



LBS BINA GROUP BERHAD
Company No: 518482-H
(Incorporated in Malaysia)

Interim Financial Report

30 September 2018

LBS BINA GROUP BERHAD

**Company No: 518482-H
(Incorporated in Malaysia)**

Interim Financial Report

30 September 2018

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LBS BINA GROUP BERHAD (Company No: 518482-H)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
- For the financial period ended 30 September 2018**

| | Note | Unaudited Individual Quarter | | Unaudited Cumulative Period | |
|---|------|--|--|--|--|
| | | Current Year Quarter 30.09.2018 RM'000 | Preceding Year Quarter 30.09.2017 RM'000 Restated | Current Year To date 30.09.2018 RM'000 | Preceding Year To date 30.09.2017 RM'000 Restated |
| Revenue | | 410,262 | 339,589 | 955,130 | 931,744 |
| Cost of sales | | (313,118) | (256,653) | (690,591) | (687,087) |
| Gross profit | | 97,144 | 82,936 | 264,539 | 244,657 |
| Interest Income | | 2,468 | 2,590 | 4,493 | 4,382 |
| Other income | | 1,390 | 5,163 | 11,264 | 14,153 |
| Operating expenses | | (46,424) | (41,147) | (126,881) | (114,128) |
| Finance costs | | (10,963) | (7,122) | (29,569) | (21,204) |
| Share of profit / (loss) in associated companies | | 1 | (55) | (24) | (65) |
| Profit before tax | | 43,616 | 42,365 | 123,822 | 127,795 |
| Taxation | B5 | (15,919) | (16,504) | (45,988) | (51,121) |
| Net profit for the financial period | | 27,697 | 25,861 | 77,834 | 76,674 |
| Net profit for the financial period attributable to: | | | | | |
| Owners of the Parent | | 24,137 | 21,660 | 68,001 | 68,463 |
| Non-controlling interests | | 3,560 | 4,201 | 9,833 | 8,211 |
| | | 27,697 | 25,861 | 77,834 | 76,674 |
| Earnings per share attributable to Owners of the Parent: | | | | | |
| Basic (sen) | B11 | 1.75 | 1.48 | 4.93 | 4.69 |
| Diluted (sen) | B11 | 1.71 | 1.43 | 4.82 | 4.53 |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
- For the financial period ended 30 September 2018 (cont'd)**

| | Unaudited Individual Quarter | | Unaudited Cumulative Period | |
|--|--|--|--|--|
| | Current Year Quarter 30.09.2018 RM'000 | Preceding Year Quarter 30.09.2017 RM'000 Restated | Current Year To date 30.09.2018 RM'000 | Preceding Year To date 30.09.2017 RM'000 Restated |
| Net profit for the financial period | 27,697 | 25,861 | 77,834 | 76,674 |
| Other comprehensive income, net of tax: | | | | |
| Exchange translation differences for foreign operations | 894 | 2,158 | (370) | (1,625) |
| Change of stakes in a subsidiary company | (1,155) | - | (7,829) | - |
| Fair value changes of financial assets measured at fair value through other comprehensive income | (7,884) | 846 | (16,958) | (2,338) |
| Total comprehensive income for the financial period | 19,552 | 28,865 | 52,677 | 72,711 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Parent | 18,520 | 24,084 | 52,932 | 62,288 |
| Non-controlling interests | 1,032 | 4,781 | (255) | 10,423 |
| | 19,552 | 28,865 | 52,677 | 72,711 |

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

LBS BINA GROUP BERHAD (Company No: 518482-H)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As At 30 September 2018

| | Notes | Unaudited 30.09.2018 RM'000 | Unaudited 31.12.2017 RM'000 Restated | Unaudited 01.01.2017 RM'000 Restated |
|--|-------|-----------------------------------|---|---|
| <u>ASSETS</u> | | | | |
| Non-Current Assets | | | | |
| Property, plant and equipment | A10 | 316,509 | 256,611 | 261,064 |
| Capital work-in-progress | | 35,872 | 17,003 | 5,368 |
| Inventories - land and property development costs | | 1,438,692 | 1,334,055 | 730,526 |
| Investment properties | | 165,690 | 60,881 | 61,469 |
| Investment in associated companies | | 2,903 | 2,374 | 2,636 |
| Other investments | | 67,071 | 83,004 | 99,950 |
| Goodwill on consolidation | | 118,080 | 114,612 | 126,980 |
| | | 2,144,817 | 1,868,540 | 1,287,993 |
| Current Assets | | | | |
| Inventories - land and property development costs | | 545,613 | 455,627 | 367,334 |
| Inventories - completed properties and others | | 242,495 | 266,861 | 187,867 |
| Contract assets | | 316,392 | 375,809 | 343,130 |
| Trade and other receivables | | 843,346 | 709,373 | 425,954 |
| Other investments | | 3,100 | 2,021 | - |
| Tax recoverable | | 4,506 | 2,943 | 6,844 |
| Fixed deposits with licensed banks | | 39,962 | 29,700 | 49,079 |
| Cash held under Housing Development Accounts | | 141,729 | 147,645 | 74,387 |
| Cash and bank balances | | 101,393 | 103,841 | 107,332 |
| | | 2,238,536 | 2,093,820 | 1,561,927 |
| TOTAL ASSETS | | 4,383,353 | 3,962,360 | 2,849,920 |
| <u>EQUITY AND LIABILITIES</u> | | | | |
| Equity attributable to Owners of the Parent | | | | |
| Share capital | | 809,604 | 775,285 | 641,424 |
| Redeemable Convertible Preference Shares ("RCPS") | | 112,628 | 125,908 | - |
| Reserves | | 397,330 | 380,696 | 525,948 |
| Treasury shares, at cost | | (88) | (88) | (88) |
| | | 1,319,474 | 1,281,801 | 1,167,284 |
| Non-controlling interests | | 90,094 | 89,514 | 41,205 |
| TOTAL EQUITY | | 1,409,568 | 1,371,315 | 1,208,489 |

LBS BINA GROUP BERHAD (Company No: 518482-H)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As At 30 September 2018 (cont'd)

| | Notes | Unaudited 30.09.2018 RM'000 | Unaudited 31.12.2017 RM'000 Restated | Unaudited 01.01.2017 RM'000 Restated |
|--|-------|-----------------------------------|---|---|
| LIABILITIES | | | | |
| Non-Current Liabilities | | | | |
| Trade and other payables | | 512,662 | 523,725 | 302,969 |
| Finance lease payables | B8 | 16,032 | 8,743 | 4,127 |
| Bank borrowings | B8 | 544,951 | 511,291 | 314,144 |
| Sukuk Murabahah Programme ("SUKUK") | B8 | 90,389 | - | - |
| Deferred tax liabilities | | 6,721 | 8,086 | 18,053 |
| | | <u>1,170,755</u> | <u>1,051,845</u> | <u>639,293</u> |
| Current Liabilities | | | | |
| Contract liabilities | | 48,323 | 33,725 | 24,250 |
| Trade and other payables | | 1,071,163 | 1,125,638 | 656,846 |
| Bank overdrafts | B8 | 97,856 | 70,738 | 100,902 |
| Finance lease payables | B8 | 6,155 | 3,834 | 2,108 |
| Bank borrowings | B8 | 463,851 | 268,793 | 195,545 |
| SUKUK | B8 | 9,570 | - | - |
| Redeemable Convertible Preference Shares ("RCPS") | B8 | 50,000 | - | - |
| Tax payable | | 56,112 | 36,472 | 22,487 |
| | | <u>1,803,030</u> | <u>1,539,200</u> | <u>1,002,138</u> |
| TOTAL LIABILITIES | | <u>2,973,785</u> | <u>2,591,045</u> | <u>1,641,431</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>4,383,353</u> | <u>3,962,360</u> | <u>2,849,920</u> |
| Net Assets per share attributable to Owners | | | | |
| of the Parent (RM) | | <u>0.85</u> | <u>0.85 #</u> | <u>0.83 #</u> |

The net assets per share attributable to Owners of the Parent has been restated to reflect the retrospective adjustment arising from the share subdivision and bonus issue which have been completed on 27 February 2018.

