

Top Builders Capital Berhad
(Formerly known as Ikhmas Jaya Group Berhad)
Company No. 201301043050 (1072872-D)
(Incorporated in Malaysia)

**Interim financial statements for fourth
quarter ended 31 December 2020**



TOP BUILDERS CAPITAL BERHAD Registration No: 201301043050 (1072872-D)
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the Financial Period Ended 31 December 2020

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Current Quarter	Corresponding Quarter	Current Year	(Audited) Year
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Continuing Operations:				
Revenue	13,153	62,617	56,419	199,536
Cost of sales	(14,243)	(89,834)	(68,273)	(264,668)
Gross loss	(1,090)	(27,217)	(11,854)	(65,132)
Other income	56	3,294	9,200	12,368
Administrative expenses	(2,845)	(3,194)	(10,450)	(12,525)
Net loss on impairment of financial instrument and contract assets	-	(11,484)	(4,078)	(64,482)
Other operating expenses	(886)	(2,514)	(4,641)	(13,485)
Finance income	14	205	176	916
Finance costs	(231)	(5,898)	(3,052)	(13,128)
Loss before taxation	(4,982)	(46,808)	(24,699)	(155,468)
Taxation	-	(3,576)	(2,146)	(4,078)
Loss for the year	(4,982)	(50,384)	(26,845)	(159,546)
Loss attributable to :				
Equity holders of the Company	(4,557)	(49,782)	(27,048)	(157,779)
Non-controlling interests	(425)	(602)	203	(1,767)
	(4,982)	(50,384)	(26,845)	(159,546)
Loss per share (sen) attributable to owners of the parent:				
- Basic	(0.77)	(8.83)	(4.60)	(27.97)
- Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.



TOP BUILDERS CAPITAL BERHAD Registration No: 201301043050 (1072872-D)
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the Financial Period Ended 31 December 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Current Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Current Year 31.12.2020 RM'000	Preceding Year (Audited) 31.12.2019 RM'000
Loss for the year	(4,982)	(50,384)	(26,845)	(159,546)
Other comprehensive Income: <i>Items that will not be reclassified to profit or loss:</i>				
Revaluation of property, plant and equipment	-	-	14,020	-
Deferred tax liability relating to revaluation of property, plant and equipment	-	-	(1,402)	-
Other comprehensive income for the year, net of tax	-	-	12,618	-
Total comprehensive loss for the year, net of tax	<u>(4,982)</u>	<u>(50,384)</u>	<u>(14,227)</u>	<u>(159,546)</u>
Total comprehensive loss attributable to:				
Equity holders of the Company	(4,557)	(49,781)	(14,430)	(157,779)
Non-controlling interests	(425)	(603)	203	(1,767)
	<u>(4,982)</u>	<u>(50,384)</u>	<u>(14,227)</u>	<u>(159,546)</u>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.



TOP BUILDERS CAPITAL BERHAD Registration No: 201301043050 (1072872-D)
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	(Unaudited) As at 31.12.2020 RM'000	(Audited) As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,602	16,938
Investment properties	7,661	10,585
Investment	4	4
Contract assets	11,916	11,916
Right-of-use assets	16,913	26,686
Total non-current assets	67,096	66,129
Current assets		
Trade and other receivables	151,641	160,818
Contract assets	63,856	67,900
Inventories	77	254
Current tax assets	150	2,644
Cash and bank balances	12,541	28,531
	228,265	260,147
Assets classified as held for sale	-	4,618
Total current assets	228,265	264,765
TOTAL ASSETS	295,361	330,894
EQUITY AND LIABILITIES		
Share capital	191,687	191,687
Reserve	(170,462)	(156,032)
Equity attributable to holders of the Company	21,225	35,655
Non-controlling interests	(7,801)	(8,004)
Total equity	13,424	27,651
Non-current liabilities		
Loans and borrowings	2,944	1,947
Lease liabilities	4,044	8,427
Deferred tax liabilities	7,871	6,469
Total non-current liabilities	14,859	16,843
Current liabilities		
Trade and other payables	241,395	223,107
Contract liabilities	1,166	22,351
Lease liabilities	9,312	8,380
Loans and borrowings	10,587	30,205
Current tax liabilities	4,618	2,357
Total current liabilities	267,078	286,400
Total liabilities	281,937	303,243
TOTAL EQUITY AND LIABILITIES	295,361	330,894
Net assets per share (RM)	0.02	0.05

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.



