

A Explanatory Notes to the Unaudited Interim Financial Report for the Fourth Quarter Ended 31 December 2020

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 2019.

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 2019 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 2020.

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 2019.

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.

A Explanatory Notes to the Unaudited Interim Financial Report for the Fourth Quarter Ended 31 December 2020 (Cont'd)

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 totaling RM2.676 million in respect of the financial year ending 31 December 2020 was paid on 21 December 2020.

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.

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 2020 comprise of bank guarantees issued for contract works being carried out by the Group amounting to RM60.80 million.

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	1,153

A Explanatory Notes to the Unaudited Interim Financial Report for the Fourth Quarter Ended 31 December 2020 (Cont'd)

A12 Significant Related Party Transactions

	Current Quarter Ended 31/12/2020 RM'000	Comparative Quarter Ended 31/12/2019 RM'000	Current Year Ended 31/12/2020 RM'000	Comparative Year Ended 31/12/2019 RM'000
Transactions with related party				
Corporate shareholder of the Company- Apexjaya Industries Sdn Bhd (“Apexjaya”)				
Construction related cost charged by Apexjaya	1,609	1,569	4,624	5,711
Rental income charged to Apexjaya	7	7	25	27
Family member of Lim Ooi Joo Lim Yeong Kern				
Rental expenses charged by Lim Yeong Kern	15	15	55	60

A13 Significant Event Subsequent to the End of the Interim Financial Report

The management is not aware of any material events subsequent to the end of the interim financial report that have not been reflected in the in financial statements for the current financial year ended 31 December 2020, save and except for the followings:

The Group has on 26 January 2021 acquired the entire shareholding of a dormant company, namely Angkasa Senuri Sdn Bhd (“ASSB”) for a consideration of RM1.00. Following the Acquisition, ASSB became a wholly owned subsidiary of the Group. ASSB was incorporated on 14 December 2020 as a private limited company under the Companies Act 2016. The proposed business activities of ASSB shall be property development and investment.

The Acquisition will not have any material impact on the earnings per share, net assets per share, gearing, share capital and substantial shareholders’ shareholding of the Company for the financial year ending 31 December 2021.

B Additional Information Required by the Listing Requirements

B1 Group Performance Review

Current Year

The Group's revenue was mainly contributed by on-going building projects such as Eco Ardence project, Eco Majestic project, Eco Sanctuary project, Southville project, Sunway Lenang Height project, Tropicana Metropark project and Kiara Kasih project. Due to the effect of Covid-19 pandemic and the implementation of different stages of Movement Control Order ("MCO"), the construction activities of these projects were disrupted and resulted in lower recognition of progress billings. The Group complied strictly with the Covid-19 related requirements implemented by relevant authorities and as a result incurred extra expenses such as Covid-19 tests and other related costs.

For the financial year ended 31 December 2020, the Group recorded revenue of RM280.30 million, a decrease of 32% from RM411.61 million reported in the preceding year. The lower revenue for the financial year was mainly due to lower recognition of progress billings resulting from the on-going Covid-19 pandemic and movement restrictions.

The Group posted profit before tax of RM12.92 million for the financial year ended 31 December 2020 as compared to RM29.83 million of the preceding year. Beside the effect of lower recognition of progress billings and additional expenses of approximately RM1 million incurred for Covid-19 compliance purposes, the profit before tax was further reduced by the recognition of RM2.06 million impairment loss of a few investment properties.

Current Quarter

The Group posted revenue of RM84.85 million for the current quarter as compared to RM91.45 million in the corresponding quarter of the preceding year. The Group's profit before tax for the current quarter increased to RM4.15 million from RM3.88 million reported in the corresponding quarter of the preceding year.

B2 Comparison with Immediate Preceding Quarter Results

In the current quarter, the Group recorded revenue of RM84.85 million and profit before tax of RM4.15 million as compared to revenue of RM83.67 million and profit before tax of RM6.15 million in the immediate preceding quarter. The decrease in profit before tax was mainly resulting from the recognition of impairment loss on investment properties.