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

LBS BINA GROUP BERHAD (Company No: 518482-H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For the financial period ended 30 September 2018 (The figures have not been audited)

| | Attributable to Owners of the Parent | | | | | | | | | | |
|--|--------------------------------------|------------------------------------|------------------------------|---------------------------|--|------------------------------|-----------------------------|--------------------------------|---------------------|--|---------------------------|
| | Non-distributable | | | | | | | <-Distributable-> | | | |
| | Share Capital RM'000 | Share Capital RCPS RM'000 | Treasury Shares RM'000 | ESOS Reserve RM'000 | Foreign Exchange Reserve RM'000 | Warrant Reserve RM'000 | Other Reserves RM'000 | Retained Earnings RM'000 | Sub-total RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
| Balance as at 1.1.2018 | | | | | | | | | | | |
| - as previously stated | 775,285 | 125,908 | (88) | 6,982 | 109,732 | 24,976 | (283,128) | 524,653 | 1,284,320 | 89,582 | 1,373,902 |
| - effects of adoption of the MFRS Framework | - | - | - | - | - | - | - | (2,519) | (2,519) | (68) | (2,587) |
| Balance as at 1.1.2018 (restated) | 775,285 | 125,908 | (88) | 6,982 | 109,732 | 24,976 | (283,128) | 522,134 | 1,281,801 | 89,514 | 1,371,315 |
| Amount recognised directly in equity: | | | | | | | | | | | |
| Net profit for the financial period | - | - | - | - | - | - | - | 68,001 | 68,001 | 9,833 | 77,834 |
| Change of stakes in a subsidiary company | - | - | - | - | - | - | 1,696 | - | 1,696 | (9,525) | (7,829) |
| Foreign currency translation | - | - | - | - | 968 | - | (775) | - | 193 | (563) | (370) |
| Fair value changes of financial assets measured at fair value through other comprehensive income | - | - | - | - | - | - | (16,958) | - | (16,958) | - | (16,958) |
| Total comprehensive income for the financial period | - | - | - | - | 968 | - | (16,037) | 68,001 | 52,932 | (255) | 52,677 |
| Transactions with owners: | | | | | | | | | | | |
| Net changes of non-controlling interests | - | - | - | - | - | - | - | - | - | 835 | 835 |
| Dividend paid | - | - | - | - | - | - | - | (34,255) | (34,255) | - | (34,255) |
| Issuance of ordinary shares: | | | | | | | | | | | |
| - Exercise of warrants | 14,012 | - | - | - | - | (148) | - | - | 13,864 | - | 13,864 |
| - Exercise of ESOS | 7,027 | - | - | (1,895) | - | - | - | - | 5,132 | - | 5,132 |
| - Exercise of RCPS | 13,280 | (13,280) | - | - | - | - | - | - | - | - | - |
| Realisation of warrants B reserve | - | - | - | - | - | (3,428) | 3,428 | - | - | - | - |
| Realisation of ESOS reserve | - | - | - | (31) | - | - | - | 31 | - | - | - |
| Total transactions with owners | 34,319 | (13,280) | - | (1,926) | - | (3,576) | 3,428 | (34,224) | (15,259) | 835 | (14,424) |
| Balance as at 30.09.2018 | 809,604 | 112,628 | (88) | 5,056 | 110,700 | 21,400 | (295,737) | 555,911 | 1,319,474 | 90,094 | 1,409,568 |

LBS BINA GROUP BERHAD (Company No: 518482-H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

- For the financial period ended 30 September 2017 (*cont'd*) (The figures have not been audited)

| | ← Attributable to Owners of the Parent → | | | | | | | | | | | |
|--|--|------------------------------------|------------------------------|----------------------------|---------------------------|--|------------------------------|-----------------------------|--------------------------------|---------------------|--|---------------------------|
| | ← Non-distributable → | | | | | | | | | ←-Distributable-> | | |
| | Share Capital RM'000 | Share Capital RCPS RM'000 | Treasury Shares RM'000 | Share Premium RM'000 | ESOS Reserve RM'000 | Foreign Exchange Reserve RM'000 | Warrant Reserve RM'000 | Other Reserves RM'000 | Retained Earnings RM'000 | Sub-total RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
| Balance as at 1.1.2017 | | | | | | | | | | | | |
| - as previously stated | 641,424 | - | (88) | 74,235 | 8,415 | 119,866 | 36,567 | (218,062) | 503,462 | 1,165,819 | 41,205 | 1,207,024 |
| - effects of adoption of the MFRS Framework | - | - | - | - | - | - | - | - | 1,465 | 1,465 | - | 1,465 |
| Balance as at 1.1.2017 (restated) | 641,424 | - | (88) | 74,235 | 8,415 | 119,866 | 36,567 | (218,062) | 504,927 | 1,167,284 | 41,205 | 1,208,489 |
| Amount recognised directly in equity: | | | | | | | | | | | | |
| Net profit for the financial period | - | - | - | - | - | - | - | - | 68,463 | 68,463 | 8,211 | 76,674 |
| Foreign currency translation | - | - | - | - | - | (3,909) | - | 72 | - | (3,837) | 2,212 | (1,625) |
| Fair value changes of financial assets measured at fair value through other comprehensive income | - | - | - | - | - | - | - | (2,338) | - | (2,338) | - | (2,338) |
| Total comprehensive income for the financial period | - | - | - | - | - | (3,909) | - | (2,266) | 68,463 | 62,288 | 10,423 | 72,711 |

LBS BINA GROUP BERHAD (Company No: 518482-H)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

- For the financial period ended 30 September 2017 (*cont'd*) (The figures have not been audited)

| | Attributable to Owners of the Parent | | | | | | | | | | | |
|--|--------------------------------------|------------------------------------|------------------------------|----------------------------|---------------------------|--|------------------------------|-----------------------------|--------------------------------|---------------------|--|---------------------------|
| | Non-distributable | | | | | | | | | -<-Distributable-> | | |
| | Share Capital RM'000 | Share Capital RCPS RM'000 | Treasury Shares RM'000 | Share Premium RM'000 | ESOS Reserve RM'000 | Foreign Exchange Reserve RM'000 | Warrant Reserve RM'000 | Other Reserves RM'000 | Retained Earnings RM'000 | Sub-total RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
| Transactions with owners: | | | | | | | | | | | | |
| Net changes of non-controlling interests | - | - | - | - | - | - | - | - | - | - | 433 | 433 |
| Changes in ownership interest in subsidiary companies | - | - | - | - | - | - | - | (46,445) | - | (46,445) | 28,174 | (18,271) |
| Realisation of subsidiary company's reserve | - | - | - | - | - | - | - | 1,604 | - | 1,604 | 3,882 | 5,486 |
| Dividend paid/ payable | - | - | - | - | - | - | - | (40,523) | (40,523) | - | - | (40,523) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (310) | (310) | (310) |
| Issuance of ordinary shares: | | | | | | | | | | | | |
| - Exercise of warrants | 36,502 | - | - | 1,281 | - | - | (2,228) | - | - | 35,555 | - | 35,555 |
| - Exercise of ESOS | 7,989 | - | - | 46 | - | - | - | - | - | 8,035 | - | 8,035 |
| Issuance of RCPS | - | 126,993 | - | - | - | - | - | - | - | 126,993 | - | 126,993 |
| Realisation of warrants B reserve | - | - | - | - | - | - | (8,448) | 8,448 | - | - | - | - |
| Realisation of ESOS reserve | 2,988 | - | - | 75 | (3,282) | - | - | 219 | - | - | - | - |
| Share-based payment | - | - | - | - | 1,965 | - | - | - | - | 1,965 | - | 1,965 |
| Total transactions with owners | 47,479 | 126,993 | - | 1,402 | (1,317) | - | (10,676) | (36,393) | (40,304) | 87,184 | 32,179 | 119,363 |
| Transition to no-par value regime | 75,637 | - | - | (75,637) | - | - | - | - | - | - | - | - |
| Balance as at 30.09.2017 | 764,540 | 126,993 | (88) | - | 7,098 | 115,957 | 25,891 | (256,721) | 533,086 | 1,316,756 | 83,807 | 1,400,563 |

