



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

Interim Financial Report

31 March 2019

LBS BINA GROUP BERHAD

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	Page No.
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1 - 2
Condensed Consolidated Statement of Financial Position	3 - 4
Condensed Consolidated Statement of Changes in Equity	5 - 6
Condensed Consolidated Statement of Cash Flows	7 - 8
Notes to the Interim Financial Report	9 - 16
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)	17 - 23

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
- For the financial period ended 31 March 2019**

	Note	Unaudited Individual Quarter		Unaudited Cumulative Period	
		Current Year Quarter 31.03.2019 RM'000	Preceding Year Quarter 31.03.2018 RM'000	Current Year To date 31.03.2019 RM'000	Preceding Year To date 31.03.2018 RM'000
Revenue		326,563	240,117	326,563	240,117
Cost of sales		(237,927)	(156,470)	(237,927)	(156,470)
Gross profit		88,636	83,647	88,636	83,647
Interest Income		2,933	658	2,933	658
Other income		2,602	5,189	2,602	5,189
Operating expenses		(44,577)	(37,877)	(44,577)	(37,877)
Finance costs		(12,999)	(8,295)	(12,999)	(8,295)
Share of loss of associates, net of tax		(3)	(7)	(3)	(7)
Profit before tax		36,592	43,315	36,592	43,315
Taxation	B5	(17,544)	(17,255)	(17,544)	(17,255)
Net profit for the financial period		19,048	26,060	19,048	26,060
Net profit for the financial period attributable to:					
Owners of the parent		17,684	23,044	17,684	23,044
Non-controlling interests		1,364	3,016	1,364	3,016
		19,048	26,060	19,048	26,060
Earnings per share attributable to owners of the parent:					
Basic (sen)	B10	1.13	2.26	1.13	2.26
Diluted (sen)	B10	1.11	2.14	1.11	2.14

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
- For the financial period ended 31 March 2019 (cont'd)**

	Unaudited Individual Quarter		Unaudited Cumulative Period	
	Current Year Quarter 31.03.2019 RM'000	Preceding Year Quarter 31.03.2018 RM'000	Current Year To date 31.03.2019 RM'000	Preceding Year To date 31.03.2018 RM'000
Net profit for the financial period	19,048	26,060	19,048	26,060
Other comprehensive income, net of tax:				
Exchange translation differences				
for foreign operations	(582)	(4,179)	(582)	(4,179)
Change of stakes in a subsidiary company	(623)	899	(623)	899
Net fair value changes of financial assets measured at fair value through other comprehensive income ("FVTOCI")	(724)	(8,361)	(724)	(8,361)
Total comprehensive income for the financial period	<u>17,119</u>	<u>14,419</u>	<u>17,119</u>	<u>14,419</u>
Total comprehensive income for the financial period attributable to:				
Owners of the parent	16,618	8,314	16,618	8,314
Non-controlling interests	501	6,105	501	6,105
	<u>17,119</u>	<u>14,419</u>	<u>17,119</u>	<u>14,419</u>

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 2018 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 31 March 2019

	Notes	Unaudited 31.03.2019 RM'000	Audited 31.12.2018 RM'000
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	A10	347,087	347,040
Right-of-use assets		352	-
Capital work-in-progress		58,506	52,059
Inventories - land held for property development		1,489,538	1,520,286
Investment properties		168,398	169,150
Investment in associates		2,769	2,772
Other investments		72,336	74,143
Intangible assets		2,274	2,333
Goodwill on consolidation		112,558	113,508
Trade receivables		1,033	1,039
		2,254,851	2,282,330
Current assets			
Inventories - property development costs		546,579	543,193
Inventories - completed properties and others		374,539	292,763
Contract assets		221,319	204,090
Trade and other receivables		757,835	804,513
Other investments		4,156	3,125
Tax recoverable		2,658	3,311
Fixed deposits with licensed banks		37,589	38,919
Cash held under Housing Development Accounts		121,586	123,036
Cash and bank balances		86,899	78,202
		2,153,160	2,091,152
TOTAL ASSETS		4,408,011	4,373,482
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share capital		809,845	809,604
Redeemable Convertible Preference Shares ("RCPS")		112,629	112,629
Reserves		427,933	427,310
Treasury shares, at cost		(88)	(88)
Equity attributable to owners of the parent		1,350,319	1,349,455
Non-controlling interests		68,055	67,600
TOTAL EQUITY		1,418,374	1,417,055

