

Ikhmas Jaya Group Berhad

(Company No. 1072872-D)

(Incorporated in Malaysia)

**Interim financial statements for fourth
quarter ended 31 December 2019**



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the year ended 31 December 2019

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Current Quarter	Preceding Year Corresponding Quarter	Current Year	Preceding Year (Audited)
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Continuing Operations:				
Revenue	62,617	92,472	208,815	308,193
Cost of sales	(89,834)	(115,216)	(269,485)	(303,501)
Gross (loss)/profit	(27,217)	(22,744)	(60,670)	4,692
Other income	3,294	1,419	11,995	2,148
Administrative expenses	(3,194)	(4,530)	(13,876)	(15,126)
Net loss on impairment of financial instrument and contract assets	(11,484)	-	(58,552)	(10,428)
Other operating expenses	(2,514)	(6,846)	(9,671)	(5,123)
Finance income	205	514	916	1,123
Finance costs	(5,898)	(5,105)	(12,842)	(13,512)
Loss before taxation	(46,808)	(37,292)	(142,700)	(36,226)
Taxation	(3,576)	2,662	(3,377)	3,619
Loss for the year	(50,384)	(34,630)	(146,077)	(32,607)
Loss attributable to :				
Equity holders of the Company	(49,782)	(31,412)	(144,351)	(28,961)
Non-controlling interests	(602)	(3,218)	(1,726)	(3,646)
	(50,384)	(34,630)	(146,077)	(32,607)
Loss per share (sen) attributable to owners of the parent:				
- Basic	(8.83)	(5.78)	(25.60)	(5.33)
- 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 2018



IKHMAS JAYA GROUP BERHAD (1072872-D)
Interim financial statements for the year ended 31 December 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	As at 31.12.2019	(Audited) As at 31.12.2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	47,598	93,200
Investment properties	11,797	12,721
Investment	4	226
Contract assets	12,331	43,735
ROU assets	644	-
Deferred tax assets	-	2,493
Total non-current assets	<u>72,374</u>	<u>152,375</u>
Current assets		
Trade and other receivables	177,462	173,559
Contract assets	89,024	119,702
Inventories	34	866
Current tax assets	2,644	4,292
Cash and cash equivalents	28,532	37,852
Total current assets	<u>297,696</u>	<u>336,271</u>
TOTAL ASSETS	<u><u>370,070</u></u>	<u><u>488,646</u></u>
EQUITY AND LIABILITIES		
Share capital	191,687	182,542
Merger deficit	(68,500)	(68,500)
(Accumulated losses)/Retained profits	(74,104)	67,747
Equity attributable to holders of the company	<u>49,083</u>	<u>181,789</u>
Non-controlling interests	<u>(7,963)</u>	<u>(6,237)</u>
Total equity	<u>41,120</u>	<u>175,552</u>
Non-current liabilities		
Loans and borrowings	11,836	22,656
Lease liabilities	259	-
Deferred tax liabilities	4,633	5,333
Total non-current liabilities	<u>16,728</u>	<u>27,989</u>
Current liabilities		
Trade and other payables	271,872	215,118
Lease liabilities	482	-
Loans and borrowings	36,372	68,074
Current tax liabilities	3,496	1,913
Total current liabilities	<u>312,222</u>	<u>285,105</u>
Total liabilities	<u>328,950</u>	<u>313,094</u>
TOTAL EQUITY AND LIABILITIES	<u><u>370,070</u></u>	<u><u>488,646</u></u>
Net assets per share (RM)	0.08	0.33

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the year ended 31 December 2019

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2019

	Attributable to the owners of the Company				Total	Non-controlling interests	Total equity
	Non-distributable		Distributable				
	Share capital	Merger Deficit	Equity reserve	Retained earnings/ (Accumulated losses)			
RM'000	Preceding Year (Audited)	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2018	173,992	(68,500)	-	101,514	207,006	(2,591)	204,415
Effect of adoption of MFRS 9	-	-	-	(4,806)	(4,806)	-	(4,806)
At 1 January 2018, restated	173,992	(68,500)	-	96,708	202,200	(2,591)	199,609
Shares issued	8,550	-	-	-	8,550	-	8,550
Loss and total comprehensive expense for the year	-	-	-	(28,961)	(28,961)	(3,646)	(32,607)
At 31 December 2018	182,542	(68,500)	-	67,747	181,789	(6,237)	175,552
At 1 January 2019	182,542	(68,500)	-	67,747	181,789	(6,237)	175,552
Waiver of debts	-	-	2,500	-	2,500	-	2,500
Shares issued	9,145	-	-	-	9,145	-	9,145
Loss and total comprehensive expense for the year	-	-	-	(144,351)	(144,351)	(1,726)	(146,077)
At 31 December 2019	191,687	(68,500)	2,500	(76,604)	49,083	(7,963)	41,120

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 2018



IKHMAS JAYA GROUP BERHAD (1072872-D)

