

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

A Explanatory Notes to the Unaudited Interim Financial Report for the third quarter ended 30 September 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 Para 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 do not 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.

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A Explanatory Notes to the Unaudited Interim Financial Report for the third quarter ended 30 September 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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A Explanatory Notes to the Unaudited Interim Financial Report for the third quarter ended 30 September 2018 (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 September 2018 comprise of bank guarantees issued for contract works being carried out by the Group amounting to RM54,215,568.

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	5,758
Approved but not contracted for:	
Investment properties	5,448

A12 Significant Related Party Transactions

	Current Quarter Ended 30/09/2018 RM'000	Comparative Quarter Ended 30/09/2017 RM'000	Current Period Ended 30/09/2018 RM'000	Comparative Period Ended 30/09/2017 RM'000
Transactions with related party				
Corporate shareholder of the Company- Apexjaya Industries Sdn Bhd (“Apexjaya”)				
Construction related cost charged by Apexjaya	4,229	2,480	7,399	4,471
Rental income charged to Apexjaya	7	7	20	20
Family member of Lim Ooi Joo Lim Yeong Kern				
Rental expenses charged by Lim Yeong Kern	15	-	45	-

B Additional Information Required by the Listing Requirements

B1 Group Performance Review

The Group recorded a revenue of RM107.27 million and profit before tax of RM8.77 million for the current financial quarter ended 30 September 2018. The Group's revenue is mainly derived from the construction of residential properties which accounted for about RM77.34 million or 72% of the total revenue. The balance revenue is derived from the construction of mix-development properties.

The current quarter revenue grew by RM31.86 million or 42.25% over the corresponding quarter in previous year of RM75.41 million to RM107.27 million due to more projects being undertaken by the Group which was also reflective of the work progress from the larger order book compared to previous year.

The current quarter gross profit grew by RM2.56 million or 26.42% over the corresponding quarter in previous year of RM9.69 million to RM12.25 million. Gross profit margin of current quarter is at 11.42% against 12.85% for the corresponding quarter in the previous year.

B2 Comparison with Immediate Preceding Quarter Results

The current quarter revenue of RM107.27 million was higher than immediate preceding quarter of RM89.92 million due to higher work progress at the middle stage for projects undertaken. The current quarter gross profit of RM12.25 million was higher than immediate preceding quarter of RM9.14 million in line with higher work progress generated.

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 financial performance and remain resilient. As at 30 September 2018, the Group's unbilled order book is RM748 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.

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

B5 Taxation

	Current Quarter Ended 30/09/2018 RM'000	Comparative Quarter Ended 30/09/2017 RM'000	Current Period ended 30/09/2018 RM'000	Comparative Period ended 30/09/2017 RM'000
In respect of current period:				
Income tax	2,411	1,657	6,137	4,022
Deferred tax	-	-	-	-
	<u>2,411</u>	<u>1,657</u>	<u>6,137</u>	<u>4,022</u>
Effective tax rate ⁽²⁾	27.5%	26.5%	28.0%	27.0%

Notes:

- (1) The effective tax rate for the current and financial period to date ended 30 September 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 Group Borrowings**

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

	As at 30/09/2018 RM'000	As at 31/12/2017 RM'000
Non-current:		
Term loans	3,060	3,230
Islamic term financing	3,641	3,867
Finance lease liabilities	1,975	1,751
	8,676	8,848
Current:		
Term loans	249	261
Islamic term financing	214	226
Finance lease liabilities	2,120	2,171
Bank overdrafts	3,604	-
Bankers' acceptance	12,927	-
Revolving credit	1,000	-
	20,114	2,658

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

B7 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.

B8 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.

B9 Proposed Dividends

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**B Additional Information Required by the Listing Requirements (Cont'd)****B10 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 30/09/2018	Comparative Quarter Ended 30/09/2017	Current Period Ended 30/09/2018	Comparative Period Ended 30/09/2017
Profit after taxation attributable to owners of the Company (RM'000)	6,358	4,584	15,769	10,890
Total number of shares in issue ('000)	535,259	535,259	535,259	535,259
Basic earnings per share (sen) ⁽¹⁾	1.19	0.86	2.95	2.03
Diluted earnings per share (sen) ⁽²⁾	1.19	0.86	2.95	2.03

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 September 2018.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**B Additional Information Required by the Listing Requirements (Cont'd)****B11 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 30/09/2018 RM'000	Comparative Quarter Ended 30/09/2017 RM'000	Current Period Ended 30/09/2018 RM'000	Comparative Period Ended 30/09/2017 RM'000
Interest income	(132)	(208)	(438)	(534)
Rental income	(163)	(121)	(462)	(393)
Interest expense	437	560	1,099	1,875
Gain on disposal of investment properties	-	-	(1,298)	-
Gain on disposal of property, plant and equipment	(5)	(40)	(276)	(40)
Depreciation of property, plant and equipment	1,550	1,053	4,383	3,022
Depreciation of investment properties	119	90	357	270

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

B12 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 23 November 2018.

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

Date: 23 November 2018