

A Explanatory Notes to the Unaudited Interim Financial Report for the second quarter ended 30 June 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 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and Rule 9.22 of the Listing Requirements.

This is the first interim financial report on the Company’s consolidated results for the second quarter ended 30 June 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 Board of Directors of the Company (“Board”) 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 30 June 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

Initial Public Offering (“IPO”)

The Company issued 107,051,800 new ordinary shares at an issue price of RM0.25 per share (“Public Issue”) pursuant to the IPO exercise which shares were listed on ACE Market of Bursa Malaysia Securities Berhad on 25 May 2017.

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.

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A Explanatory Notes to the Unaudited Interim Financial Report for the first quarter ended 30 June 2017 (Cont'd)

A10 Contingent Assets or Liabilities

There were no contingent assets as at the date of this interim report. Contingent liabilities of the Group as at 30 June 2017 comprise of bank guarantees issued for contract works being carried out by the Group amounting to RM34,378,288.

A11 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

A12 Significant Related Party Transactions

	Current Quarter Ended 30/06/2017 RM'000	Comparative Quarter Ended 30/06/2016⁽¹⁾ RM'000	Current Period Ended 30/06/2017 RM'000	Comparative Period Ended 30/06/2016⁽¹⁾ RM'000
Transactions with related party				
Corporate shareholder of the Company- Apexjaya Industries Sdn Bhd (“Apexjaya”)				
Construction related cost charged by Apexjaya	1,255	N/A	1,991	N/A
Rental income charged to Apexjaya	7	N/A	13	N/A

Notes:

(1) No comparative figures for the preceding quarter and preceding year are available as this is the second interim financial report on the consolidated results for the second quarter ended 30 June 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 RM74.23 million and profit before tax of RM4.69 million for the current financial quarter ended 30 June 2017. The Group's revenue is mainly derived from the construction of residential properties which accounted for about RM60.96 million or 82% of the total revenue. The balance revenue is derived from the construction of non-residential properties. As at 30 June 2017, the Group's unbilled order book amounts to RM618.79 million.

No comparative figures are presented for the preceding year's corresponding quarter as this is the second interim financial report on the consolidated results for the second quarter ended 30 June 2017 being announced by the Company in compliance with the Listing Requirements.

B2 Comparison with Immediate Preceding Quarter Results

The Group recorded higher gross profit of RM8.99 million for the current quarter as compared with RM8.50 million in the preceding quarter mainly due to higher revenue generated. The profit before tax would have been RM6.49 million without the one-off listing expenses of approximately RM1.80 million. The Group incurred lower finance expenses for the current quarter due to reduction of bank borrowings.

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's financial performance will remain positive for the remaining financial year.

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**

	Current Quarter Ended 30/06/2017 RM'000	Comparative Quarter Ended 30/06/2016⁽¹⁾ RM'000	Current Period ended 30/06/2017 RM'000	Comparative Period ended 30/06/2016⁽¹⁾ RM'000
In respect of current period:				
Income tax	1,200	N/A	2,365	N/A
Deferred tax	-	N/A	-	N/A
	<u>1,200</u>	<u>N/A</u>	<u>2,365</u>	<u>N/A</u>
Effective tax rate ⁽²⁾	25.6%	N/A	27.3%	N/A

Notes:

- (1) No comparative figures for the preceding quarter and preceding year are available as this is the second interim financial report on the consolidated results for the second quarter ended 30 June 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 30 June 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

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

B6 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:

Utilisation of Proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Estimated Timeframe for Utilisation⁽¹⁾
Capital expenditure	5,000	922	4,078	Within 12 to 24 months
Repayment of bank borrowings	9,000	9,000	-	6 months
General working capital	9,563	1,000	8,563	12 months
Estimated listing expenses	3,200	2,873	327 ⁽²⁾	1 month
Total	26,763	13,795	12,968	

Notes:

- (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.
- (2) As disclosed in the Prospectus, the unutilised balance of RM0.33 million will be utilised as the Group's general working capital requirements.

B Additional Information Required by the Listing Requirements (Cont'd)**B7 Group Borrowings**

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

	As at 30/06/2017 RM'000	As at 30/06/2016⁽¹⁾ RM'000
Non-current:		
Term loans	3,390	N/A
Islamic term financing	3,995	N/A
Finance lease liabilities	2,393	N/A
	<u>9,778</u>	<u>N/A</u>
Current:		
Term loans	243	N/A
Islamic term financing	215	N/A
Finance lease liabilities	3,004	N/A
Bankers' acceptance	6,493	N/A
Revolving credit	300	N/A
	<u>10,255</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 second interim financial report on the consolidated results for the second quarter ended 30 June 2017 being announced by the Company in compliance with the Listing Requirements.

N/A- Not applicable

B8 Off Balance Sheet Financial Instruments

Save for the contingent liabilities as disclosed in Note A10, there is no off balance sheet financial instruments as at the date of this report.

B9 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 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)**B10 Proposed Dividends**

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

B11 Earnings Per Share

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

	Current Quarter Ended 30/06/2017	Comparative Quarter Ended 30/06/2016⁽³⁾	Current Period Ended 30/06/2017	Comparative Period Ended 30/06/2016⁽³⁾
Profit after taxation attributable to owners of the Company (RM'000)	3,487	N/A	6,306	N/A
Total number of shares in issue ('000)	535,259	N/A	535,259	N/A
Basic earnings per share (sen) ⁽¹⁾	0.65	N/A	1.18	N/A
Diluted earnings per share (sen) ⁽²⁾	0.65	N/A	1.18	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 30 June 2017.
- (3) No comparative figures for the preceding quarter and preceding year are available as this is the second interim financial report on the consolidated results for the second quarter ended 30 June 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)**B12 Disclosure of Realised and Unrealised Profits**

The realised and unrealised retained earnings of the Group as at 30 June 2017 are analysed as follows:

	As at 30/06/2017 RM'000	As at 30/06/2016⁽¹⁾ RM'000
Retained earnings of the Group:		
Realised	53,653	N/A
Unrealised	-	N/A
Total retained earnings of the Group	53,653	N/A

Notes:

- (1) No comparative figures for the preceding quarter and preceding year are available as this is the second interim financial report on the consolidated results for the second quarter ended 30 June 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 Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

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

	Current Quarter Ended 30/06/2017 RM'000	Comparative Quarter Ended 30/06/2016⁽¹⁾ RM'000	Current Period Ended 30/06/2017 RM'000	Comparative Period Ended 30/06/2016⁽¹⁾ RM'000
Interest income	(229)	N/A	(326)	N/A
Rental income	(133)	N/A	(272)	N/A
Interest expense	378	N/A	1,315	N/A
Depreciation of property, plant and machinery	1,014	N/A	1,969	N/A
Amortisation/depreciation of investment properties	90	N/A	180	N/A

Notes:

- (1) No comparative figures for the preceding quarter and preceding year are available as this is the second interim financial report on the consolidated results for the second quarter ended 30 June 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.

B14 Authorisation for Issue

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

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

Date: 22 August 2017