

KUMPULAN JETSON BERHAD [197701003095 (34134-H)]
Interim financial report for the financial period ending 31 March 2024

Unaudited Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income For The Fifth Quarter Ended 31 March 2024

		<u>INDIVIDUAL QUARTER</u>	<u>CUMULATIVE QUARTER</u>
		CURRENT QUARTER ENDED 31 MAR 2024 RM'000	CURRENT YEAR TO DATE ENDED 31 MAR 2024 RM'000
	NOTE		
Revenue		60,938	276,425
Cost of sales		<u>(55,977)</u>	<u>(245,184)</u>
Gross profit		4,961	31,241
Interest income		23	170
Other income		15,576	18,948
Administrative and other expenses		(10,150)	(33,870)
Selling and distribution expenses		(1,020)	(6,095)
Profit from operations		<u>9,390</u>	<u>10,394</u>
Reversal of impairment losses		-	2,500
Finance costs		<u>(933)</u>	<u>(6,261)</u>
Profit before tax	B5	8,457	6,633
Tax (income)/expense	B6	<u>(193)</u>	<u>528</u>
Profit after tax		8,264	7,161
Other comprehensive income, net of tax			
Foreign currency translation differences for foreign operations		<u>552</u>	<u>466</u>
Total comprehensive income for the financial year		<u><u>8,816</u></u>	<u><u>7,627</u></u>
Profit/(Loss) attributable to:			
Owners of the Company		11,283	11,754
Non-controlling interests		<u>(3,019)</u>	<u>(4,593)</u>
		<u><u>8,264</u></u>	<u><u>7,161</u></u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		11,835	12,220
Non-controlling interests		<u>(3,019)</u>	<u>(4,593)</u>
		<u><u>8,816</u></u>	<u><u>7,627</u></u>
Earning per share attributable to owners of the Company:			
Basic, earning for the financial period (sen)	B13	<u><u>4.21</u></u>	<u><u>4.39</u></u>
Diluted, earning for the financial period (sen)	B13	<u><u>4.21</u></u>	<u><u>4.39</u></u>

Note:-

- The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022.**
- The Company changed its financial year end from 31 December to 31 March on 26 January 2024. Hence, no comparative information is presented for the financial period ending 31 March 2024.**

Unaudited Condensed Consolidated Statement Of Financial Position As At 31 March 2024

	Note	Unaudited As at 31 Mar 2024 RM'000	Audited As at 31 Dec 2022 RM'000
Assets			
Non-current Assets			
Property, plant and equipment		14,247	14,659
Right of used assets		13,445	13,300
Concession right		11,103	10,793
Other investments		15	15
		<u>38,810</u>	<u>38,767</u>
Current Assets			
Inventories		47,401	48,837
Trade receivables		31,837	49,019
Other receivables, deposits and prepayment		10,531	9,069
Contract assets		12,927	14,013
Tax assets		506	251
Assets held for sale		-	39,362
Cash and bank balances		8,905	8,060
		<u>112,107</u>	<u>168,611</u>
Total Assets		<u>150,917</u>	<u>207,378</u>
Equity and Liabilities			
Current Liabilities			
Trade payables		26,344	46,710
Other payables and accruals		19,965	33,631
Contract liabilities		1,821	6,675
Lease liabilities	B9	2,340	4,293
Borrowings	B9	26,925	36,813
Tax liabilities		2,541	822
		<u>79,936</u>	<u>128,944</u>
Non-current Liabilities			
Borrowings	B9	7,143	17,614
Lease liabilities	B9	8,424	8,218
Deferred tax liabilities		4,447	9,262
		<u>20,014</u>	<u>35,094</u>
Total Liabilities		<u>99,950</u>	<u>164,038</u>
Equity attributable to owners of the Company			
Share capital		123,322	123,322
Reserves		(56,413)	(68,633)
		<u>66,909</u>	<u>54,689</u>
Non-controlling interests		(15,942)	(11,349)
Total Equity		<u>50,967</u>	<u>43,340</u>
Total Equity and Liabilities		<u>150,917</u>	<u>207,378</u>
Net assets per share attributable to equity holders of the parent (RM)		0.19	0.16

Note:-

1. The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022.
2. The Company changed its financial year end from 31 December to 31 March on 26 January 2024. Hence, no comparative information is presented for the financial period ending 31 March 2024.

