

**A Explanatory Notes to the Unaudited Interim Financial Report for the first quarter ended 31 March 2017**

**A1 Basis of Preparation**

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 of the Listing Requirements.

This is the first interim financial report on the Company’s consolidated results for the first quarter ended 31 March 2017 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

The interim financial report should be read in conjunction with the Accountants’ Report for the financial years ended 31 December 2014, 2015 and 2016 as disclosed in the Prospectus.

**A2 Significant Accounting Policies**

The significant accounting policies and presentations adopted by the Group are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 December 2016 as disclosed in the Accountants’ Report in the Prospectus.

**A3 Auditors’ Report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2016.

**A4 Seasonal and Cyclical Factors**

The Group does not experience significant fluctuations in operations due to seasonal factors or cyclical factors during the current financial quarter under review and the financial period to date.

**A5 Items or Incidence of an Unusual Nature**

The Directors are not aware of any items or incidence of an unusual nature not otherwise dealt with in this report which may or has substantially affected the value of assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter under review and the financial period to date.

**A Explanatory Notes to the Unaudited Interim Financial Report for the first quarter ended 31 March 2017 (Cont'd)**

**A6 Effects of Changes in Estimates**

There were no material changes in estimates of amounts reported in the current financial quarter or changes in estimates of amounts reported in prior financial years that may have a material effect in the current financial quarter under review and the financial period to date.

**A7 Debt and Equity Securities**

On 17 March 2017, the Company issued a total of 428,207,100 new ordinary shares as consideration for the acquisition of the entire equity interest for Inta Bina Sdn Bhd (“IBSB”).

Save as disclosed above, there were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current financial quarter under review and the financial period to date.

**A8 Dividends**

There were no dividends paid for the current financial quarter under review and the financial period to date.

**A9 Segmental Reporting**

The Group is primarily involved in securing and carrying out construction contracts. As such, the Group’s revenue for the current financial quarter under review and the financial period to date is derived entirely from its construction operations.

No geographical analysis has been prepared as the Group operates wholly in Malaysia.

**A Explanatory Notes to the Unaudited Interim Financial Report for the first quarter ended 31 March 2017 (Cont'd)**

**A10 Material Events after the Reporting Period**

In conjunction with the Company's listing on the ACE Market of Bursa Securities, on 5 May 2017, the Company issued its Prospectus for its initial public offering ("IPO") entailing the public issue of 107,051,800 new ordinary shares in the Company at an issue price of RM0.25 per share ("Public Issue") allocated in the following manner:-

- (a) 26,763,000 new ordinary shares for application by the public;
- (b) 20,013,000 new ordinary shares for application by eligible directors, employees and persons who have contributed to the success of the Group;
- (c) 53,526,000 new ordinary shares by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry; and
- (d) 6,749,800 new ordinary shares for placement to selected investors.

Upon completion of the Public Issue, the share capital of the Company will increase to RM69,583,670 comprising 535,259,000 ordinary shares.

Pursuant thereto, the Company's entire enlarged share capital is expected to be listed and quoted on the ACE Market of Bursa Securities on 25 May 2017.

**A11 Changes in Composition of the Group**

Save for the acquisition of IBSB which was completed on 17 March 2017, there were no changes in the composition of the Group during the current financial quarter under review and the financial period to date.

**A12 Contingent Assets or Liabilities**

There were no contingent assets as at the date of this interim report. Contingent liabilities of the Group as at 31 March 2017 comprise of bank guarantees issued for contract works being carried out by the Group amounting to RM29,458,601.

**A13 Capital Commitments**

Save as disclosed below, there were no other material capital commitments as at the end of the current financial quarter and up to the date of this report.

	<u>RM'000</u>
Approved and contracted for:	
Investment properties	1,908
Approved but not contracted for:	
Investment properties	4,645

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

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**A Explanatory Notes to the Unaudited Interim Financial Report for the first quarter ended 31 March 2017 (Cont'd)****A14 Significant Related Party Transactions**

	<b>Current Quarter Ended 31/03/2017 RM'000</b>	<b>Comparative Quarter Ended 31/03/2016<sup>(1)</sup> RM'000</b>	<b>Current Period Ended 31/03/2017 RM'000</b>	<b>Comparative Period Ended 31/03/2016<sup>(1)</sup> RM'000</b>
<b>Transactions with related party</b>				
Corporate shareholder of the Company- Apexjaya Industries Sdn Bhd ("Apexjaya")				
Construction related cost charged by Apexjaya	<b>736</b>	N/A	<b>736</b>	N/A
Rental income charged to Apexjaya	<b>6</b>	N/A	<b>6</b>	N/A

Notes:

(1) No comparative figures for the preceding quarter and preceding year are available as this is the first interim financial report on the consolidated results for the first quarter ended 31 March 2017 being announced by the Company in compliance with the Listing Requirements.