Interim financial statements for the year ended 31 December 2019

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2019

	Current Financial Year 31.12.2019 RM'000	(Audited) Preceding Year 31.12.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(142,700)	(36,226)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	13,542	15,905
Depreciation of investment property	236	248
Depreciation of right-of-use assets	348	-
Gain on disposal of property, plant and equipment	(7,836)	(990)
Gain on disposal of investment property	(144)	-
Property, plant and equipment written off	-	3
Impairment losses on:		
- property, plant and equipment	291	400
- trade receivables	1,296	8,868
- other receivables	2,470	450
- contract assets	54,786	1,060
- amount due from related company	-	50
Deposits (recover)/written off	(57)	621
Bad debts written off	-	113
Contract costs written off	50,388	39,442
Write down of inventories	782	745
Provision for liquidated ascertained damages ("LAD")	14,595	-
Inventories written off	-	37
Finance costs	12,842	13,512
Finance income	(916)	(1,123)
Operating (loss)/profit before changes in working capital	(77)	43,115
Changes in working capital:		
Inventories	50	(1,416)
Trade and other receivables	1,080	21,077
Trade and other payables	66,559	13,383
Contract assets	(43,092)	(25,654)
Cash generated from operations	24,520	50,505
Tax paid	(5)	(533)
Tax refund	1,256	11
Interest paid	(9,070)	(6,984)
Net cash generated from operating activities	16,701	42,999
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(110)	(1,233)
Disposal of investment	222	-
Proceeds from disposal of property, plant and equipment	5,881	2,007
Proceeds from disposal of investment property	1,617	-
Interest received	916	1,123
Net cash generated from investing activities	8,526	1,897
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bankers' acceptances and trust receipts	-	(15,049)
Repayment of loan and other borrowings	(12,947)	(18,253)
Proceeds from issuance of shares	9,145	8,550
Repayment of finance lease liabilities	(14,611)	(13,036)
Increase in pledged fixed deposits	8,861	(8,702)
Interest paid	(2,734)	(6,528)
Payment of finance lease liabilities	(250)	-
Interest paid - Finance lease liabilities	(30)	-
Net cash used in financing activities	(12,566)	(53,018)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	12,661	(8,122)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	(35,260)	(27,138)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER*	(22,599)	(35,260)
*Cash and cash equivalents at the end of the financial year comprised the following:		
Fixed deposits with licensed banks	27,992	36,853
Less: Pledged deposits	(27,992)	(36,853)
	-	-
Cash and bank balances	540	999
Bank overdrafts	(23,139)	(36,259)
	(22,599)	(35,260)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

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 fourth interim financial statements on the consolidated results for the fourth quarter ended 31 December 2019 announced by the Group 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 2018. 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 2018.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018 except for the newly effective standard which was adopted pursuant to the adoption of the MFRS Framework, namely MFRS 16 Leases.

The preparation of interim financial statements in conformity with MFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from those estimates.

The Group has prepared its interim financial statements on a going concern basis, notwithstanding that the Group incurred a net loss of RM146.1 million for the 12 months period ended 31 December 2019. As at that date, the Group's current liabilities exceeded its current assets by RM14.5 million.

The validity of the going concern assumption is dependent upon the Group's ability to raise sufficient funds in the form of fresh capital injection, attaining positive cash flows from its operations to enable the Group to meet its obligations as and when they fall due as well as securing supports from its suppliers and creditors so as to ensure the Group continues as a going concern for the foreseeable future.

The Group has prepared and considered prospective financial statements based on assumptions and events that may occur for at least 12 months from the date of approval of the interim financial statements and the possible actions to be taken by the Group. Prospective financial statements include proposed capital injection by the controlling shareholder, Ikhmas Jaya Holdings Sdn. Bhd. and its new strategic business partner, profit and cash flow forecasts for the ongoing projects as well as potential projects that the management has tendered/intends to tender taken into consideration reasonable success rate based on its historical track record and past experience. The forecasts also incorporate current payables, committed expenditures and other future expected expenditures.

In considering the use of going concern assumptions, the Directors have also considered the viability of the fund-raising activities as described below.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

A1. Basis of preparation (continued)

Statement of compliance (continued)

There will be a fresh advance of RM5.0 million from the controlling shareholder to the Group. In addition, the controlling shareholder, Ikhmas Jaya Holdings Sdn. Bhd. and its new strategic business partner via their appointed consultant advisers had presented and represented to the Board that there would be injection of fresh capital of RM16.5 million into the Group within the next three (3) to four (4) months, subject to the approval from the relevant authorities and shareholders, coupled with the possibility of raising an additional amount of RM8.5 million following thereafter during the second half of financial year ending 31 December 2020.

With such a proposal in place, the aforesaid would help the Group in regaining its firm financial footing as it would bridge the temporary funding gap during this interim period when most of its existing major key projects are either already completed or nearing completion phase whilst the recent ones have yet to enter their acceleration phase, of which this has resulted in relatively weaker cash surplus contribution.

The Group will continue with various action plans which are already set in motion to increase its order book, right size its organization and strengthen its financial performance and position.

The action plans are given in brief as follows:

- (i) Actively seeking collaboration with a few potential business partners and alliances to jointly tender and undertake future infrastructure projects. Such strategic partnership or alliance would increase the chances of securing the projects and give leverage to the Group to enhance its operating and financial position;
- (ii) Seek potential suitors to come onboard as strategic investor(s) which would ultimately lead to business synergies, new opportunities as well as fresh capital;
- (iii) Aggressively bid for new projects with the strategic partners as mentioned in (i) and (ii) above to increase order book;
- (iv) Negotiating with its major existing suppliers and subcontractors to increase credit facilities and taking measures to increase its pool of suppliers and subcontractors;
- (v) Continue to intensify its focus and efforts to enhance cost monitoring and execution delivery for all its projects; and
- (vi) Continuously seek fresh banking facilities on more favourable credit terms for the future projects.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

A1. Basis of preparation (continued)

Statement of compliance (continued)

At the announcement date of these interim financial statements, the Directors believe that the business will be able to realise its assets and discharge its liabilities in the normal course of business for the next 12 months. Accordingly, the interim financial statements are prepared on a going concern basis.