Unaudited Condensed Consolidated Statement Of Changes In Equity for the Fifth Quarter Ended 31 March 2024

----- Attributable to Owners of the Company -----
 -----Non-Distributable -----

	Share Capital	Revaluation Reserve	Capital Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
15 months ended 31 March 2024								
As at 1 Jan 2023	123,322	28,116	1,671	(72)	(98,348)	54,689	(11,349)	43,340
Profit for the financial year	-	-	-	-	11,754	11,754	(4,593)	7,161
Transfer upon disposal of asset held for sale	-	(28,116)	-	-	28,116	-	-	-
Foreign currency translation difference for foreign operations	-	-	-	466	-	466	-	466
Total comprehensive loss	-	(28,116)	-	466	39,870	12,220	(4,593)	7,627
As at 31 March 2024	123,322	-	1,671	394	(58,478)	66,909	(15,942)	50,967

Note:-

1. The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022.
2. The Company changed its financial year end from 31 December to 31 March on 26 January 2024. Hence, no comparative information is presented for the financial period ending 31 March 2024.

Unaudited Condensed Consolidated Statement Of Cash Flows For The Fifth Quarter Ended 31 March 2024

	Unaudited As at 31 Mar 2024 RM'000
Cash Flows from Operating Activities	
Profit before tax	6,633
Adjustments for:	
Amortisation of concession right	4,420
Bad debts written off	6
Depreciation of property, plant and equipment	6,003
Depreciation of right-of-use assets	5,043
Dividend income	(12)
Gain on disposal of property, plant and equipment	(20)
Reversal of trade payables / impairment loss on trade receivables	(1,488)
Impairment loss on inventories	22
Gain on disposal of asset held for sale	(288)
Interest expense	6,261
Interest income	(170)
Reversal of impairment loss on concession right	(2,500)
Impairment loss on trade receivables	2,227
Gain on disposal of subsidiary	(15,372)
Unrealised loss on foreign exchange	91
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Operating profit before working capital changes	10,856
Net changes in working capital	(2,188)
Tax paid, net of refund	(1,534)
Interest paid	(6,261)
Interest received	170
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Net cash from operating activities	1,043
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Cash flows from Investing Activities	
Withdrawal of pledged bank deposits	1,816
Additional investment in concession right	(2,230)
Dividend received	12
Proceeds from disposal of property, plant and equipment	227
Proceeds from disposal of asset held for sale	39,650
Purchase of property, plant and equipment	(10,984)
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Net cash from investing activities	28,491
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Cash Flows from Financing Activities	
Net repayment of borrowings	(20,649)
Repayment to director	(2,768)
Net repayment of lease liabilities	(1,746)
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Net cash used in financing activities	(25,163)
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Net increase in cash and cash equivalents	4,371
Effect of exchange rate fluctuations on cash and cash equivalents	-
Cash and cash equivalents at beginning of the financial year	596
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Cash and cash equivalents at end of the financial year	4,967
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Cash and cash equivalents comprises the followings:-	
Cash in hand and at bank	6,736
Bank overdrafts	(1,769)
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	4,967
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Note:-

1. The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022.
2. The Company changed its financial year end from 31 December to 31 March on 26 January 2024. Hence, no comparative information is presented for the financial period ending 31 March 2024.

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2022.

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 2022, 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 2023.

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 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9
	Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules
Amendments to MFRS 107	Supplier Financial Arrangements
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants

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
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The Group will adopt the above pronouncement when they become effective in the respective financial years. 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 Audited Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2024 was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

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

A6. Debt And Equity Securities

There were no issuance and repayment of debts and equity securities for the financial year.