N/A- Not applicable

**B Additional Information Required by the Listing Requirements**

**B1 Group Performance Review**

The Group recorded a revenue of RM71.27 million and profit before tax of RM3.98 million for the current financial quarter ended 31 March 2017. The Group's revenue is mainly derived from the construction of residential properties which accounted for about RM56.25 million or 79% of the total revenue. The balance revenue is derived from the construction of non-residential properties.

No comparative figures for the preceding quarter and preceding year are available as this is the first interim financial report on the consolidated results for the first quarter ended 31 March 2017 being announced by the Company in compliance with the Listing Requirements.

**B2 Comparison with Immediate Preceding Quarter Results**

No comparative figures for the preceding quarter and preceding year are available as this is the first interim financial report on the consolidated results for the first quarter ended 31 March 2017 being announced by the Company in compliance with the Listing Requirements.

**B3 Prospects for the Current Financial Year**

The Group operates within the construction industry in Malaysia. The outlook of the construction industry is expected to post moderate growth throughout 2017. The Board is of the opinion that the Group will be able to sustain its growth and remain resilient with its continuing efforts towards improving its operational efficiency.

**B4 Profit Forecast**

The Company did not issue any profit forecast or guarantee during the current financial quarter under review and the financial period to date.

**B Additional Information Required by the Listing Requirements (Cont'd)****B5 Taxation**

	<b>Current Quarter Ended 31/03/2017 RM'000</b>	<b>Comparative Quarter Ended 31/03/2016<sup>(1)</sup> RM'000</b>	<b>Current Period ended 31/03/2017 RM'000</b>	<b>Comparative Period ended 31/03/2016<sup>(1)</sup> RM'000</b>
In respect of current period:				
Income tax	<b>1,165</b>	N/A	<b>1,165</b>	N/A
Deferred tax	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>
	<b><u>1,165</u></b>	<b><u>N/A</u></b>	<b><u>1,165</u></b>	<b><u>N/A</u></b>
Effective tax rate <sup>(2)</sup>	<b>29%</b>	N/A	<b>29%</b>	N/A

Notes:

- (1) No comparative figures for the preceding quarter and preceding year are available as this is the first interim financial report on the consolidated results for the first quarter ended 31 March 2017 being announced by the Company in compliance with the Listing Requirements.
- (2) The effective tax rate for the current and financial period to date ended 31 March 2017 is higher than the statutory tax rate of 24% mainly due to adjustment for non-deductible expenses.
- (3) Tax expense is recognised based on management's best estimate.

N/A- Not applicable

**B6 Corporate Proposals**

Save for the Public Issue as disclosed in Note A10, there were no corporate proposals announced but not completed as at the date of this report.

**B Additional Information Required by the Listing Requirements (Cont'd)****B7 Utilisation of Proceeds Raised from Public Issue**

The gross proceeds from the Public Issue amounting to RM26.76 million is intended to be utilised in the following manner:

<b>Utilisation of Proceeds</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Deviation RM'000</b>	<b>Estimated Timeframe for Utilisation<sup>(1)</sup></b>
Capital expenditure	5,000	-	-	Within 12 to 24 months
Repayment of bank borrowings	9,000	-	-	6 months
General working capital	9,563	-	-	12 months
Estimated listing expenses	3,200	-	-	1 month
<b>Total</b>	<b>26,763</b>	<b>-</b>	<b>-</b>	

Note:

- (1) From the date of listing of the Company on the ACE Market of Bursa Securities. The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus. As at the date of this report, the IPO is pending completion and hence there is no utilisation of proceeds.

**B Additional Information Required by the Listing Requirements (Cont'd)**

**B8 Group Borrowings**

The details of the borrowings of the Group are as follows:-

	<b>As at 31/03/2017 RM'000</b>	<b>As at 31/03/2016<sup>(1)</sup> RM'000</b>
Non-current:		
Term loans	3,242	N/A
Islamic term financing	3,873	N/A
Finance lease liabilities	3,771	N/A
	<u>10,886</u>	<u>N/A</u>
Current:		
Term loans	442	N/A
Islamic term financing	408	N/A
Finance lease liabilities	2,350	N/A
Bank overdrafts	9,120	N/A
Bankers' acceptance	13,650	N/A
Revolving credit	1,000	N/A
	<u>26,970</u>	<u>N/A</u>

All the Group's borrowings are dominated in Ringgit Malaysia.