Note:

* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM75,637,367 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amounts standing to the credit of its share premium account of RM75,637,367 for purposes set out in Section 618(3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial period ended 30 September 2018

| | Unaudited Current Period Ended 30.09.2018 RM'000 | Unaudited Preceding Period Ended 30.09.2017 RM'000 Restated |
|---|---|--|
| Profit before tax | 123,822 | 127,795 |
| Adjustments for : | | |
| Non-cash items | 2,093 | 22,075 |
| Other operating items | 23,605 | 12,979 |
| Operating profit before changes in working capital | <u>149,520</u> | <u>162,849</u> |
| Changes in working capital : | | |
| Inventories - land and property development costs | (165,182) | (183,683) |
| Inventories - completed properties and others | 24,367 | (39,077) |
| Contract assets | 59,418 | (104,287) |
| Contract liabilities | 14,597 | (2,106) |
| Receivables | (126,920) | (146,224) |
| Payables | 68,321 | 303,662 |
| Foreign exchange reserve | 1,462 | 23,616 |
| | <u>(123,937)</u> | <u>(148,099)</u> |
| Cash generated from operations | 25,583 | 14,750 |
| Dividends received | 1,413 | 580 |
| Grants income received | - | 3,572 |
| Interest received | 4,493 | 4,383 |
| Interest paid | (57,686) | (37,570) |
| Tax paid | (30,366) | (35,669) |
| Tax refund | 104 | 16 |
| | <u>(82,042)</u> | <u>(64,688)</u> |
| Net cash used in operating activities | <u>(56,459)</u> | <u>(49,938)</u> |
| Cash Flows From Investing Activities | | |
| Additional investment in : | | |
| - Subsidiary and associated companies | (22,685) | (4,969) |
| Repayment of prior year investment in subsidiary and associated companies | (21,101) | (34,136) |
| Purchase of : | | |
| - Investment properties | (752) | (301) |
| - Other Investment | (1,000) | (14,500) |
| - Property, plant and equipment | (38,461) | (9,495) |
| Proceeds from disposal of : | | |
| - Financial assets at fair value through profit or loss | - | 12,527 |
| - Investment properties | - | 100 |
| - Property, plant and equipment | 1,167 | 1,184 |
| - Quoted share | - | 1,003 |
| - Subsidiary companies | - | 6,660 |
| Deposits and consideration paid for acquisition and joint venture of future development lands | (137,343) | (61,636) |
| Acquisition of subsidiary companies, net of cash acquired | (12,177) | (259) |
| Capital work-in-progress incurred | (24,369) | (4,120) |
| | <u>(256,721)</u> | <u>(107,942)</u> |
| Net cash used in investing activities | <u>(256,721)</u> | <u>(107,942)</u> |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial period ended 30 September 2018 (cont'd)

| | Unaudited Current Period Ended 30.09.2018 RM'000 | Unaudited Preceding Period Ended 30.09.2017 RM'000 Restated |
|---|---|--|
| Cash Flows From Financing Activities | | |
| Increase in fixed deposits pledged | (14,842) | (3,405) |
| Increase in cash and bank balances pledged | (1,097) | (3,947) |
| Drawdown of bank borrowings | 445,420 | 283,415 |
| Repayment of bank borrowings | (263,714) | (216,854) |
| Drawdown of SUKUK | 100,500 | - |
| Repayment of SUKUK | (541) | - |
| Drawdown of RCPS (liability component) | 50,000 | - |
| Dividend paid | (62,436) | (53,550) |
| Dividend paid to non-controlling interests | - | (310) |
| Proceeds from : | | |
| - Exercise of ESOS | 5,132 | 8,035 |
| - Exercise of warrants | 13,864 | 35,555 |
| - Exercise of warrants in a subsidiary company by non-controlling interests | 2,479 | - |
| - Issuance of RCPS | - | 126,993 |
| - Issuance of Private Placement | - | 30,240 |
| Repayment of finance lease payables | (3,572) | (2,183) |
| Net cash generated from financing activities | <u>271,193</u> | <u>203,989</u> |
| Net (decrease) / increase in cash and cash equivalents | (41,987) | 46,109 |
| Effect of exchange rate changes | 829 | (2,900) |
| Cash and cash equivalents at the beginning of the financial period | 178,558 | 79,796 |
| Cash and cash equivalents at the end of the financial period | <u>137,400</u> | <u>123,005</u> |
| Cash and cash equivalents at the end of the financial period comprise: | | |
| Fixed deposits with licensed banks | 39,962 | 57,312 |
| Cash held under Housing Development Accounts | 141,729 | 111,094 |
| Cash and bank balances | 101,393 | 87,456 |
| Bank overdrafts | <u>(97,856)</u> | <u>(75,404)</u> |
| | 185,228 | 180,458 |
| Less : Fixed deposits pledged with licensed banks | (39,675) | (43,627) |
| Cash and bank balances pledged | <u>(8,153)</u> | <u>(13,826)</u> |
| | <u>137,400</u> | <u>123,005</u> |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT (UNAUDITED)

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 : *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Securities before taking into consideration the effects of Addendum to Financial Reporting Standards Implementation Committee (“FRSIC”) Consensus 17 - Clarification on the use of FRSIC Consensus 17 *Development of Affordable Housing* issued on 7 March 2018 (“Addendum”). This Addendum has rendered the FRSIC Consensus 17 no longer applicable upon the adoption of MFRS 15 – *Revenue from Contracts with Customers* (“MFRS 15”) in conjunction with the adoption of the MFRS Framework as explained below, hence the upfront recognition of provision for foreseeable losses on the development of affordable housing on an involuntary basis may no longer be required. As it is understood that post-issuance of this Addendum, there would be further official clarification on the accounting for the development of affordable housing in the near future, the Group expects and intends to fully comply with the requirements of this Addendum when the clarification has been made.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2017.

A2. Changes in accounting policies

Basis of accounting

The financial statements of the Group have been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

In the previous years, the financial statements of the Group were prepared in accordance with Financial Reporting Standards (“FRSs”). These are the Group’s first financial statements prepared in accordance with MFRS Framework, hence, MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

The adoption of above Amendments to MFRSs does not have any significant impact on the financial statements of the Group, except for MFRS 15 and MFRS 9 where the Group has used the full retrospective approach which means that the cumulative impact of the adoption will be recognised in the retained earnings as of 1 January 2018 and that comparatives will be restated.