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 15 months ended 31 March 2024:

Business Segments	Manufacturing RM'000	Construction and Property RM'000	Hostel Management RM'000	Elimination RM'000	Total RM'000
External sales	235,434	35,180	5,811	-	276,425
Inter-segment revenue	5,426	2,326	-	(7,752)	-
Total revenue	<u>240,860</u>	<u>37,506</u>	<u>5,811</u>	<u>(7,752)</u>	<u>276,425</u>
Operating profit	9,704	770	2,250	-	12,724
Finance costs					(6,261)
Interest income					170
Profit before tax					6,633
Tax income					528
Profit after tax					<u>7,161</u>
Assets					
Segment assets	<u>98,218</u>	<u>40,819</u>	<u>11,880</u>	<u>-</u>	<u>150,917</u>
Liabilities					
Segment liabilities	<u>74,231</u>	<u>14,214</u>	<u>11,505</u>	<u>-</u>	<u>99,950</u>

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

There were no material events subsequent to the end of the reporting year that have not been reflected in these interim financial statements.

A11. Changes In Composition of The Group

There were no material changes in the composition of the Group during the financial period ended 31 March 2024 except as follows:

The Company has disposed off 100% of the total of paid-up and issued share capital in Jetson Construction Sdn. Bhd. on 29 March 2024.

A12. Capital Commitments

	As at 31 Mar 2024 RM'000	As at 31 Dec 2023 RM'000
Approved and contracted for:- Property, plant and equipment	<u>1,522</u>	<u>1,401</u>
Approved and not contracted for:- Property, plant and equipment	<u>-</u>	<u>-</u>

A13. Changes In Contingent Liabilities and Contingent Assets

The changes in contingent liabilities were as below:-

	As at 31 Mar 2024 RM'000	As at 31 Dec 2023 RM'000
Bank guarantees	<u>1,288</u>	<u>1,288</u>

A14. Related Party Transactions

There were no related party transactions during the year and the correspondence year.

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

	<u>Revenue</u>	<u>Operating Results</u>
	Current Quarter Ended 31 Mar 2024 RM'000	Current Quarter Ended 31 Mar 2024 RM'000
Operating segment		
Manufacturing	49,545	1,370
Construction and Property	9,256	7,770
Hostel Management	1,160	331
Elimination	977	(104)
	<u>60,938</u>	<u>9,367</u>
Finance costs		(933)
Interest income		23
Profit before tax		<u>8,457</u>

The Group recorded revenue of RM60.94 million for the current quarter ended 31 March 2024. Manufacturing, Construction and Property and Hostel Management division contributed RM49.55 million, RM9.26 million and RM1.16 million respectively.

The Group recorded profit before tax of RM8.46 million for the current quarter ended 31 March 2024, which was mainly contributed by the gain on disposal of subsidiaries under Construction and Property division.

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

a) Manufacturing Division

Manufacturing Division recorded a total revenue of RM49.55 million in the current quarter. The revenue was mainly contributed by the sales of automotive parts, industrial chemical products, cementitious products and plastic injection moulding products of pails. The Manufacturing Division reported an operating profit of RM1.37 million in the current quarter.

b) Construction and Property Division

The Construction and Property Division generated a total revenue of RM9.26 million in the current quarter. The revenue mainly contributed by the progress billing from ongoing projects and sale of property units under the Tropika Melawati project.

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

c) *Hostel Management Division*

The Hostel Management Division generated an operating profit of RM0.33 million in the current quarter.