The interim financial statements of the Group do not include any adjustments relating to the recoverability and classification of recorded asset amounts or additional amounts and classification of liabilities that may be necessary should the aforesaid plans not materialised.

A2. Changes in Accounting Policies

MFRS 16, Leases

MFRS 16, Leases supersedes MFRS 117 Leases and its related interpretations. Under MFRS 16, the Group recognises right-of-use assets and lease liabilities for most of its operating leases – these leases are on-balance sheet at initial application. At transition, the right-of-use asset is measured at amount equal to lease liability whilst the lease liability is measured at the present value of the remaining lease payments using the Group's incremental borrowing rate.

Based on the assessment performed, the Group and the Company do not expect any material financial impact arising from adoption of MFRS 16.

A3. 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:

Amendments effective for annual periods beginning on or after 1 January 2020

- Amendment to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures –Interest Rate Benchmark Reform

MFRS effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

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



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

A4. Auditor’s 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 2018 were not subject to any qualification and did not include any adverse comments.

A5. Seasonality or Cyclicity of Interim Operations

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

A6. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

The financial performance of the Group during the current quarter and financial year ended 31 December 2019 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.

A7. 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 financial year ended 31 December 2019.

A8. Debt and Equity Securities

There was no cancellation, repurchase, resale and repayment of debts and equity securities during the financial year ended 31 December 2019 except for the following:

On 19 July 2019 and 2 August 2019, private placements of 20,000,000 and 23,000,000 new ordinary shares at RM0.21 per share and RM0.215 per share respectively were completed with the listing and quotation of the said shares on the Main Market of Bursa Securities and a total of RM9,145,000 had been raised for purpose of working capital. As at the date of this announcement, the proceeds had been fully utilized.

A9. Dividends Paid

No dividends were paid by the Company in the current quarter and financial year ended 31 December 2019.

A10. Segmental Reporting

The Group is predominantly involved in civil and building construction, which is the only reportable segment. Other non-reportable segments such as sales of goods and services, equipment hiring and rental of properties did not meet the quantitative thresholds for segmental reporting in 2019 and 2018. All the Group’s operations are carried out in Malaysia.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

A11. 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.

A12. Significant Post Balance Sheet Event

There were no material events as at 22 February 2020, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the current quarter and financial year ended 31 December 2019.

A13. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year ended 31 December 2019.

A14. Significant Related Party Transactions and/or Balances

There were no significant related party transactions for the financial year ended 31 December 2019 and preceding year ended 31 December 2018.

The amount owing by the Group's entities to Ikhmas Jaya Holdings Sdn Bhd (a controlling shareholder) and Directors is given as detailed below:

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Amount due to Ikhmas Jaya Holdings Sdn Bhd		
Ikhmas Jaya Sdn Bhd	9,242	12,049
Rekavista Sdn Bhd	-	13
Ikhmas Equipment Sdn Bhd	-	115
MM2 Building System Sdn Bhd	1,010	1,010
Total	10,252	13,187
Amount due to Directors	Total	8,796
		4,673

A15. Contingent Liabilities

There were no material contingent liabilities for the Group as at 31 December 2019.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

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

	Quarter Ended 31 December		% + / (-)	Financial Year Ended 31 December		% + / (-)
	2019	2018		2019	2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	62,617	92,472	-32.3%	208,815	308,193	-32.2%
Operating Loss	(41,115)	(32,701)	25.7%	(130,774)	(23,837)	>100%
Loss Before Tax	(46,808)	(37,292)	25.5%	(142,700)	(36,226)	>100%
Loss After Tax	(50,384)	(34,630)	45.5%	(146,077)	(32,607)	>100%
Loss Attributable to Equity Holders of the Parent	(49,782)	(31,412)	58.5%	(144,351)	(28,961)	>100%

Q4 FY2019 versus Q4 FY2018

The Group achieved a lower revenue of RM62.6 million during the current quarter under review i.e. a decrease of RM29.9 million (or 32.3%) as compared to RM92.5 million recorded in the preceding year's corresponding quarter.

The lower revenue was mainly due to the fact that all new major key projects such as flood mitigation project in Sungai Pendang - Kedah and Light Rail Transit 3 from Bandar Utama to Johan Setia Package GS09 ("LRT3-GS09") have yet to move into their acceleration phase in their progress of construction. Whilst for the existing major key projects; they are either progressing towards their completion or already completed and now pending for finalisation of account. As such, their revenue and earnings contribution during the current quarter had been relatively weaker in comparison.

A lower revenue, coupled with provisional charges of RM3.7 million for liquidated ascertained damages ("LAD"), contract costs written off of RM26.0 million and impairment charges of RM8.2 million on contract assets, led to a loss before tax of RM46.8 million during the current quarter ended 31 December 2019 as compared to a loss before tax of RM37.3 million incurred during the preceding year's corresponding quarter.