Standards issued but not yet effective

The Group has not applied the following new MFRSs, Interpretations and Amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) which are not yet effective for the Group:

| | <u>Effective date for financial periods beginning on or after</u> |
|---|---|
| Annual Improvements to MFRSs 2014 - 2016 Cycle: | |
| • Amendments to MFRS 1 | 1 January 2018 |
| • Amendments to MFRS 128 | 1 January 2018 |
| MFRS 16 | Leases 1 January 2019 |
| IC Interpretation 23 | Uncertainty Over Income Tax Treatments 1 January 2019 |
| Amendments to MFRS 9 | Prepayment Features with Negative Compensation 1 January 2019 |

LBS BINA GROUP BERHAD (Company No: 518482-H)

A2. Changes in accounting policies (*cont'd*)

Standards issued but not yet effective (*cont'd*)

The Group has not applied the following new MFRSs, Interpretations and Amendments to MFRSs that have been issued by the MASB which are not yet effective for the Group: (*cont'd*)

| | | <u>Effective date for financial periods beginning on or after</u> |
|--|--|---|
| Amendments to MFRS 119 | Plan Amendment, Curtailment or Settlement | 1 January 2019 |
| Amendments to MFRS 128 | Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle:</i> | | |
| • Amendments to MFRS 3 | Business Combination | 1 January 2019 |
| • Amendments to MFRS 11 | Joint Arrangements | 1 January 2019 |
| • Amendments to MFRS 112 | Income Taxes | 1 January 2019 |
| • Amendments to MFRS 123 | Borrowing Costs | 1 January 2019 |
| <i>Amendments to References to the Conceptual Framework in MFRS Standards:</i> | | |
| • Amendments to MFRS 2 | Share-Based Payment | 1 January 2020 |
| • Amendments to MFRS 3 | Business Combination | 1 January 2020 |
| • Amendments to MFRS 6 | Exploration for and Evaluation of Mineral Resources | 1 January 2020 |
| • Amendments to MFRS 14 | Regulatory Deferred Accounts | 1 January 2020 |
| • Amendments to MFRS 101 | Presentation of Financial Statements | 1 January 2020 |
| • Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2020 |
| • Amendments to MFRS 134 | Interim Financial Reporting | 1 January 2020 |
| • Amendments to MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets | 1 January 2020 |
| • Amendments to MFRS 138 | Intangible Assets | 1 January 2020 |
| • Amendments to IC Interpretation 12 | Service Concession Arrangements | 1 January 2020 |
| • Amendments to IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 January 2020 |
| • Amendments to IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine | 1 January 2020 |
| • Amendments to IC Interpretation 22 | Foreign Currency Transactions and Advances Consideration | 1 January 2020 |
| • Amendments to IC Interpretation 132 | Intangible Assets – Website Costs | 1 January 2020 |
| MFRS 17 | Insurance Contracts | 1 January 2021 |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures | Deferred until further notice |

The Group intends to adopt the above MFRSs, Amendments to MFRSs and Amendments to IC Interpretations when they become effective.

The initial application of the abovementioned MFRSs, Amendments to MFRSs and Amendments to IC Interpretations are not expected to have any significant impact on the financial statements of the Group.

A2. Changes in accounting policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

On 2 September 2014, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017. Subsequently on 28 October 2015, Transitioning Entities are allowed to defer adoption of MFRS Framework for an additional one year. Consequently, adoption of MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2018. In presenting its first MFRS financial statements, the Group has used the full retrospective approach which means that the cumulative impact of the adoption will be recognised in the retained earnings as of 1 January 2018 and that comparatives will be restated.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to the above changes. The two newly effective standards which were adopted pursuant to the adoption of the MFRS Framework are MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments*.

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A2. Changes in accounting policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

As a result, the following comparatives in the interim financial report have been restated.

**Condensed Consolidated Statement of Profit or Loss And Other Comprehensive Income
- For the financial period ended 30 September 2017**

| | Unaudited As previously stated 30.09.2017 RM'000 | Effect of transition to MFRS RM'000 | Unaudited As restated 30.09.2017 RM'000 |
|---|--|--|--|
| Revenue | 955,414 | (23,670) | 931,744 |
| Cost of sales | (663,085) | (24,002) | (687,087) |
| Gross profit | <u>292,329</u> | <u>(47,672)</u> | <u>244,657</u> |
| Interest Income | 4,382 | - | 4,382 |
| Other income | 14,177 | (24) | 14,153 |
| Operating expenses | (148,840) | 34,712 | (114,128) |
| Finance costs | (21,203) | (1) | (21,204) |
| Share of loss in associated companies | (65) | - | (65) |
| Profit before tax | <u>140,780</u> | <u>(12,985)</u> | <u>127,795</u> |
| Taxation | (53,475) | 2,354 | (51,121) |
| Net profit for the financial period | <u>87,305</u> | <u>(10,631)</u> | <u>76,674</u> |
| Other comprehensive income, net of tax: | | | |
| Exchange translation differences for foreign operations | (1,625) | - | (1,625) |
| Fair value changes of financial assets measured at fair value through other comprehensive income | <u>(2,338)</u> | <u>-</u> | <u>(2,338)</u> |
| Total comprehensive income for the financial period | <u>83,342</u> | <u>(10,631)</u> | <u>72,711</u> |
| Total comprehensive income attributable to: | | | |
| Owners of the Parent | 72,913 | (10,625) | 62,288 |
| Non-controlling interests | 10,429 | (6) | 10,423 |
| | <u>83,342</u> | <u>(10,631)</u> | <u>72,711</u> |
| | - | - | - |

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A2. Changes in accounting policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

As a result, the following comparatives in the interim financial report have been restated. (cont'd)

**Condensed Consolidated Statement of Financial Position
- As at 31 December 2017**

| | Audited As previously stated RM'000 | Effect of transition to MFRSs RM'000 | Unaudited As restated RM'000 |
|--|--|---|------------------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 256,611 | - | 256,611 |
| Capital work-in-progress | 17,003 | - | 17,003 |
| Inventories - land and property development costs | 1,334,055 | - | 1,334,055 |
| Investment properties | 60,881 | - | 60,881 |
| Investment in associated companies | 2,374 | - | 2,374 |
| Other investments | 83,004 | - | 83,004 |
| Goodwill on consolidation | 114,612 | - | 114,612 |
| | 1,868,540 | - | 1,868,540 |
| Current Assets | | | |
| Inventories - land and property development costs | 468,965 | (13,338) | 455,627 |
| Inventories - completed properties and others | 263,646 | 3,215 | 266,861 |
| Contract assets | 353,465 | 22,344 | 375,809 |
| Trade and other receivables | 710,712 | (1,339) | 709,373 |
| Other investments | 2,021 | - | 2,021 |
| Tax recoverable | 2,943 | - | 2,943 |
| Fixed deposits with licensed banks | 29,700 | - | 29,700 |
| Cash held under Housing Development Accounts | 147,645 | - | 147,645 |
| Cash and bank balances | 103,841 | - | 103,841 |
| | 2,082,938 | 10,882 | 2,093,820 |
| TOTAL ASSETS | 3,951,478 | 10,882 | 3,962,360 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to Owners of the Parent | | | |
| Share capital | 775,285 | - | 775,285 |
| RCPS | 125,908 | - | 125,908 |
| Reserves | 383,215 | (2,519) | 380,696 |
| Treasury shares, at cost | (88) | - | (88) |
| | 1,284,320 | (2,519) | 1,281,801 |
| Non-controlling interests | 89,582 | (68) | 89,514 |
| TOTAL EQUITY | 1,373,902 | (2,587) | 1,371,315 |

A2. Changes in accounting policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

As a result, the following comparatives in the interim financial report have been restated. (cont'd)

