



LBS BINA GROUP BERHAD
(518482-H)
(Incorporated in Malaysia)

Interim Financial Report

31 December 2017

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LBS BINA GROUP BERHAD (518482-H)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
- For the financial year ended 31 December 2017**

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31.12.2017 RM'000	Preceding Year Quarter 31.12.2016 RM'000	Current Year To date 31.12.2017 RM'000	Preceding Year To date 31.12.2016 RM'000
Revenue		406,724	322,270	1,362,138	993,619
Cost of sales		(270,247)	(210,436)	(933,332)	(673,998)
Gross profit		136,477	111,834	428,806	319,621
Interest Income		503	6,744	4,886	11,543
Other income		1,211	21,907	15,389	42,149
Operating expenses		(81,408)	(80,890)	(230,249)	(204,521)
Finance costs		(7,291)	(5,540)	(28,495)	(23,625)
Share of loss in associated companies		7	(32)	(58)	(1,212)
Profit before taxation		49,499	54,023	190,279	143,955
Taxation	B5	(23,773)	(26,739)	(77,248)	(58,753)
Net profit for the financial year		25,726	27,284	113,031	85,202
Net profit for the financial year attributable to: -					
Owners of the Parent		24,316	27,828	103,403	85,301
Non-controlling interests		1,410	(544)	9,628	(99)
		25,726	27,284	113,031	85,202
Earnings per share attributable to Owners of the Parent:-					
Basic (sen)	B11	3.64	4.72	15.48	14.47
Diluted (sen)	B11	3.38	4.52	14.38	13.85

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
- For the financial year ended 31 December 2017 (cont'd)**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.12.2017 RM'000	Preceding Year Quarter 31.12.2016 RM'000	Current Year To date 31.12.2017 RM'000	Preceding Year To date 31.12.2016 RM'000
Net profit for the financial year	25,726	27,284	113,031	85,202
Other comprehensive income, net of tax:				
Exchange translation differences for foreign operations	(4,696)	10,763	(6,321)	(2,101)
(Loss) / Gain on revaluation of available-for-sale financial assets	(3,025)	(6,655)	(5,363)	751
Reclassification adjustment for impairment on available-for-sale financial assets	-	27,026	-	27,026
Total comprehensive income for the financial year	18,005	58,418	101,347	110,878
Total comprehensive income attributable to: -				
Owners of the Parent	15,166	61,630	88,079	112,712
Non-controlling interests	2,839	(3,212)	13,268	(1,834)
	18,005	58,418	101,347	110,878

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 2016 and the accompanying explanatory notes attached to the interim financial report.

LBS BINA GROUP BERHAD (518482-H)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

- As At 31 December 2017

	Notes	31.12.2017 (Unaudited) RM'000	31.12.2016 (Audited) RM'000
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipment	A10	276,426	261,064
Capital work-in-progress		17,003	5,368
Land and property development costs		1,311,565	730,526
Investment properties		41,148	61,469
Investment in associated companies		2,374	2,636
Other investments		83,189	99,950
Intangible asset		40,023	40,023
Goodwill on consolidation		73,841	86,957
		1,845,569	1,287,993
Current Assets			
Land and property development costs		394,227	359,131
Inventories		263,328	187,867
Amount owing by customers on contracts		7,504	207
Accrued billings in respect of land and property development costs		346,357	326,709
Trade and other receivables		710,987	425,955
Other investments		2,021	-
Tax recoverable		2,943	6,844
Fixed deposits with licensed banks		29,433	49,079
Cash held under Housing Development Accounts		147,583	74,387
Cash and bank balances		102,341	107,332
		2,006,724	1,537,511
TOTAL ASSETS		3,852,293	2,825,504
<u>EQUITY AND LIABILITIES</u>			
Equity attributable to Owners of the Parent			
Share capital		776,930	641,424
Redeemable Convertible Preference Shares ("RCPS")		125,908	-
Reserves		408,567	524,483
Treasury shares, at cost		(88)	(88)
		1,311,317	1,165,819
Non-controlling interests		89,557	41,205
TOTAL EQUITY		1,400,874	1,207,024

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

- As At 31 December 2017 (cont'd)

