

**Ikhmas Jaya Group Berhad**  
(Company No. 1072872-D)  
(Incorporated in Malaysia)

**Interim financial statements for second  
quarter ended 30 June 2017**



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the period ended 30 June 2017

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the Financial Period Ended 30 June 2017

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Corresponding Year
	30.6.2017 RM'000	30.6.2016 RM'000	30.6.2017 RM'000	30.6.2016 RM'000
<b>Continuing Operations:</b>				
Revenue	51,911	62,508	124,500	113,584
Cost of sales	(43,287)	(45,449)	(111,360)	(80,677)
Gross profit	8,624	17,059	13,140	32,907
Other income	1,467	91	1,677	174
Administrative expenses	(3,360)	(3,380)	(6,399)	(6,360)
Other operating expenses	(886)	(5,575)	(1,838)	(11,432)
Finance income	147	142	279	373
Finance costs	(1,883)	(1,471)	(3,927)	(3,258)
<b>Profit before taxation</b>	4,109	6,866	2,932	12,404
Taxation	(1,469)	(1,797)	(2,266)	(3,230)
<b>Profit for the period</b>	2,640	5,069	666	9,174
<b>Profit attributable to :</b>				
Equity holders of the Company	2,757	5,216	948	9,521
Non-controlling interests	(117)	(147)	(282)	(347)
	2,640	5,069	666	9,174
<b>Earnings per share (sen) attributable to owners of the parent:</b>				
- Basic	0.53	1.00	0.18	1.83
- Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the period ended 30 June 2017

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2017

	(Unaudited) As at 30.6.2017 RM'000	(Audited) As at 31.12.2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	106,281	100,813
Investment	226	226
Deferred tax assets	-	30
Investment property	49,638	3,926
<b>Total non-current assets</b>	<b>156,145</b>	<b>104,995</b>
<b>Current assets</b>		
Trade and other receivables	266,285	316,003
Inventories	532	404
Current tax assets	4,805	3,421
Cash and cash equivalents	26,637	23,588
<b>Total current assets</b>	<b>298,259</b>	<b>343,416</b>
<b>TOTAL ASSETS</b>	<b>454,404</b>	<b>448,411</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	130,000	130,000
Share premium	36,747	36,747
Merger deficit	(68,500)	(68,500)
Retained profits	98,133	97,185
<b>Equity attributable to holders of the company</b>	<b>196,380</b>	<b>195,432</b>
<b>Non-controlling interests</b>	<b>(1,968)</b>	<b>(1,686)</b>
<b>Total equity</b>	<b>194,412</b>	<b>193,746</b>
<b>Non-current liabilities</b>		
Loans and borrowings	15,105	20,012
Deferred tax liabilities	9,539	8,675
<b>Total non-current liabilities</b>	<b>24,644</b>	<b>28,687</b>
<b>Current liabilities</b>		
Trade and other payables	158,794	147,321
Loans and borrowings	76,232	78,631
Current tax liabilities	322	26
<b>Total current liabilities</b>	<b>235,348</b>	<b>225,978</b>
<b>Total liabilities</b>	<b>259,992</b>	<b>254,665</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>454,404</b>	<b>448,411</b>
Net assets per share (RM)	0.37	0.37

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the period ended 30 June 2017

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Financial Period Ended 30 June 2017