Condensed Consolidated Statement of Financial Position
- As at 31 December 2017 (cont'd)

| | Audited As previously stated RM'000 | Effect of transition to MFRSs RM'000 | Unaudited As restated RM'000 |
|-------------------------------------|--|---|------------------------------------|
| <u>LIABILITIES</u> | | | |
| Non-Current Liabilities | | | |
| Trade and other payables | 523,734 | (9) | 523,725 |
| Finance lease payables | 8,743 | - | 8,743 |
| Bank borrowings | 511,291 | - | 511,291 |
| Deferred tax liabilities | 7,587 | 499 | 8,086 |
| | 1,051,355 | 490 | 1,051,845 |
| Current Liabilities | | | |
| Contract liabilities | 34,588 | (863) | 33,725 |
| Trade and other payables | 1,111,795 | 13,843 | 1,125,638 |
| Bank overdrafts | 70,739 | (1) | 70,738 |
| Finance lease payables | 3,834 | - | 3,834 |
| Bank borrowings | 268,793 | - | 268,793 |
| Tax payable | 36,472 | - | 36,472 |
| | 1,526,221 | 12,979 | 1,539,200 |
| TOTAL LIABILITIES | 2,577,576 | 13,469 | 2,591,045 |
| TOTAL EQUITY AND LIABILITIES | 3,951,478 | 10,882 | 3,962,360 |

Condensed Consolidated Statement of Cash Flows
- For the financial period ended 30 September 2017

| | Unaudited As previously stated RM'000 | Effect of transition to MFRS RM'000 | Unaudited As restated RM'000 |
|--|--|--|------------------------------------|
| Net cash used in operating activities | (49,938) | - | (49,938) |
| Net cash used in investing activities | (107,942) | - | (107,942) |
| Net cash generated from financing activities | 203,989 | - | 203,989 |
| Net increase in cash and cash equivalents | 46,109 | - | 46,109 |
| Effect of exchange rate changes | (2,900) | - | (2,900) |
| Cash and cash equivalents at 1 January 2017 | 79,796 | - | 79,796 |
| Cash and cash equivalents at 30 September 2017 | 123,005 | - | 123,005 |

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A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

A4. Seasonal or cyclical factors

The business operations of the Group during the financial period under review have not been materially affected by any significant seasonal or cyclical factors.

A5. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows during the financial period under review.

A6. Material changes in estimates

There were no material changes in estimates of amounts reported in prior interim periods or prior financial year that have a material effect in the current quarter's results.

A7. Debt and equity securities

There were no issuances, repurchases, cancellations, resale and repayments of debts and equity securities during the current financial period, save and except as follows:

(i) Under the Company

- (a) Issuance of 4,719,300 new ordinary shares for cash pursuant to the exercise of options under the Employees' Share Option Scheme ("ESOS") at the following range of exercise prices:

| | <u>Batch 1</u> | <u>Batch 2</u> | <u>Total</u> |
|----------------------|----------------|----------------|--------------|
| Exercise price (RM) | 1.00 to 1.84 | 0.46 to 0.81 # | |
| No. of shares issued | 2,732,800 | 1,986,500 | 4,719,300 |

- (b) Issuance of 7,929,702 new ordinary shares pursuant to the conversion of 7,929,702 Warrants A at the following exercise prices:

| | <u>Batch 1</u> | <u>Batch 2</u> | <u>Total</u> |
|----------------------|----------------|----------------|--------------|
| Exercise price (RM) | 1.00 | 0.46 # | |
| No. of shares issued | 1,806,600 | 6,123,102 | 7,929,702 |

- (c) Issuance of 7,548,216 new ordinary shares pursuant to the conversion of 7,548,216 Warrants B at the following exercise prices:

| | <u>Batch 1</u> | <u>Batch 2</u> | <u>Total</u> |
|----------------------|----------------|----------------|--------------|
| Exercise price (RM) | 1.25 | 0.56 # | |
| No. of shares issued | 7,265,716 | 282,500 | 7,548,216 |

- (d) Issuance of 6,036,165 new ordinary shares with the conversion ratio of one (1) new ordinary share for two (2) RCPS pursuant to the conversion of 12,072,332 RCPS.

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A7. Debt and equity securities (*cont'd*)

There were no issuances, repurchases, cancellations, resale and repayments of debts and equity securities during the current financial period, save and except as follows: (*cont'd*)

(I) Under the Company (*cont'd*)

- (e) Issuance of 845,795,018 new ordinary shares upon the completion of share subdivision and bonus issue exercise on 27 February 2018.

Exercise price has been restated to reflect the retrospective adjustment arising from the share subdivision and bonus issue which have been completed on 27 February 2018.

(II) Under MGB Berhad (formerly known as ML Global Berhad) ("MGB"), a listed subsidiary company of the Company

- (a) Issuance of 4,598,679 new ordinary shares pursuant to the conversion of 4,598,679 Warrants 2014/2019 at the exercise price of RM0.50 per warrant.

A8. Dividend paid

During the financial quarter under review, the Company paid the following dividends to the shareholders:

- (a) A single-tier interim dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2017 was paid on 11 July 2018; and
- (b) A single-tier final dividend of 1.2 sen per ordinary share in respect of the financial year ended 31 December 2017 was paid on 5 September 2018.

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A9. Segment information

Period ended 30 September 2018

| | Property Development RM'000 | Construction & Trading RM'000 | Management, Investment & Others RM'000 | Motor Racing Circuit RM'000 | Consolidated RM'000 |
|---|-----------------------------------|-------------------------------------|---|-----------------------------------|------------------------|
| REVENUE | | | | | |
| Total revenue | 817,314 | 538,513 | 40,105 | 16,589 | 1,412,521 |
| Less: Inter-segment revenue | - | (421,791) | (35,600) | - | (457,391) |
| Revenue from external customers | 817,314 | 116,722 | 4,505 | 16,589 | 955,130 |
| FINANCIAL RESULTS | | | | | |
| Segment results | 79,889 | 43,156 | 31,568 | (5,691) | 148,922 |
| Interest income | 3,817 | 87 | 514 | 75 | 4,493 |
| Finance costs | (2,651) | (2,956) | (23,071) | (891) | (29,569) |
| Share of loss in associated companies | - | - | (24) | - | (24) |
| Profit / (Loss) before tax | 81,055 | 40,287 | 8,987 | (6,507) | 123,822 |
| Taxation | (25,442) | (12,413) | (9,348) | 1,215 | (45,988) |
| Net profit / (loss) for the financial period | 55,613 | 27,874 | (361) | (5,292) | 77,834 |
| Assets | | | | | |
| Additional investment in associated companies | - | 15 | 539 | - | 554 |
| Additions to non-current assets | 156,296 | 34,405 | 96,198 | 3,750 | 290,649 |
| Segment assets | 3,289,054 | 277,533 | 604,889 | 211,877 | 4,383,353 |
| Other non-cash expenses | | | | | |
| Allowance for impairment loss on: | | | | | |
| - Goodwill arising on consolidation | 1,041 | - | - | - | 1,041 |
| Allowance for expected credit losses on receivables | 1,987 | - | - | - | 1,987 |
| Bad debts written off | 15 | - | 806 | - | 821 |
| Depreciation of: | | | | | |
| - Investment properties | 32 | 496 | 1,694 | - | 2,222 |
| - Property, plant and equipment | 3,015 | 4,335 | 4,337 | 5,366 | 17,053 |
| Property, plant and equipment written off | - | - | 9 | 23 | 32 |
| Development costs written off | 301 | - | - | - | 301 |
| Fair value loss on revaluation of financial assets measured at fair value through profit or loss | - | - | 3 | - | 3 |
| Unrealised loss on foreign exchange | - | - | 2 | - | 2 |
| Other non-cash income | | | | | |
| Reversal of contingency sum provided in prior years no longer required | (18,051) | - | - | - | (18,051) |
| Reversal of allowance for expected credit losses on receivables | - | (208) | - | - | (208) |
| Dividend income from financial assets measured at fair value through profit or loss | - | - | (82) | - | (82) |
| Gain on disposal of: | | | | | |
| - Property, plant and equipment | (101) | (2) | (264) | - | (367) |
| Reversal of allowance for impairment loss on receivables | (2,260) | (796) | - | - | (3,056) |
| Unrealised gain on foreign exchange | - | - | - | (179) | (179) |