The impairment charges on contract assets and contract costs written off were solely on the completed projects which are now in their account finalisation stage.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B1. Review of the Performance of the Group (continued)

FY2019 versus FY2018

The Group recorded a lower revenue of RM208.8 million for the current financial year ended 31 December 2019 i.e. a decrease of RM99.4 million (or 32.2%) as compared to RM308.2 million incurred in the preceding year ended 31 December 2018.

A lower revenue, coupled with a provisional charge of RM14.6 million for liquidated ascertained damages (“LAD”), contract costs written off of RM50.4 million and impairment charges of RM54.8 million on contract assets, led to a loss before tax of RM142.7 million during the current financial year ended 31 December 2019 as compared to a loss before tax of RM36.2 million incurred during the preceding year ended 31 December 2018.

As mentioned above, with its major projects still in their initial take off phase had resulted in a temporary respite in revenue and earnings contribution to the Group during the current financial year as compared to its performance a year ago. This coupled with the charges for LAD, contract costs written off and impairment charges on contract assets had resulted in the Group’s underperformance during the current financial year ended 31 December 2019.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B2. Comparison with Preceding Quarter's Results

	Current Quarter Ended 31.12.2019	Immediate Preceding Quarter Ended 30.9.2019	% + /(-)
Revenue	62,617	62,290	0.5%
Operating Loss	(41,115)	(13,698)	>100%
Loss Before Tax	(46,808)	(15,777)	>100%
Loss After Tax	(50,384)	(15,886)	>100%
Loss Attributable to Ordinary Equity Holders of the Parent	(49,782)	(16,017)	>100%

During the current quarter under review, the Group recorded a revenue of RM62.6 million i.e. an increase of RM0.3 million (or 0.5%) as compared to RM62.3 million reported in the preceding quarter ended 30 September 2019. This was mainly due to its most recent completion of a key major project in Klang Valley.

The aforesaid coupled with the charges for LAD (i.e. RM3.7 million in Q4 FY2019 versus RM7.8 million in Q3 FY2019), contract costs written off (i.e. RM26.0 million in Q4 FY2019 versus RM2.9 million in Q3 FY2019) and impairment of contract assets (i.e. RM8.2 million in Q4 FY2019 versus RM3.7 million in Q3 FY2019) resulted in the Group reporting a loss before tax of RM46.8 million in the current quarter as compared to a loss before tax of RM15.8 million incurred in the preceding quarter.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B3. Prospects

The Group anticipates the business environment to remain very challenging and competitive in view of our domestic economic slowdown, property market overhang, stringent credit conditions imposed by banks and increasing regulatory compliance cost.

In spite of the challenging business environment, the Group will continue with its prudent approach to address the various challenges accordingly. The Group will continue to strengthen its core competencies, increase operational efficiency, strengthen its liquidity, lower its financial gearing risk and right size its productive capacity to continuously bid for new contracts and strive to grow its business.

The Group hopes to capitalise on the prospect of job opportunities considering its vast experience and core expertise in bore piling and substructure works, superstructure works, bridges, roads and other infrastructure works.

The Group is hoping for a better outlook of things to come in this financial year and beyond. Its order book stood at approximately RM568.5 million as at 31 December 2019.

B4. Profit Forecast or Profit Guarantee

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

B5. Loss Before Tax

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

	Current quarter ended 31.12.2019 RM'000	Current financial year ended 31.12.2019 RM'000
Depreciation of property, plant and equipment	2,482	13,542
Depreciation of investment property	57	236
Depreciation of right-of-use assets	348	348
Gain on disposal of property, plant and equipment	(2,843)	(7,836)
Gain on disposal of investment properties	(144)	(144)
Impairment of property, plant and equipment	-	291
Impairment of trade receivables	781	1,296
Impairment on other receivables	2,470	2,470
Impairment of contract assets	8,233	54,786
Contract costs written off	25,979	50,388
Deposit recovered	(57)	(57)
Write down of inventories	-	782
Provision for liquidated ascertained damages ("LAD")	3,665	14,595
Finance income	(205)	(916)
Finance costs	5,898	12,842



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B6. Taxation

	Current quarter ended 31.12.2019 RM'000	Current financial year ended 31.12.2019 RM'000
Current tax expense	(1,932)	(1,581)
Deferred tax expense	(1,644)	(1,796)
	<u>(3,576)</u>	<u>(3,377)</u>

B7. Status of Corporate Proposal

Proposed Private Placement

On 30 April 2019, the Company announced the proposal to undertake a private placement of up to 54,535,000 new ordinary shares ("Placement Shares) in the Company, representing up to 10% of the total number of issued shares of the Company to investors to be identified later and at an issue price to be determined by the Board.

Bursa Malaysia Securities Berhad ("BMSB") had, vide its letter dated 14 May 2019 approved the listing and quotation of the Placement Shares to be issued pursuant to the abovementioned proposed private placement.

On 18 July 2019, 20,000,000 Placement Shares had been issued to various investors at the price of RM0.21 per share raising a gross proceeds of RM4.20 million and the Placement Shares had been quoted on the Main Market of BMSB.

On 1 August 2019, 23,000,000 Placement Shares had been issued to various investors at the price of RM0.215 per share raising a gross proceeds of RM4.95 million and the Placement Shares had been quoted on the Main Market of BMSB.

In total, the abovementioned private placements had raised additional long term capital funding of RM9.15 million for the Group.

Save as disclosed above, there were no other pending corporate proposals up to 22 February 2020, being a date not earlier than 7 days from the date of this announcement.

