



LBS BINA GROUP BERHAD

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

Interim Financial Report

30 June 2019

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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 June 2019**

	Note	Unaudited		Unaudited	
		Individual Quarter		Cumulative Period	
		Current	Preceding	Current	Preceding
		Year	Year	Year	Year
		Quarter	Quarter	To date	To date
		30.06.2019	30.06.2018	30.06.2019	30.06.2018
		RM'000	RM'000	RM'000	RM'000
Revenue		319,378	304,751	645,941	544,868
Cost of sales		(230,472)	(221,003)	(468,399)	(377,473)
Gross profit		88,906	83,748	177,542	167,395
Interest Income		662	1,367	3,595	2,025
Other income		6,255	4,685	8,857	9,874
Operating expenses		(42,901)	(42,580)	(87,478)	(80,457)
Finance costs		(14,811)	(10,311)	(27,810)	(18,606)
Share of loss of associates, net of tax		(9)	(18)	(12)	(25)
Profit before tax		38,102	36,891	74,694	80,206
Taxation	B5	(17,083)	(12,814)	(34,627)	(30,069)
Net profit for the financial period		21,019	24,077	40,067	50,137
Net profit for the financial period attributable to:					
Owners of the parent		14,023	20,820	31,707	43,864
Non-controlling interests		6,996	3,257	8,360	6,273
		21,019	24,077	40,067	50,137
Earnings per share attributable to owners of the parent:					
Basic (sen)	B10	0.90	1.62	2.03	3.41
Diluted (sen)	B10	0.87	1.58	1.98	3.32

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
- For the financial period ended 30 June 2019 (*cont'd*)

	Unaudited Individual Quarter		Unaudited Cumulative Period	
	Current Year Quarter 30.06.2019 RM'000	Preceding Year Quarter 30.06.2018 RM'000	Current Year To date 30.06.2019 RM'000	Preceding Year To date 30.06.2018 RM'000
Net profit for the financial period	21,019	24,077	40,067	50,137
Other comprehensive income, net of tax:				
Change of stakes in a subsidiary company	124	(7,573)	(499)	(6,674)
Exchange translation differences for foreign operations	957	2,915	374	(1,264)
Net fair value changes of financial assets measured at fair value through other comprehensive income ("FVTOCI")	(10,948)	(713)	(11,671)	(9,074)
Total comprehensive income for the financial period	<u>11,152</u>	<u>18,706</u>	<u>28,271</u>	<u>33,125</u>
Total comprehensive income for the financial period attributable to:				
Owners of the parent	4,435	26,098	21,053	34,412
Non-controlling interests	6,717	(7,392)	7,218	(1,287)
	<u>11,152</u>	<u>18,706</u>	<u>28,271</u>	<u>33,125</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 30 June 2019

	Notes	Unaudited 30.06.2019 RM'000	Audited 31.12.2018 RM'000
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	A10	344,241	347,040
Right-of-use assets		603	-
Capital work-in-progress		67,501	52,059
Inventories - land held for property development		1,485,743	1,520,286
Investment properties		167,987	169,150
Investment in associates		2,760	2,772
Other investments		62,553	74,143
Intangible assets		2,110	2,333
Goodwill on consolidation		112,558	113,508
Trade receivables		1,341	1,039
		2,247,397	2,282,330
Current assets			
Inventories - property development costs		490,752	543,193
Inventories - completed properties and others		342,103	292,763
Contract assets		245,665	204,090
Trade and other receivables		630,578	804,513
Other investments		34,320	3,125
Tax recoverable		2,518	3,311
Fixed deposits with licensed banks		45,225	38,919
Cash held under Housing Development Accounts		117,756	123,036
Cash and bank balances		129,675	78,202
		2,038,592	2,091,152
TOTAL ASSETS		4,285,989	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		432,383	427,310
Treasury shares, at cost		(2,412)	(88)
Equity attributable to owners of the parent		1,352,445	1,349,455
Non-controlling interests		74,772	67,600
TOTAL EQUITY		1,427,217	1,417,055

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As At 30 June 2019 (cont'd)