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A9. Segment information (cont'd)

Period ended 30 September 2017

| | Property Development RM'000 Restated | Construction & Trading RM'000 Restated | Management, Investment & Others RM'000 Restated | Motor Racing Circuit RM'000 Restated | Consolidated RM'000 Restated |
|--|---|---|---|---|------------------------------------|
| REVENUE | | | | | |
| Total revenue | 831,059 | 506,266 | 375,230 | 16,533 | 1,729,088 |
| Less: Inter-segment revenue | - | (422,402) | (374,942) | - | (797,344) |
| Revenue from external customers | 831,059 | 83,864 | 288 | 16,533 | 931,744 |
| RESULTS | | | | | |
| Segment results | 117,316 | 32,383 | 4,561 | (9,578) | 144,682 |
| Interest income | 3,660 | 84 | 563 | 75 | 4,382 |
| Finance costs | (3,739) | (1,470) | (15,065) | (930) | (21,204) |
| Share of loss in associated companies | - | - | (65) | - | (65) |
| Profit / (Loss) before tax | 117,237 | 30,997 | (10,006) | (10,433) | 127,795 |
| Taxation | (41,809) | (6,136) | (4,443) | 1,267 | (51,121) |
| Net profit / (loss) for the financial period | 75,428 | 24,861 | (14,449) | (9,166) | 76,674 |
| Assets | | | | | |
| Additions to non-current assets | 153,944 | 5,218 | 2,590 | 2,272 | 164,024 |
| Segment assets | 2,542,654 | 163,855 | 448,243 | 225,445 | 3,380,197 |
| Other non-cash expenses | | | | | |
| Allowance for impairment loss on: | | | | | |
| - Goodwill arising on consolidation | 11,596 | - | 3 | - | 11,599 |
| - Receivables | - | - | - | 28 | 28 |
| Amortisation of intangible asset | - | - | 590 | - | 590 |
| Bad debts written off | 330 | - | 686 | - | 1,016 |
| Depreciation of: | | | | | |
| - Investment properties | 160 | 486 | 13 | - | 659 |
| - Property, plant and equipment | 2,261 | 2,677 | 901 | 6,464 | 12,303 |
| Net loss on disposal of: | | | | | |
| - Property, plant and equipment | 281 | - | 296 | - | 577 |
| - Financial assets measured at fair value through profit or loss | - | - | 10 | - | 10 |
| Capital work-in-progress written off | - | - | - | 1,001 | 1,001 |
| Property, plant and equipment written off | 5 | 19 | 7 | 97 | 128 |
| Share-based payment | - | - | 1,965 | - | 1,965 |
| Unrealised loss on foreign exchange | - | - | 171 | - | 171 |
| Other non-cash income | | | | | |
| Dividend income from financial assets measured at fair value through profit or loss | - | - | (38) | - | (38) |
| Gain on disposal of: | | | | | |
| - Quoted shares | - | - | (35) | - | (35) |
| - Investment properties | - | - | (12) | - | (12) |
| - Property, plant and equipment | - | (126) | - | - | (126) |
| - Subsidiary companies | - | - | (778) | - | (778) |
| Reversal of allowance for impairment loss on receivable | (87) | - | (41) | - | (128) |
| Reversal of contingency sum provided in prior years no longer required | (2,997) | - | - | - | (2,997) |
| Unrealised gain on foreign exchange | - | - | - | (45) | (45) |
| Waiver of debts | - | - | (279) | - | (279) |

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A10. Valuation of property, plant and equipment

There was no fair value adjustment to the property, plant and equipment since the last annual audited financial statements.

A11. Changes in the composition of the Group

During the current financial quarter, the Company's equity interest in MGB has increased from 56.16% to 56.42% as the result of acquisition of 1,271,000 ordinary shares of MGB by the Company for a total cash consideration of RM1,155,296 only.

Other than the above, there were no changes in the composition of the Group during the current financial quarter.

A12. Material events subsequent to the end of financial period

In October and November 2018, the Company's equity interest in MGB has increased from 56.42% to 59.21% as the result of acquisition of 13,931,700 ordinary shares of MGB by the Company for a total cash consideration of RM10,167,944 only.

There were no other material subsequent events as at 23 November 2018, being the latest practicable date, which shall not be earlier than 7 days from the date of issuance of this interim financial report.

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A13. Capital commitments

Capital commitments not provided for in the interim financial report as at 30 September 2018 were as follows:

| | Amount RM'000 |
|---|--------------------------|
| Approved and contracted for: | |
| a) Property development land | |
| - Sale and Purchase Agreement | 3,420 |
| - Development Rights Agreement | 86,940 |
| - Joint Venture Agreement | 387,315 |
| b) Acquisition of property, plant and equipment | |
| - Sale and Purchase Agreement | 578 |
| | <u>478,253</u> |

A14. Changes in contingent assets or contingent liabilities

| | 30.09.2018 RM'000 | 30.09.2017 RM'000 |
|------------------------------|------------------------------|------------------------------|
| Bank guarantees issued for : | | |
| - Property Development | 54,359 | 49,982 |
| - Construction Contracts | 12,770 | 9,662 |
| - Others | 30 | 30 |
| | <u>67,159</u> | <u>59,674</u> |

There were no contingent assets as at the date of this interim financial report.

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A15. Significant related party transactions

The related party transactions for the current financial period were summarised as below:

| | Amount RM'000 |
|--------------------------------|--------------------------|
| Income | |
| Sale of development properties | 4,379 |
| Rental income | 121 |
| Expenses | |
| Dividends paid | 19,744 |
| Equity instrument | 867 |
| Finance costs | 157 |
| Legal fee | 73 |
| Purchase of property | 1,500 |
| Rental expenses | 57 |
| Rendering of services | 504 |

The nature and relationship between the Group and the related parties are as follows:

- (i) A firm or companies in which a close family member of certain Directors of the Company or subsidiary companies have financial interest;
- (ii) A firm or companies in which certain Directors of the Company or its subsidiary companies have financial interest;
- (iii) Persons who have financial interest in subsidiary companies;
- (iv) Directors and key management personnel of the Company or its subsidiary companies and their close family members;
- (v) A holding company of the Company;
- (vi) An associated company of the Company; and
- (vii) A substantial shareholder of the Company.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group performance