B8. Investment in Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter and financial year ended 31 December 2019.

B9. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investment and/or properties during the current quarter and financial year ended 31 December 2019 except for the following:

An intermediate four (4) storey terrace shop office lot with a built-up area measuring 6,696 square feet, located at No. 63, Jalan SS15/8A, SS15, 47500 Subang Jaya, Selangor Darul Ehsan had been sold in an arm's length transaction at a fair value of RM3.2 million to an external third party.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B10. Group Borrowings

The Group's borrowings as at 31 December 2019 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
As at 31 December 2019			
Finance lease liabilities	7,824	8,229	16,053
Secured term loans	219	3,607	3,826
Secured bank overdrafts	23,139	-	23,139
Banker Acceptance and trust receipts	1,851	-	1,851
Factoring facility	3,339	-	3,339
	<u>36,372</u>	<u>11,836</u>	<u>48,208</u>
	Short Term RM'000	Long Term RM'000	Total RM'000
As at 31 December 2018			
Finance lease liabilities	13,526	17,139	30,665
Secured term loans	327	5,517	5,844
Secured bank overdrafts	36,259	-	36,259
Banker Acceptance and trust receipts	12,208	-	12,208
Factoring facility	5,754	-	5,754
	<u>68,074</u>	<u>22,656</u>	<u>90,730</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B11. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 22 February 2020, being a date not earlier than 7 days from the date of this announcement.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B12. Material Litigation

- (a) Signature Cabinet Sdn. Bhd. vs D.J. Design & Suppliers Sdn. Bhd. & Ikhmas Jaya Sdn. Bhd. (“IJSB”)

On 1 December 2016, a Court action by way of Writ and Statement of Claim was initiated by Signature Cabinet Sdn. Bhd. (“the Plaintiff”) against D.J. Design & Suppliers Sdn. Bhd. as the 1st Defendant and IJSB as the 2nd Defendant for outstanding payment of RM1,261,303.14 (“the outstanding sum”).

By a Letter of Award dated 8 December 2014 issued by IJSB as the main contractor, IJSB 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”) at Lot 83, Seksyen 88 Jalan Damai off Jalan Ampang, Kuala Lumpur, Wilayah Persekutuan (“the Project”). The 1st Defendant is the owner of the Project.

A collateral agreement dated 29 June 2016 was signed between the Plaintiff and the 1st Defendant for direct payment of the outstanding sum following a discussion held between the same parties on 29 June 2016.

On 31 May 2017, all parties under the Court action had recorded a Consent Judgement wherein the 1st Defendant is to pay the Plaintiff an amount totalling RM1,425,215.51 by instalments as in the following:-

- 1) RM500,000.00 - on or before 27.6.2017;
- 2) RM308,405.17 - on or before 15.7.2017;
- 3) RM308,405.17 - on or before 15.8.2017; and
- 4) RM308,405.17 - on or before 15.9.2017.

At the date of this announcement, IJSB was made to understand by the 1st Defendant that the remaining balance amount of RM158,405.34 out of the Judgement Sum of RM1,425,215.51, owing to the Plaintiff had been fully settled by the 1st Defendant.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B.12 Material Litigation (continued)

- (b) Tunjang Jitu Sdn. Bhd. vs Kerajaan Negeri Kuala Terengganu & United Overseas Bank (M) Bhd.

The Kerajaan Negeri Kuala Terengganu (“1st Defendant”) has awarded to Tunjang Jitu Sdn. Bhd. (“Plaintiff”) a main contract for a project known as “Merekabentuk, Membina, Menyiapkan dan Menyelenggara 160 Unit (5 Tingkat) Rumah Pangsa Mampu Milik di Pulau Redang, Kuala Terengganu” (“the Project”) valued at RM27.975 million and the Plaintiff has in turn awarded the Project to Ikhmas Jaya Sdn. Bhd. (“IJSB”) as the sub-contractor.

IJSB provided a performance bond to the 1st Defendant on behalf of the Plaintiff wherein the bond was issued by United Overseas Bank (M) Bhd. (“2nd Defendant”) for an amount of RM1,428,740. On 11 March 2018, the 1st Defendant called upon the bond based on purported termination of the main contract due to alleged delay in completing the Project.

The Plaintiff and IJSB had appointed solicitors to initiate a legal action against the 1st Defendant wherein the former is claiming for among others, outstanding sum for works performed and also an injunction to prohibit the 1st Defendant from calling and 2nd Defendant from releasing the bond to the 1st Defendant until the disposal of the above action. An ex-parte injunction had been obtained on 21 March 2018 and the inter parte hearing was held on 31 July 2018 where the Kuala Terengganu High Court (“the Court”) decided in favour of the 1st Defendant. Hence, the court injunction to stop the 2nd Defendant from releasing the Performance Bond to the 1st Defendant is no longer in place.

A Notice of Motion was filed for the purpose of obtaining an Erinford Injunction Order at the Court of Appeal in lieu of the dismissal by the learned Kuala Terengganu High Court judge to grant interim Erinford Injunction Order on 12 September 2018 pending disposal by way of inter parte hearing. The Court of Appeal had allowed the Plaintiff’s application for Erinford Injunction Order. The 1st Defendant is restricted in its claim on the performance bond secured by IJSB until the case is heard in the Court of Appeal.