	Current Financial Period 30.6.2017 RM'000	Preceding Corresponding Year 30.6.2016 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,932	12,404
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	2,555	6,922
Depreciation of investment property	62	-
Gain on disposal of property, plant and equipment	(1,090)	(35)
Gain on disposal of investment property	(364)	-
Property, plant and equipment written off	19	1
Finance costs	3,927	3,258
Finance income	(279)	(373)
<b>Operating profit before changes in working capital</b>	<u>7,762</u>	<u>22,177</u>
Inventories	(128)	(229)
Trade and other receivables	4,307	(34,444)
Trade and other payables	11,000	17,224
<b>Cash generated from operations</b>	<u>22,941</u>	<u>4,728</u>
Tax paid	(1,480)	(4,769)
Tax refund	65	-
Interest paid	(4,199)	(3,258)
<b>Net cash from/(used in) operating activities</b>	<u>17,327</u>	<u>(3,299)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(9,317)	(6,375)
Acquisition of investment property	-	(41)
Proceeds from disposal of property, plant and equipment	-	62
Interest received	75	373
<b>Net cash used in investing activities</b>	<u>(9,242)</u>	<u>(5,981)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayments)/Proceeds from bankers' acceptances and trust receipts	(6,853)	(1,613)
Proceeds from loans & other borrowings	10,536	503
Repayment of finance lease liabilities	(4,543)	(8,171)
Increase in pledged fixed deposits	(1,338)	(99)
<b>Net cash used in financing activities</b>	<u>(2,198)</u>	<u>(9,380)</u>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	5,887	(18,660)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<u>(28,826)</u>	<u>301</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*</b>	<u><u>(22,939)</u></u>	<u><u>(18,359)</u></u>
<b>*Cash and cash equivalents at the end of the financial period comprised the following:</b>		
Fixed deposits with licensed banks	25,360	25,177
Less: Pledged deposits	(24,360)	(23,486)
	<u>1,000</u>	<u>1,691</u>
Cash and bank balances	1,277	635
Bank overdrafts	(25,216)	(20,685)
	<u><u>(22,939)</u></u>	<u><u>(18,359)</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016



**IKHMAS JAYA GROUP BERHAD** (1072872-D)  
**Interim financial statements for the period ended 30 June 2017**  
*(The figures have not been audited)*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Financial Period Ended 30 June 2017

	Attributable to the owners of the Company				Non-controlling interests	Total equity	
	<----- Non-distributable ----->			Distributable			Total
	Share capital	Share premium	Merger reserve/(Deficit)	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2016</b>	130,000	36,747	(68,500)	91,103	189,350	(655)	188,695
Profit and total comprehensive income for the year	-	-	-	9,521	9,521	(347)	9,174
<b>At 30 June 2016</b>	130,000	36,747	(68,500)	100,624	198,871	(1,002)	197,869
<b>At 1 January 2017</b>	130,000	36,747	(68,500)	97,185	195,432	(1,686)	193,746
Profit and total comprehensive income for the year	-	-	-	948	948	(282)	666
<b>At 30 June 2017</b>	130,000	36,747	(68,500)	98,133	196,380	(1,968)	194,412

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016*



**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017**

**A1. Basis of preparation**

**Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with the requirements of Paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting.

These are the second interim financial statements on the consolidated results for the second quarter ended 30 June 2017 announced by the Company in compliance with the MMLR.

These interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2016.

**A2. Significant Accounting Policies**

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act, 2016 in Malaysia.

The following are accounting standards, amendments, and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

**A2. Significant Accounting Policies (continued)**

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018 (continued)***

- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payments – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- MFRS 17, *Insurance Contracts*

***MFRSs, Interpretations and amendments effective for a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

**A3. Auditors' Report**

The reports of the auditors to the members of Ikhmas Jaya Group Berhad ("IJGB"), and its subsidiary companies on the financial statements for the financial year ended 31 December 2016 were not subject to any qualification and did not include any adverse comments made under subsection (3) of Section 174 of the Companies Act, 1965.

**A4. Seasonality or Cyclicity of Interim Operations**

The Group's results are not materially affected by any seasonal or cyclical factors.

**A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

The financial performance of the Group during the current quarter ended 30 June 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event.



**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017**

**A6. Material Effect of Changes in Estimates of Amounts Reported in Prior Interim Periods or Prior Financial Years**

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements for the current period under review.

**A7. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter ended 30 June 2017.

**A8. Dividends Paid**

No dividends were paid by the Company in the current quarter ended 30 June 2017.

**A9. Segmental Reporting**

The Group is predominantly involved in civil and building construction, which is the only reportable segment. Other non-reportable segments comprise manufacturing and sales of prefabricated building system. None of these segments met the quantitative thresholds for reporting segments in 2017 and 2016. All the Group's operations are carried out in Malaysia.