B2. Financial Review for The Current Quarter Compared with Immediate Preceding Quarter

	Revenue		Operating Results	
	Current Quarter Ended 31 Mar 2024 RM'000	Immediate Preceding Quarter Ended 31 Dec 2023 RM'000	Current Quarter Ended 31 Mar 2024 RM'000	Immediate Preceding Quarter Ended 31 Dec 2023 RM'000
Operating segment				
Manufacturing	49,545	49,428	1,370	(15)
Construction and Property	9,256	12,173	7,770	(1,812)
Hostel Management	1,160	1,210	331	2,248
Elimination	977	(1,436)	(104)	4,811
	<u>60,938</u>	<u>61,375</u>	<u>9,367</u>	<u>5,232</u>
Finance costs			(933)	(1,761)
Interest income			23	(515)
Profit before tax			<u>8,457</u>	<u>2,956</u>

The Group recorded revenue of RM60.94 million and profit before tax of RM8.46 million for the current quarter ended 31 March 2024 as compared to revenue of RM61.38 million and profit before tax of RM2.96 million in the immediate preceding quarter. This represents a decrease in revenue of RM0.44 million or 0.7% and an increase in operating profit of RM4.14 million.

Lower revenue was mainly due to slower construction progress under Construction and Property Division. The profit before tax in the current quarter was mainly due to the gain on disposal of subsidiaries under Construction and Property division.

B3. Commentary On Prospect

The analysis of the Group's core business prospects for the year 2024 is presented below:

a) Manufacturing Division

The Manufacturing Division remains the primary driver of the Group's revenue in 2024.

- **Anti-vibration segment**

The anti-vibration segment, catering to the automotive industry, remains the primary revenue contributor for the Manufacturing Division. Currently, we are engaged in developing and manufacturing anti-vibration parts for new car models, as well as working on localizing anti-vibration parts for existing car models.

The division is also anticipating further expansion in the export market by collaborating with both existing and new customers, including car manufacturers and major OEM automotive parts manufacturers across Europe, Japan, the 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 the growth is forecasted from the export market such as South East Asia, Pacific Islands, Middle East and Africa countries.

- **Plastic segment**

This segment is expected to maintain its position as one of the leading manufacturers of industrial paints 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 focus on completing the projects that are currently on-going.

c) Hostel Management Division

The Hostel Management Division continues to oversee and manage the hostels and facilities at University Putra Malaysia (UPM), Serdang, operating under the 'Build, Operate, and Transfer' (BOT) arrangement. This concession period with UPM spans 25 years, set to expire in 2028.

B4. Profit Forecast

Not applicable as no profit forecast was published.

B5. Profit Before Tax

	Individual quarter	Cumulative quarter
	31 Mar 2024	31 Mar 2024
	RM'000	RM'000
Profit before tax is arrived after charging/(crediting):-		
Amortisation of concession right	940	4,420
Bad debts written off	-	6
Depreciation of property, plant and equipment	1,338	6,003
Depreciation of right-of-use assets	1,470	5,043
Dividend income	-	(12)
Gain on disposal of property, plant and equipment	343	(20)
Gain on disposal of subsidiary	(15,372)	(15,372)
Gain on disposal of asset held for sale	-	(288)
Reversal of impairment loss on concession right	-	(2,500)
Impairment loss on trade and other receivables	2,219	2,227
Interest expense	933	6,261
Interest income	(23)	(170)
Impairment loss on inventories	(31)	22
Reversal of trade payables / impairment loss on trade receivable	(676)	(1,488)
Loss/(Gain) on foreign exchange:		
- realised	(20)	(651)
- unrealised	69	91
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B6. Tax (Income)/Expense

	Individual quarter	Cumulative quarter
	31 Mar 2024	31 Mar 2024
	RM'000	RM'000
Income tax:-		
Based on result for current quarter	(525)	634
Underprovision in prior year	332	(106)
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	(193)	528
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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

