

**A Explanatory Notes to the Unaudited Interim Financial Report for the First Quarter Ended 31 March 2021**

**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 2020.

**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 2020 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 2021.

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 2020.

**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.

**A Explanatory Notes to the Unaudited Interim Financial Report for the First Quarter Ended 31 March 2021 (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 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.

**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 2021 comprise of bank guarantees issued for contract works being carried out by the Group amounting to RM60.65 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	1,165
Approved but not contracted for:	
Investment properties	1,153

**A Explanatory Notes to the Unaudited Interim Financial Report for the First Quarter Ended 31 March 2021 (Cont'd)**

**A12 Significant Related Party Transactions**

	<b>Current Quarter Ended 31/03/2021 RM'000</b>	<b>Comparative Quarter Ended 31/03/2020 RM'000</b>	<b>Current Period Ended 31/03/2021 RM'000</b>	<b>Comparative Period Ended 31/03/2020 RM'000</b>
<b>Transactions with related party</b>				
Corporate shareholder of the Company- Apexjaya Industries Sdn Bhd (“Apexjaya”)				
Construction related cost charged by Apexjaya	<b>2,147</b>	1,339	<b>2,147</b>	1,339
Rental income charged to Apexjaya	<b>6</b>	6	<b>6</b>	6
Family member of Lim Ooi Joo Lim Yeong Kern				
Rental expenses charged by Lim Yeong Kern	<b>15</b>	15	<b>15</b>	15

**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 period ended 31 March 2021.

**B Additional Information Required by the Listing Requirements**

**B1 Group Performance Review**

For the current financial quarter ended 31 March 2021, the Group posted revenue of RM96.95 million generated from the construction of residential and commercial properties. The Group's revenue increased by RM30.70 million or 46.3% compared to RM66.25 million in the corresponding quarter of the preceding year.

The Group recorded profit before tax of RM7.91 million for the current quarter under review, an increase of RM3.85 million or 95% from the RM4.06 million recorded in the preceding year corresponding quarter.

The Group posted higher revenue and profit before tax for the current financial quarter under review mainly due to more recognition of progress billings from on-going projects such as Eco Ardence project, Eco Majestic project, Eco Sanctuary project, Kiara Kasih project, Southville project, Sunway Lenang Height project and Tropicana Metropark project.

Besides, the relatively less disruption to the construction activities in the current quarter compared to last year's corresponding quarter partly explain the increase in revenue for the current financial quarter. In the corresponding quarter of last year, the Group's construction activities halted entirely for about two weeks as a result of the implementation of the first Movement Control Order 1.0 ("MCO 1.0") and resulted in loss of revenue.

**B2 Comparison with Immediate Preceding Quarter Results**

The Group achieved higher revenue of RM96.95 million, an increase of RM12.1 million or 14.3%, compared to RM84.85 million reported in the preceding quarter ended 31 December 2020 due to reasons mentioned in the foregoing.

In line with higher revenue recorded in the current financial quarter, the Group recorded higher profit before tax of RM7.91 million, an increase of RM3.76 million or 90.6%, as compared to RM4.15 million reported in the immediate preceding quarter. The lower profit before tax in the immediate preceding quarter as a result of recognition of RM2.06 million impairment loss on its investment properties also explains the variance in profit before tax.

**B3 Prospects for the Current Financial Year**

With the RM96.95 million revenue recorded in the current financial quarter, which is higher than the past revenue recorded in every single quarter of year 2020, the Group started its current financial year with a positive note. The better revenue signals that the construction activities of our projects are recovering from the impact of Covid-19 pandemic.

As Covid-19 vaccination program being implemented this year, it is generally expected that the economy in year 2021 will recover from the Covid-19 pandemic. Despite the positive economic outlook, the Group has been monitoring closely the recent price increase in building materials as the instability of building materials prices such as steel bars, BRC mesh, copper products, aluminium products and others could have a negative impact on the financial performance of the Group.

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

**B3 Prospects for the Current Financial Year (Cont'd)**

The Board is cautiously optimistic of its financial performance in the current financial year, underpinned by the abovementioned factors and the unbilled order book of approximately RM1.04 billion as at 31 March 2021 which will contribute positively to the Group's earnings over the next two to three years.

**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.

**B5 Taxation**

	<b>Current Quarter Ended 31/03/2021 RM'000</b>	<b>Comparative Quarter Ended 31/03/2020 RM'000</b>	<b>Current Period Ended 31/03/2021 RM'000</b>	<b>Comparative Period Ended 31/03/2020 RM'000</b>
In respect of current period:				
Income tax	<u>2,016</u>	<u>1,014</u>	<u>2,016</u>	<u>1,014</u>
	<u>2,016</u>	<u>1,014</u>	<u>2,016</u>	<u>1,014</u>

The effective tax rate is different from the statutory tax rate due to add-back of non-deductible items.

**B6 Group Borrowings**

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

	<b>As at 31/03/2021 RM'000</b>	<b>As at 31/12/2020 RM'000</b>
Non-current:		
Term loans	2,381	2,451
Islamic term financing	2,480	2,489
Finance lease liabilities	<u>1,377</u>	<u>2,120</u>
	<u>6,238</u>	<u>7,060</u>
Current:		
Term loans	297	301
Islamic term financing	62	70
Finance lease liabilities	3,207	3,428
Bankers' acceptance	19,926	18,317
Revolving credit	2,000	2,000
Invoice financing	<u>5,164</u>	<u>6,606</u>
	<u>30,656</u>	<u>30,722</u>

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

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

**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 interim dividend has been declared for the current financial period to date.

**B10 Earnings Per Share**

The basic and diluted earnings per share for the current quarter and financial period are computed as follows:

	<b>Current Quarter Ended 31/03/2021</b>	<b>Comparative Quarter Ended 31/03/2020</b>	<b>Current Period Ended 31/03/2021</b>	<b>Comparative Period Ended 31/03/2020</b>
Profit after taxation attributable to owners of the Company (RM'000)	<b>5,890</b>	3,042	<b>5,890</b>	3,042
Weighted average number of shares in issue ('000)	<b>535,259</b>	535,259	<b>535,259</b>	535,259
Basic earnings per share (sen) <sup>(1)</sup>	<b>1.10</b>	0.57	<b>1.10</b>	0.57
Diluted earnings per share (sen) <sup>(2)</sup>	<b>1.10</b>	0.57	<b>1.10</b>	0.57

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 2021.

**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:

	<b>Current Quarter Ended 31/03/2021 RM'000</b>	<b>Comparative Quarter Ended 31/03/2020 RM'000</b>	<b>Current Period Ended 31/03/2021 RM'000</b>	<b>Comparative Period Ended 31/03/2020 RM'000</b>
Interest income	<b>(204)</b>	(202)	<b>(204)</b>	(202)
Rental income	<b>(198)</b>	(148)	<b>(198)</b>	(148)
Interest expense	<b>458</b>	480	<b>458</b>	480
Depreciation of property, plant and equipment	<b>1,772</b>	1,757	<b>1,772</b>	1,757
Depreciation of investment properties	<b>133</b>	143	<b>133</b>	143

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 May 2021.

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

Date: 24 May 2021