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As At 31 March 2019 (cont'd)

	Notes	Unaudited 31.03.2019 RM'000	Audited 31.12.2018 RM'000
<u>LIABILITIES</u>			
Non-current liabilities			
Trade and other payables		513,592	487,572
Finance lease payables	B7	32,836	34,810
Lease liabilities		216	-
Bank borrowings	B7	562,464	547,633
Sukuk Murabahah ('Sukuk')	B7	88,163	89,276
Deferred tax liabilities		2,340	6,206
		<u>1,199,611</u>	<u>1,165,497</u>
Current liabilities			
Contract liabilities		53,704	53,026
Trade and other payables		1,024,631	1,049,238
Bank overdrafts	B7	113,482	105,468
Finance lease payables	B7	11,588	11,365
Lease liabilities		118	-
Bank borrowings	B7	486,354	457,987
Sukuk	B7	4,559	9,659
Redeemable Convertible Preference Shares ("RCPS")	B7	40,000	50,000
Tax payable		55,590	54,187
		<u>1,790,026</u>	<u>1,790,930</u>
TOTAL LIABILITIES		<u>2,989,637</u>	<u>2,956,427</u>
TOTAL EQUITY AND LIABILITIES		<u>4,408,011</u>	<u>4,373,482</u>
Net Assets per share attributable to owners of the parent (RM)		<u>0.87</u>	<u>0.87</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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 31 March 2019 (The figures have not been audited)

	← Attributable to owners of the parent →										
	← Non-distributable →							←-Distributable->			
	Share capital RM'000	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 1.1.2019											
- as previously reported	809,604	112,629	(88)	5,008	111,312	21,353	(277,835)	567,472	1,349,455	67,600	1,417,055
- effect of adopting MFRS 16	-	-	-	-	-	-	-	18	18	-	18
Balance as at 1.1.2019 (restated)	809,604	112,629	(88)	5,008	111,312	21,353	(277,835)	567,490	1,349,473	67,600	1,417,073
Amount recognised directly in equity:											
Net profit for the financial period	-	-	-	-	-	-	-	17,684	17,684	1,364	19,048
Change of stakes in a subsidiary company	-	-	-	-	-	-	670	-	670	(1,293)	(623)
Foreign currency translation reserve	-	-	-	-	(1,241)	-	229	-	(1,012)	430	(582)
Net fair value changes of financial assets measured at FVTOCI	-	-	-	-	-	-	(724)	-	(724)	-	(724)
Total comprehensive income for the financial period	-	-	-	-	(1,241)	-	175	17,684	16,618	501	17,119
Transactions with owners:											
Changes in ownership interest in subsidiary companies	-	-	-	-	-	-	(15,956)	-	(15,956)	(46)	(16,002)
Issuance of ordinary shares:											
- Exercise of ESOS	241	-	-	(57)	-	-	-	-	184	-	184
Total transactions with owners	241	-	-	(57)	-	-	(15,956)	-	(15,772)	(46)	(15,818)
Balance as at 31.03.2019	809,845	112,629	(88)	4,951	110,071	21,353	(293,616)	585,174	1,350,319	68,055	1,418,374

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For the financial period ended 31 March 2019 (cont'd) (The figures have not been audited)