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INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 For the Financial Period Ended 31 December 2020

	Attributable to the owners of the Company					Total	Non-controlling interests	Total equity/ (Capital deficiencies)
	Non-distributable							
	Share capital	Merger Deficit	Revaluation reserve	Other reserve	Retained earnings/ (Accumulated losses)			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2019	182,542	(68,500)	-	-	67,747	181,789	(6,237)	175,552
Equity contribution from waive of debts	-	-	-	2,500	-	2,500	-	2,500
Shares issued	9,145	-	-	-	-	9,145	-	9,145
Loss and total comprehensive expense for the year	-	-	-	-	(157,779)	(157,779)	(1,767)	(159,546)
At 31 December 2019	191,687	(68,500)	-	2,500	(90,032)	35,655	(8,004)	27,651
At 1 January 2020	191,687	(68,500)	-	2,500	(90,032)	35,655	(8,004)	27,651
Profit/(Loss) and total comprehensive income/(expense) for the year	-	-	12,618	-	(27,048)	(14,430)	203	(14,227)
At 31 December 2020	191,687	(68,500)	12,618	2,500	(117,080)	21,225	(7,801)	13,424

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 2019.



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INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 For the Financial Period Ended 31 December 2020

	Current Financial Year 31.12.2020 RM'000	(Audited) Preceding Year 31.12.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(24,699)	(155,468)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	3,043	5,229
Depreciation of investment property	182	236
Depreciation of right of use	4,008	8,593
Loss on disposal of subsidiaries	1,777	-
Gain on disposal of property, plant and equipment	(3,396)	(10,440)
(Gain)/Loss on disposal of right of use	(370)	2,722
Loss on disposal of other investment	-	62
Gain on disposal of investment properties	(641)	(2,344)
(Reversal of)/Impairment losses on:		
- property, plant and equipment	(691)	291
- trade receivables	-	9,724
- other receivables	-	2,590
- contract assets	4,078	69,188
- investment properties	-	1,212
Contract costs written off	-	49,149
Write down of inventories	-	782
Finance costs	3,052	13,128
Finance income	(176)	(916)
Operating loss before changes in working capital	(13,833)	(6,262)
Changes in working capital:		
Inventories	177	(170)
Trade and other receivables	9,177	6,526
Trade and other payables	25,256	70,538
Contract assets	(21,219)	(46,249)
Cash (used in)/generated from operations	(442)	24,383
Tax paid	-	(5)
Tax refund	2,609	1,648
Interest paid	-	(8,309)
Net cash from operating activities	2,167	17,717



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INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - continued
For the Financial Period Ended 31 December 2020

	Current Financial Year 31.12.2020 RM'000	(Audited) Preceding Year 31.12.2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(108)
Acquisition of investment property		
Proceeds from disposal of right-of-use assets	-	3,736
Proceeds from disposal of other investment	-	160
Proceeds from disposal of property, plant and equipment	6,018	3,785
Proceeds from disposal of investment properties	165	1,617
Proceeds from disposal of subsidiaries	20	-
Interest received	176	916
Net cash from investing activities	<u>6,379</u>	<u>10,106</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan and other borrowings	(4,996)	(10,359)
Proceeds from issuance of shares	-	9,145
Repayment of loans and other borrowings	-	(4,433)
Repayment of lease liabilities	(3,451)	(14,850)
Decrease/(Increase) in pledged fixed deposits	23,725	8,862
Interest paid	(3,052)	(3,526)
Net cash from/(used in) financing activities	<u>12,226</u>	<u>(15,161)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,772	12,662
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>(22,598)</u>	<u>(35,260)</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER *	<u><u>(1,826)</u></u>	<u><u>(22,598)</u></u>
*Cash and cash equivalents at the end of the financial year comprised the following:		
Fixed deposits with licensed banks	4,266	27,991
Less: Pledged deposits	(4,266)	(27,991)
	-	-
Cash and bank balances	8,274	540
Bank overdrafts	(10,100)	(23,138)
	<u>(1,826)</u>	<u>(22,598)</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 2019.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

A1. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements are unaudited and 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.

