

A Explanatory Notes to the Unaudited Interim Financial Report for the Second Quarter Ended 30 June 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.

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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 30 June 2021 comprise of bank guarantees issued for contract works being carried out by the Group amounting to RM74.13 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	3,424
Approved but not contracted for:	
Investment properties	1,153

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A12 Significant Related Party Transactions

	Current Quarter Ended 30/06/2021 RM'000	Comparative Quarter Ended 30/06/2020 RM'000	Current Period Ended 30/06/2021 RM'000	Comparative Period Ended 30/06/2020 RM'000
Transactions with related party				
Corporate shareholder of the Company- Apexjaya Industries Sdn Bhd (“Apexjaya”)				
Construction related cost charged by Apexjaya	1,519	432	3,666	1,771
Rental income charged to Apexjaya	6	7	13	13
Family member of Lim Ooi Joo Lim Yeong Kern				
Rental expenses charged by Lim Yeong Kern	15	15	30	30

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

On 23 July 2021, the Company announced that Angkasa Senuri Sdn Bhd, a wholly owned subsidiary of the Company, had on 23 July 2021 entered into a Sale and Purchase Agreement with Mah Sing Properties Sdn Bhd for the purchase of all that piece of leasehold land held under Pajakan Negeri 8419, Lot 40710, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor, bearing postal address M Cahaya, No. 1, Jalan Utarid A U5/A, Mutiara Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan measuring approximately 12,871 square meters in area with the lease expiring on 11 December 2096 for a total cash consideration of RM9.30 million.

B Additional Information Required by the Listing Requirements

B1 Group Performance Review

The Group recorded RM73.16 million as revenue generated from construction of residential and commercial properties during the current financial quarter ended 30 June 2021.

The Group's revenue increased by RM27.63 million or 60.7% compared to RM45.53 million recorded in the corresponding quarter of the preceding year mainly due to lower recognition of revenue in last year's corresponding quarter as a result of Movement Control Order ("MCO") started on 18 March 2020, Conditional MCO and Recovery MCO which took effect from 12 May 2020 and 10 June 2020 respectively.

For the current financial quarter under review, the Group posted profit before tax of RM3.31 million, an increase of RM4.74 million as compared to the RM1.43 million loss recorded in the preceding year corresponding quarter due to the aforementioned reason.

B2 Comparison with Immediate Preceding Quarter Results

As compared to the RM96.94 million revenue reported in the preceding quarter ended 31 March 2021, the Group recognized lower revenue of RM73.16 million, a decrease of RM23.78 million or 24.5% due to loss of revenue as a result of Full Movement Control Order ("FMCO") started from 1 June 2021. Our projects halted for an average of two weeks before approval was obtained from the relevant authority to resume works with 60% workforce.

In line with the lower revenue recorded in the current financial quarter, the Group recorded lower profit before tax of RM3.31 million, a decrease of RM4.59 million or 58.1%, as compared to RM7.90 million reported in the immediate preceding quarter.

B3 Prospects for the Current Financial Year

The Malaysian government implemented various movement control measures such as the Full Movement Control Order ("FMCO"), which was started from 1 June 2021, to control the spread of COVID-19 in the country. Except for essential economic activities, which were allowed to operate with compliance of SOP, all other activities were prohibited from carried out.

The Group's projects were allowed to operate with 60% workforce during the FMCO after obtaining the approval from the Ministry of International Trade and Industry ("MITI") and Construction Industry Development Board ("CIDB"). While waiting for the approval from MITI and CIDB, construction activities of our projects were halted for an average of two weeks. While our projects are allowed to resume operation, we encountered disruption in our supply chains as our suppliers were either closed or were operating with limited workforce under FMCO.

The movement control measures are still in force to date, there is uncertainty as to when will the outbreak of the COVID-19 come under control before our projects can be allowed to operate with 100% workforce and our supply chains return to normal.

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

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

The Group continue to monitor 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.

The Board is optimistic that the unbilled order book of approximately RM1.07 billion as at 30 June 2021 will contribute positively to the Group's earnings over the next two to three years but is cautious that the financial performance in the current financial year will be affected by the current COVID-19 pandemic which has brought uncertainty to the operation of our businesses.

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

	Current Quarter Ended 30/06/2021 RM'000	Comparative Quarter Ended 30/06/2020 RM'000	Current Period Ended 30/06/2021 RM'000	Comparative Period Ended 30/06/2020 RM'000
In respect of current period:				
Income tax	<u>824</u>	<u>(385)</u>	<u>2,840</u>	<u>629</u>
	<u>824</u>	<u>(385)</u>	<u>2,840</u>	<u>629</u>

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

B6 Corporate Proposal

Save as disclosed below, there are no other corporate proposals announced by the Company but not completed as at the latest practicable date 18 August 2021 being 7 days before the issue of this interim financial report.

On 27 April 2021, the Company proposes to undertake the followings:-

- i. bonus issue of up to 147,196,225 free warrants in the Company ("**Warrant(s)**") on the basis of 1 Warrant for every 4 existing ordinary shares in Company held on an entitlement date to be determined and announced later by the Board; and
- ii. an establishment of the Company's employees' share option scheme ("**ESOS**") of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the duration of the ESOS, for eligible persons.

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The above proposals were approved by shareholders of the Company at an Extraordinary General Meeting held on 25 June 2021.

The Bonus Issue of Free Warrants was completed on 26 July 2021, following the listing and quotation of 133,814,745 Warrants on the Main Market of Bursa Securities on 26 July 2021. The exercise price of the Warrants was fixed at RM0.40 per Warrant.

No share option and shares were issued to eligible persons under ESOS during the financial quarter under review and the financial period to date.

B7 Group Borrowings

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

	As at 30/06/2021 RM'000	As at 31/12/2020 RM'000
Non-current:		
Term loans	2,305	2,451
Islamic term financing	2,465	2,489
Finance lease liabilities	8,191	2,120
	12,961	7,060
Current:		
Term loans	297	301
Islamic term financing	62	70
Finance lease liabilities	3,207	3,428
Bankers' acceptance	25,174	18,317
Revolving credit	2,500	2,000
Invoice financing	4,946	6,606
	36,186	30,722

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

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

B8 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.

B9 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.

B10 Proposed Dividends

No interim dividend has been declared for the current financial period to date.

B11 Earnings Per Share

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

	Current Quarter Ended 30/06/2021	Comparative Quarter Ended 30/06/2020	Current Period Ended 30/06/2021	Comparative Period Ended 30/06/2020
Profit after taxation attributable to owners of the Company (RM'000)	2,489	(1,050)	8,379	1,992
Weighted average number of shares in issue ('000)	535,259	535,259	535,259	535,259
Basic earnings per share (sen) ⁽¹⁾	0.46	(0.20)	1.57	0.37
Diluted earnings per share (sen) ⁽²⁾	0.46	(0.20)	1.57	0.37

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 30 June 2021.

B Additional Information Required by the Listing Requirements (Cont'd)**B12 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 30/06/2021 RM'000	Comparative Quarter Ended 30/06/2020 RM'000	Current Period Ended 30/06/2021 RM'000	Comparative Period Ended 30/06/2020 RM'000
Interest income	(210)	(247)	(414)	(449)
Rental income	(179)	(143)	(377)	(291)
Interest expense	349	331	807	811
Gain on disposal of property, plant and equipment	(88)	(9)	(88)	(9)
Depreciation of property, plant and equipment	2,039	1,853	3,811	3,864
Depreciation of investment properties	158	143	291	284

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

B13 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 August 2021.

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

Date: 25 August 2021