	←----- Attributable to owners of the parent ----->										
	←----- Non-distributable ----->							<----- Distributable ----->			
	Share capital RM'000	RCPS RM'000	Treasury shares RM'000	ESOS reserve RM'000	Foreign exchange reserve RM'000	Warrants reserves 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 reported	775,285	125,908	(88)	6,982	109,733	24,976	(283,127)	524,651	1,284,320	89,582	1,373,902
- effect of adopting MFRS 9 and MFRS 15	-	-	-	-	-	-	-	(1,806)	(1,806)	363	(1,443)
Balance as at 1.1.2018 (restated)	775,285	125,908	(88)	6,982	109,733	24,976	(283,127)	522,845	1,282,514	89,945	1,372,459
Amount recognised directly in equity:											
Net profit for the financial period	-	-	-	-	-	-	-	23,044	23,044	3,016	26,060
Change of stakes in a subsidiary company	-	-	-	-	-	-	(621)	-	(621)	1,520	899
Foreign currency translation reserve	-	-	-	-	(6,152)	-	404	-	(5,748)	1,569	(4,179)
Net fair value changes of financial assets measured at FVTOCI	-	-	-	-	-	-	(8,361)	-	(8,361)	-	(8,361)
Total comprehensive income for the financial period	-	-	-	-	(6,152)	-	(8,578)	23,044	8,314	6,105	14,419
Transactions with owners:											
Net changes of non-controlling interests	-	-	-	-	-	-	-	-	-	190	190
Issuance of ordinary shares:											
- Exercise of warrants	11,040	-	-	-	-	(149)	-	-	10,891	-	10,891
- Exercise of ESOS	5,570	-	-	(1,553)	-	-	-	-	4,017	-	4,017
- Conversion of RCPS	13,279	(13,279)	-	-	-	-	-	-	-	-	-
Realisation of warrants B reserve	-	-	-	-	-	(3,415)	3,415	-	-	-	-
Realisation of ESOS reserve	-	-	-	(1)	-	-	-	1	-	-	-
Total transactions with owners	29,889	(13,279)	-	(1,554)	-	(3,564)	3,415	1	14,908	190	15,098
Balance as at 31.03.2018	805,174	112,629	(88)	5,428	103,581	21,412	(288,290)	545,890	1,305,736	96,240	1,401,976

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 2018 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial period ended 31 March 2019

	Unaudited Current Period Ended 31.03.2019 RM'000	Unaudited Preceding Period Ended 31.03.2018 RM'000
Cash Flows From Operating Activities		
Profit before tax	36,592	43,315
Adjustments for :		
Non-cash items	8,290	(6,405)
Other operating items	10,038	7,626
Operating profit before changes in working capital	<u>54,920</u>	<u>44,536</u>
Changes in working capital :		
Inventories - land and property development costs	38,405	(74,285)
Inventories - completed properties and others	(81,965)	14,209
Contract assets	(17,229)	(4,140)
Contract liabilities	678	(1,056)
Receivables	44,753	46,409
Payables	18,648	(66,468)
Foreign exchange reserve	563	4,115
	<u>3,853</u>	<u>(81,216)</u>
Cash generated from/(used in) operations	<u>58,773</u>	<u>(36,680)</u>
Interest received	2,933	658
Interest paid	(24,040)	(16,789)
Tax paid	(19,849)	(13,197)
Tax refund	266	23
	<u>(40,690)</u>	<u>(29,305)</u>
Net cash generated from/(used in) operating activities	<u>18,083</u>	<u>(65,985)</u>
Cash Flows From Investing Activities		
Additional investment in :		
- Subsidiary companies and associates	(637)	(918)
- Financial assets measured at fair value through profit or loss ("FVTPL")	(2,047)	(1,000)
Repayment of prior years' investment in subsidiary companies and associates	(3,850)	(11,035)
Purchase of :		
- Investment properties	-	(1,482)
- Property, plant and equipment	(4,365)	(8,054)
Proceeds from disposal of :		
- Financial assets measured at FVTPL	1,047	-
- Property, plant and equipment	2	773
Deposits and consideration paid for acquisition and joint venture of future development lands	(26,995)	(105,050)
Acquisition of subsidiary companies, net of cash acquired	-	(6,324)
Capital work-in-progress incurred	(7,235)	(5,315)
Net cash used in investing activities	<u>(44,080)</u>	<u>(138,405)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial period ended 31 March 2019 (cont'd)