- a) On 24 January 2024, the Board of Directors have announced that the Company proposes to undertake the following proposals:
- i) Proposed reduction of the issued share capital of Jetson pursuant to Section 116 of the Companies Act 2016 (“Act”) (“Proposed Share Capital Reduction”);
 - ii) Proposed private placement of new ordinary shares in Jetson (“Jetson Shares” or “Shares”) representing up to 40% of the total number of issued Shares of Jetson (“Proposed Private Placement”);
 - iii) Proposed acquisition by Jetson of 51.0% equity interest in Magical Era (M) Sdn Bhd (“MESB”) (“Proposed Acquisition”); and
 - iv) Proposed establishment of an employees’ share option scheme (“ESOS” or “Scheme”) of up to 15% of the total number of issued shares in Jetson (excluding treasury shares, if any) at any point in time during the tenure of the Scheme for eligible directors and employees of Jetson and its subsidiaries (excluding dormant subsidiaries) (“Jetson Group” or “Group”) (“Proposed ESOS”).

Mercury Securities has been appointed as the principal adviser for the Proposals and placement agent for the Proposed Private Placement.

On 5 March 2024, an application for extension of time for the Company to submit the draft circular in relation to the Proposals had been submitted to Bursa Securities.

Bursa Securities had vide its letter dated 20 March 2024 resolved to grant the Company an extension of time until 24 April 2024 to submit the draft circular to Bursa Securities in relation to the Proposals.

On 19 April 2024, the Parties agreed to extend the Conditional Period for the fulfillment of all conditions precedent under the Share Sale Agreement (SSA) for a further 90 days to 23 July 2024.

B7. Status Of Corporate Proposal (Cont'd)

On 23 April 2024, Mercury Securities had submitted additional listing application in relation to the Proposals to Bursa Securities

There was no other corporate proposal announced but not completed as at 22 February 2024 (being the latest practicable date which is not earlier than 7 days from the date of this report).

B8. Utilisation of proceeds

The utilisation status of the total proceeds of RM35 million raised from disposal of a piece of freehold industrial land held under Title No. GM 256, Lot 1569, Mukim Batu, Gombak District, Negeri Selangor measuring approximately 1.6187 hectares in area together with a factory complex erected thereon and bearing the postal address of Lot. No. 1569, Jalan Kusta, Kawasan Perindustrian Kampung Jaya, 47000 Sungai Buloh, Selangor Darul Ehsan, as at date of this report are as follows:

	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised Proceeds as at 31 Dec 2023 (RM'000)	Intended timeframe of utilisation (RM'000)
Repayment of bank borrowings	20,063	20,063	-	-
Capital expenditure of the Group	7,698	262	7,436	Within 24 months
Financing of existing construction and property development projects	4,680	4,680	-	-
Estimated expenses for the Proposed Disposal (inclusive of estimated RPGT to be paid)	2,559	2,559	-	-
	35,000	27,564	7,436	

B9. Group Borrowings

	As at 31 Mar 2024		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
Bank overdrafts	-	1,769	1,769
Trust receipts and bankers' acceptance	-	22,952	22,952
Term loans	6,518	2,829	9,347
Finance lease payables	8,424	2,340	10,764
	<u>14,942</u>	<u>29,890</u>	<u>44,832</u>

a) The Group's total borrowing as at 31 March 2024 was RM44.83 million.

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

B10. Off Balance Sheet Financial Instruments

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

B11. Status Of Material Litigation

There is no material litigation against the Company.

The below litigations are related to Jetson Construction Sdn Bhd during the period ending 31 March 2024 and Jetson Construction Sdn Bhd has ceased to be a subsidiary of the Company with effect from 29th March 2024 as the Company has disposed off 100% of the total paid up and issued capital of Jetson Construction Sdn Bhd on 29th March 2024.