	Notes	31.12.2017 (Unaudited) RM'000	31.12.2016 (Audited) RM'000
<u>LIABILITIES</u>			
Non-Current Liabilities			
Trade and other payables		527,959	303,131
Finance lease payables	B8	8,743	4,127
Bank borrowings	B8	512,379	314,144
Deferred tax liabilities		7,546	18,232
		1,056,627	639,634
Current Liabilities			
Amount owing to customers on contract		11,048	11,841
Progress billings in respect of land and property development costs		23,540	13,299
Trade and other payables		983,617	632,664
Bank overdrafts	B8	70,739	100,902
Finance lease payables	B8	3,834	2,108
Bank borrowings	B8	265,783	195,545
Tax payable		36,231	22,487
		1,394,792	978,846
TOTAL LIABILITIES		2,451,419	1,618,480
TOTAL EQUITY AND LIABILITIES		3,852,293	2,825,504
Net Assets per share attributable to Owners of the Parent (RM)		1.91	1.82

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
- For the financial year ended 31 December 2017

	Attributable to owners of the Parent									Non-controlling Interests	Total Equity	
	Non-distributable					Distributable						
	Share Capital	Share Capital RCPS	Treasury Shares	Share Premium	ESOS Reserve	Foreign Exchange Reserve	Warrant Reserve	Other Reserve	Retained Earnings	Sub-total		
	RM'000	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 1.1.2017	641,424	-	(88)	74,235	8,415	119,866	36,567	(218,062)	503,462	1,165,819	41,205	1,207,024
Amount recognised directly in equity:												
Net profit for the financial year	-	-	-	-	-	-	-	-	103,403	103,403	9,628	113,031
Foreign currency translation	-	-	-	-	-	(10,284)	-	323	-	(9,961)	3,640	(6,321)
Loss on revaluation of available-for-sale financial assets	-	-	-	-	-	-	-	(5,363)	-	(5,363)	-	(5,363)
Total comprehensive income for the financial year	-	-	-	-	-	(10,284)	-	(5,040)	103,403	88,079	13,268	101,347
Transactions with owners:												
Net changes of non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,500	2,500
Changes in ownership interest in subsidiary companies	-	-	-	-	-	-	-	(72,704)	-	(72,704)	29,012	(43,692)
Realisation of subsidiary companies' reserve	-	-	-	-	-	-	-	1,604	-	1,604	3,882	5,486
Dividend paid	-	-	-	-	-	-	-	-	(54,217)	(54,217)	-	(54,217)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(310)	(310)
Issuance of ordinary shares:												
- Exercise of warrants	44,453	-	-	1,281	-	-	(3,236)	-	-	42,498	-	42,498
- Exercise of ESOS	10,505	-	-	46	-	-	-	-	-	10,551	-	10,551
- Exercise of RCPS	1,085	(1,085)	-	-	-	-	-	-	-	-	-	-
Issuance of RCPS	-	126,993	-	-	-	-	-	-	-	126,993	-	126,993
Realisation of warrants B reserve	-	-	-	-	-	-	(10,000)	10,000	-	-	-	-
Realisation of ESOS reserve	3,826	-	-	75	(4,127)	-	-	-	226	-	-	-
Share-based payment	-	-	-	-	2,694	-	-	-	-	2,694	-	2,694
Total transactions with owners	59,869	125,908	-	1,402	(1,433)	-	(13,236)	(61,100)	(53,991)	57,419	35,084	92,503
Adjustment for effect of Companies Act 2016 *	75,637	-	-	(75,637)	-	-	-	-	-	-	-	-
Balance as at 31.12.2017	776,930	125,908	(88)	-	6,982	109,582	23,331	(284,202)	552,874	1,311,317	89,557	1,400,874

Note:

* The new Companies Act 2016 (the "Act"), which come 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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
- For the financial year ended 31 December 2016 (cont'd)