	Unaudited Current Period Ended 31.03.2019 RM'000	Unaudited Preceding Period Ended 31.03.2018 RM'000
Cash Flows From Financing Activities		
Decrease / (Increase) in fixed deposits pledged	1,327	(2,212)
(Increase) / Decrease in cash and bank balances pledged	(1,388)	2,062
Drawdown of bank borrowings	191,389	219,684
Repayment of bank borrowings	(149,132)	(66,822)
Repayment of Sukuk	(6,213)	-
Dividend paid	-	(28,180)
Proceeds from :		
- Exercise of ESOS	184	4,017
- Exercise of warrants	-	10,891
- Exercise of warrants in a subsidiary company by non-controlling interests	14	1,802
Repayment of finance lease payables	(1,750)	(1,026)
Repayment of lease liabilities	(36)	-
Repayment of RCPS	(10,000)	-
Net cash generated from financing activities	<u>24,395</u>	<u>140,216</u>
Net decrease in cash and cash equivalents	(1,602)	(64,174)
Effect of exchange rate changes	(554)	(2,000)
Cash and cash equivalents at the beginning of the financial period	92,217	178,558
Cash and cash equivalents at the end of the financial period	<u>90,061</u>	<u>112,384</u>
Cash and cash equivalents at the end of the financial period comprise:		
Fixed deposits with licensed banks	37,589	29,547
Cash held under Housing Development Accounts	121,586	114,305
Cash and bank balances	86,899	85,192
Bank overdrafts	<u>(113,482)</u>	<u>(84,621)</u>
	132,592	144,423
Less : Fixed deposits pledged with licensed banks	(37,305)	(27,045)
Cash and bank balances pledged	<u>(5,226)</u>	<u>(4,994)</u>
	<u>90,061</u>	<u>112,384</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 2018 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.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. 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 2018.

A2. Changes in accounting policies

Basis of accounting

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016, in Malaysia.

The financial statements of the Group have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies below.

Standards issued but not yet effective

The Group has not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group:

	<u>Effective date for financial periods beginning on or after</u>
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 Definition of Material And MFRS 108	1 January 2020
MFRS 17 Insurance contracts	1 January 2021
Amendments to MFRS 10 Sale or Contribution of Assets between an and MFRS 128 Investor and its Associate or Joint Venture	Deferred until further notice

The Group intends to adopt the above new standards and amendments to standards when they become effective.

A2. Changes in accounting policies (cont'd)

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group except as mentioned below:

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statements of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has elected to apply MFRS 16 using a modified retrospective approach, whereby the cumulative effect of initial application of MFRS 16 is adjusted to the opening balance of retained earnings at the date of initial applications, as shown below: -

	RM'000
Retained earnings as at 1 January 2019	
- as previously reported	567,472
- effect of adopting MFRS 16	<u>18</u>
Retained earnings as at 1 January 2019, as restated	<u><u>567,490</u></u>

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

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 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 financial period'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

Issuance of ordinary shares pursuant to the exercise of options under the Company's Employees' Share Option Scheme ("ESOS")

The Company has issued and allotted 360,000 ordinary shares for cash at exercise prices ranging from RM0.51 to RM0.56 per ordinary share.

(II) Under MGB Berhad ("MGB"), a listed subsidiary company of the Company

Issuance of 27,000 new ordinary shares pursuant to the conversion of 27,000 Warrants 2014/2019 at the exercise price of RM0.50 per warrant.

A8. Dividend paid

There was no dividend paid during the current quarter.

