

A Explanatory Notes to the Unaudited Interim Financial Report for the first quarter ended 31 March 2018

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.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

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 2017 except for the changes in accounting policies and presentation resulting from the adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations that are effective beginning on 1 January 2018.

The adoption of relevant MFRSs, Amendment to MFRSs and IC Interpretations are not expected to have any significant financial impact on the financial statements of the Group.

A3 Auditors’ Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2017.

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 2018 (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

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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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 31 March 2018 comprise of bank guarantees issued for contract works being carried out by the Group amounting to RM40,348,187.

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	3,627
Approved but not contracted for: Investment properties	4,556

A12 Significant Related Party Transactions

	Current Quarter Ended 31/03/2018 RM'000	Comparative Quarter Ended 31/03/2017 RM'000	Current Period Ended 31/03/2018 RM'000	Comparative Period Ended 31/03/2017 RM'000
Transactions with related party				
Corporate shareholder of the Company- Apexjaya Industries Sdn Bhd (“Apexjaya”) Construction related cost charged by Apexjaya	1,240	736	1,240	736
Rental income charged to Apexjaya	6	6	6	6
Family member of Lim Ooi Joo Lim Yeong Kern Rental expenses charged by Lim Yeong Kern	15	-	15	-

A Additional Information Required by the Listing Requirements

B1 Group Performance Review

The Group recorded a revenue of RM78.83 million and profit before tax of RM5.78 million for the current financial quarter ended 31 March 2018. The Group's revenue is mainly derived from the construction of residential properties which accounted for about RM66.55 million or 84% of the total revenue. The balance revenue is derived from the construction of non-residential properties.

The current quarter revenue grew by RM7.56 million or 10% over the corresponding quarter in previous year of RM71.27 million to RM78.83 million.

The current quarter gross profit grew by RM1.60 million or 21% over the corresponding quarter in previous year of RM7.47 million to RM9.07 million. Gross profit margin of current quarter is higher at 11.50% against 10.47% for the corresponding quarter in the previous year.

B2 Comparison with Immediate Preceding Quarter Results

The current quarter revenue of RM78.83 million was higher than immediate preceding quarter of RM67.69 million and the current quarter gross profit of RM9.07 million was higher than immediate preceding quarter of RM4.09 million.

B3 Prospects for the Current Financial Year

The Group operates within the property construction industry in Malaysia. The outlook of the property construction industry is expected to post moderate growth throughout 2018. The Board is of the opinion that the Group will be able to sustain its growth and remain resilient. As at 31 March 2018, the Group's unbilled order book is RM749 million.

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 31/03/2018 RM'000	Comparative Quarter Ended 31/03/2017 RM'000	Current Period ended 31/03/2018 RM'000	Comparative Period ended 31/03/2017 RM'000
In respect of current period:				
Income tax	1,707	1,165	1,707	1,165
Deferred tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	1,707	1,165	1,707	1,165
Effective tax rate ⁽²⁾	29%	29%	29%	29%

Notes:

- (1) The effective tax rate for the current and financial period to date ended 31 March 2018 is higher than the statutory tax rate of 24% mainly due to adjustment for non-deductible expenses.
- (2) Tax expense is recognised based on management's best estimate.

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	5,000	-	Within 12 to 24 months
Repayment of bank borrowings	9,000	9,000	-	6 months
General working capital	9,563	9,563	-	12 months
Estimated listing expenses	3,200	3,008	192 ⁽²⁾	1 month
Total	26,763	26,571	192	

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 balance of RM0.19 million had been 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 31/03/2018 RM'000	As at 31/12/2017 RM'000
Non-current:		
Term loans	3,169	3,230
Islamic term financing	3,814	3,867
Finance lease liabilities	1,679	1,751
	<u>8,662</u>	<u>8,848</u>
Current:		
Term loans	261	261
Islamic term financing	226	226
Finance lease liabilities	1,571	2,171
Bankers' acceptance	3,934	-
Revolving credit	1,000	-
	<u>6,992</u>	<u>2,658</u>

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

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 of Directors is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B10 Proposed Dividends

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

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

B11 Earnings Per Share

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

	Current Quarter Ended 31/03/2018	Comparative Quarter Ended 31/03/2017	Current Period Ended 31/03/2018	Comparative Period Ended 31/03/2017
Profit after taxation attributable to owners of the Company (RM'000)	4,075	2,819	4,075	2,819
Total number of shares in issue ('000)	535,259	428,207	535,259	428,207
Basic earnings per share (sen) ⁽¹⁾	0.76	0.66	0.76	0.66
Diluted earnings per share (sen) ⁽²⁾	0.76	0.66	0.76	0.66

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 2018.

B Additional Information Required by the Listing Requirements (Cont'd)**B12 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 31/03/2018 RM'000	Comparative Quarter Ended 31/03/2017 RM'000	Current Period Ended 31/03/2018 RM'000	Comparative Period Ended 31/03/2017 RM'000
Interest income	(166)	(97)	(166)	(97)
Rental income	(142)	(139)	(142)	(139)
Interest expense	257	937	257	937
Disposal of property, plant and equipment	(192)	-	(192)	-
Depreciation of property, plant and equipment	1,307	955	1,307	955
Depreciation of investment properties	119	90	119	90

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

B13 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 24 May 2018.

By Order of the Board
INTA BINA GROUP BERHAD
Siew Suet Wei
Lim Yen Teng
Company Secretaries

Date: 24 May 2018