As announced on 30 December 2020, the financial year end of the Group has been changed from 31 December 2020 to 30 June 2021.

These are the fourth interim financial statements on the consolidated results for the fourth quarter and financial period ended 31 December 2020 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 2019. 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 2019.

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 2019.

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 expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, event or actions, actual results ultimately may differ from those estimates.

The interim financial statements have been prepared on the historical cost basis and on the assumption that the Group and the Company are going concerns.

The Group's current liabilities exceeded its current assets by RM38.813 million. There are material uncertainties that may cast significant doubt on the ability of the Group to meet their obligations as and when they fall due and to continue as going concerns.

The Group has prepared profit and cash flow forecasts and will continue to monitor and assess the cash positions of the Group on a regular basis.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

A2. Significant Accounting Policies

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2019 except for the adoption of the following Amendments to MFRSs:-

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

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

- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

MFRSs, interpretations and amendments effective for annual periods beginning on or after 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*

The adoption of the above Amendments to MFRSs does not have significant financial impact to the Group.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

A3. Auditor's Report

The auditor's report of the Group for the year ended 31 December 2019 carries a material uncertainty related to going concern which indicates the Group incurred a net loss of RM159,546,000 respectively for the financial year ended 31 December 2019 and, as of that date, the current liabilities of the Group exceeded its current assets by RM21,635,000.

A4. Seasonality or Cyclicity of Interim Operations

The business operations of the Group are not significantly affected by seasonal or cyclical factors.

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

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 31 December 2020.

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 31 December 2020.

A8. Dividends Paid

No dividends were paid by the Company in the current quarter ended 31 December 2020.

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 2021 and 2020. All the Group's operations are carried out in Malaysia.

A10. Property, plant and equipment

The Management determined that the freehold and leasehold land and building constitutes one class of asset under MFRS 13 Fair Value Measurement, based on the nature, characteristics and risks of the freehold and leasehold land and building.

Fair value of the freehold and leasehold land and building were determined using the market comparison method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of each specific properties. As at the date of valuation, the freehold and leasehold land and building's fair value was assessed and confirmed by management based on valuations performed by an independent professional valuer specialising in valuing property of similar nature.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

A11. Significant Post Balance Sheet Event

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

A13. Contingent Liabilities

As at the date of this announcement, the Group had contingent liabilities as follows:

	Current quarter as at 31.12.2020 RM'000	Audited as at 31.12.2019 RM'000
Guarantees		
Guarantees given to:		
-Subsidiaries' creditors	17,755	19,337
-Banks for facilities granted to subsidiaries	10,316	32,170
	<u>27,553</u>	<u>51,507</u>

A14. Significant Related Party Transactions and/or Balances

There were no significant related party transactions for the current quarter and financial period ended 31 December 2020 and preceding year ended 31 December 2019.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

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		% + / (-)	Cumulative Period Ended 31 December		% + / (-)
	2020	2019		2020	2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	13,153	62,617	-78.99%	56,419	199,536	-71.72%
Operating Loss	(4,765)	(41,115)	-88.41%	(21,823)	(143,256)	-84.77%
Loss Before Tax	(4,982)	(46,808)	-89.36%	(24,699)	(155,468)	-84.11%
Loss After Tax	(4,982)	(50,384)	-90.11%	(26,845)	(159,546)	-83.17%
Loss Attributable to Ordinary Equity Holders of the Parent	(4,557)	(49,782)	-90.85%	(27,048)	(157,779)	-82.86%

The Group recorded a revenue of RM13.153 million for the current quarter ended 31 December 2020 i.e. a decrease of RM49.464 million (or -78.99%) as compared to RM62.617 million recorded in the preceding year corresponding quarter ended 31 December 2019.

The Group reported a loss before tax of RM4,982 million for the current quarter ended 31 December 2020 i.e. a decrease of RM41.826 million as compared to RM46.808 million losses recorded in the preceding year corresponding quarter ended 31 December 2019.

The decrease in operating loss is mainly due to revision of additional costs from projects under defect liability period, overrun cost for ongoing projects and actual liquidated ascertained damages incurred.