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

A9. Segment information

Period ended 31 March 2019

	Property Development RM'000	Construction & Trading RM'000	Management, Investment & Others RM'000	Motor Racing Circuit RM'000	Consolidated RM'000
REVENUE					
Total revenue	265,246	183,706	17,891	4,955	471,798
Less: Inter-segment revenue	-	(128,988)	(16,247)	-	(145,235)
Revenue from external customers	265,246	54,718	1,644	4,955	326,563
FINANCIAL RESULTS					
Segment results	31,081	6,137	11,366	(1,923)	46,661
Interest income	2,714	5	190	24	2,933
Finance costs	(2,452)	(1,589)	(8,666)	(292)	(12,999)
Share of profit / (loss) of associates, net of tax	-	4	(7)	-	(3)
Profit / (Loss) before tax	31,343	4,557	2,883	(2,191)	36,592
Taxation	(9,918)	(2,997)	(5,031)	402	(17,544)
Net profit / (loss) for the financial period	21,425	1,560	(2,148)	(1,789)	19,048
Assets					
Additions to non-current assets	27,660	6,271	1,342	220	35,493
Segment assets	3,249,504	351,519	593,510	213,478	4,408,011
Other non-cash expenses					
Allowance for impairment losses on:					
- Goodwill arising on consolidation	950	-	-	-	950
- Receivables	85	-	-	-	85
Amortisation of intangible assets	-	-	59	-	59
Allowance for expected credit losses on receivables	408	4	-	-	412
Bad debts written off	9	-	-	-	9
Depreciation of:					
- Investment properties	31	165	695	-	891
- Property, plant and equipment	790	2,362	2,062	1,784	6,998
- Right-of-use assets	-	-	31	-	31
Property, plant and equipment written off	-	-	11	-	11
Unrealised loss on foreign exchange	-	-	116	61	177
Other non-cash income					
Reversal of allowance for expected credit losses on receivables	(401)	-	(11)	-	(412)
Bad debts recovered	(8)	(2)	-	-	(10)
Dividend income from financial assets measured at FVTPL	-	-	(27)	-	(27)
Fair value gain on financial assets at measured at FVTPL	-	-	(4)	-	(4)
Fair value gain on revaluation of financial assets measured at FVTPL	-	-	(4)	-	(4)
Gain on disposal of property, plant and equipment	-	-	(2)	-	(2)
Reversal of allowance of impairment losses on receivables	(108)	-	-	-	(108)
Contingency sum provided in prior years no longer required	(694)	-	-	-	(694)
Unrealised gain on foreign exchange	-	-	(7)	-	(7)

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

A9. Segment information (cont'd)

Period ended 31 March 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	193,484	158,632	7,329	5,750	365,195
Less: Inter-segment revenue	-	(118,619)	(6,459)	-	(125,078)
Revenue from external customers	193,484	40,013	870	5,750	240,117
FINANCIAL RESULTS					
Segment results	23,559	13,464	15,664	(1,728)	50,959
Interest income	325	24	285	24	658
Finance costs	(571)	(639)	(6,789)	(296)	(8,295)
Share of loss of associates, net of tax	-	-	(7)	-	(7)
Profit / (Loss) before tax	23,313	12,849	9,153	(2,000)	43,315
Taxation	(10,021)	(3,779)	(3,863)	408	(17,255)
Net profit / (loss) for the financial period	13,292	9,070	5,290	(1,592)	26,060
Assets					
Additions to non-current assets	51,028	3,194	114,266	591	169,079
Segment assets	3,000,993	204,282	586,718	215,562	4,007,555
Other non-cash expenses					
Allowance for impairment losses on:					
- Goodwill arising on consolidation	948	-	-	-	948
- Receivables	310	-	-	-	310
Depreciation of :					
- Investment properties	11	165	153	-	329
- Property, plant and equipment	1,121	1,382	1,213	1,803	5,519
Property, plant and equipment written off	-	-	7	-	7
Unrealised loss on foreign exchange	-	-	37	51	88
Other non-cash income					
Contingency sum provided in prior years no longer required	(8,775)	-	-	-	(8,775)
Dividend income from financial assets measured at FVTPL	-	-	(17)	-	(17)
Gain on disposal of property, plant and equipment	(45)	(2)	(104)	-	(151)
Gain on bargain purchase arising from acquisition of a subsidiary company	-	-	(2,342)	-	(2,342)
Reversal of allowance for impairment losses on receivables	(2,260)	(75)	-	-	(2,335)