Case management for the Injunction Appeal had been fixed on 10 December 2018. The Plaintiff had filed an application with supporting affidavit to amend the writ of summons and statement of claim. Hearing for the amended application had been fixed on 28 January 2019.

Following the aforesaid, the Court of Appeal had instructed the parties to file the following on (or before) 14 March 2019:

- Written Submissions;
- Bundle of Authorities;
- Executive Summary (if needed); and
- Common Core Bundle.

The legal case had been fixed for case management on 28 March 2019 and for trial from 26 May 2019 to 29 May 2019. Hearing of the case had been adjourned to 15 July 2019. The Court of Appeal had adjourned the Hearing for the Appeal and Application to 12 September 2019 to put in fresh evidence. Case management was fixed on 3 December 2019.

The Court of Appeal has fixed the matter for hearing on 14 July 2020. The Erinford Injunction is still in place till the hearing date.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B12. Material Litigation (continued)

(c) BSG Construction (M) Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”)

- (i) Adjudication under Construction Industry Payment and Adjudication Act 2012 (ref no. Klrca/d/adj-1214-2017) between BSG Construction (M) Sdn. Bhd. and Ikhmas Jaya Sdn. Bhd.

BSG Construction (M) Sdn. Bhd. (“the Plaintiff”) had issued an Adjudication Notice dated 11 September 2017 under the Construction Industry Payment and Adjudication Act 2012 against IJSB (“the defendant”) for payment of certified sum of RM4,975,984. On 20 December 2017, the Adjudicator had awarded a sum of RM3,184,077 to the Plaintiff together with adjudication costs of RM59,025 and 5% interest per annum on the awarded sum from 25 January 2018 until full settlement.

- (ii) Kuala Lumpur High Court originating summons No. WA-24C-35-02/2018 between BSG Construction (M) Sdn. Bhd. and Ikhmas Jaya Sdn. Bhd.

The Plaintiff had commenced the action on 19 February 2018 to convert the adjudication award to a Court judgment. IJSB had instructed its solicitors to set aside the Adjudicator’s award due to the fact that the Adjudicator had exceeded his jurisdiction and that the award is against natural justice.

On 30 April 2018, Kuala Lumpur High Court had dismissed IJGB’s application to set aside the Adjudicator’s award on the grounds that the Adjudicator has exceeded his jurisdiction and that the award was against natural justice. The High Court had allowed the adjudication to be converted into a Court judgment.

- (iii) Kuala Lumpur High Court Writ No. WA-22C-14-02/2018 between BSG Construction (M) Sdn. Bhd. and Ikhmas Jaya Sdn. Bhd.

The Plaintiff had commenced the action on 22 February 2018 to claim for a sum of RM1,791,907 being the balance amount that was not awarded by the Adjudicator. IJSB has appointed solicitors to defend the claim. The plaintiff had filed a summary judgment application and it was fixed for hearing on 11 May 2018. Summary judgement was obtained.

For all of the three legal suits as mentioned in paragraph (c)(i), (c)(ii) and (c)(iii), IJSB and BSG Construction (M) Sdn Bhd had executed an amicable out of court settlement agreement on 22 June 2018. Following which, the Plaintiff had withdrawn the Notice dated 31 May 2018 pursuant to Section 466(1)(a) of the Companies Act 2016 read together with Section 465(1)(e) of the Companies Act 2016.

As at 30 August 2019, there was still a remaining balance of RM1,452,905.87 to be settled in due course.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B12. Material Litigation (continued)

- (c) BSG Construction (M) Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”) (continued)
- (iv) Kuala Lumpur High Court Companies Winding Up No. BA-28NCC-442-07/2019 between BSG Construction (M) Sdn Bhd (“Petitioner”) and Ikhmas Jaya Group Berhad (“IJGB”).

IJGB was served with a Winding Up Petition (“Petition”) dated 19 July 2019 together with Affidavit by the Petitioner demanding for payment of the abovementioned remaining balance owing by IJSB to the Petitioner. The Court had fixed the case for mention on 28 August 2019. The Court had allowed the plaintiff to gazette the Winding Up Petition Order on 12 September 2019 and hearing had been fixed on 15 October 2019.

IJGB and the Petitioner had successfully reached an amicable out of court settlement. And the Petitioner’s legal representative had withdrawn the Winding Up Petition via Court Order dated 24 October 2019.

As at the date of this announcement, the legal suit case had been fully settled.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B12. Material Litigation (continued)

- (d) Cemix Concrete (M) Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”) and Ikhmas Jaya Group Berhad (“IJGB”)

Shah Alam High Court Writ No: Ba-22ncc-11-05/2018 between Cemix Concrete (M) Sdn Bhd (“The Plaintiff”), Ikhmas Jaya Sdn Bhd (“The 1st Defendant”) and Ikhmas Jaya Group Bhd (“The 2nd Defendant”) (Collectively “the Defendants”)

The Plaintiff had sold and delivered ready mix concrete materials to IJSB. IJSB had failed to settle the principal sum apart from RM500,000 paid on 6 April 2018. The outstanding principal sum is RM3,180,452.78.

IJGB has provided a guarantee to the Plaintiff and is liable to pay all monies payable by IJSB, including interest and costs incurred by the Plaintiff in acquiring judgment for the remaining monies owed by IJSB, on condition that it does not exceed RM5 million and is subject to annual renewal.