	Notes	Unaudited 30.06.2019 RM'000	Audited 31.12.2018 RM'000
<u>LIABILITIES</u>			
Non-current liabilities			
Trade and other payables		467,385	487,572
Finance lease payables	B7	30,119	34,810
Lease liabilities		343	-
Bank borrowings	B7	584,090	547,633
Sukuk Murabahah ('Sukuk')	B7	87,050	89,276
Deferred tax liabilities		1,493	6,206
		<u>1,170,480</u>	<u>1,165,497</u>
Current liabilities			
Contract liabilities		37,191	53,026
Trade and other payables		991,299	1,049,238
Bank overdrafts	B7	117,514	105,468
Finance lease payables	B7	12,497	11,365
Lease liabilities		233	-
Bank borrowings	B7	410,111	457,987
Sukuk	B7	4,551	9,659
Redeemable Convertible Preference Shares ("RCPS")	B7	50,000	50,000
Tax payable		64,896	54,187
		<u>1,688,292</u>	<u>1,790,930</u>
TOTAL LIABILITIES		<u>2,858,772</u>	<u>2,956,427</u>
TOTAL EQUITY AND LIABILITIES		<u>4,285,989</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 30 June 2019 (The figures have not been audited)

	← Attributable to owners of the parent →										
	← Non-distributable →							←-Distributable->			
	Share capital	RCPS	Treasury shares	ESOS reserve	Foreign exchange reserve	Warrant reserve	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	-	-	33	33	-	33
Balance as at 1.1.2019 (restated)	809,604	112,629	(88)	5,008	111,312	21,353	(277,835)	567,505	1,349,488	67,600	1,417,088
Amount recognised directly in equity:											
Net profit for the financial period	-	-	-	-	-	-	-	31,707	31,707	8,360	40,067
Change of stakes in a subsidiary company	-	-	-	-	-	-	621	-	621	(1,120)	(499)
Foreign currency translation reserve	-	-	-	-	532	-	(136)	-	396	(22)	374
Net fair value changes of financial assets measured at FVTOCI	-	-	-	-	-	-	(11,671)	-	(11,671)	-	(11,671)
Total comprehensive income for the financial period	-	-	-	-	532	-	(11,186)	31,707	21,053	7,218	28,271
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
Shares repurchased	-	-	(2,324)	-	-	-	-	-	(2,324)	-	(2,324)
Total transactions with owners	241	-	(2,324)	(57)	-	-	(15,956)	-	(18,096)	(46)	(18,142)
Balance as at 30.06.2019	809,845	112,629	(2,412)	4,951	111,844	21,353	(304,977)	599,212	1,352,445	74,772	1,427,217

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- For the financial period ended 30 June 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	-	-	-	-	-	-	-	(2,519)	(2,519)	(68)	(2,587)
Balance as at 1.1.2018 (restated)	775,285	125,908	(88)	6,982	109,733	24,976	(283,127)	522,132	1,281,801	89,514	1,371,315
Amount recognised directly in equity:											
Net profit for the financial period	-	-	-	-	-	-	-	43,864	43,864	6,273	50,137
Change of stakes in a subsidiary company	-	-	-	-	-	-	1,093	-	1,093	(7,767)	(6,674)
Foreign currency translation reserve	-	-	-	-	(1,285)	-	(186)	-	(1,471)	207	(1,264)
Net fair value changes of financial assets measured at FVTOCI	-	-	-	-	-	-	(9,074)	-	(9,074)	-	(9,074)
Total comprehensive income for the financial period	-	-	-	-	(1,285)	-	(8,167)	43,864	34,412	(1,287)	33,125
Transactions with owners:											
Net changes of non-controlling interests	-	-	-	-	-	-	-	-	-	834	834
Issuance of ordinary shares:											
- Exercise of warrants	14,012	-	-	-	-	(149)	-	-	13,863	-	13,863
- Exercise of ESOS	6,501	-	-	(1,834)	-	-	-	-	4,667	-	4,667
- Conversion 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	33,793	(13,280)	-	(1,865)	-	(3,577)	3,428	31	18,530	834	19,364
Balance as at 30.06.2018	809,078	112,628	(88)	5,117	108,448	21,399	(287,866)	566,027	1,334,743	89,061	1,423,804