	← Attributable to owners of the Parent →								Sub-total	Non-controlling Interests	Total Equity
	←----- Non-distributable ----->										
	Share Capital	Treasury Shares	Share Premium	ESOS Reserve	Foreign Exchange Reserve	Warrant Reserve	Other Reserve	Retained Earnings			
Balance as at 1.1.2016	551,437	(8,634)	48,298	12,794	121,327	68,321	(227,048)	465,166	1,031,661	(19,288)	1,012,373
Amount recognised directly in equity:											
Net profit for the financial year	-	-	-	-	-	-	-	85,301	85,301	(99)	85,202
Foreign currency translation	-	-	-	-	(1,461)	-	1,095	-	(366)	(1,735)	(2,101)
Gain on revaluation of available-for-sale financial assets	-	-	-	-	-	-	751	-	751	-	751
Reclassification adjustment for impairment loss on available-for-sale financial assets	-	-	-	-	-	-	27,026	-	27,026	-	27,026
Total comprehensive income for the financial year	-	-	-	-	(1,461)	-	28,872	85,301	112,712	(1,834)	110,878
Transactions with owners:											
Net changes of non-controlling interests	-	-	-	-	-	-	-	-	-	16,107	16,107
Changes in ownership interest in subsidiary companies	-	-	-	-	-	-	(49,174)	-	(49,174)	58,204	9,030
Realisation of subsidiary company's reserve	-	-	-	-	-	-	-	-	-	(9,984)	(9,984)
Dividend paid/ payable	-	-	-	-	-	-	-	(47,226)	(47,226)	-	(47,226)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,000)	(2,000)
Issuance of ordinary shares:											
- Exercise of warrants	86,989	-	18,045	-	-	(2,466)	-	-	102,568	-	102,568
- Exercise of ESOS	2,998	-	7,626	(6,732)	-	-	-	-	3,892	-	3,892
Realisation of warrant reserve B	-	-	-	-	-	(29,288)	29,288	-	-	-	-
Realisation of ESOS's reserves	-	-	-	(221)	-	-	-	221	-	-	-
Share-based payment	-	-	-	2,574	-	-	-	-	2,574	-	2,574
Own shares sold	-	8,570	266	-	-	-	-	-	8,836	-	8,836
Shares repurchased	-	(24)	-	-	-	-	-	-	(24)	-	(24)
Total transactions with owners	89,987	8,546	25,937	(4,379)	-	(31,754)	(19,886)	(47,005)	21,446	62,327	83,773
Balance as at 31.12.2016	641,424	(88)	74,235	8,415	119,866	36,567	(218,062)	503,462	1,165,819	41,205	1,207,024

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 2016 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

- For the financial year ended 31 December 2017

	Current Year Ended 31.12.2017 RM'000	Preceding Year Ended 31.12.2016 RM'000
Profit before taxation	190,279	143,955
Adjustments for :-		
Non-cash items	24,507	12,549
Other operating items	19,739	12,835
Operating profit before changes in working capital	<u>234,525</u>	<u>169,339</u>
Changes in working capital :		
Land and property development costs	(489,076)	(116,674)
Inventories	(75,573)	(110,688)
Amount owing by / to customers on contract	(8,090)	6,088
Accrued / progress billings in respect of land and property development costs	(9,408)	(209,538)
Receivables	(311,250)	45,071
Payables	600,623	176,440
Foreign exchange reserve	35,853	1,980
	<u>(256,921)</u>	<u>(207,321)</u>
Cash used in operations	<u>(22,396)</u>	<u>(37,982)</u>
Dividends received	3,870	1,478
Grants income received	3,572	20,424
Interest received	4,886	10,052
Interest paid	(51,492)	(44,056)
Tax paid	(74,244)	(60,099)
Tax refund	5,561	1,212
	<u>(107,847)</u>	<u>(70,989)</u>
Net cash used in operating activities	<u>(130,243)</u>	<u>(108,971)</u>
Cash Flows From Investing Activities		
Additional investment in :		
- Subsidiary and associated companies	(5,020)	(51,713)
Repayment of prior year investment in subsidiary and associated companies	(53,731)	(4,168)
Purchase of :		
- Financial assets at fair value through profit or loss	(14,500)	(44,000)
- Investment properties	(574)	-
- Property, plant and equipment	(14,290)	(8,080)
Proceeds from disposal of :		
- Available-for-sale financial assets	1,489	33,570
- Financial assets at fair value through profit or loss	12,527	82,122
- Investment properties	100	-
- Non-current assets classified as held for sale	-	17,050
- Property, plant and equipment	1,341	1,000
- Subsidiary companies	6,660	-
Proceeds from Promissory note	-	199,719
Deposits and consideration paid for acquisition and joint venture of future development lands	(119,717)	(134,945)
Net cash outflows from acquisition of subsidiary companies	(2,553)	(53,903)
Capital work-in-progress incurred	(6,316)	(4,057)
Net cash (used in) / generated from investing activities	<u>(194,584)</u>	<u>32,595</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

- For the financial year ended 31 December 2017 (cont'd)