B2. Comparison with Preceding Quarter's Results

	Current Quarter Ended 31.12.2020 (RM'000)	Immediate Preceding Quarter Ended 30.09.2020 (RM'000)	% + / (-)
Revenue	13,153	22,135	-40.58%
Operating Loss	(4,765)	(18,483)	-74.22%
Loss Before Tax	(4,982)	(19,770)	-74.80%
Loss After Tax	(4,982)	(21,916)	-77.27%
Loss Attributable to Ordinary Equity Holders of the Parent	(4,557)	(22,415)	-79.67%

During the current quarter under review, the Group recorded a revenue of RM13.153 million i.e. a decrease of RM8.982 million as compared to RM22.135 million reported in preceding quarter ended 30 September 2020.

The Group reported a loss before tax RM4.982 million for the current quarter ended 31 December 2020 i.e. a decrease of RM14.788 million as compared to RM19.770 million losses recorded in the preceding quarter ended 30 September 2020.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

B2. Comparison with Preceding Quarter's Results - continued

The increase in operating loss is mainly due to revision of additional costs from projects under defect liability period, overrun cost for ongoing projects and actual liquidated ascertained damages incurred.

B3. Prospects

The Group expects financial year 2021 to remain challenging in terms of competition from companies within similar industries and slowing down of the global as well as domestic economic environment due to the Covid-19 pandemic. Additionally, the emergence of Covid-19 pandemic has delayed the progress of ongoing projects of the Group as compared to previous financial year. The Group is currently focusing on reorganizing and restructuring its business to overcome this challenge.

B4. Profit Forecast or Profit Guarantee

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

B5. Loss Before Tax

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

	Current quarter ended 31.12.2020 RM'000	Current financial period ended 31.12.2020 RM'000
Depreciation of property, plant and equipment	1,028	3,043
Depreciation of investment property	42	182
Depreciation of right of use	904	4,008
Loss on disposal of subsidiaries	-	1,777
Gain on disposal of property, plant and equipment	-	(3,396)
Gain on disposal of right of use	-	(370)
Gain on disposal of investment properties	-	(641)
Rental received	35	(1,111)
Reversal of impairment loss on property, plant and equipment	-	(691)
Impairment losses on contract assets	-	4,078
Finance income	(14)	(176)
Finance costs	231	3,052

B6. Taxation

	Current quarter ended 31.12.2020 RM'000	Current financial period ended 31.12.2020 RM'000
Current tax expense – under provision in prior year	-	2,146



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

B7. Status of Corporate Proposal

Proposals

On 21 January 2021, the Company has decided not to proceed with the proposed private placement, proposed debt settlement with creditors, proposed debt settlement with major shareholder, proposed rights issue, proposed sis and proposed share capital reduction, (collectively, the “Proposals”) as the Company is evaluating other proposals for a restructuring plan, including a scheme of arrangement with its creditors. The details of the restructuring plan will be announced in due course.

B8. Investment in Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter and financial period ended 31 December 2020.

B9. Sale of Unquoted Investments and/or Properties

There were no other sale of unquoted investment during the current quarter and financial period ended 31 December 2020.

B10. Group Borrowings

The Group’s borrowings as at 31 December 2020 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
As at 31 December 2020			
Secured term loans	400	2,944	3,344
Secured bank overdrafts	10,099	-	10,099
Factoring facility	88	-	88
	<u>10,587</u>	<u>2,944</u>	<u>13,531</u>
As at 31 December 2019			
Secured term loans	1,878	1,947	3,825
Secured bank overdrafts	23,138	-	23,138
Banker Acceptance and trust receipts	1,849	-	1,849
Factoring facility	3,340	-	3,340
	<u>30,205</u>	<u>1,947</u>	<u>32,152</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 30 March 2021, being a date not earlier than 7 days from the date of this announcement.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

B12. Material Litigation

- (a) **Signature Cabinet Sdn. Bhd. vs D.J. Design & Suppliers Sdn. Bhd. & Ikhmas Jaya Sdn. Bhd. (“IJSB”) - Kuala Lumpur High Court Writ (No. WA-22C-86-11/2016)**

Further to the disclosures made in audited financial statement for the year ended 31 December 2019, there is no further update in the current quarter ended 31 December 2020.