Revenue and profit or loss before tax of the respective operating business segments are analysed as follows:

| | Individual Period | | | Cumulative Period | | |
|-----------------------------------|-------------------|------------------|------------|-------------------|------------------|---------|
| | Current Year | Preceding | Changes | Current Year | Preceding | Changes |
| | Quarter | Year Quarter | | To date | Year To date | |
| 30.09.2018 | 30.09.2017 | % | 30.09.2018 | 30.09.2017 | % | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Revenue | | | | | | |
| Property Development | 365,302 | 297,397 | 23% | 817,314 | 831,059 | -2% |
| Construction and Trading | 176,897 | 170,650 | 4% | 538,513 | 506,266 | 6% |
| Management, Investment & Others | 25,875 | 345,751 | -93% | 40,105 | 375,230 | -89% |
| Motor Racing Circuit | 4,260 | 8,095 | -47% | 16,589 | 16,533 | 0% |
| | <u>572,334</u> | <u>821,893</u> | -30% | <u>1,412,521</u> | <u>1,729,088</u> | -18% |
| Less: Inter-segment sales | <u>(162,072)</u> | <u>(482,304)</u> | 66% | <u>(457,391)</u> | <u>(797,344)</u> | 43% |
| | <u>410,262</u> | <u>339,589</u> | 21% | <u>955,130</u> | <u>931,744</u> | 3% |
| Profit / (Loss) before tax | | | | | | |
| Property Development | 39,426 | 42,194 | -7% | 81,055 | 117,237 | -31% |
| Construction and Trading | 12,556 | 9,210 | 36% | 40,287 | 30,997 | 30% |
| Management, Investment & Others | (5,881) | (8,435) | -30% | 8,987 | (10,006) | 190% |
| Motor Racing Circuit | (2,485) | (604) | -311% | (6,507) | (10,433) | 38% |
| | <u>43,616</u> | <u>42,365</u> | 3% | <u>123,822</u> | <u>127,795</u> | -3% |

For the current quarter under review, the Group achieved revenue and profit before tax ("PBT") of approximately RM410 million and RM44 million respectively. These represent 21% increase in revenue and 3% increase in PBT over the results achieved in the corresponding quarter in the year 2017.

For the nine months ended 30 September 2018, the Group achieved revenue and PBT of approximately RM955 million and RM124 million respectively. These represent 3% increase in revenue and 3% decrease in PBT over the results recorded in the corresponding period in the year 2017.

The contribution from each operating business segment is set out as follows:

Property Development

For the nine months ended 30 September 2018, Property Development segment recorded lower revenue and PBT by 2% and 31% respectively.

The revenue and PBT were lower because the Group completed and handed over certain projects in the previous financial year and ongoing projects are still at early stage of construction.

Projects which contributed to the revenue and PBT were Bandar Saujana Putra, Desiran Bayu, LBS Alam Perdana, D' Island Residence, Zenopy Residences, Cameron Golden Hills, Midhills, Bandar Putera Indah, Residensi Bintang Bukit Jalil, Cameron Centrum and Sinaran Mahkota.

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B1. Review of Group performance (*cont'd*)

Property Development (*cont'd*)

Projects within the Klang Valley remain as the largest revenue contributor, accounting for approximately 67% of the Group's revenue for the current financial period.

Construction and Trading

For the nine months ended 30 September 2018, Construction and Trading segment posted higher revenue and PBT by 6% and 30% respectively. The increase in revenue and PBT were primarily contributed from Bandar Saujana Putra, Desiran Bayu, LBS Alam Perdana and D'Island Residence.

Management, Investment and Others

For the nine months ended 30 September 2018, Management, Investment and Others segment posted lower revenue and higher PBT.

The decrease in revenue was mainly due to less intra-group dividends being declared in the current financial period.

Motor Racing Circuit

For the nine months ended 30 September 2018, Motor Racing Circuit segment recorded a marginal increase in revenue and improvement in loss before tax ("LBT") by 38%. The improvement in LBT were primarily due to lower operating expenses.

B2. Material changes in the quarterly results compared to the results of the immediate preceding quarter

| | Current Quarter 30.09.2018 RM'000 | Immediate Preceding Quarter 30.06.2018 RM'000 | Changes (%) |
|---------------------------|--|---|----------------|
| Revenue | 410,262 | 304,751 | 35% |
| Profit before tax ("PBT") | 43,616 | 36,891 | 18% |

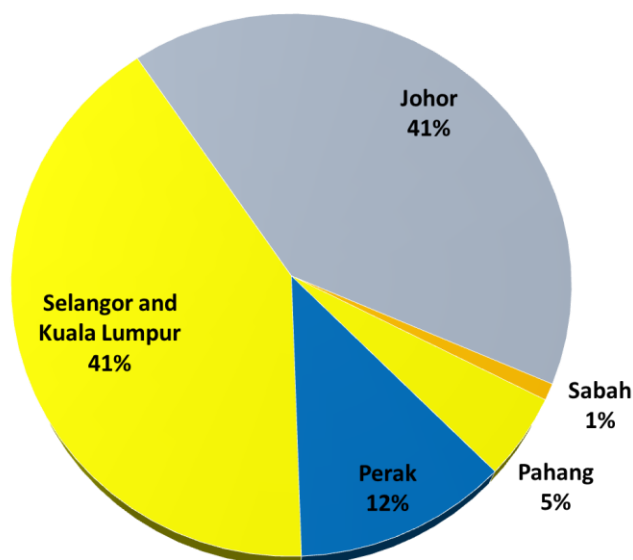
For the current quarter under review, the Group's revenue and PBT were approximately RM410 million and RM44 million respectively as compared to the revenue and PBT of approximately RM305 million and RM37million respectively in the immediate preceding quarter.

The increase in revenue was mainly attributable to higher progressive recognition of revenue from its on-going projects. The increase in PBT was mainly due to cost savings from certain completed projects in the current quarter.

B3. Group's prospects for the current financial year

Property development remains as the key driver of our business operations and it accounts for more than 86% of the Group's total revenue for the current financial period.

As at reporting date, the Group has a total land bank of more than 4,000 acres and the breakdown by geographical area is as follows:



Whilst the prospects for the property industry remains challenging, the Group's prospects moving forward remain positive with total property sales of RM1.51 billion as at 28 November 2018, total unbilled sales of RM1.68 billion as at 31 Oct 2018, anchored by 19 ongoing projects and a total land bank of more than 4,000 acres.

B4. Profit forecast or profit guarantee

Not applicable as the Group has not issued any profit forecast or profit guarantee to the public.

LBS BINA GROUP BERHAD (Company No: 518482-H)

B5. Taxation

The breakdown of tax expense was as follows:

| | Individual Quarter | | Cumulative Period | |
|-------------------------------|--|--|--|--|
| | Current year Quarter 30.09.2018 RM'000 | Preceding year Quarter 30.09.2017 RM'000 Restated | Current year To date 30.09.2018 RM'000 | Preceding year To date 30.09.2017 RM'000 Restated |
| Current year tax provision | 18,544 | 20,060 | 51,918 | 58,313 |
| Over provision in prior years | (4,876) | (280) | (4,876) | (56) |
| Deferred taxation | 2,251 | (3,276) | (1,054) | (7,136) |
| Total tax expense | <u>15,919</u> | <u>16,504</u> | <u>45,988</u> | <u>51,121</u> |

The effective tax rate of the Group for the current quarter and financial period were higher than the statutory tax rate of 24% mainly due to losses of certain subsidiary companies which cannot set off against taxable profits made by other subsidiary companies, non-tax deductible expenses and non-recognition of deferred tax assets for certain temporary differences.

B6. Status of corporate proposals

The following is the status of corporate proposals that have been announced by the Company but has not been completed as at 23 November 2018, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report:

On 8 March 2017, the Company's indirect subsidiary company, Biz Bena Development Sdn. Bhd. had entered into a Joint Development Agreement with YPJ Plantations Sdn. Bhd. for the proposed development project on a piece of leasehold land with the total land area measuring approximately 541.4 acres held under part of the master title Pajakan Negeri No Hakmilik 57334 Lot 22825 (known as HSD 28627 PTD 10202) in Mukim of Ulu Sungai Johor, District of Kota Tinggi, in the state of Johor.

This Agreement has not been completed as the Conditions Precedent therein have not been complied.

LBS BINA GROUP BERHAD (Company No: 518482-H)

B7. Utilisation of proceeds raised from corporate proposals

(i) Disposal of equity interests

On 12 August 2013 ("completion date"), the Company has announced the completion of disposal of 100% equity interests in Lamdeal Consolidated Development Ltd and Lamdeal Golf & Country Club Ltd to Jiuzhou Tourism Property Company Limited, a wholly-owned subsidiary company of Zhuhai Holdings Investment Group Limited ("Zhuhai Holdings") for an aggregate sale consideration of HKD1.65 billion.