(a) YDI Synergy Sdn Bhd-vs- Jetson Construction Sdn Bhd (AIAC/D/ADM-1121-2022)

Jetson Construction Sdn Bhd ('JCSB'), a wholly-owned subsidiary was served with a 'Notice of Arbitration ("NOA") on 12 May 2022 filed by YDI Synergy Sdn Bhd ("YDI") in demanding that the disputes between JCSB and YDI arising from the Agreements and Conditions of PAM Contract 2018 (With Quantities) ("Agreement") together with a Letter of Award dated 20 March 2020 ("LOA") (read together with the Agreement and Conditions of PAM Contract 2018 (With Quantities) for the construction of "CADANGAN PEMBANGUNAN INSTITUSI PENGAJIAN TINGGI SWASTA YANG MERANGKUMI 3 FASA IAITU:- (a) SEBAHAGIAN FASA 3: 2 TINGKAT TEMPAT LETAK KENDERAAN ARAS 1 DAN 2; (b) FASA 5: 12 TINGKAT BLOK K1 KEDIAMAN PELAJAR, 10 TINGKAT BLOK K2 KEDIAMAN PELAJAR; (c) FASA 6: 7 TINGKAT BLOCK C: BENGKEL & MAKMAL KEJURUTERMIN, BILIK KULIAH, TUTORIAL & PERBINCANGAN DAN DEWAN PAMERAN, DI ATAS LOT P.T. 13825, TAMAN TEKNOLOGI MALAYSIA, MUKIM PETALING, BANDARAYA KUALA LUMPUR, WILAYAH PERSEKUTUAN UNTUK TETUAN ASIA PACIFIC UNIVERSITY SDN BHD", be referred to arbitration.

Pursuant to NOA, YDI claims against JCSB the sum of RM9.5 million plus interest to be adjudged by the arbitrator on the basis that JCSB had allegedly delayed, failed and/or refused to certify and/or make payments to YDI for the works done by YDI.

JCSB counterclaim against YDI in the arbitration is in the estimated sum of RM15.5 million.

An arbitrator has been appointed by Asian International Arbitration Center (AIAC) pursuant to a request by the parties. The parties have agreed to the arbitrator's fees and expenses for this matter.

A case management before the arbitrator was fixed for 13 December 2022.

During this case management, it was directed inter alia that YDI shall serve its Statement of Claim to JCSB by 28 February 2023. JCSB shall in turn serve its Statement of Defence and Counterclaim by 28 April 2023.

B11. Status Of Material Litigation (Cont'd)

(a) YDI Synergy Sdn Bhd-vs- Jetson Construction Sdn Bhd (AIAC/D/ADM-1121-2022)
(cont'd)

JCSB and YDI currently in the midst of settlement negotiation. YDI proposes that: -

- a. the arbitration proceedings be suspended until 31 May 2023, to facilitate the settlement negotiations between the parties; and
- b. the filing of YDI's Statement of Claim be deferred until after 31 May 2023.

On 14 June 2023, the arbitrator issued Procedural Order No. 2, containing the procedural timeline for the arbitration ("Procedural Timeline").

In compliance with the Procedural Timeline:

- a. On 27 July 2023, YDI served its Statement of Claim ("SOC") to JCSB;
- b. On 21 September 2023, JCSB served its Statement of Defence and Counterclaim ("Defence & Counterclaim") to YDI; and
- c. On 19 October 2023, YDI served its Reply and Defence to Counterclaim to JCSB.
- d. On 16 November 2023, JCSB served its Reply to Defence to Counterclaim to YDI.
- e. On 7 December 2023, JCSB served its List of Expert Witness to the Tribunal. YDI has requested for an extension of time until 11.4.2024 to inform the Tribunal and JCSB on the identity of YDI's expert witness(es).
- f. On 7 December 2023, both YDI and JCSB served its List of Issues Requiring Expert Evidence to the Tribunal.
- g. On 14 December 2023, YDI served its documents not produced in pleadings to JCSB for classification.
- h. On 29 December 2023, JCSB serve its documents not produced in pleadings to YDI for classification; and
- i. On 11 January 2024, both JCSB and YDI revert on the classification of each parties' documents not produced in pleadings.
- j. On 8 February 2024, parties submitted to the Tribunal the Joint Preliminary List of Issues; and
- k. On 22 February 2024, YDI filed the Common Bundle of Documents.