Pursuant to a Credit Application dated 21 June 2012, IJSB is liable to pay interest at 1.5% per month from the date of expiry of credit term up to the date of full settlement. The accrued interest as of 30 April 2018 amounted to RM96,233.16 and this interest will continue to accrue from 1 May 2018 up to the date of full settlement.

On 18 May 2018, IJSB and IJGB had been served a Writ of Summons (“Writ”) and Statement of Claim (“SoC”) dated 4 May 2018 by the solicitors of the Plaintiff. The Plaintiff is claiming the principal sum of RM3,180,452.78, interest, costs and other reliefs.

The Defendants and the Plaintiff had reached an amicable out of court settlement arrangement and following which, the Plaintiff had on 4 June 2018 filed to the High Court a Notice of Discontinuance to withdraw the Writ of Summons and Statement of Claim served on the Defendants.

As at the date of this announcement, there is a remaining balance of RM1,021,499.28 (including interest charges of RM388,799.20) to be settled in due course.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B12. Material Litigation (continued)

- (e) Ikhmas Jaya Sdn. Bhd. (“IJSB”) vs ASM Development (KL) Sdn. Bhd. Kuala Lumpur High Court Suit No. WA-22C-64-08/2018

IJSB through its solicitors had on 15 August 2018 served a sealed copy of the Writ of Summons (“Writ”) and Statement of Claim (“SoC”) against ASM Development (KL) Sdn Bhd. (“the Defendant”).

IJSB (“the Plaintiff”) is claiming for RM14,583,764.69 from the Defendant being the outstanding balance of the certified contractual work done.

The Hearing for Notice of Application under Order 14 had been fixed on 9 January 2019. The said Order had been dismissed by the High Court. The case was fixed for trial from 5 August 2019 to 8 August 2019. The High Court adjourned the case for full trial from 17 September 2019 to 18 September 2019. It had been fixed for case management on 20 November 2019 and the High Court had recorded Consent Judgement against the Defendant for the sum of RM11,641,060.54 on the same date.

On 14 November 2019, the Defendant had filed a counter claim (Court Suit No. WA-22C-96-11/2019) for defect works and delay in completion of works against the Plaintiff for the sum of RM13,325,867.22 in midst of filing their defence. Case management had been fixed on 21 January 2020 of which was adjourned to 1 April 2020, to file bundle of documents.

On 18 February 2020, the Plaintiff’s solicitors had filed a fresh legal suit against the Defendant for a further additional claim of RM2,942,704.15 in a separate case as instructed by the Court. The said legal suit is fixed for case management on 28 February 2020, and also for the Plaintiff to file its defence against the Defendant’s counter claim.

As such, the judgement sum against the Defendant for RM11,641,060.54 was stayed pending outcome of the counter legal claim suit taken by the Defendant against the Plaintiff.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B12. Material Litigation (continued)

- (f) Ipmuda Berhad vs Ikhmas Jaya Sdn. Bhd. (“IJSB”) and Ikhmas Jaya Group Berhad (“IJGB”)

Shah Alam High Court Civil Suit between Ipmuda Berhad (“The Plaintiff”), Ikhmas Jaya Sdn. Bhd. (“The 1st Defendant”) and Ikhmas Jaya Group Berhad (“The 2nd Defendant”) (Collectively “The Defendants”)

The Plaintiff had sold and delivered goods to IJSB. IJSB had failed to settle the principal sum of RM2,346,941.89 and agreed interest of RM627,153.18 totalling RM2,974,095.07.

IJGB has provided a guarantee to the Plaintiff and is liable to pay all monies payable by IJSB, including interest and costs incurred by the Plaintiff in acquiring judgment for the remaining monies owed by IJSB, on condition that it does not exceed RM5 million and is subject to annual renewal.

On 4 December 2018, IJSB and IJGB had been served a Writ of Summons (“Writ”) and Statement of Claim (“SoC”) dated 30 November 2018 by the solicitors of the Plaintiff. The Plaintiff is claiming the following:

- (i) an order that the Defendants pay the Plaintiff immediate cash amounting to RM2,974,095.07 or alternative forms;
- (ii) the principal sum of RM2,346,941.89 and agreed interest of RM627,153.18;
- (iii) interest rate of 5% per annum from the Judgment date and the Court Order until full settlement;
- (iv) legal costs of RM150,000 or other court costs; and
- (v) all orders as may be determined by the Court.

Case management had been fixed on 15 March 2019. The High Court instructed both parties to file updated documents on 4 April 2019 for trial. The hearing date for Order 14 had been fixed by the High Court to be held on 19 July 2019. Summary Judgement was recorded and a sealed copy of which had been served on the Defendants on 19 August 2019.

The Defendants and the Plaintiff had reached an amicable out of court settlement and the Winding Up Petition No. BA-28NCC-603-09/2019 had been withdrawn via Court Order dated 24 October 2019.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B12. Material Litigation (continued)

(g) Sunway Geotechnics (M) Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”)

On 1 March 2019, IJSB (“the Defendant”) had been served a sealed copy of the Originating Summons (filed in Shah Alam High Court) by the solicitors of Sunway Geotechnics (M) Sdn Bhd (“the Plaintiff”). The Plaintiff is claiming the following:

- (i) payment of principal sum for balance work done for RM8,202,205.75 and RM492,132.34 for service tax under the subcontract;
- (ii) pre-decision interest of RM104,493.85;
- (iii) party and party costs of this claim of RM45,000; and
- (iv) full cost of Adjudicator’s fee and expense as well as Asian International Arbitration Centre’s administrative cost taxed at RM61,289.