Total sale consideration shall be satisfied by cash of HKD500 million, Zhuhai Holdings shares and deferred cash payment of HKD850 million from Promissory Note.

Cash proceeds of HKD500 million and Zhuhai Holdings shares have been received on the completion date. Cash proceeds of HKD500 million had been fully utilised in February 2015.

The details of deferred cash payment of HKD850 million from Promissory Note were as follows:

| | Amount HKD'000 | Receipt Date | Full Utilisation Date |
|-------------------|-------------------|--------------|-----------------------|
| (a) Tranche 1 | 250,000 | 30-Dec-14 | Feb-16 |
| (b) Tranche 2 | 200,000 | 1-Sep-15 | May-16 |
| (c) Tranche 3 | 200,000 | 16-Mar-16 | Dec-17 |
| (d) Final tranche | 200,000 | 3-June-16 | Mar-18 |
| | <u>850,000</u> | | |

The utilisation status of the final tranche of Promissory Note as at 23 November 2018, being the latest practicable date, which shall not be earlier than 7 days from the date of issuance of interim financial report, was as follows:

Final Tranche of Promissory Note (HKD200 million)

| | Note | Proposed Utilisation | Proposed Utilisation | Actual Utilisation | Proceeds Balance | Deviation | | Timeframe for utilisation | Explanations (deviation is 5% or more) |
|------------------------------|------|----------------------|----------------------|--------------------|------------------|-----------|---|---------------------------|--|
| | | HKD'000 | RM'000 | RM'000 | | RM'000 | % | | |
| Reduction of bank borrowings | 1 | 123,750 | 66,008 | (66,008) | - | - | - | 1 year | N/A |
| Special dividend | 1 | 65,000 | 34,671 | (34,671) | - | - | - | 2 years | N/A |
| Operating expenses | 1 | 11,250 | 6,001 | (6,001) | - | - | - | 1 year | N/A |
| | | <u>200,000</u> | <u>106,680</u> | <u>(106,680)</u> | - | - | - | | |

Note:

- Adopted the exchange rate of HKD1.00 : RM0.5334, being the closing rate as at 3 June 2016 published by Bank Negara.

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B8. Borrowings and debt securities

The Group borrowings and debt securities were as follows:

Period ended 30.09.2018

| | <u>Long term</u> | | <u>Short term</u> | | <u>Total borrowings</u> | |
|------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
| | <u>Foreign denomination</u> | <u>RM'000 denomination</u> | <u>Foreign denomination</u> | <u>RM'000 denomination</u> | <u>Foreign denomination</u> | <u>RM'000 denomination</u> |
| <u>Secured</u> | | | | | | |
| Bank overdrafts | N/A | - | N/A | 97,856 | N/A | 97,856 |
| Finance lease payables | N/A | 16,032 | N/A | 6,155 | N/A | 22,187 |
| Bank borrowings | N/A | 544,951 | N/A | 463,851 | N/A | 1,008,802 |
| SUKUK | N/A | 90,389 | N/A | 9,570 | N/A | 99,959 |
| RCPS | N/A | - | N/A | 50,000 | N/A | 50,000 |
| Total borrowings | | <u>651,372</u> | | <u>627,432</u> | | <u>1,278,804</u> |

Period ended 30.09.2017

| | <u>Long term</u> | | <u>Short term</u> | | <u>Total borrowings</u> | |
|------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
| | <u>Foreign denomination</u> | <u>RM'000 denomination</u> | <u>Foreign denomination</u> | <u>RM'000 denomination</u> | <u>Foreign denomination</u> | <u>RM'000 denomination</u> |
| <u>Secured</u> | | | | | | |
| Bank overdrafts | N/A | - | N/A | 75,404 | N/A | 75,404 |
| Finance lease payables | N/A | 5,778 | N/A | 2,214 | N/A | 7,992 |
| Bank borrowings | N/A | 337,988 | N/A | 238,156 | N/A | 576,144 |
| Total borrowings | | <u>343,766</u> | | <u>315,774</u> | | <u>659,540</u> |

B9. Material litigation

There was no material litigation as at 23 November 2018, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

B10. Dividend declared

In respect of the financial year ended 31 December 2018:

On 10 August 2018, the Company has declared preferential dividend of 6.6 sen per RCPS, which the entitlement date and payment date have been fixed on 05 October 2018 and 26 October 2018 respectively.

LBS BINA GROUP BERHAD (Company No: 518482-H)

B11. Earnings per share (“EPS”)

Basic EPS

The basic earnings per share has been calculated based on the consolidated profit for the financial period attributable to the Owners of the Parent and the weighted average number of ordinary shares in issue during the financial period as follows:

| | Current Period Ended 30.09.2018 | Preceding Period Ended 30.09.2017 Restated |
|--|--|---|
| Net profit attributable to Owners of the Parent (RM'000) | 68,001 | 68,463 |
| Weighted average number of ordinary shares in issue ('000) | 1,378,435 | 1,459,559 # |
| Basic EPS (sen) | 4.93 | 4.69 # |

The weighted average number of ordinary shares in issue and basic earnings per share have been restated to reflect the retrospective adjustment arising from the share subdivision and bonus issue which have been completed on 27 February 2018.

Diluted EPS

Diluted earnings per share has been calculated based on the consolidated profit for the financial period attributable to the Owners of the Parent and the adjusted weighted average number of ordinary shares issued and issuable during the financial period adjusted for the dilutive effects of all potential ordinary shares as follows:

| | Current Period Ended 30.09.2018 | Preceding Period Ended 30.09.2017 Restated |
|---|--|---|
| Net profit attributable to Owners of the Parent (RM'000) | 68,001 | 68,463 |
| Adjusted weighted average number of ordinary shares in issue ('000) | 1,411,008 | 1,510,234 ^ |
| Diluted EPS (sen) | 4.82 | 4.53 ^ |

^ The adjusted weighted average number of ordinary shares in issue and diluted earnings per share have been restated to reflect the effects of full conversion of ESOS and warrants pursuant to the share subdivision and bonus issue which have been completed on 27 February 2018.

LBS BINA GROUP BERHAD (Company No: 518482-H)**B12. Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

| | Current Year Quarter 30.09.2018 RM'000 | Current Period To Date 30.09.2018 RM'000 |
|--|---|---|
| Allowance for impairment loss on : | | |
| - Goodwill arising on consolidation | - | 1,041 |
| Allowance for expected credit losses on receivables | 1,703 | 1,779 |
| Bad debts written off | 807 | 821 |
| Depreciation of : | | |
| - Investment properties | 1,633 | 2,222 |
| - Property, plant and equipment | 5,218 | 17,053 |
| Development cost written off | - | 301 |
| Fair value loss on revaluation of financial assets at fair value through profit or loss | - | 3 |
| Property, plant and equipment written off | 1 | 32 |
| Reversal of gain on a bargain purchase arising from acquisition of a subsidiary company | 2,342 | - |
| Dividend income from financial assets at fair value through profit or loss | (28) | (82) |
| Gain on disposal of : | | |
| - Property, plant and equipment | (10) | (367) |
| Reversal of allowance for impairment loss on receivables | (796) | (3,056) |
| Reversal of contingency sum provided in prior years no longer required | (5,995) | (18,051) |
| Net foreign exchange gain | (161) | (185) |

By Order of the Board,

Dato' Lim Mooi Pang
Executive Director

Petaling Jaya, Selangor Darul Ehsan
30 November 2018