

A Explanatory Notes to the Unaudited Interim Financial Report for the Third Quarter Ended 30 September 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 primarily 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 September 2021 comprise of bank guarantees issued for contract works being carried out by the Group amounting to RM60.94 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

A Explanatory Notes to the Unaudited Interim Financial Report for the Third Quarter Ended 30 September 2021 (Cont'd)**A12 Significant Related Party Transactions**

	Current Quarter Ended 30/09/2021 RM'000	Comparative Quarter Ended 30/09/2020 RM'000	Current Period Ended 30/09/2021 RM'000	Comparative Period Ended 30/09/2020 RM'000
Transactions with related party				
Corporate shareholder of the Company- Apexjaya Industries Sdn Bhd (“Apexjaya”) Construction related cost charged by Apexjaya	1,417	1,244	5,083	3,015
Rental income charged to Apexjaya	7	7	20	20
Family member of Lim Ooi Joo Lim Yeong Kern Rental expenses charged by Lim Yeong Kern	15	15	45	45

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 quarter ended 30 September 2021.

B Additional Information Required by the Listing Requirements

B1 Group Performance Review

From 3rd July to 16th July 2021, the government implemented Enhanced Movement Control Order (“EMCO”), all of our on-going constructions activities were stopped during the two-weeks period. After the government ended the EMCO, the National Recovery Plan (“NRP”) was implemented and our construction projects were only allowed to resume operation towards the end of July after obtaining approval from the authority but with limited workforce of 60% for phase 1 (17 July to 9 September 2021) and 80% for phase 2 (10 September to 30 September 2021) of the NRP respectively.

The closure of our project sites for nearly the entire month of July due to EMCO and the restriction of operating capacity under NRP, as well as the disruption in our supply chain have caused reduction of revenue to the Group. The Group posted revenue of RM55.46 million generated from construction of residential and commercial properties during the current financial quarter ended 30 September 2021. The Group’s revenue decreased by RM28.20 million or 33.7%, compared to the RM83.66 million revenue recorded in the corresponding quarter of the preceding year.

The Group’s profit before tax of RM1.32 million for the current financial quarter under review was RM4.83 million or 78.5% lower than the RM6.15 million profit before tax recorded in the preceding year corresponding quarter mainly due to reduction of revenue as well as price increased in building materials such as steel bars, BRC mesh, cement, copper products, aluminium products.

B2 Comparison with Immediate Preceding Quarter Results

Due to the aforementioned reason, the Group’s revenue decreased by RM17.7 million or 24.2% to RM55.46 million as compared to the RM73.16 million reported in the immediate preceding quarter ended 30 June 2021.

The Group posted profit before tax of RM1.32 million, a decrease of RM1.99 million or 60.1% as compared to RM3.31 million profit before tax reported in the preceding quarter ended 30 June 2021. This was mainly due to the reduction of revenue during the current quarter under review and price increased for building materials.

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

B3 Prospects for the Current Financial Year

Currently, almost all of the states are in Phase 4 of the National Recovery Plan. As economic and social activities are back to normal like before, it is expected that the Malaysian GDP will rebound in Q4 2021 from the -4.5% contraction in Q3 2021.

Barring the resurgence of the COVID-19 outbreak, the Group is expected to recognize more revenue in the final quarter of this year from the on-going construction projects. However, the recent price increase in the building materials may continue to have negative impact on the bottom line of the income statement.

The Board is cautiously optimistic that the unbilled order book of approximately RM1.07 billion as at 30 September 2021 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

	Current Quarter Ended 30/09/2021 RM'000	Comparative Quarter Ended 30/09/2020 RM'000	Current Period Ended 30/09/2021 RM'000	Comparative Period Ended 30/09/2020 RM'000
In respect of current period:				
Income tax	<u>245</u>	<u>1,477</u>	<u>3,085</u>	<u>2,106</u>
	245	1,477	3,085	2,106

The effective tax rate of 24.6% is higher than 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 date of this report.

On 21 September 2021, the Group announced that Bursa Securities had vide its letter dated 20 September 2021 agreed to grant the Company further extension of time of 6 months until 6 April 2022 to complete the implementation of the Private Placement.

B Additional Information Required by the Listing Requirements (Cont'd)**B7 Group Borrowings**

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

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Non-current:		
Term loans	2,231	2,451
Islamic term financing	2,449	2,489
Finance lease liabilities	8,383	2,120
	<u>13,063</u>	<u>7,060</u>
Current:		
Term loans	297	301
Islamic term financing	62	70
Finance lease liabilities	3,207	3,428
Bankers' acceptance	15,931	18,317
Revolving credit	3,300	2,000
Invoice financing	12,077	6,606
	<u>34,874</u>	<u>30,722</u>

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

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.

B Additional Information Required by the Listing Requirements (Cont'd)**B10 Proposed Dividends**

The Board of Directors has declared a first 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 2021, to be paid on 21 December 2021. The entitlement date is 10 December 2021.

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 30/09/2021	Comparative Quarter Ended 30/09/2020	Current Period Ended 30/09/2021	Comparative Period Ended 30/09/2020
Profit after taxation attributable to owners of the Company (RM'000)	1,100	4,675	9,479	6,668
Weighted average number of shares in issue ('000)	535,259	535,259	535,259	535,259
Basic earnings per share (sen) ⁽¹⁾	0.21	0.87	1.77	1.25
Diluted earnings per share (sen) ⁽²⁾	0.21	0.87	1.77	1.25

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 September 2021.

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 30/09/2021 RM'000	Comparative Quarter Ended 30/09/2020 RM'000	Current Period Ended 30/09/2021 RM'000	Comparative Period Ended 30/09/2020 RM'000
Interest income	(208)	(210)	(622)	(659)
Rental income	(149)	(149)	(526)	(440)
Interest expense	478	348	1,285	1,159
Gain on disposal of investment property	-	(137)	-	(137)
Gain on disposal of property, plant and equipment	-	(10)	(88)	(19)
Depreciation of property, plant and equipment	2,811	1,975	6,622	5,585
Depreciation of investment properties	148	143	439	429

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 24 November 2021.

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

Date: 24 November 2021