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 30 June 2019

	Unaudited Current Period Ended 30.06.2019 RM'000	Unaudited Preceding Period Ended 30.06.2018 RM'000
Cash Flows From Operating Activities		
Profit before tax	74,694	80,206
Adjustments for:		
Non-cash items	13,925	(3,442)
Other operating items	22,517	15,138
Operating profit before changes in working capital	<u>111,136</u>	<u>91,902</u>
Changes in working capital:		
Inventories - land and property development costs	106,281	(164,985)
Inventories - completed properties and others	(49,528)	7,352
Contract assets	(41,574)	121,933
Contract liabilities	(15,835)	3,169
Receivables	173,813	(117,348)
Payables	(6,641)	63,602
Foreign exchange reserve	285	2,062
	<u>166,801</u>	<u>(84,215)</u>
Cash generated from operations	<u>277,937</u>	<u>7,687</u>
Dividends received	1,459	193
Interest received	3,595	2,025
Interest paid	(45,785)	(36,783)
Tax paid	(28,494)	(20,815)
Tax refund	704	23
	<u>(68,521)</u>	<u>(55,357)</u>
Net cash generated from/(used in) operating activities	<u>209,416</u>	<u>(47,670)</u>
Cash Flows From Investing Activities		
Additional investment in:		
- Subsidiary companies and associates	(1,139)	(20,800)
Repayment of prior years' investment in subsidiary companies and associates	(8,020)	(15,755)
Purchase of:		
- Investment properties	-	(278)
- Financial assets measured at FVTPL	(32,047)	(1,000)
- Property, plant and equipment	(6,566)	(20,674)
Proceeds from disposal of:		
- Financial assets measured at FVTPL	1,047	-
- Investment properties	60	-
- Property, plant and equipment	179	995
Deposits and consideration paid for acquisition and joint venture of future development lands	(75,807)	(121,470)
Acquisition of subsidiary companies, net of cash acquired	-	(6,324)
Capital work-in-progress incurred	(16,017)	(11,405)
Net cash used in investing activities	<u>(138,310)</u>	<u>(196,711)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the financial period ended 30 June 2019 (cont'd)

	Unaudited Current Period Ended 30.06.2019 RM'000	Unaudited Preceding Period Ended 30.06.2018 RM'000
Cash Flows From Financing Activities		
Increase in fixed deposits pledged	(6,571)	(10,062)
Increase in cash and bank balances pledged	(1,012)	(6,020)
Drawdown of bank borrowings	368,594	363,834
Repayment of bank borrowings	(382,194)	(149,559)
Repayment of Sukuk	(7,433)	-
Dividend paid	-	(28,180)
Proceeds from:		
- Exercise of ESOS	184	4,667
- Exercise of warrants	-	13,863
- Exercise of warrants in a subsidiary company by non-controlling interests	14	2,479
Purchase of treasury shares	(2,324)	-
Repayment of finance lease payables	(7,284)	(2,456)
Repayment of lease liabilities	(299)	-
Net cash (used in)/generated from financing activities	<u>(38,325)</u>	<u>188,566</u>
Net increase/(decrease) in cash and cash equivalents	32,781	(55,815)
Effect of exchange rate changes	92	(271)
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>125,090</u>	<u>122,472</u>
Cash and cash equivalents at the end of the financial period comprise:		
Fixed deposits with licensed banks	45,225	35,378
Cash held under Housing Development Accounts	117,756	116,752
Cash and bank balances	129,675	110,705
Bank overdrafts	<u>(117,514)</u>	<u>(92,390)</u>
	175,142	170,445
Less : Fixed deposits pledged with licensed banks	(45,203)	(34,896)
Cash and bank balances pledged	<u>(4,849)</u>	<u>(13,077)</u>
	<u>125,090</u>	<u>122,472</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 impact 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	33
Retained earnings as at 1 January 2019, as restated	<u>567,505</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 that have a material effect on the results for the current financial period.

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) Share repurchased by the Company

The Company repurchased 4,505,000 of its ordinary shares in the open market for a total consideration of RM2,324,112 and retained as treasury shares of the Company.

