

A Explanatory Notes to the Unaudited Interim Financial Report for the First Quarter ended 31 March 2019**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 2018.

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 2018 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 2019.

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.

On MFRS 16 Leases, the Group adopt this new standard using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’). The Group recognise right-of-use asset and a corresponding lease liability at the date of initial application.

The following table presents the impact of changes to the statements of financial position of the Group resulting from the adoption of MFRS 16 Leases as at 1 January 2019:

	31.12.2018 RM’000	Changes RM’000	01.01.2019 RM’000
Non-current assets			
Right-of-use assets	-	112	112
Non-current liabilities			
Lease liabilities	-	57	57
Current liabilities			
Lease liabilities	-	55	55
Total lease liabilities	-	112	112

A Explanatory Notes to the Unaudited Interim Financial Report for the First Quarter ended 31 March 2019 (Cont'd)

A3 Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2018.

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.

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.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**A Explanatory Notes to the Unaudited Interim Financial Report for the First Quarter ended 31 March 2019 (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 31 March 2019 comprise of bank guarantees issued for contract works being carried out by the Group amounting to RM41,713,250.

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	4,129
Approved but not contracted for: Investment properties	4,647

A12 Significant Related Party Transactions

	Current Quarter Ended 31/03/2019 RM'000	Comparative Quarter Ended 31/03/2018 RM'000	Current Year Ended 31/03/2019 RM'000	Comparative Year Ended 31/03/2018 RM'000
Transactions with related party				
Corporate shareholder of the Company- Apexjaya Industries Sdn Bhd ("Apexjaya") Construction related cost charged by Apexjaya	1,365	1,240	1,365	1,240
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	15	15

B Additional Information Required by the Listing Requirements

B1 Group Performance Review

The Group recorded a revenue of RM98.58 million and profit before tax of RM7.99 million for the current financial quarter ended 31 March 2019. The Group's current financial quarter revenue is mainly derived from the construction of residential properties which accounted for RM71.25 million or 73% of the total revenue. The balance revenue is derived from the construction of mix-development properties.

The current quarter revenue grew by RM19.75 million or 25.05% over the corresponding quarter in previous year of RM78.83 million to RM98.58 million due to more projects being undertaken by the Group thus also reflective of the work progress from the larger order book compared to previous year.

The current quarter gross profit grew by RM2.92 million or 32.19% over the corresponding quarter in previous year of RM9.07 million to RM11.99 million. Gross profit margin of current quarter is at 12.16% against 11.50% for the corresponding quarter in the previous year.

B2 Comparison with Immediate Preceding Quarter Results

The current quarter revenue of RM97.98 million was slightly lower than immediate preceding quarter of RM107.13 million. The current quarter gross profit of RM11.99 million was higher than immediate preceding quarter of RM9.06 million due to the profit margin for portion of contract works performed during the current quarter was higher.

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 2019. The Board is of the opinion that the Group will be able to sustain its financial performance and remain resilient. As at 31 March 2019, the Group's unbilled order book is approximately RM530 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 31/03/2019 RM'000	Comparative Quarter Ended 31/03/2018 RM'000	Current Period Ended 31/03/2019 RM'000	Comparative Period Ended 31/03/2018 RM'000
In respect of current period:				
Income tax	1,998	1,707	1,998	1,707
Deferred tax	-	-	-	-
	1,998	1,707	1,998	1,707
Effective tax rate ⁽²⁾	25.0%	29.0%	25.0%	29.0%

Notes:

- (1) The effective tax rate for the current financial period ended 31 March 2019 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 31/03/2019 RM'000	As at 31/12/2018 RM'000
Non-current:		
Term loans	2,915	2,960
Islamic term financing	2,435	3,684
Finance lease liabilities	6,114	3,410
	<u>11,464</u>	<u>10,054</u>
Current:		
Term loans	249	270
Islamic term financing	214	234
Finance lease liabilities	3,055	3,098
Bank overdrafts	2,521	3,941
Bankers' acceptance	18,542	15,904
Revolving credit	-	1,000
	<u>24,581</u>	<u>24,447</u>

All the Group's borrowings are denominated 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

At the Company's Annual General Meeting held on 28 May 2019, Members of the Company had approved a final single tier dividend of 0.75 sen per ordinary share in respect of the financial year ended 31 December 2018. The Book Closure Date and Payment Date is set at 20 June 2019 and 05 July 2019.

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 financial period are computed as follows:

	Current Quarter Ended 31/03/2019	Comparative Quarter Ended 31/03/2018	Current Period Ended 31/03/2019	Comparative Period Ended 31/03/2018
Profit after taxation attributable to owners of the Company (RM'000)	5,991	4,075	5,991	4,075
Weighted average number of shares in issue ('000)	535,259	535,259	535,259	535,259
Basic earnings per share (sen) ⁽¹⁾	1.12	0.76	1.12	0.76
Diluted earnings per share (sen) ⁽²⁾	1.12	0.76	1.12	0.76

Notes:

- (1) The basic earnings per share is computed based on the profit attributable to the equity shareholders of the Company divided by the weighted average number of ordinary shares in issue for the financial 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 2019.

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 31/03/2019 RM'000	Comparative Quarter Ended 31/03/2018 RM'000	Current Period Ended 31/03/2019 RM'000	Comparative Period Ended 31/03/2018 RM'000
Interest income	(215)	(166)	(215)	(166)
Rental income	(153)	(142)	(153)	(142)
Interest expense	365	257	365	257
Gain on disposal of property, plant and equipment	-	(192)	-	(192)
Depreciation of property, plant and equipment	1,988	1,307	1,988	1,307
Depreciation of investment properties	141	119	141	119

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 28 May 2019.

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

Date: 28 May 2019