- (b) **Tunjang Jitu Sdn. Bhd. vs Kerajaan Negeri Kuala Terengganu & United Overseas Bank (M) Bhd. - Court of Appeal Malaysia Appeal Suit (No. T-01(IM)(C)-505-08/2018)**

As at the date of this announcement, there is no further update in the current quarter ended 31 December 2020.

- (c) **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)**

As at the date of this announcement, there is no further update in the current quarter ended 31 December 2020.

- (d) **Ikhmas Jaya Sdn. Bhd. (“IJSB”) vs ASM Development (KL) Sdn. Bhd. Kuala Lumpur - High Court Suit (No. WA-22C-111-12/2019)**

Mediation was held respectively on 1 March 2021 and 10 March 2021. Mediation was successful with ASM and ASMKL wherein these companies jointly agreed to pay IJSB a global settlement sum of RM4,640,000.00 by way of cash and/or transfer of real estate property.

- (e) **Syarikat Logam Unitrade Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”) and Ikhmas Jaya Group Berhad (“IJGB”) Kuala Lumpur - High Court Suit (No. BA-22NCVC-378-09/2019)**

Amended Consent judgement from Shah Alam – High Court received on 2 December 2020 refers that IJSB is instructed to pay an amount of RM23,422,500 and the costs of RM40,000. 5% interest per annum charged on the principal sum from the date of this judgment till date of full settlement.

The liability has been accrued for in the financial statements.

- (f) **Lafarge Concrete (Malaysia) Sdn Bhd vs Ikhmas Jaya Sdn Bhd (“IJSB”) and Ikhmas Jaya Group Berhad (“IJGB”) Kuala Lumpur - Magistrets High Court Civil Suit (No. WA-22NCC-529-09/2019)**

Summary judgement from Kuala Lumpur – High Court refers that IJSB & IJGB are instructed to pay an amount of RM2,172,375.86 and the costs of RM4,000. 1.5% interest per annum charged on the principal sum from the date of this judgment till date of full settlement.

The liability has been accrued for in the financial statements.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

B12. Material Litigation - continued

- (g) **Lembaga Kumpulan Wang Simpanan Pekerja vs Ikhmas Jaya Sdn. Bhd. (“IJSB”), Khoo Pin Sen, Siew Mun Lout, Ang Cheng Siong and Ang Wei Zhen) Kuala Lumpur - High Court Suit (No. WA-22NCVC-189-03/2020)**

Draft summary judgement from Kuala Lumpur – High Court refers that all defendants are instructed to pay an amount of RM2,082,298.00. Dividend and late payment charges charged on the principal sum from January 2019 till date of full settlement.

The liability has been accrued for in the financial statements.

- (h) **Ilham Metro Construction Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”), Ikhmas Jaya Group Berhad (“IJGB”), Ang Cheng Siong and Khoo Ping Sen Shah Alam - High Court Civil suit (No. BA-22NCC-56-05/2020)**

Final judgement from Shah Alam – High Court received on 28 September 2020 refers that IJGB is instructed to pay an amount of RM1,350,000 while IJSB, Ang Cheng Siong and Khoo Ping Sen have to pay an amount RM1,125,000 together. The costs of RM2,000 is to be borne by all defendants.

The liability has been accrued for in the financial statements.

- (i) **Star Effort Sdn. Bhd. vs Ikhmas Jaya Group Berhad (“IJGB”) Shah Alam - High Court Writ of summons (No: BA-22NCVC-133-05/2020)**

The hearing date for Intervener’s application and Summary Judgement had initially fixed the date on 19 November 2020. Subsequently, the date has been extended until 21 January 2021.

The next case management was scheduled to be held on 17 May 2021.

- (j) **Ipmuda Berhad vs Ikhmas Jaya Sdn. Bhd. (“IJSB”) and Ikhmas Jaya Group Berhad (“IJGB”) Shah Alam - High Court Winding Up Petition (No. BA-28NCC-603-09/2019)**

The winding up petition withdrawn with liberty to file afresh.

- (k) **Sunway Geotechnics (M) Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”) Shah Alam - High Court originating summons (No: BA-24C-18-02/2019)**

The litigation procedures for the aforesaid case has been put on hold as TBCB is currently in the midst of a Scheme of Arrangement and Restraining Order has been obtained on 31 Dec 2020.