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

Issuance of 280,714 new ordinary shares pursuant to the conversion of 280,714 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 30 June 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	543,312	360,341	44,420	11,084	959,157
Less: Inter-segment revenue	-	(272,032)	(41,184)	-	(313,216)
Revenue from external customers	543,312	88,309	3,236	11,084	645,941
FINANCIAL RESULTS					
Segment results	84,926	13,918	5,128	(5,051)	98,921
Interest income	3,207	36	300	52	3,595
Finance costs	(5,410)	(3,336)	(18,477)	(587)	(27,810)
Share of profit / (loss) of associates, net of tax	-	2	(14)	-	(12)
Profit / (Loss) before tax	82,723	10,620	(13,063)	(5,586)	74,694
Taxation	(25,897)	(5,543)	(3,992)	805	(34,627)
Net profit / (loss) for the financial period	56,826	5,077	(17,055)	(4,781)	40,067
Assets					
Additions to non-current assets	60,867	18,894	2,975	1,149	83,885
Segment assets	3,206,393	262,399	605,648	211,549	4,285,989
Other non-cash expenses					
Allowance for impairment losses on:					
- Goodwill arising on consolidation	950	-	-	-	950
- Receivables	225	-	-	-	225
Allowance for expected credit losses on receivables	1,523	2	-	-	1,525
Amortisation of intangible assets	-	-	223	-	223
Bad debts written off	137	-	-	78	215
Deposit written off	-	2	-	-	2
Depreciation of :					
- Investment properties	37	331	849	-	1,217
- Property, plant and equipment	2,024	5,214	3,587	3,573	14,398
- Right-of-use assets	200	-	70	-	270
Fair value loss on financial assets measured at FVTPL	-	-	17	-	17
Fair value loss on revaluation of financial assets measured at FVTPL	26	-	-	-	26
Property, plant and equipment written off	-	-	14	5	19
Other non-cash income					
Contingency sum provided in prior years no longer required	(3,834)	-	-	-	(3,834)
Bad debts recovered	(8)	(2)	-	-	(10)
Dividend income from financial assets measured at FVTPL	(158)	-	(56)	-	(214)
Fair value gain on revaluation of financial assets measured at FVTPL	-	-	(6)	-	(6)
Gain on disposal of property, plant and equipment	(22)	(40)	(2)	-	(64)
Gain on disposal of investment property	-	-	(20)	-	(20)
Reversal of allowance of impairment losses on receivables	(99)	-	-	(78)	(177)
Reversal of allowance for expected credit losses on receivables	(455)	(91)	(32)	-	(578)
Unrealised gain on foreign exchange	-	-	-	(48)	(48)
Waiver of debts	-	-	(35)	-	(35)

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A9. Segment information (cont'd)

Period ended 30 June 2018

Period ended 30 June 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	452,012	361,616	14,230	12,329	840,187
Less: Inter-segment revenue	-	(283,735)	(11,584)	-	(295,319)
Revenue from external customers	452,012	77,881	2,646	12,329	544,868
FINANCIAL RESULTS					
Segment results	41,347	29,032	29,909	(3,476)	96,812
Interest income	1,512	58	405	50	2,025
Finance costs	(1,229)	(1,351)	(15,430)	(596)	(18,606)
Share of loss of associates, net of tax	-	(9)	(16)	-	(25)
Profit / (Loss) before tax	41,630	27,730	14,868	(4,022)	80,206
Taxation	(15,589)	(7,815)	(7,481)	816	(30,069)
Net profit / (loss) for the financial period	26,041	19,915	7,387	(3,206)	50,137
Assets					
Additional investment in associated companies	-	15	539	-	554
Additions to non-current assets	88,254	6,454	130,297	1,553	226,558
Segment assets	3,145,698	236,378	626,216	213,993	4,222,285
Other non-cash expenses					
Allowance for impairment losses on:					
- Goodwill arising on consolidation	1,041	-	-	-	1,041
Allowance for expected credit losses on receivables	76	-	-	-	76
Bad debts written off	14	-	-	-	14
Depreciation of:					
- Investment properties	21	331	237	-	589
- Property, plant and equipment	2,571	2,902	2,757	3,605	11,835
Fair value loss on revaluation of					
financial assets at fair value through profit or loss	-	-	3	-	3
Property, plant and equipment written off	-	-	9	22	31
Unrealised loss on foreign exchange	-	-	10	-	10
Other non-cash income					
Contingency sum provided in prior years					
no longer required	(12,056)	-	-	-	(12,056)
Dividend income from financial assets					
measured at FVTPL	-	-	(54)	-	(54)
Gain on disposal of property, plant and equipment	(101)	(2)	(254)	-	(357)
Negative goodwill	-	-	(2,342)	-	(2,342)
Reversal of allowance for impairment					
losses on receivables	(2,260)	-	-	-	(2,260)
Unrealised gain on foreign exchange	-	-	-	(26)	(26)

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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