Pursuant to the SOC, YDI claims against JCSB inter alia, the sum of RM14.0 million, general damages and interest to be adjudged by the arbitrator on the basis that JCSB had allegedly delayed, failed and/or refused to certify and/or make payments to YDI for works done by YDI.

JCSB counterclaims against YDI, inter alia, the sum of RM21.3 million, general damages and interest to be adjudged by the arbitrator on the basis that JCSB has incurred losses, damages, costs and expenses arising from YDI's wrongful and/or unlawful termination of the Contract.

B11. Status Of Material Litigation (Cont'd)

(b) Mercu Binaraya Sdn Bhd-vs-Jetson Construction Sdn Bhd (AIAC/D/ADJ-4673-2023)

Jetson Construction Sdn Bhd ('JCSB'), a wholly-owned subsidiary was served with a 'Notice of Arbitration ("NOA") on 9 February 2023 filed by Mercu Binaraya Sdn. Bhd. ("Mercu Binaraya") under Sections 7 and 8 of the Construction Industry Payment & Adjudication Act 2012 for an amount of RM2.7 million.

Mercu Binaraya has raised a claim that JCSB had allegedly delayed, failed and/or refused to certify and/or make payments to Mercu Binaraya for works allegedly done under the PAM Contract for work and/or services as sub-contractor in relation to the Cadangan Pembangunan Institusi Pengajian Tinggi Swasta yang merangkumi 3 fasa iaitu: (i) Sebahagian Fasa 3: 2 Tempat letak kenderaan Aras 1 dan 2; (ii) Fasa 5: 12 tingkat Blok K1 kediaman pelajar dan 10 tingkat Blok K2 kediaman pelajar; (iii) Fasa 6: 7 Tingkat Block C: Bengkel & Makmal Kejuruteraan, Bilik Kuliah, Tutorial & Pembincangan dan Dewan Pameran located at Lot P.T. 13825, Taman Teknologi Malaysia, Mukim Petaling, Bandaraya Kuala Lumpur, Wilayah Persekutuan (Contract reference no. JCSB/JN2003/CONTRACTS/LOA/YDI/20-001) awarded by way of a Letter of Award dated 20 March 2020 for an original contract sum of RM23.4 million.

Payment disputes have arisen between the parties in respect of the following:

- (i) Unpaid Certified Sum for work done for an amount of RM0.18 million;
- (ii) Retention Sum of RM0.51 million;
- (iii) Performance Bond (as an additional retention sum) for RM0.91 million;
- (iv) Under-certified and/or under-valuation of Final Claim for RM1.14 million.

Due to the disputes between Mercu Binaraya and JCSB, Mercu Binaraya initiated an adjudication proceeding under CIPAA 2012 against JCSB.

On 30 March 2023, the adjudication proceeding has been duly registered pursuant to the Construction Industry Payment and Adjudication Act 2012 and in accordance with Rule 2 of the AIAC Adjudication Rules & Procedure.

The adjudication decision was later delivered on 6 November 2023 by the adjudicator allowing Mercu Binaraya's claim, as such JCSB shall pay in total of RM1.2 million, which consist of the adjudication fee, AIAC fee, outstanding amount and late payment interest.

Dissatisfied with the adjudication decision, on 29 November 2023 JCSB filed an application to the High Court to set aside the adjudication decision. On 4 December 2023, Mercu Binaraya filed the above Origination Summons to enforce the adjudication decision.

On 2 April 2024, the High Court Judge had delivered the decision on the abovesaid Originating Summons. The Judge ordered that:-

1. The Adjudication Decision dated 6 November 2023 given by the Adjudicator be enforced as a judgment or order of the High Court.
2. Pursuant to the Order sought herein under paragraph 1 above, a judgment shall be entered in favour of the Plaintiff in accordance with the decision contained on page 26 of the Adjudication Decision, namely:
 - a) The Defendant shall pay the Plaintiff the sum of RM1.06 million as the outstanding reduced amount;

B11. Status Of Material Litigation (Cont'd)