B Additional Information Required by the Listing Requirements

B3 Prospects of the Group

As at 31 December 2020, the Group's unbilled order book is approximately RM1.08 billion which is expected to contribute positively to the Group's earnings over the next two to three years.

Bank Negara Malaysia ("BNM") on 11 February 2020 announced in its press release that Malaysia economy recorded negative growth of 3.4% in the 4th quarter 2020 due to the re-implementation of movement restriction since mid-October 2020. Overall, the economy contracted by 5.6% in 2020. BNM projected that the country economy in 2021 will improve from second quarter onwards on the back of the recovery of global economy. Although this year growth will be affected by the re-introduction of MCO but the impact will be less severe compared to 2020.

The Malaysia Government announced that the Covid-19 vaccination programs will start at the end of February 2021 to battle the pandemic. Healthcare workers and other front-line workers will be vaccinated in the first phase from February to April, followed by senior citizens and high-risk groups from April to August. The general public aged 18 and older will be vaccinated from May 2021 to February 2022. In view of this, it is generally expected that the economic activities will soon return back to its normal day before the pandemic.

Based on the above factors and barring any unforeseen circumstances, the Board remained optimistic of the Group's financial performance and that the on-going projects will contribute positively to the Group's revenue and earnings in the coming financial year when the economic and business activities normalize.

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.

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

B5 Taxation

	Current Quarter Ended 31/12/2020 RM'000	Comparative Quarter Ended 31/12/2019 RM'000	Current Year Ended 31/12/2020 RM'000	Comparative Year Ended 31/12/2019 RM'000
In respect of current period:				
Income tax /(credit)	1,680	361	3,786	6,849
Adjustment in respect of prior years	1,124	259	1,124	259
Deferred tax	(71)	276	(71)	276
	<u>2,733</u>	<u>896</u>	<u>4,839</u>	<u>7,384</u>

The effective tax rate is different from the statutory tax rate due to add-back of impairment loss on investment properties as well as other non-deductible items.

B6 Group Borrowings

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

	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000
Non-current:		
Term loans	2,455	2,645
Islamic term financing	2,496	2,572
Finance lease liabilities	2,342	3,428
	<u>7,293</u>	<u>8,645</u>
Current:		
Term loans	297	308
Islamic term financing	62	61
Finance lease liabilities	3,207	3,274
Bank overdrafts	-	5,848
Bankers' acceptance	18,464	16,756
Revolving credit	2,000	1,000
Invoice financing	6,460	3,798
	<u>30,490</u>	<u>31,045</u>

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

B Additional Information Required by the Listing Requirements

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 declared a second interim single tier dividend of 0.35 sen per ordinary share amounting to approximately RM1.873 million in respect of financial year ended 31 December 2020, to be paid on 23 April 2021. The entitlement date is 5 April 2021.

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 31/12/2020	Comparative Quarter Ended 31/12/2019	Current Year Ended 31/12/2020	Comparative Year Ended 31/12/2019
Profit after taxation attributable to owners of the Company (RM'000)	1,412	2,984	8,080	22,448
Weighted average number of shares in issue ('000)	535,259	535,259	535,259	535,259
Basic earnings per share (sen) ⁽¹⁾	0.26	0.56	1.51	4.19
Diluted earnings per share (sen) ⁽²⁾	0.26	0.56	1.51	4.19

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 December 2020.

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 31/12/2020 RM'000	Comparative Quarter Ended 31/12/2019 RM'000	Current Year Ended 31/12/2020 RM'000	Comparative Year Ended 31/12/2019 RM'000
Interest income	(342)	(387)	(1,001)	(1,001)
Rental income	(155)	(160)	(595)	(650)
Interest expense	451	649	1,610	1,977
Impairment loss on investment properties	2,062	-	2,062	-
Gain on disposal of investment properties	(122)	-	(259)	(139)
Gain on disposal of property, plant and equipment	-	(32)	(19)	(53)
Depreciation of property, plant and equipment	1,866	1,864	7,451	7,583
Depreciation of investment properties	141	139	570	569

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 24 February 2021.

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

Date: 24 February 2021