- (l) **Ikhmas Jaya Sdn. Bhd. (“IJSB”) vs MRCB Builders Sdn. Bhd. (“MRCB”) and Ambank (M) Berhad. - High Court Suit (No. WA-22C-36-05/2020)**

The Court had initially fixed the hearing date for the inter-parte injunction application on 21 August 2020. Subsequently, the application date has been extended until 21 October 2020.

The injunction hearing of the case is scheduled to be held on 18 March 2021. The next hearing was scheduled to be held on 8 April 2021.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

B12. Material Litigation - continued

- (m) **Choo Seng Hardware Co (Ipoh) Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”), Ang Cheng Siong, Khoo Ping Sen and Siew Mun Lout- Shah Alam High Court (No: BA-22NCvC-196-06/2020)**

Summary Judgment recorded against Second to Fifth Defendant. The decision is on hold against First Defendant (IJSB) due to the Restraining Order.

- (n) **Yee Loong Engineering Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”)- Shah Alam High Court Winding Up Petition (No: BA-28NCC-282-06/2020)**

The hearing of the case was scheduled to be held on 9 December 2020. Subsequently, the next hearing of the case is scheduled to be held on 22 February 2021.

The case management is scheduled to be held on 5 April 2021

- (o) **Gruvcrete Asia Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”)- Shah Alam High Court (BA-22NCvC-231-07/2020)**

The hearing of the case was scheduled to be held on 4 December 2020.

Judgement was recorded on 5 January 2021 but haven't file the judgement.

- (p) **Lain-U Trading Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”)- Shah Alam High Court Winding Up Petition (No: BA-28NCC-326-07/2020)**

The hearing of the case was scheduled to be held on 11 January 2021.

The case management has been fixed on 2 April 2021.

- (q) **Maha Menteri Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”)- Shah Alam High Court Winding Up Petition (No: 28NCC-335-07/2020)**

The winding up petition withdrawn without liberty to file afresh.

- (r) **Lafarge Concrete (Malaysia) Sdn Bhd. vs Ikhmas Jaya Group Berhad (“IJGB”)- Shah Alam High Court Winding Up Petition (No: BA-28NCC-376-08/2020)**

The hearing of the case was scheduled to be held on 5 & 7 January 2021.

The case management has been fixed on 12 April 2021.

- (s) **Lembaga Kumpulan Wang Simpanan Pekerja vs Ikhmas Jaya Sdn. Bhd. (“IJSB”), Khoo Ping Sen, Siew Mun Lout, Ang Cheng Siong and Ang Wei Zhen - Shah Alam High Court (WA-22NCvC-563-09/2020)**

The case management was scheduled to be held on 27 January 2021.

The hearing of the case is scheduled to be held on 19 April 2021.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

B12. Material Litigation - continued

(t) Megamix Sdn. Bhd. vs Ikhmas Jaya Sdn. Bhd. (“IJSB”)- Shah Alam High Court (No: BA-22NCC-19-01/2020)

IJSB had on 11 September 2020 been served a Statutory Notice under Section 466 of the Companies Act, 2016 dated 27 July 2020 by the Petitioner’s Solicitors.

Subsequently, the litigation procedures for the aforesaid case has been put on hold as TBCB is currently in the midst of a Scheme of Arrangement and Restraining Order has been obtained on 31 Dec 2020.

(u) Ilham Metro Construction Sdn. Bhd. vs Ikhmas Jaya Group Berhad (“IJGB”), Ikhmas Jaya Sdn. Bhd. (“IJSB”), Shah Alam - High Court Civil suit (No. BA-22NCC-156-10/2020)

The case management was scheduled to be held on 24 November 2020 and next case management was scheduled on 7 January 2021.

The case management of the case is scheduled to be held on 2 April 2021.

(v) Seng Long Construction & Engineering Sdn. Bhd. vs Ikhmas Jaya Sdn Bhd (“IJSB”) - Kuala Lumpur High Court of Malaya (No: WA-22C-109-11/2020)

The case management was scheduled to be held on 23 November 2020 and 11 December 2020. Subsequently, the case management is scheduled to be held on 11 March 2021.

