

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

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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 year to date.

A8 Dividends

On 21 December 2021, the Board of Directors paid 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.

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 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 31 December 2021 comprise of bank guarantees issued for contract works being carried out by the Group amounting to RM63.08 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 31/12/2021 RM'000	Comparative Quarter Ended 31/12/2020 RM'000	Current Year Ended 31/12/2021 RM'000	Comparative Year Ended 31/12/2020 RM'000
Transactions with related party				
Corporate shareholder of the Company- Apexjaya Industries Sdn Bhd (“Apexjaya”) Construction related cost charged by Apexjaya	974	1,609	6,057	4,624
Rental income charged to Apexjaya	7	7	27	25
Family member of Lim Ooi Joo Lim Yeong Kern Rental expenses charged by Lim Yeong Kern	15	15	60	55

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

On 26 January 2022, the Company and Lagenda Properties Berhad had entered into a Shareholders’ Agreement (the “SA”) to incorporate a 50:50 joint venture company namely, Lagenda Inta Sdn Bhd (“LISB”) to carry out the construction activities of LISB.

B Additional Information Required by the Listing Requirements

B1 Group Performance Review

The Group posted revenue of RM110.39 million generated from construction of residential and commercial properties during the current financial quarter ended 31 December 2021. As compared to the RM84.85 million revenue recorded in the corresponding quarter of the preceding year, the Group's revenue increased by RM25.54 million (30%) during the quarter under review because the construction activities managed to operate in full force and generated more revenue after the gradual lifting of MCO restrictions and the more effective implementation of COVID-19 vaccination program. Year on year, the Group reported revenue of RM335.97 million and profit before tax of RM17,872 million respectively for the year ended 31 December 2021, represent an increase of RM55.68 million or 19.8%, as compared to revenue of RM280.29 million and profit before tax of RM12.94 million recorded in 2020.

The Group recorded profit before tax of RM5.33 million for the current financial quarter under review, an increase of RM1.16 million (28%) compared to the RM4.17 million profit before tax recorded in the preceding year corresponding quarter which is in line with the increase in revenue.

B2 Comparison with Immediate Preceding Quarter Results

The Group's revenue increased by RM54.93 million (99%) to RM110.39 million as compared to the RM55.46 million reported in the immediate preceding quarter ended 30 September 2021 during which revenue was lost due to closure of the project sites for almost a month before resuming with limited workforce under the restrictions of the MCO (Movement Control Order) and NRP (National Recovery Plan).

In line with higher revenue, the Group posted higher profit before tax of RM5.33 million, an increase of RM4.01 million (70.4%) as compared to RM1.32 million profit before tax reported in the preceding quarter ended 30 September 2021.

B3 Prospects for the Current Financial Year

The Board is constantly looking for new opportunities to grow the Group's performance. Recently the Group has entered into a Shareholders' Agreement with Lagenda Properties Berhad ("LPB") to incorporate a joint venture company namely, Lagenda Inta Sdn Bhd ("LISB") with the purpose to undertake all development projects by LPB nationwide. LISB is a strategic partnership which will allow both the Group and LPB to combine specialist knowledge and expertise to leverage on resources on a larger scale and for greater returns. It is expected to contribute positively to the Group's future earnings and strengthen the financial position of the Group.

The Board is optimistic that the unbilled order book of approximately RM1.20 billion as at 31 December 2021 will contribute positively to the Group's earnings over the next two to three years.

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

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.

B5 Taxation

	Current Quarter Ended 31/12/2021 RM'000	Comparative Quarter Ended 31/12/2020 RM'000	Current Year Ended 31/12/2021 RM'000	Comparative Year Ended 31/12/2020 RM'000
In respect of current period:				
Income tax /(credit)	2,339	1,680	5,424	3,786
Adjustment in respect of prior years	57	1,124	57	1,124
Deferred tax	613	(71)	613	(71)
	<u>3,009</u>	<u>2,733</u>	<u>6,094</u>	<u>4,839</u>

The effective tax rate of 34.1% 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.

1. 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.
2. On 27 April 2021, the Company proposes to undertake the 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. On 25 June 2021, the approval for the ESOS was obtained from the shareholders at the extraordinary general meeting of the Company.

On 25 November 2021, the ESOS implementation came into effect. No share option and shares were issued to eligible persons under ESOS during the financial quarter under review and the financial period to date.

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 31/12/2021 RM'000	As at 31/12/2020 RM'000
Non-current:		
Term loans	2,151	2,451
Islamic term financing	2,407	2,489
Finance lease liabilities	7,841	2,120
	<u>12,399</u>	<u>7,060</u>
Current:		
Term loans	297	301
Islamic term financing	62	70
Finance lease liabilities	3,207	3,428
Bankers' acceptance	14,328	18,317
Revolving credit	3,300	2,000
Invoice financing	15,125	6,606
	<u>36,319</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 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 2021, to be paid on 25 March 2022. The entitlement date is 10 March 2022.

B11 Earnings Per Share

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

	Current Quarter Ended 31/12/2021	Comparative Quarter Ended 31/12/2020	Current Year Ended 31/12/2021	Comparative Year Ended 31/12/2020
Profit after taxation attributable to owners of the Company (RM'000)	2,392	1,433	11,871	8,101
Weighted average number of shares in issue ('000)	535,259	535,259	535,259	535,259
Basic earnings per share (sen) ⁽¹⁾	0.45	0.27	2.22	1.51
Diluted earnings per share (sen) ⁽²⁾	0.45	0.27	2.22	1.51

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 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 31/12/2021 RM'000	Comparative Quarter Ended 31/12/2020 RM'000	Current Year Ended 31/12/2021 RM'000	Comparative Year Ended 31/12/2020 RM'000
Interest income	(3)	(342)	(625)	(1,001)
Rental income	(179)	(155)	(705)	(595)
Interest expense	403	451	1,688	1,610
Impairment loss on investment property	-	2,062	-	2,062
Gain on disposal of investment property	(159)	(122)	(159)	(259)
Gain on disposal of property, plant and equipment	-	-	(88)	(19)
Depreciation of property, plant and equipment	2,704	1,866	9,326	7,451
Depreciation of investment properties	154	141	593	570

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 21 February 2022.

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

Date: 21 February 2022