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

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

- (i) On 3 January 2019, LBS Bina Holdings Sdn. Bhd. ("LBS Bina") acquired 150,000 ordinary shares representing 3% equity interest in Seloka Sinaran Sdn. Bhd ("SSSB") for a total cash consideration of RM16,000,000 only. Consequently, SSSB became 81% subsidiary company of LBS Bina.
- (ii) During the current quarter, the Company's equity interest in MGB has increased from 59.68% to 59.87% as the result of acquisition of 919,900 ordinary shares of MGB by the Company for a total cash consideration of RM636,712 only.

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

A12. Material events subsequent to the end of financial period

In April and May 2019, the Company's equity interest in MGB has decreased from 59.87% to 59.84% as the result of conversion of 248,200 Warrants 2014/2019 by non-controlling interests at the exercise price of RM0.50 per warrant into 248,200 new ordinary shares.

There were no other material subsequent events as at 24 May 2019, being the latest practicable date, which shall not be earlier than 7 days from the date of issuance of this interim financial report.

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

A13. Capital commitments

Capital commitments not provided for in the interim financial report as at 31 March 2019 were as follows:

	Amount RM'000
Approved and contracted for:	
a) Property development land	
- Sale and Purchase Agreements	3,420
- Development Rights Agreements	86,940
- Joint Venture Agreements	395,315
b) Plant, property and equipment	5,451
	<u>491,126</u>

A14. Changes in contingent assets or contingent liabilities

	31.03.2019 RM'000	31.03.2018 RM'000
Bank guarantees for :		
- Property Development	55,354	51,628
- Construction Contracts	9,363	12,775
- Others	70	30
	<u>64,787</u>	<u>64,433</u>

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

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

A15. Significant related party transactions

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

	Amount RM'000
Income	
Rental income	9
Expenses	
Equity instrument	16,000
Finance costs	111
Legal fee	11
Rental expenses	30
Rendering of services	349

The nature and relationship between the Group with other 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; and
- (vi) An associate 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 Quarter 31.03.2019 RM'000	Preceding Year Quarter 31.03.2018 RM'000	Changes %	Current Year To date 31.03.2019 RM'000	Preceding Year To date 31.03.2018 RM'000	Changes %
Revenue						
Property Development	265,246	193,484	37%	265,246	193,484	37%
Construction and Trading	183,706	158,632	16%	183,706	158,632	16%
Management, Investment and Others	17,891	7,329	144%	17,891	7,329	144%
Motor Racing Circuit	4,955	5,750	-14%	4,955	5,750	-14%
	<u>471,798</u>	<u>365,195</u>	29%	<u>471,798</u>	<u>365,195</u>	29%
Less: Inter-segment sales	<u>(145,235)</u>	<u>(125,078)</u>	16%	<u>(145,235)</u>	<u>(125,078)</u>	16%
	<u>326,563</u>	<u>240,117</u>	36%	<u>326,563</u>	<u>240,117</u>	36%
Profit / (Loss) before tax						
Property Development	31,343	23,313	34%	31,343	23,313	34%
Construction and Trading	4,557	12,849	-65%	4,557	12,849	-65%
Management, Investment and Others	2,883	9,153	-69%	2,883	9,153	-69%
Motor Racing Circuit	<u>(2,191)</u>	<u>(2,000)</u>	10%	<u>(2,191)</u>	<u>(2,000)</u>	10%
	<u>36,592</u>	<u>43,315</u>	-16%	<u>36,592</u>	<u>43,315</u>	-16%

For the quarter under review, the Group achieved revenue of RM327 million and profit before tax ("PBT") of RM37 million as compared to revenue of RM240 million and PBT of RM43 million in the previous year corresponding quarter.

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

Property Development

For the quarter under review, Property Development segment recorded higher revenue and PBT by 37% and 34% respectively.

The increase in both revenue and PBT were largely driven by the impressive take up rate and steady construction progress from our ongoing projects within the Klang Valley, Pahang and Johor.