**A10. Property, plant and equipment**

Freehold land and assets under construction are stated at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

**A11. Significant Post Balance Sheet Event**

There were no material events as at 23 August 2017, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the current financial period under review.

**A12. Changes in Composition of the Group**

Ikhmas Jaya Group Berhad (IJGB) has acquired the entire issued shares of Exofield Property Management Sdn Bhd (Exofield) on 24<sup>th</sup> March 2017, comprising of 2 ordinary shares for a cash consideration of RM2.00 (Acquisition). Exofield was incorporated on 21 September 2016 and its intended principal activity is property management.

The Acquisition will not have any effect on the issued shares and the shareholding of the substantial shareholders of IJGB. The Acquisition is not expected to have any material effect on the earnings per share, net assets per share and gearing of IJGB Group for the financial period ended 30 June 2017. None of the directors and/or shareholder and/or persons connected with them have any interest, direct or indirect in the Acquisition.





**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017**

**A13. Significant Related Party Transactions**

There were no significant transactions for the current quarter ended 30 June 2017 and preceding year corresponding quarter ended 30 June 2016 except for the amount owing to Ikhmas Jaya Holdings Sdn Bhd (a significant shareholder) of approximately RM1.6 million as at 30 June 2017 as detailed below:

	<b>As at 30.6.2017 RM'000</b>	<b>As at 30.6.2016 RM'000</b>
Ikhmas Jaya Sdn Bhd	453	3,352
Rekavista Sdn Bhd	13	13
Ikhmas Equipment Sdn Bhd	115	-
MM2 Building System Sdn Bhd	1,010	1,010
<b>Total</b>	<b>1,591</b>	<b>4,375</b>

**A14. Contingent Liabilities**

There were no material changes in contingent liabilities and contingent assets since the last audited financial statements for the financial year ended 31 December 2016 to 23 August 2017, being a date not earlier than 7 days from the date of this announcement, save for the following:

	<b>As at 23.8.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Guarantees given to banks for facilities granted to a subsidiary	352,141	334,379
	<b>352,141</b>	<b>334,379</b>



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

**B1. Review of the Performance of the Group**

	<b>Current financial period ended</b>	<b>Preceding year corresponding period ended</b>
	<b>30.6.2017</b>	<b>30.6.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	124,500	113,584
<b>Profit before taxation</b>	2,932	12,404

The Group recorded a revenue of RM124.5 million for the current financial period ended 30 June 2017, an increase of RM10.9 million compared to RM113.6 million recorded in the preceding year corresponding period ended 30 June 2016.

The increase in revenue was mainly due to the Group's increased construction activities in new projects during the period ended 30 June 2017, compared to corresponding period ended 30 June 2016.

The Group recorded a profit before tax of RM2.9 million for the current financial period ended 30 June 2017, a decrease of RM9.5 million from the preceding year corresponding period ended 30 June 2016.

Profit before tax margin for the current financial period ended 30 June 2017 stood at 2.35%, compared to 10.92% for the preceding year corresponding period ended 30 June 2016.

The decrease in both the profit before tax and profit before tax margin was mainly due to additional cost incurred in one of the infrastructure projects and the completion of a building project which provided a relatively higher margin in the preceding year corresponding period ended 30 June 2016.

**B2. Comparison with Preceding Quarter's Results**

	<b>Current quarter ended</b>	<b>Preceding quarter ended</b>
	<b>30.6.2017</b>	<b>31.3.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	51,911	72,589
<b>Profit before taxation</b>	4,109	(1,176)

In the quarter under review, the Group recorded a decrease in revenue by RM 20.7 million to RM51.9 million compared to RM72.6 million in the preceding quarter ended 31 March 2017.



**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017**

**B2. Comparison with Preceding Quarter's Results (continued)**

The decrease in revenue was mainly due to lower revenue contribution from the completion of an infrastructure project and a building project.

The profit before tax for the current quarter ended 30 June 2017 increased by RM5.3 million compared to the preceding quarter ended 31 March 2017.