Notes:

(1) No comparative figures for the preceding quarter and preceding year are available as this is the first interim financial report on the consolidated results for the first quarter ended 31 March 2017 being announced by the Company in compliance with the Listing Requirements.

N/A- Not applicable

**B9 Off Balance Sheet Financial Instruments**

Save for the contingent liabilities as disclosed in Note A12, there is no off balance sheet financial instruments as at the date of this report.

**B10 Material Litigations**

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board of Directors is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.



**B Additional Information Required by the Listing Requirements (Cont'd)****B11 Proposed Dividends**

No dividend has been declared or proposed since the end of the previous financial year.

**B12 Earnings Per Share**

The basic and diluted earnings per share for the current quarter and financial year-to-date are computed as follows:

	<b>Current Quarter Ended 31/03/2017</b>	<b>Comparative Quarter Ended 31/03/2016<sup>(3)</sup></b>	<b>Current Period Ended 31/03/2017</b>	<b>Comparative Period Ended 31/03/2016<sup>(3)</sup></b>
Profit after taxation attributable to owners of the Company (RM'000)	<b>2,819</b>	N/A	<b>2,819</b>	N/A
Total number of shares in issue ('000)	<b>428,207</b>	N/A	<b>428,207</b>	N/A
Basic earnings per share (sen) <sup>(1)</sup>	<b>0.66</b>	N/A	<b>0.66</b>	N/A
Diluted earnings per share (sen) <sup>(2)</sup>	<b>0.66</b>	N/A	<b>0.66</b>	N/A

**Notes:**

- (1) The basic earnings per share is computed based on the profit attributable to the equity shareholders of the company divided by the total number of ordinary shares in issue for the period under review.
- (2) Diluted earnings per share is equivalent to the basic earnings per share as the Group does not have convertible securities as at 31 March 2017.
- (3) No comparative figures for the preceding quarter and preceding year are available as this is the first interim financial report on the consolidated results for the first quarter ended 31 March 2017 being announced by the Company in compliance with the Listing Requirements.

N/A- Not applicable

**B Additional Information Required by the Listing Requirements (Cont'd)****B13 Disclosure of Realised and Unrealised Profits**

The realised and unrealised retained earnings of the Group as at 31 March 2017 are analysed as follows:

	<b>As at 31/03/2017 RM'000</b>	<b>As at 31/03/2016<sup>(1)</sup> RM'000</b>
Retained earnings of the Group:		
Realised	<b>50,166</b>	N/A
Unrealised	<b>-</b>	N/A
Total retained earnings of the Group	<b>50,166</b>	N/A

Notes:

- (1) No comparative figures for the preceding quarter and preceding year are available as this is the first interim financial report on the consolidated results for the first quarter ended 31 March 2017 being announced by the Company in compliance with the Listing Requirements.

N/A- Not applicable

**B Additional Information Required by the Listing Requirements (Cont'd)****B14 Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

Profit before tax is arrived at after (crediting)/charging:

	<b>Current Quarter Ended 31/03/2017 RM'000</b>	<b>Comparative Quarter Ended 31/03/2016<sup>(1)</sup> RM'000</b>	<b>Current Period Ended 31/03/2017 RM'000</b>	<b>Comparative Period Ended 31/03/2016<sup>(1)</sup> RM'000</b>
Interest income	(97)	N/A	(97)	N/A
Rental income	(139)	N/A	(139)	N/A
Interest expense	937	N/A	937	N/A
Depreciation of property, plant and machinery	955	N/A	955	N/A
Amortisation/depreciation of investment properties	90	N/A	90	N/A

Notes:

(1) No comparative figures for the preceding quarter and preceding year are available as this is the first interim financial report on the consolidated results for the first quarter ended 31 March 2017 being announced by the Company in compliance with the Listing Requirements.

N/A- Not applicable

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements are not applicable.

**B15 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors of the Company in accordance with a resolution of the directors on 22 May 2017.

By Order of the Board  
**INTA BINA GROUP BERHAD**  
Siew Suet Wei  
Company Secretary

Date: 22 May 2017