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 Kita @ Cybersouth.

B1. Review of Group performance (cont'd)

Property Development (cont'd)

Projects within the Klang Valley remain as the largest revenue contributor, accounting for more than 70% of the Group's current quarter revenue.

Construction and Trading

For the quarter under review, Construction and Trading segment recorded revenue of RM184 million and PBT of RM5 million as compared to revenue of RM159 million and PBT of RM13 million in the previous year corresponding quarter.

The increase in revenue was primarily contributed from in-house projects. The PBT has decreased mainly due to narrowing profit margin from on-going construction projects, loss incurred by a subsidiary company and increase in depreciation and finance costs.

Management, Investment and Others

For the quarter under review, Management, Investment and Others segment recorded revenue of RM18 million and PBT of RM3 million as compared to revenue of RM7 million and PBT of RM9 million in the previous year corresponding quarter.

The increase in revenue was mainly due to increase in intra-group income from project management fees. The decrease in PBT was mainly due to increase in depreciation, finance costs and negative goodwill from the acquisition of a subsidiary company in the previous year corresponding quarter.

Motor Racing Circuit

For the quarter under review, Motor Racing Circuit segment recorded revenue of RM5 million and loss before tax ("LBT") of RM2 million as compared to revenue of RM6 million and LBT of RM2 million in the previous year corresponding quarter.

The lower revenue was primarily due to less income from corporate day events.

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

	Current Quarter 31.03.2019 RM'000	Immediate Preceding Quarter 31.12.2018 RM'000	Changes (%)
Revenue	326,563	166,958	96%
PBT	36,592	35,313	4%

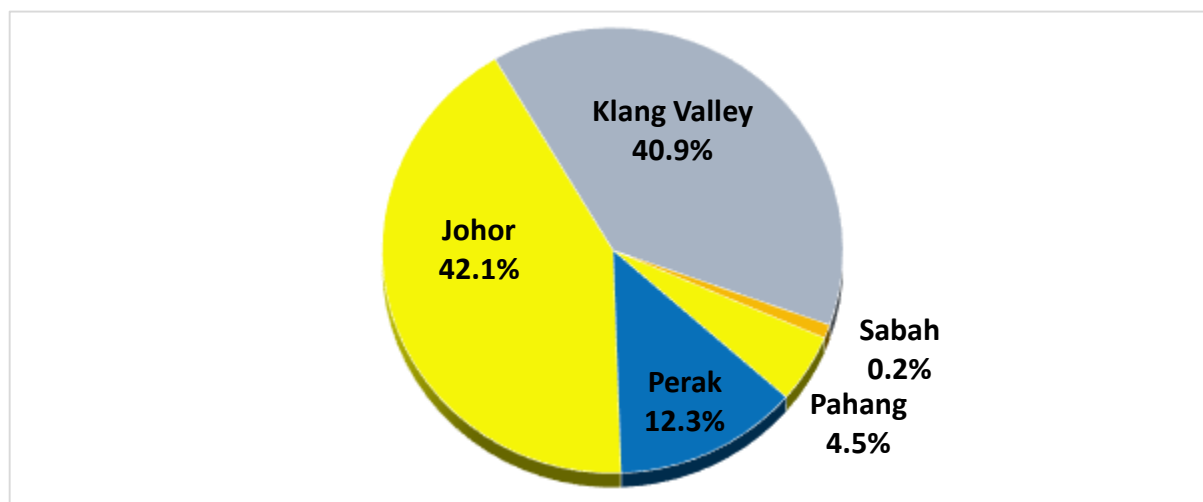
For the quarter under review, the Group achieved revenue of RM327 million and PBT of RM37 million as compared to revenue of RM167 million and PBT of RM35 million in the immediate preceding quarter.

The improved revenue and PBT were mainly attributable to higher progressive recognition of revenue and profit contribution from its on-going projects.