- (i) On 10 June 2019, Equal Sign Sdn. Bhd. ("ESSB"), a wholly-owned subsidiary company of LBS Bina Holdings Sdn. Bhd. ("LBS Bina"), a wholly-owned subsidiary company of the Company, had increased its paid-up share capital from 250,000 to 9,600,000 ordinary shares. LBS Bina has subscribed for additional 9,350,000 ordinary shares in ESSB by way of capitalisation.
- (ii) On 10 June 2019, Fokus Awana Sdn. Bhd. ("FASB"), a wholly-owned subsidiary company of LBS Bina, a wholly-owned subsidiary company of the Company, had increased its paid-up share capital from 13,000,000 to 18,000,000 ordinary shares. LBS Bina has subscribed for additional 5,000,000 ordinary shares in FASB by way of capitalisation.
- (iii) On 10 June 2019, Generasi Simbolik Sdn. Bhd. ("GSSB"), a wholly-owned subsidiary company of LBS Bina, a wholly-owned subsidiary company of the Company, had increased its paid-up share capital from 250,000 to 3,000,000 ordinary shares. LBS Bina has subscribed for additional 2,750,000 ordinary shares in GSSB by way of capitalization.
- (iv) On 17 June 2019, MGB has undertaken internal restructuring whereby Vintage Roofing & Construction Sdn. Bhd. ("VRC"), a wholly-owned subsidiary company of MGB, disposed 2 ordinary shares, representing the entire equity interest in Sinaran Kencana Sdn. Bhd. (formerly known as VTI Consortium Sdn. Bhd.), an indirect wholly-owned subsidiary company of MGB to MGB Land Sdn. Bhd. ("MGB Land"), a wholly-owned subsidiary company of MGB, for a total cash consideration of RM2 only.
- (v) On 24 June 2019, the Company subscribed for 100 ordinary shares in Puncak Maksimum Berhad ("PMB") for a total cash consideration of RM100 only. Consequently, PMB became a wholly-owned subsidiary company of the Company.
- (vi) On 28 June 2019, MGB Land subscribed for 1 ordinary share in Idaman Aktif Sdn. Bhd. ("IASB") and Idaman Elegan Sdn. Bhd. ("IESB") respectively, representing entire equity interest in IASB and IESB, for a total cash consideration of RM1 respectively. Consequently, IASB and IESB became indirect wholly-owned subsidiary companies of MGB.
- (vii) Changes of equity interest in MGB
During the current quarter, the Company's equity interest in MGB has decreased from 59.87% to 59.84% as the result of the followings:
 - a) 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; and
 - b) Conversion of 5,514 Warrants 2014/2019 by the Company at the exercise price of RM0.50 per warrant into 5,514 new ordinary shares.

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

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A12. Material events subsequent to the end of financial period

- (i) In July 2019, the Company's equity interest in MGB has decreased from 59.84% to 59.82% as the result of conversion of 154,900 Warrants 2014/2019 by non-controlling interests at the exercise price of RM0.50 per warrant into 154,900 new ordinary shares.
- (ii) On 20 August 2019, Iringan Kejora Sdn. Bhd ("IKSB"), a wholly-owned subsidiary company of LBS Bina, a wholly-owned subsidiary company of the Company, has increased its paid-up share capital from 500,000 to 750,000 ordinary shares. LBS Bina has subscribed for an additional 25,000 ordinary shares in IKSB for a total cash consideration of RM25,000 only. Consequently, IKSB became 70% owned subsidiary company of LBS Bina.

There were no other material subsequent events as at 23 August 2019, being the latest practicable date, which shall not be earlier than 7 days from the date of issuance of this interim financial report.

A13. Capital commitments

Capital commitments not provided for in the interim financial report as at 30 June 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	394,315
b) Plant, property and equipment	2,716
	<u>487,391</u>

A14. Changes in contingent assets or contingent liabilities

	30.06.2019 RM'000	30.06.2018 RM'000
Bank guarantees for :		
- Property Development	47,479	52,594
- Construction Contracts	3,561	12,775
- Others	30	30
	<u>51,070</u>	<u>65,399</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	
Rental income	17
Sale of development properties	291
Expenses	
Equity instrument	16,000
Finance costs	211
Legal fee	11
Rental expenses	37
Rendering of services	638