Profit before tax margin stood at 7.92% for the current quarter ended 30 June 2017 compared to a loss before tax margin of 1.62% for the preceding quarter ended 31 March 2017.

The increase in both the profit before tax and profit before tax margin was mainly due to capitalisation of contract costs into Work-In-Progress and higher profit margin from construction activities generated from newly secured projects.

**B3. Prospects**

In spite of the challenging business environment, the Group will adopt a prudent approach to address the various challenges accordingly. We will continue to increase our operational efficiency while expanding our capacity, to continuously bid for new contracts and strive to grow our business.

**B4. Profit Forecast or Profit Guarantee**

Not applicable as there was no profit forecast or profit guarantee issued.

**B5. Profit Before Tax**

Profit for the current quarter and current financial year is stated after charging/(crediting):-

	<b>Current quarter ended 30.6.2017 RM'000</b>	<b>Current financial year ended 30.6.2017 RM'000</b>
Depreciation of property, plant and equipment	(10)	2,555
Depreciation of investment property	27	62
Property plant and equipment written off	-	19
Finance income	(147)	(279)
Finance costs	1,883	3,927
Gain on disposal of property, plant and equipment	(1,090)	(1,090)
Gain on disposal of investment property	(364)	(364)



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017

B6. Taxation

	Current quarter ended 30.6.2017	Current financial year ended 30.6.2017
	RM'000	RM'000
Current tax expense	1,469	2,266

B7. Status of Corporate Proposal

**Utilisation of Proceeds from Public Issue**

The Company undertook a public issue of 126,000,000 new ordinary shares, representing approximately 24.23% of the Company's enlarged issued and paid-up share capital at the IPO price of RM0.57 per share.

Upon the allotment and issuance of the Public Issue Shares pursuant to our IPO, our enlarged issued and paid-up capital of our Group will be RM130,000,000 comprising 520,000,000 shares.

The gross proceeds arising from the Public Issue amounted to RM71.8 million. As at 30 June 2017, the Group has utilised RM64.9 million and the balance available for utilisation is RM6.9 million as shown below:

	Description	Timeframe for Utilisation	Amount (RM'000)	% of Total Gross Proceeds (%)	Amount utilised (RM'000)	Balance Available (RM'000)
(a)	Purchase of construction equipment	Within 24 months	31,820	44.31	30,294	1,526
(b)	Purchase of machinery and equipment for manufacturing of prefabricated building system	Within 24 months	5,000	6.96	-	5,000
(c)	Repayment of bank borrowings	Within 6 months	12,000	16.71	12,000	-
(d)	Working capital	Within 6 months	18,000	25.06	18,000	-
(e)	Estimated listing expenses	Immediate	5,000	6.96	5,000	-
	<b>Total Public Issue Proceeds</b>		<b>71,820</b>	<b>100.00</b>	<b>65,294</b>	<b>6,526</b>

*Note: The utilisation of proceeds as disclosed above should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.*

On 17 July 2017, the Company announced to Bursa Malaysia Securities Bhd ("Bursa") that the Company proposed to undertake a private placement of up to 52,000,000 new ordinary shares in the Company, representing up to 10% of the total number of issued shares of the Company and this proposal was approved on 25 July 2017.



**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017**

**B7. Status of Corporate Proposal (continued)**

**Utilisation of Proceeds from Public Issue (continued)**

On 23 August 2017, the Company announced that it will issued 10,350,000 new ordinary shares at RM0.70 to be listed on Main Market of Bursa Securities on 24 August 2017.

*Save as disclosed above, there were no pending corporate proposals up to 23 August 2017, being a date not earlier than 7 days from the date of this announcement.*

**B8. Investment in Quoted Securities**

There were no material purchases or disposals of quoted securities during the current quarter and financial period ended 30 June 2017.

**B9. Sale of Unquoted Investments and/or Properties**

During the current quarter ended 30 June 2017, the Group has disposed 3 units of Damai 88 Service Apartments, Jalan Ampang, Kuala Lumpur, for a total consideration of RM5.1 million.