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 80% 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 due to global and regional headwinds, the Group's prospects moving forward remain positive with total property sales to-date of RM528 million and total unbilled sales of RM1.70 billion as at 30 April 2019, which are well supported by 18 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 31.03.2019 RM'000	Preceding year Quarter 31.03.2018 RM'000	Current year To date 31.03.2019 RM'000	Preceding year To date 31.03.2018 RM'000
Current year tax provision	21,630	17,565	21,630	17,565
Deferred taxation	<u>(4,086)</u>	<u>(310)</u>	<u>(4,086)</u>	<u>(310)</u>
Total tax expense	<u>17,544</u>	<u>17,255</u>	<u>17,544</u>	<u>17,255</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 proposal that has been announced by the Company but has not been completed as at 24 May 2019, 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. Borrowings and debt securities

The Group borrowings and debt securities were as follows:

Year ended 31.03.2019

	<u>Long term</u>		<u>Short term</u>		<u>Total borrowings</u>	
	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination
<u>Secured</u>						
Bank overdrafts	N/A	-	N/A	113,482	N/A	113,482
Finance lease payables	N/A	32,836	N/A	11,588	N/A	44,424
Bank borrowings	N/A	562,464	N/A	486,354	N/A	1,048,818
Sukuk	N/A	88,163	N/A	4,559	N/A	92,722
RCPS	N/A	-	N/A	40,000	N/A	40,000
Total borrowings		<u>683,463</u>		<u>655,983</u>		<u>1,339,446</u>

Year ended 31.03.2018

	<u>Long term</u>		<u>Short term</u>		<u>Total borrowings</u>	
	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination
<u>Secured</u>						
Bank overdrafts	N/A	-	N/A	84,621	N/A	84,621
Finance lease payables	N/A	9,606	N/A	4,040	N/A	13,646
Bank borrowings	N/A	626,186	N/A	316,321	N/A	942,507
Sukuk	N/A	28,449	N/A	4,989	N/A	33,438
Total borrowings		<u>664,241</u>		<u>409,971</u>		<u>1,074,212</u>

B8. Material litigation

There was no material litigation as at 24 May 2019, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

B9. Dividend declared

No dividend has been declared in the current quarter.

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

B10. Earnings per share (“EPS”)

Basic EPS

The basic earnings per share are 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 to Date 31.03.2019	Preceding Period to Date 31.03.2018
Net profit attributable to owners of the parent (RM'000)	<u>17,684</u>	<u>23,044</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,558,930</u>	<u>1,018,702</u>
Basic EPS (sen)	<u>1.13</u>	<u>2.26</u>

Diluted EPS

Diluted earnings per share are 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 to Date 31.03.2019	Preceding Period to Date 31.03.2018
Net profit attributable to owners of the parent (RM'000)	<u>17,684</u>	<u>23,044</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>1,592,972</u>	<u>1,075,320</u>
Diluted EPS (sen)	<u>1.11</u>	<u>2.14</u>

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 31.03.2019 RM'000	Current Year To Date 31.03.2019 RM'000
Allowance for impairment losses on :		
- Goodwill arising on consolidation	950	950
- Receivables	85	85
Allowance for expected credit losses on receivables	412	412
Amortisation of intangible asset	59	59
Bad debts written off	9	9
Depreciation of :		
- Investment properties	891	891
- Property, plant and equipment	6,998	6,998
- Right-of-use assets	31	31
Net foreign exchange loss	102	102
Property, plant and equipment written off	11	11
Dividend income from financial assets at FVTPL	(27)	(27)
Fair value gain on financial assets measured at FVTPL	(4)	(4)
Fair value gain on revaluation of financial assets measured at FVTPL	(4)	(4)
Gain on disposal of property, plant and equipment	(2)	(2)
Reversal of allowance for impairment loss on receivables	(108)	(108)
Reversal of allowance for expected credit losses on receivables	(412)	(412)
Contingency sum provided in prior years no longer required	(694)	(694)
Bad debts recovered	(10)	(10)

By Order of the Board,

Dato' Lim Mooi Pang
Executive Director

Petaling Jaya, Selangor Darul Ehsan
31 May 2019