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 30.06.2019 RM'000	Preceding Year Quarter 30.06.2018 RM'000	Changes %	Current Year To date 30.06.2019 RM'000	Preceding Year To date 30.06.2018 RM'000	Changes %
Revenue						
Property Development	278,067	258,528	8%	543,312	452,012	20%
Construction and Trading	176,635	202,984	-13%	360,341	361,616	0%
Management, Investment and Others	26,529	6,901	284%	44,420	14,230	212%
Motor Racing Circuit	6,130	6,579	-7%	11,084	12,329	-10%
	<u>487,361</u>	<u>474,992</u>	3%	<u>959,157</u>	<u>840,187</u>	14%
Less: Inter-segment sales	<u>(167,983)</u>	<u>(170,241)</u>	1%	<u>(313,216)</u>	<u>(295,319)</u>	-6%
	<u>319,378</u>	<u>304,751</u>	5%	<u>645,941</u>	<u>544,868</u>	19%
Profit / (Loss) before tax						
Property Development	51,378	18,317	180%	82,723	41,630	99%
Construction and Trading	6,063	14,881	-59%	10,620	27,730	-62%
Management, Investment and Others	(15,944)	5,715	-379%	(13,063)	14,868	-188%
Motor Racing Circuit	(3,395)	(2,022)	-68%	(5,586)	(4,022)	-39%
	<u>38,102</u>	<u>36,891</u>	3%	<u>74,694</u>	<u>80,206</u>	-7%

For the current quarter under review, the Group achieved revenue and profit before tax ("PBT") of approximately RM319 million and RM38 million respectively. These represent 5% increase in revenue and 3% increase in PBT over the results achieved in the corresponding quarter last year.

For the six months ended 30 June 2019, the Group achieved revenue and PBT of approximately RM646 million and RM75 million respectively. These represent 19% increase in revenue and 7% decrease in PBT over the results recorded in the corresponding period last year.

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

Property Development

For the six months ended 30 June 2019, Property Development segment recorded higher revenue and PBT.

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.

Revenue and PBT were mainly derived from projects at LBS Alam Perdana, Bandar Saujana Putra, Kita @ Cybersouth, Skylake Residence and Cameron Golden Hills.

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 75% of the Group's revenue for the current financial period.

Construction and Trading

For the six months ended 30 June 2019, Construction and Trading segment recorded revenue and PBT of approximately RM360 million and RM11 million respectively as compared to revenue of RM362 million and PBT of RM28 million in the corresponding period last year.

The revenue was primarily contributed from in-house projects. The PBT has decreased mainly due to soft 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 six months ended 30 June 2019, Management, Investment and Others segment recorded revenue of RM44 million and loss before tax ("LBT") of RM13 million as compared to revenue of RM14 million and PBT of RM15 million in the corresponding period last year.

The increase in revenue and decrease in PBT were mainly due to intra-group transactions.

Motor Racing Circuit

For the six months ended 30 June 2019, the Motor Racing Circuit segment recorded lower revenue and higher LBT.

The lower revenue and higher LBT were primarily due to lesser income from racing events.

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

	Current Quarter 30.06.2019 RM'000	Immediate Preceding Quarter 31.03.2019 RM'000	Changes (%)
Revenue	319,378	326,563	-2%
Profit before tax ("PBT")	38,102	36,592	4%

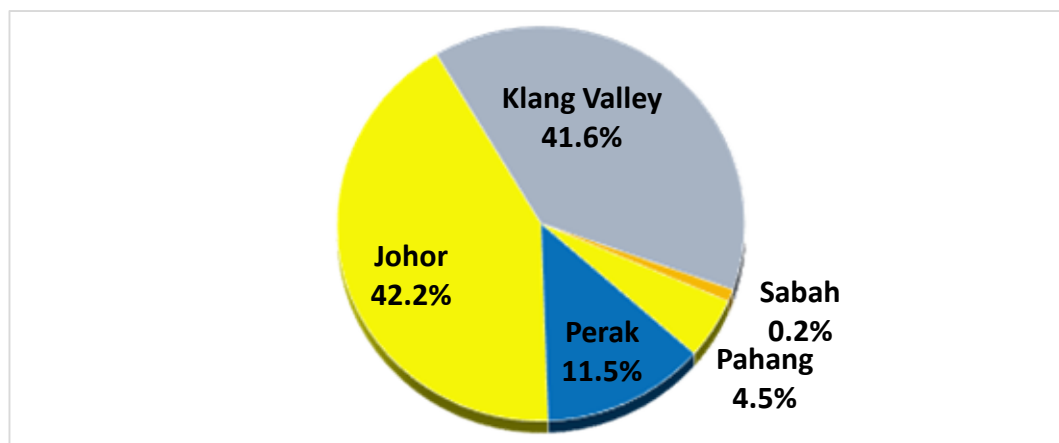
For the quarter under review, the Group achieved revenue of RM319 million and PBT of RM38 million as compared to revenue of RM326 million and PBT of RM37 million in the immediate preceding quarter.