The next case management was scheduled to be held on 9 April 2021.

(w) Lembaga Hasil Dalam Negeri Malaysia vs Ikhmas Equipment Sdn. Bhd. (“IESB”), Dr. Khoo Ping Sen and Ang Cheng Siong - Shah Alam High Court (WA-22NCvC-563-09/2020)

IESB had been served with a Writ of Summons (“Writ”) dated 27 October 2020 and a Statement of Claim (“SoC”) dated 27 October 2020 by the solicitors of the Plaintiff on 7 December 2020.

IESB had been demanding for the settlement of outstanding tax payable inclusive of penalties by IESB totalling RM2,171,075.63 for the year of assessments 2017 and 2018.

The case management was scheduled to be held on 3 December 2020.

The Writ is on hold due to the Restraining Order.

(x) Dengkil Machinery & Hardware Sdn Bhd vs Ikhmas Jaya Sdn. Bhd. (“IJSB”) - Shah Alam High Court (BA-28NCC-426-12/2020)

IJSB had on 11 January 2021 been served a Winding-Up Petition dated 22 December 2020 by the Petitioner’s Solicitors.

IJSB had failed to settle the outstanding amount of RM134,497.40 owing to them as at 31 October 2019 with the interest of 1.5% per month on the said amount from 1 January 2019 pursuant to the Court Order issued by Shah Alam High Court against IJSB on 2 March 2020.

The case management was scheduled to be held on 24 May 2021.

The hearing of the case is scheduled to be held on 8 June 2021.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

B12. Material Litigation – continued

(y) Dahtec Marketing Sdn Bhd (“Dahtec”) vs Ikhmas Jaya Sdn. Bhd. (“IJSB”) - Shah Alam High Court (BA-22NCC-169-11/2019)

IJSB had on 29 January 2021 been served a Notice of Statutory Demand dated 29 January 2021 by the Petitioner’s Solicitors.

IJSB had failed to settle the outstanding amount of RM2,571,449.09 due and owing to them as at 29 January 2021 (“the Claim”) with interest accruing at RM374.64 per day from 30 January 2021 onwards until full realisation pursuant to the Court Order issued by Shah Alam High Court against IJSB dated 19 December 2019 via Suit No. BA-22NCC-169-11/2019.

IJSB has twenty-one (21) days from receipt of this Notice to settle the Claim with interest accruing from 30 January 2021 until full realisation, failing which winding up proceedings will be taken against IJSB.

Dahtec has replied IJSB lawyer letter confirming that they will withhold the winding up petition due to the Restraining Order. However, if there is no proposal settlement with Dahtec, they will proceed to get the leave from the Court to proceed with the winding up petition.

(z) Idaman Kemuncak Sdn. Bhd. (“IKSB”) vs Ikhmas Jaya Sdn. Bhd. (“IJSB”)

IJSB had been served with a Writ of Summons (“Writ”) and a Statement of Claim (“SoC”) both dated 7 January 2021 by the solicitors of the Plaintiff on 26 February 2021.

IJSB had been demanding for the settlement of outstanding of RM60,719.80 and interest of 5% per annum calculated from the Judgement date until the date of the full settlement.

B13. Steps taken in respect of the winding up petition

In relation to the above winding up petitions between the Group and the Petitioners are currently negotiating with respective petitioners for amicable out of court settlement.

The Group will appoint solicitors to file in an injunction to respective suits, if necessary.

At the same time, the Company had on 31 December 2020 announced that a Restraining Order has been granted by the High Court of Malaya at Kuala Lumpur pursuant to Sections 368 (1) of the Companies Act, 2016, whereby all proceedings in any action or any proceedings against the Top Builders Group and/or its assets be and is hereby forthwith restrained and stayed except by Leave of Court, for a period of three (3) months from 31 December 2020.

On 25 March 2021, High Court has extended the Restraining Order for further 3 months from 31 March 2021.

B14. Dividend

No dividend was declared for the current quarter and financial period ended 31 December 2020.



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

B15. Earnings per Share

The earnings per share for the current quarter and current financial period ended 31 December 2020 is computed as follows:-

	Current quarter ended	Current financial period ended
	31.12.2020	31.12.2020
Loss for the quarter/period, attributable to owners of the parent (RM'000)	(4,557)	(27,048)
Weighted average number of ordinary shares in issue ('000)	588,350	588,350
Basic Loss Per Share (RM)	(0.0077)	(0.0460)

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 December 2020.

