement Shares, to be issued pursuant to the Proposed Private Placement, on the Main Market of Bursa Securities. Subject to the following conditions:-

1) The Company and KAF must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Private Placement;
2) The Company and KAF to inform Bursa Securities upon the completion of the Proposed Private Placement; and
3) The Company 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.

On 21 September 2020, KAF announced that the Company has fixed the issue price for the first tranche of the Private Placement comprising 11,000,000 Placement Shares at RM0.195 per Placement Share. The said issue price of RM0.195 per Placement Share represents a discount of approximately 7.93% from the five (5)-day volume weighted average market price of the Company's shares up to and including 18 September 2020 of approximately RM0.2118 per share.

On 28 September 2020, KAF announced that the first tranche placement was not implemented as the placee did not meet the requirement pursuant to Paragraph 6.13 of the Main Market Listing Requirements of Bursa Securities.

On 26 October 2020, KAF announced that the Company has fixed a new issue price for the first tranche placement of 10,500,000 Placement Shares at RM0.15 per Placement Share. The said issue price of RM0.15 per Placement Share represents a discount of approximately 8.03% from the five (5)-day volume weighted average market price of the Company's shares up to and including 23 October 2020 of approximately RM0.1631 per share.

Pursuant to the first tranche of the Propose Private Placement, 10,500,000 new ordinary shares were issued and listed on the main market of Bursa Securities on 4 November 2020.

On 3 December 2020, KAF announced that the Company has fixed a new issue price for the second tranche placement of 10,600,000 Placement Shares at RM0.17 per Placement Share. The said issue price of RM0.17 per Placement Share represents a discount of approximately 9.43% from the five (5)-day volume weighted average market price of the Company's shares up to and including 2 December 2020 of approximately RM0.1877 per share.

Pursuant to the second tranche of the Propose Private Placement, 10,600,000 new ordinary shares were issued and listed on the main market of Bursa Securities on 16 December 2020.

Other than the above, there were no other corporate proposal announced but not completed as at 18 February 2021 (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 2020		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
Bank overdrafts	-	5,321	5,321
Revolving credit	-	-	-
Trust receipts and bankers' acceptance	-	25,291	25,291
Term loans	21,058	6,200	27,258
Finance lease payables	4,868	2,600	7,468
	25,926	39,412	65,338

	As at 31 December 2019		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
Bank overdrafts	-	12,594	12,594
Revolving credit	-	-	-
Revolving credit and bankers' acceptance	-	23,561	23,561
Term loans	15,643	8,902	24,545
Finance lease payables	4,146	3,612	7,758
	19,789	48,669	68,458

a) The Group's total borrowing as at 31 December 2020 was RM65.338 million, a decrease of RM3.120 million compared to preceding year corresponding 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) 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.

B10. Status Of Material Litigation (Cont'd)

(a) Jetson Construction Sdn Bhd-vs-MCC Overseas (M) Sdn Bhd (Cont'd)

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

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) 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.

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. Subsequently, the hearing date is fixed on 28 October 2020. Thereafter the hearing date was postponed to 29 June 2021.

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

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

On 10 December 2019, JCSB also filed an application to stay the abovementioned Adjudication Decision pending the disposal of the Setting Aside OS.

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 Sections 465 (1)(e) and 466 (1)(a) of the Companies Act 2016 ("Statutory Notice") is null, void, 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 Skyscape; and
(v) Such further order and/or relief that this Honourable Court deems fit and proper to grant.

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 Sections 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.

B10. Status Of Material Litigation (Cont'd)

(b) Jetson Construction Sdn Bhd-vs-Skyscape Industries Sdn Bhd (Cont'd)

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.

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.

On the same date, Skyscape filed the above Originating Summons against JCSB to register the Adjudication Decision with the High Court.

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 Sections 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 Sections 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.

Application to set aside OS was fixed on 26 February 2020 but hearing was postponed to 3 June 2020. The Court decision was in favor of Skyscape and that the sum of RM574,974.07 which was held with the stakeholders was released to Skyscape.

(c) Jetson Construction Sdn Bhd-vs-Skyscape Industries Sdn Bhd ("Skyscape) (WA-22C-81-08/2020)

On 19 August 2020, Jetson Construction Sdn. Bhd. ("JCSB") had filed a Writ of Summons and Statement of Claims against Skyscape vide a suit no. WA-22C-81-08/2020 on 19 August 2020 which filed at the High Court of Malaya at Kuala Lumpur for the breach of terms by Skyscape in relation to the sub-contract between JCSB and Skyscape for a project involving construction and completion of the superstructure sub-contract works for bridge BR1, BR1a, BR1b, BR3, BR4, BR5, BR13, BR14, BR15, BR15a, BR15b, and miscellaneous works, for the project known as bridgeworks for paclage 2, 3, 4, 5, 6, & 7 for proposed Lebuhraya Putrajaya to KLIA commencing from Putrajaya Interchange and terminating at KLIA ("MEX 2 Project").

B10. Status Of Material Litigation (Cont'd)

(c) Jetson Construction Sdn Bhd-vs-Skyscape Industries Sdn Bhd ("Skyscape) (WA-22C-81-08/2020) (Cont'd)

The claims against Skyscape pursuant to the Statement of Claims are as follows:-

i. A sum of RM6,123,201.23 which is a penalty and compensation for non performance.
ii. Interest at the rate of 8% per annum for the sum of RM6,123,201.23 from the date of judgment until realisation and interest at the rate of 5% per annum for general damages from the date of filing the summons until realisation;
iii. General damages;
iv. Exemplary damages;
v. Costs; and
vi. Such further or other relief as the Honourable Court deems fit.

Case management has been fixed on 16 October 2020 and JCSB had replied the defence paper on 20 October 2020. The Court has fixed an online mediation session between JCSB and Skyscape on 24 February 2021. The said mediation session has been postponed to a date to be fixed by the Court.

B11. Dividend Payable

No dividend has been recommended by the Board of Directors during the financial period ended 31 December 2020.

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 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Net loss attributable to the owners of the Company	(5,119)	(5,971)	(9,403)	(6,023)
Adjusted weighted average number of ordinary shares in issue and issuable	220,030	211,567	213,694	211,567
Basic loss per share (sen)	(2.38)	(2.83)	(4.40)	(2.85)

B12. Loss Per Ordinary Share (Cont'd)

(b) Diluted

Diluted loss per ordinary share for the financial period is calculated by dividing the loss for the financial period 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 had no dilution in its loss per ordinary shares.

B13. Authorised For Issuance

The interim financial statements for the financial period ended 31 December 2020 has been approved by the Board of Directors on 25 February 2021 for release to the Bursa Securities.