The matter had been fixed for case management on 26 March 2019. Both Plaintiff and Defendant requested for the case management to be deferred to 7 May 2019 and subsequently to 29 July 2019 as both parties were in the midst of working and finalising for an out of court settlement. Both parties entered into a Deed of Settlement and the legal suit was withdrawn by the Plaintiff on 19 August 2019.

(h) Ikhmas Jaya Sdn Bhd (“IJSB”) (“Plaintiff”) vs DJ Design & Suppliers (“Defendant”). Kuala Lumpur High Court Writ of Summons (“Writ”) No. WA-22NCVC-394-06/2019.

IJSB had via its solicitors served a Writ and Statement of Claim on the Defendant to claim for specific performance on the Settlement Agreement dated 17 April 2017 and Supplementary Agreement dated 21 March 2018.

Breakdown of the claims amounting to RM90,112,813.26 in summary is given as in the following:

- (i) RM46,237,500.00 - market worth for twenty three (23) units of high end high rise and fully furnished apartments (“Damai 88 properties”) in Ampang, Kuala Lumpur.
- (ii) RM6,304,851.90 - undertaking given by Defendant to pay various nominated subcontractors and suppliers of Plaintiff.
- (iii) RM15,705,500.00 - balance of cash instalment payment which has been long overdue as the Defendant failed to honour its obligations.
- (iv) RM21,864,961.36 - outstanding interest charges at the rate of 1.5% per month on overdue instalments.

Case management had been fixed on 6 September 2019, of which was adjourned to 30 October 2019. Due to the circumstance that the Defendant had been adjudged wound up on 5 August 2019; the Plaintiff had to withdraw the legal suit against the Defendant, with the liberty to file afresh.

IJSB’s solicitor is now working with the Defendant’s banker to release the Damai 88 properties free from encumbrances to IJSB of which is targeted for completion by end of March 2020.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B12. Material Litigation (continued)

- (i) Ilham Metro Construction Sdn Bhd (“Plaintiff”) vs Ikhmas Jaya Group Berhad (“IJGB”) Shah Alam High Court Civil Suit No. BA-22NCvC-431-10/2019

On 15 October 2019, the Plaintiff served IJGB with a Writ of Summons dated 3 October 2019 and Statement of Claim dated 2 October 2019 for a sum of RM1,350,000.00 being balance of friendly loan owing to the Plaintiff. Interest on the outstanding amount would be imposed at the rate of 5% per annum until the date of full and final settlement.

On 1 November 2019, both IJGB and the Plaintiff had reached an amicable out of court settlement with the execution of a formal debt settlement agreement. The Notice of Discontinuance had been filed by the Plaintiff on 5 December 2019.

- (j) Lafarge Concrete (Malaysia) Sdn Bhd (“Plaintiff”) vs Ikhmas Jaya Sdn Bhd (“IJSB” or “The 1st Defendant”) and Ikhmas Jaya Group Berhad (“IJGB or The 2nd Defendant”) Kuala Lumpur Magistrate High Court Civil Suit No. WA-22NCC-529-09/2019

On 27 September 2019, the Plaintiff served IJSB with a Writ of Summons (“Writ”) and Statement of Claim (“Soc”) dated 24 September 2019 and 25 September 2019 respectively.

IJGB had executed a Letter of Guarantee (“the Guarantee”) dated 17 May 2016 to guarantee all the amount owing by IJSB to the Plaintiff for the purchase of goods including interest charges.

The Plaintiff is seeking demand of payment from the Defendants for the sum of RM2,172,375.86 (RM2,041,456.50 being the principal sum plus RM130,919.30 being interest charges) as at 5 September 2019.

Judgement was granted by the High Court on 13 January 2020.

The Defendants and their solicitor are now working on the most appropriate course of action for an amicable out of court settlement in the best interest of both IJSB and IJGB.

- (k) Seng Long Construction & Engineering Sdn Bhd (“Claimant”) vs Ikhmas Jaya Sdn Bhd (“IJSB”) pursuant to section 5 of Construction Industry Payment and Adjudication Act 2012 (“CIPAA”)

The Claimant served a Payment Claim dated 5 February 2020 under CIPAA on IJSB for a total amount of RM3,791,328.02 (“the Claim”).

The Claimant was appointed as a nominated subcontractor for landscape works in one of the construction building work projects in Klang Valley. The Claim is in relation to monies due for works and services rendered.

IJSB after having consulted its solicitor, would contest the matter in the best interest of the Company as they are of the opinion that the Claim is not served on reasonable and justifiable grounds.



IKHMAS JAYA GROUP BERHAD (1072872-D)

NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2019

B13. Dividend

No dividend was declared for the current quarter and financial year ended 31 December 2019.

B14. Earnings per Share

The earnings per share for the current quarter and financial year ended 31 December 2019 is computed as follows:-

	Current quarter ended	Current financial year ended
	31.12.2019	31.12.2019
Loss for the quarter/year, attributable to owners of the parent company (RM'000)	(49,782)	(144,351)
Weighted average number of ordinary shares in issue ('000)	563,933	563,933
Basic Loss Per Share (sen)	(8.83)	(25.60)

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 31 December 2019.