	Current Year Ended 31.12.2017 RM'000	Preceding Year Ended 31.12.2016 RM'000
Cash Flows From Financing Activities		
Decrease / (Increase) in fixed deposits pledged	15,656	(19,769)
Increase in cash and bank balances pledged	(34,082)	(765)
Drawdown of bank borrowings	561,828	351,813
Repayment of bank borrowings	(293,250)	(375,731)
Dividend paid	(67,245)	(66,917)
Dividend paid to non-controlling interests	(310)	(2,000)
Shares repurchased	-	(24)
Proceeds from :		
- Exercise of ESOS	10,551	3,892
- Exercise of warrants	42,498	102,568
- Issuance of RCPS	126,993	-
- Issuance of Private Placement	30,240	-
- Own shares sold	-	8,836
Repayment of finance lease payables	(3,139)	(2,063)
Net cash generated from / (used in) financing activities	<u>389,740</u>	<u>(160)</u>
Net increase / (decrease) in cash and cash equivalents	64,913	(76,536)
Effect of exchange rate changes	(4,618)	1,972
Cash and cash equivalents at the beginning of the financial year	<u>79,796</u>	<u>154,360</u>
Cash and cash equivalents at the end of the financial year	<u>140,091</u>	<u>79,796</u>
Cash and cash equivalents at the end of the financial year comprise:		
Fixed deposits with licensed banks	29,433	49,079
Cash held under Housing Development Accounts	147,583	74,387
Cash and bank balances	102,341	107,332
Bank overdrafts	(70,739)	(100,902)
	<u>208,618</u>	<u>129,896</u>
Less : Fixed deposits pledged with licensed banks	(24,566)	(40,221)
Cash and bank balances pledged	(43,961)	(9,879)
	<u>140,091</u>	<u>79,796</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 2016 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 FRS 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 2016. 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 2016.

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 Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act 2016 in Malaysia.

Adoption of new and amended standards

During the financial year, the Group has adopted the following Amendments to FRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for the current financial year:-

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRSs 2012 – 2014 Cycle

The adoption of above Amendments to FRSs does not have any significant impact on the financial statements of the Group, except for adoption of the Amendments to FRS 107 has required additional disclosure of changes in liabilities arising from financing activities.

Standards issued but not yet effective

The Group has not applied the following new FRSs, new Interpretations and Amendments to FRSs that have been issued by the MASB which are not yet effective for the Group:-

		<u>Effective date for financial periods beginning on or after</u>
Annual Improvements to FRSs 2014 – 2016 Cycle		
•	Amendments to FRS 1	1 January 2018
•	Amendments to FRS 128	1 January 2018
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018
Amendments to FRS 4	Applying <i>FRS 9 Financial Instruments</i> with <i>FRS 4 Insurance Contracts</i>	*1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019

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

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

The Group has not applied the following new FRSs, new Interpretations and Amendments to FRSs 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 FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* *Entities that meet the specific criteria in FRS 4, paragraph 20B, may choose to defer the application of FRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The Group intends to adopt the above FRSs and Amendments to FRSs when they become effective.

The initial application of the abovementioned FRSs are not expected to have any significant impact on the financial statements of the Group except as mentioned below:

FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

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

New Malaysian Financial Reporting Standards (“MFRS Framework”) issued but not yet effective for annual period beginning on or after 1 January 2018

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* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called “Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the 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 their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group considers that it is achieving their schedule milestone and expects to be in the position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

Certain subsidiary companies, associates companies and joint ventures of the Group, which does not fall within the scope of Transition Entities have adopted the MFRS Framework. Accordingly, reconciliations have been performed for the different financial reporting frameworks. However, the difference did not have significant impact to these consolidated financial statements.

The Directors expect the adoption of MFRS Framework will have no material impact on the financial statements of the Group expect as mentioned below:

(i) MFRS 15 *Revenue from Contracts with Customers* (effective for annual period beginning on or after on 1 January 2018)

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer or promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

The Directors expect the adoption of MFRS Framework will have no material impact on the financial statements of the Group expect as mentioned below :- (*cont'd*)

(ii) MFRS 16 Leases (effective for annual period beginning on or after on 1 January 2019)

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 statement of cash flow. 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 requirement in MFRS 117. Accordingly, lessor continues to classify its leases as operating leases or financial leases, and to account for those two types of leases differently.

Companies Act 2016

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, will be on 31 January 2017.

Among the key changes introduced in the New Act which will affect the financial statements of the Group upon the commencement of the New Act on 31 January 2017 includes:

- (a) removal of the authorised share capital;
- (b) shares of the Group will cease to have par or nominal value; and
- (c) the Group's share premium account will become part of the Group's share capital.

During the financial year, the Group had transferred a total of RM75,637,367 from its share premium account to the share capital pursuant to the New Act.

