

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

A Explanatory Notes to the Unaudited Interim Financial Report for the Fourth Quarter and the Financial Year Ended 31 December 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.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

A Explanatory Notes to the Unaudited Interim Financial Report for the Fourth Quarter and the Financial Year Ended 31 December 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 year 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 year 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 year 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 year to date.

A8 Dividends

An interim single tier dividend of 0.5 sen per ordinary share totalling RM2.676 million in respect of the financial year ending 31 December 2019 has been paid on 20 December 2019.

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 year 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 FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**A Explanatory Notes to the Unaudited Interim Financial Report for the Fourth Quarter and the Financial Year Ended 31 December 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 December 2019 comprise of bank guarantees issued for contract works being carried out by the Group amounting to RM49,111,261.

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	2,131
Approved but not contracted for:	
Investment properties	4,390

A12 Significant Related Party Transactions

	Current Quarter Ended 31/12/2019 RM'000	Comparative Quarter Ended 31/12/2018 RM'000	Current Year Ended 31/12/2019 RM'000	Comparative Year Ended 31/12/2018 RM'000
Transactions with related party				
Corporate shareholder of the Company- Apexjaya Industries Sdn Bhd ("Apexjaya")				
Construction related cost charged by Apexjaya	1,569	2,089	5,711	9,488
Rental income charged to Apexjaya	7	7	27	27
Family member of Lim Ooi Joo Lim Yeong Kern				
Rental expenses charged by Lim Yeong Kern	15	15	60	60

B Additional Information Required by the Listing Requirements

B1 Group Performance Review

The Group recorded a revenue of RM91.45 million and profit before tax of RM3.87 million for the current financial quarter ended 31 December 2019. The Group's current financial quarter revenue is mainly derived from the construction of residential properties which accounted for RM85.05 million or 93% of the total revenue. The balance revenue is derived from the construction of mix-development properties.

The current quarter revenue decreases by RM15.68 million or 14.64% over the corresponding quarter in previous year of RM107.13 million to RM91.45 million due to the lower recognition of progressive billings from the ongoing projects.

B2 Comparison with Immediate Preceding Quarter Results

The current quarter revenue of RM91.45 million was lower than immediate preceding quarter of RM103.35 million. The current quarter gross profit of RM6.56 million was lower than immediate preceding quarter of RM13.04 million.

B3 Prospects for the Next Financial Year

The Group operates within the property construction industry in Malaysia. The Group hopes to benefit from the potential spillover effect from the revival of the mega projects and the fiscal stimulus plan that the Malaysian government will announce at the end of February 2020. The Board is cautiously optimistic of its financial performance in the coming year and is prepared to take on larger tenders with stronger manpower. As at 31 December 2019, the Group's unbilled order book is approximately RM600 million.

B4 Profit Forecast

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

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**B Additional Information Required by the Listing Requirements (Cont'd)****B5 Taxation**

	Current Quarter Ended 31/12/2019 RM'000	Comparative Quarter Ended 31/12/2018 RM'000	Current Year Ended 31/12/2019 RM'000	Comparative Year Ended 31/12/2018 RM'000
In respect of current period:				
Income tax	579	(71)	7,067	6,066
Deferred tax	317	243	317	243
	896	172	7,384	6,309
Effective tax rate ⁽²⁾	23.1%	3.1%	24.8%	22.9%

Notes:

- (1) The effective tax rate for the current financial period ended 31 December 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.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**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 31/12/2019 RM'000	As at 31/12/2018 RM'000
Non-current:		
Term loans	2,704	2,960
Islamic term financing	2,420	3,684
Finance lease liabilities	3,747	3,410
	<u>8,871</u>	<u>10,054</u>
Current:		
Term loans	248	270
Islamic term financing	213	234
Finance lease liabilities	2,955	3,098
Bank overdrafts	6,067	3,941
Bankers' acceptance	20,554	15,904
Revolving credit	1,000	1,000
	<u>31,037</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

The Board of Directors has approved a second interim single tier dividend of 0.5 sen per ordinary share amounting to approximately RM2.676 million in respect of financial year ending 31 December 2019, to be paid on 20 April 2020. The entitlement date is 31 March 2020.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year are computed as follows:

	Current Quarter Ended 31/12/2019	Comparative Quarter Ended 31/12/2018	Current Year Ended 31/12/2019	Comparative Year Ended 31/12/2018
Profit after taxation attributable to owners of the Company (RM'000)	2,984	5,431	22,448	21,200
Weighted average number of shares in issue ('000)	535,259	535,259	535,259	535,259
Basic earnings per share (sen) ⁽¹⁾	0.56	1.01	4.19	3.96
Diluted earnings per share (sen) ⁽²⁾	0.56	1.01	4.19	3.96

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 year 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 December 2019.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 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 31/12/2019 RM'000	Comparative Quarter Ended 31/12/2018 RM'000	Current Year Ended 31/12/2019 RM'000	Comparative Year Ended 31/12/2018 RM'000
Interest income	(387)	(368)	(1,001)	(806)
Rental income	(160)	(190)	(650)	(652)
Interest expense	649	559	1,977	1,658
Gain on disposal of investment properties	-	(697)	(139)	(1,995)
Gain on disposal of property, plant and equipment	(32)	(88)	(53)	(364)
Depreciation of property, plant and equipment	1,768	1,833	7,487	6,216
Depreciation of investment properties	235	218	665	575

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 25 February 2020.

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

Date: 25 February 2020