B16. Material uncertainty related to going concern disclosed in the external auditors' report

On 16 April 2020, Bursa Malaysia has announced that PN17 Relief Measures will be available to Affected Listed Issuer that triggers any of the following criteria under PN17 of the Main Market Listing Requirements ("Suspended Criteria") from 17 April 2020 to 30 June 2021 ("Relief Period"):

- its shareholders' equity on a consolidated basis is 25% or less of its share capital (excluding treasury shares) and such shareholders' equity is less than RM40 million;
- auditors have highlighted a material uncertainty related to going concern or expressed a qualification on the listed issuer's ability to continue as a going concern in its latest audited financial statements and its shareholders' equity on a consolidated basis is 50% or less of its share capital (excluding treasury shares); and
- default in payment by the listed issuer, its major subsidiary or major associated company, as the case may be, as announced pursuant to paragraph 9.19A of the Main Listing Requirements and the listed issuer is unable to provide a solvency declaration to the Exchange.

On 31 December 2020, the Group remains in the Suspended Criteria during the Relief period. The PN17 criteria was triggered as a result of:

- the shareholders' equity of the Group on a consolidated basis was less than 25% of its issued and paid-up capital (excluding treasury shares) and was less than RM40,000,000; and
- the auditors have on its report dated 30 June 2020 highlighted a material uncertainty related to going concern on the Group's and the Company's ability to continue as going concern in the financial statements and the shareholders' equity of the Group on a consolidated basis is 50% or less of the issued and paid-up capital (excluding treasury shares).



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NOTES TO THE INTERIM FINANCIAL STATEMENTS – FOURTH QUARTER ENDED 31 DECEMBER 2020

B16. Material uncertainty related to going concern disclosed in the external auditors' report - continued

Under the PN17 Relief Measures:

- a. The Group will not be classified as a PN17 listed issuer and will not be required to comply with the obligations pursuant to paragraph 8.04 and PN17 of the Main Market Listing Requirements for a period of 12 months from the date of triggering the criteria;
- b. Upon the expiry of the 12 months from the Relief Announcement, the Group will re-assess its condition and announce whether it continues to trigger any of the criteria in PN17 of the Main Market Listing Requirements ("said Announcement"); and
- c. If the Group continues to trigger any of the criteria in PN17 of the Main Market Listing Requirements, it will then be classified as a PN17 listed issuer and must comply with all the obligations under paragraph 8.04 and PN17 of the Main Market Listing Requirements, including the obligation to submit a regularisation plan to the relevant authorities within 12 months from the said Announcement.

The Group has prepared its interim financial statements on a going concern basis, notwithstanding that the Group's current liabilities exceeded its current assets by RM38.813 million. There are material uncertainties that may cast significant doubt on the ability of the Group to meet their obligations as and when they fall due and to continue as going concerns.

The Group has prepared profit and cash flow forecasts and will continue to monitor and assess the cash positions of the Group on a regular basis.

On 17 February 2021, Bursa has announced that an 18-month relief period, instead of 12 months for a listed issuer that had triggered the suspended PN17 between 17 April 2020 and 30 June 2021.

In order to address the Group's material uncertainty relating to going concern highlighted in the auditor's report for financial year ended 2019, the management has taken actions as follow:

- a. Disposal of investment properties, property, plant and equipment to improve working capital structure of the Group.
- b. Proposed a private placement of 232,143,000 new ordinary shares in Ikhmas ("Ikhmas Shares" or "Shares") ("Placement Shares"), representing approximately 39.46% of the Company's existing number of issued Shares (excluding any treasury shares) ("Proposed Private Placement").

On 21 January 2021, the Company has decided not to proceed with the proposed private placement, proposed debt settlement with creditors, proposed debt settlement with major shareholder, proposed rights issue, proposed sis and proposed share capital reduction, (collectively, the "Proposals") as the Company is evaluating other proposals for a restructuring plan, including a scheme of arrangement with its creditors. The details of the restructuring plan will be announced in due course.

B17. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 30 March 2021.