The improved PBT was mainly due to increase in miscellaneous income and dividend income.

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 approximately 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 of approximately RM1 billion and total unbilled sales of RM1.92 billion, which are well supported by 18 ongoing projects and a total land bank of approximately 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 30.06.2019 RM'000	Preceding year Quarter 30.06.2018 RM'000	Current year To date 30.06.2019 RM'000	Preceding year To date 30.06.2018 RM'000
Current year tax provision	15,897	15,809	37,527	33,374
Under provision in prior years	1,751	-	1,751	-
Deferred taxation	(565)	(2,995)	(4,651)	(3,305)
Total tax expense	<u>17,083</u>	<u>12,814</u>	<u>34,627</u>	<u>30,069</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 23 August 2019, being the latest practicable date which is not 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:

Period ended 30.06.2019

	<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	117,514	N/A	117,514
Finance lease payables	N/A	30,119	N/A	12,497	N/A	42,616
Bank borrowings	N/A	584,090	N/A	410,111	N/A	994,201
Sukuk	N/A	87,050	N/A	4,551	N/A	91,601
RCPS	N/A	-	N/A	50,000	N/A	50,000
Total borrowings		<u>701,259</u>		<u>594,673</u>		<u>1,295,932</u>

Period ended 30.06.2018

	<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	92,390	N/A	92,390
Finance lease payables	N/A	11,207	N/A	4,382	N/A	15,589
Bank borrowings	N/A	693,129	N/A	316,160	N/A	1,009,289
Sukuk	N/A	28,449	N/A	4,995	N/A	33,444
Total borrowings		<u>732,785</u>		<u>417,927</u>		<u>1,150,712</u>

B8. Material litigation

There was no material litigation as at 23 August 2019, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report.

B9. Dividend declared

In respect of the previous financial year ended 31 December 2018:

At the Annual General Meeting held on 28 June 2019, the shareholders of the Company approved a single-tier first and final dividend of 1.8 sen per ordinary share, which will be paid on 27 September 2019 to depositors registered in the Record of Depositors on 30 August 2019.

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 30.06.2019	Preceding Period to Date 30.06.2018
Net profit attributable to owners of the parent (RM'000)	<u>31,707</u>	<u>43,864</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,558,888</u>	<u>1,287,172</u>
Basic EPS (sen)	<u>2.03</u>	<u>3.41</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 30.06.2019	Preceding Period to Date 30.06.2018
Net profit attributable to owners of the parent (RM'000)	<u>31,707</u>	<u>43,864</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>1,604,365</u>	<u>1,321,652</u>
Diluted EPS (sen)	<u>1.98</u>	<u>3.32</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 30.06.2019 RM'000	Current Year To Date 30.06.2019 RM'000
Allowance for impairment losses on :		
- Goodwill arising on consolidation	-	950
- Receivables	140	225
Allowance for expected credit losses on receivables	1,113	1,525
Amortisation of intangible asset	164	223
Bad debts written off	206	215
Deposit written off	2	2
Depreciation of :		
- Investment properties	326	1,217
- Property, plant and equipment	7,400	14,398
- Right-of-use assets	239	270
Fair value loss on financial assets measured at FVTPL	21	17
Fair value gain on revaluation of financial assets measured at FVTPL	24	20
Property, plant and equipment written off	8	19
Bad debts recovered	-	(10)
Contingency sum provided in prior years no longer required	(3,140)	(3,834)
Dividend income from financial assets at FVTPL	(187)	(214)
Gain on disposal of :		
- Investment properties	(20)	(20)
- Property, plant and equipment	(62)	(64)
Net foreign exchange gain	(287)	(185)
Reversal of allowance for impairment loss on receivables	(69)	(177)
Reversal of allowance for expected credit losses on receivables	(166)	(578)
Waiver of debts	(35)	(35)

By Order of the Board,

**Dato' Lim Mooi Pang
Executive Director**

Petaling Jaya, Selangor Darul Ehsan
30 August 2019