(b) Mercu Binaraya Sdn Bhd-vs-Jetson Construction Sdn Bhd (AIAC/D/ADJ-4673-2023) (cont'd)

- b) The Defendant shall pay the Plaintiff the sum of RM6,176.28 as interest on the late payment of the certificate amount;
 - c) The Defendant shall pay the Plaintiff costs of adjudication proceedings amounting to RM86,912.74;
 - d) The Defendant shall pay interest at 5% per annum on the sum of RM1,062,833.01 from 21 November 2023 until the date of payment thereof;
 - e) The Defendant shall pay interest at 5% per annum on the sum of RM6,176.28 from 21 November 2023 until the date of payment thereof;
 - f) The Defendant shall pay interest at 5% per annum on the sum of RM86,912.74 from 21 November 2023 until the date of payment thereof.
3. The application cost herein is in the amount of RM3,000.00 to be paid by Defendant to Plaintiff and is subject to an allocation fee. The abovesaid High Court Order is not expected to have any material financial impact on JETSON Group for the financial year ending 31 March 2025 as JCSB ceases to be a subsidiary of the Company (with effect from 29 March 2024).

(c) O&C Makok Isola Sdn Bhd-vs-Jetson Construction Sdn Bhd

Jetson Construction Sdn. Bhd. ("JCSB"), a wholly-owned subsidiary of JETSON had on 11 March 2024, received a Notice of Arbitration from O&C Makok Isola Sdn Bhd ("OCMI") in connection with the contract for the construction of the main building and external works ("Contract") for the following project ("Arbitration"):

Cadangan pembangunan yang mengandungi: Empat (4) blok pangsapuri servis suites (140 unit) yang mengandungi:

- i. Blok A (51 Tingkat, 40 Unit)
- ii. Blok B (55 Tingkat, 27 Unit)
- iii. Blok C (60 Tingkat, 42 Unit)
- iv. Blok D (55 Tingkat, 31 Unit)

Dengan satu (1) Tingkat Ruang Servis M&E (Di Aras Separa Bawah Tanah) di atas Lot 95, Seksyen 43, Jalan Yap Kwan Seng, Kuala Lumpur Untuk Tetuan OCMI.

OCMI as the employer, by a letter of award dated 10 July 2018 (issued through Ken Wong Architect, as the "Architect") ("LOA"), awarded the Contract to JCSB to complete the main building and external works in the Project ("Works") for the Contract Sum of RM88 million.

OCMI had on 23 September 2022 issued a Notice of Termination of the Contract in relation to the project which was duly announced by the Company as per our previous announcement dated 26 September 2022.

B12. Dividend Payable

No dividend has been recommended by the Board of Directors during the financial year ended 31 March 2024.

B13. Earnings Per Ordinary Share

(a) Basic

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

	3 Months Ended	Cumulative Year To-date
	31 Mar 2024	31 Mar 2024
	RM'000	RM'000
Net profit attributable to the owners of the Company	<u>11,283</u>	<u>11,754</u>
Adjusted weighted average number of ordinary shares in issue and issuable	<u>267,967</u>	<u>267,967</u>
Basic earning per share (sen)	<u>4.21</u>	<u>4.39</u>

B13. Earnings Per Ordinary Share (Cont'd)

(b) Diluted

Diluted earning per ordinary share for the financial year is calculated by dividing the profit 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.

	3 Months Ended	Cumulative Year To-date
	31 Mar 2024	31 Mar 2024
	RM'000	RM'000
Net profit attributable to the owners of the Company	<u>11,283</u>	<u>11,754</u>
Adjusted weighted average number of ordinary shares in issue and issuable	<u>267,967</u>	<u>267,967</u>
Diluted earning per share (sen)	<u>4.21</u>	<u>4.39</u>

B14. Authorised For Issuance

The interim financial statements for the financial year ended 31 March 2024 has been approved by the Board of Directors on 28 May 2024 for release to the Bursa Securities.