Save for the above, there were no sale of unquoted investment and/or properties during the current quarter and financial period ended 30 June 2017.

**B10. Group Borrowings**

The Group's borrowings as at 30 June 2017 are as follows:

	<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Finance lease liabilities	23,418	9,672	33,090
Secured term loans	8,604	5,433	14,037
Secured bank overdrafts	25,216	-	25,216
Unsecured bankers' acceptance/trust receipts	12,890	-	12,890
Factoring facility	6,104	-	6,104
	<u>76,232</u>	<u>15,105</u>	<u>91,337</u>

All borrowings of the Group are denominated in Ringgit Malaysia.



**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017**

**B11. Realised/ Unrealised profits**

	<b>As at 30.6.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- realised	107,495	105,108
- unrealised	(9,539)	(8,645)
	<u>97,956</u>	<u>96,463</u>
Add : Consolidated adjustments	178	722
Total retained earnings as per consolidated accounts	<u>98,134</u>	<u>97,185</u>

**B12. Off Balance Sheet Financial Instruments**

Save for below, there were no financial instruments with off balance sheet risks as at 23 August 2017, being a date not earlier than 7 days from the date of this announcement.

	<b>As at 23.8.2017 RM'000</b>	<b>As at 31.12.2016 RM'000</b>
Guarantees given to banks for facilities granted to a subsidiary	<u>352,141</u>	<u>334,379</u>

**B13. Material Litigation**

On 1 December 2016, Ikhmas Jaya Sdn. Bhd. ("IJSB"), a wholly owned subsidiary of IJGB has been served a Writ of Summons dated 24 November 2016 and amended Statement of Claim dated 29 November 2016 ("amended SoC") by the solicitors of a nominated sub-contractor ("the Plaintiff") against a third party as the first defendant and IJSB as the second defendant.

By a Letter of Award dated 8 December 2014 issued by IJSB, as the main contractor has appointed the Plaintiff as the Nominated Sub-Contractor for the supply, delivery and installation of kitchen cabinets for 150 units of service apartments ("the works"). The first defendant is the owner of the project and had appointed IJSB as its main contractor for the said project.

In its amended SoC, the Plaintiff states that they have completed the works in accordance with the Letter of Award and various reminders were sent to IJSB requesting for outstanding payment of RM1,261,303 ("the outstanding sum").

The Plaintiff is a Nominated Sub-Contractor appointed by the first defendant and IJSB acts as a coordinator for the works only for the project.

There was a settlement agreement dated 29 June 2016 between the Plaintiff and the first defendant for direct payment by the first defendant to the Plaintiff of the outstanding sum and IJSB is not a party to that agreement. IJSB has no knowledge about the aforesaid settlement agreements until recently as mentioned in the amended SoC.

IJGB has appointed its solicitors to act to review the Writ and amended SoC and to defend the case.



**IKHMAS JAYA GROUP BERHAD (1072872-D)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS – SECOND QUARTER ENDED 30 JUNE 2017**

**B13. Material Litigation (continued)**

The plaintiff's solicitors had on 23 August 2017 served a letter to the first defendant to pay up the sum of RM1,425,215.52 by 4 monthly instalments within 21 days from this date. Failing which, the plaintiff's solicitors have strict instructions to commence winding-up proceedings against the first defendant without further reference to the first defendant.

Save for the above, the Group does not have any material litigation as at 23 August 2017, being a date not earlier than 7 days from the date of this announcement.

**B14. Dividend**

No dividend was declared for the current quarter and financial period ended 30 June 2017.

**B15. Earnings per Share**

The earnings per share for the current quarter and current financial period ended 30 June 2017 is computed as follows:-

	<b>Current quarter ended 30.6.2017</b>	<b>Current financial period ended 30.6.2017</b>
Profit for the quarter/period, attributable to owners of the parent (RM'000)	2,757	948
Weighted average number of ordinary shares in issue ('000)*	520,000	520,000
Basic Earnings Per Share (sen)	0.53	0.18

*\* Based on the issued share capital after the completion of the Initial Public Offering as detailed in Note B7*

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial year ended 30 June 2017.