The adoption of the New Act does not have any financial impact on the Group for the current financial year as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on disclosures to the annual report and financial statements for the financial year ended 31 December 2017.

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

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A4. Seasonal or cyclical factors

The business operations of the Group during the quarter 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 quarter under review.

A6. Material changes in estimates

There were no significant changes in estimates of amounts reported in prior interim periods or prior 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 year, save and except as follows:-

(I) Under the Company

- (a) Issuance of shares pursuant to the Company's Employees' Share Option Scheme ("ESOS")
The Company has issued and allotted 7,901,400 ordinary shares for cash at subscription prices range from of RM1.00 to RM1.84 per ordinary share.
- (b) Issuance of shares pursuant to the conversion of Warrants A
A total of 15,903,000 Warrants A were converted into ordinary shares at an exercise price of RM1.00 per Warrant A which have resulted in 15,903,000 ordinary shares being issued.
- (c) Issuance of shares pursuant to the conversion of Warrants B
A total of 21,276,084 Warrants B were converted into ordinary shares at an exercise price of RM1.25 per Warrant B which have resulted in 21,276,084 ordinary shares being issued.
- (d) Issuance of shares pursuant to the conversion of RCPS
A total of 986,070 RCPS were converted into ordinary shares at the conversion ratio of 1 new ordinary share for 2 RCPS which have resulted in 493,035 ordinary shares being issued.

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

- (a) Issuance of shares pursuant to the Private Placement Exercise
MGB has issued and allotted 28,000,000 ordinary shares for cash at the issue price of RM1.08 per Placement Share pursuant to the Private Placement Exercise.
- (b) Issuance of shares pursuant to the conversion of Warrants 2014/2019
A total of 16,450,179 Warrants 2014/2019 were converted into ordinary shares at an exercise price of RM0.50 per Warrant 2014/2019 which have resulted in 16,450,179 ordinary shares being issued.
- (c) Issuance of shares pursuant to the conversion of Irredeemable Convertible Preference Shares ("ICPS")
A total of 90,000,000 ICPS were converted into ordinary shares at the conversion ratio 1 new ordinary share for 1 ICPS which have resulted in 90,000,000 ordinary shares being issued with no cash payment.

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A8. Dividend paid

During the financial quarter under review, a tax exempt special dividend of 2 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2017 was paid on 29 December 2017.

A9. Segment information

Year ended 31 December 2017

	Property Development RM'000	Construction & Trading RM'000	Management, Investment & Others RM'000	Motor Racing Circuit RM'000	Consolidated RM'000
REVENUE					
Sales	1,207,900	680,750	398,156	22,064	2,308,870
Less: Inter-segment sales	-	(549,351)	(397,381)	-	(946,732)
Total revenue	1,207,900	131,399	775	22,064	1,362,138
FINANCIAL RESULTS					
Segment results	175,657	42,917	7,338	(11,966)	213,946
Interest income	3,859	123	803	101	4,886
Finance costs	(2,461)	(2,090)	(22,706)	(1,238)	(28,495)
Share of loss in associated companies	-	-	(58)	-	(58)
Profit / (Loss) before taxation	177,055	40,950	(14,623)	(13,103)	190,279
Taxation	(63,280)	(11,893)	(3,757)	1,682	(77,248)
Net profit / (Loss) for the financial year	113,775	29,057	(18,380)	(11,421)	113,031
Assets					
Additions to non-current assets	532,469	12,530	5,098	3,048	553,145
Segment assets	3,000,708	206,030	427,659	217,896	3,852,293
Other non-cash expenses					
Allowance for impairment loss on:					
- Goodwill arising on consolidation	12,783	-	3	-	12,786
- Inventories	105	-	-	-	105
- Receivables	2,255	-	-	28	2,283
- Associates company	-	-	48	-	48
- Investment properties	-	-	24	-	24
Amortisation of intangible asset	-	-	590	-	590
Bad debts written off	629	-	686	-	1,315
Depreciation of :					
- Investment properties	35	649	195	-	879
- Property, plant and equipment	906	3,825	4,905	9,250	18,886
Net loss on disposal of :					
- Property, plant and equipment	304	19	286	-	609
- Financial assets at fair value through profit or loss	-	-	10	-	10
Property, plant and equipment written off	7	19	40	120	186
Share-based payment	-	-	2,694	-	2,694
Unrealised loss on foreign exchange	-	-	189	37	226
Other non-cash income					
Dividend income from financial assets at fair value through profit or loss	-	-	(59)	-	(59)
Gain on disposal of :					
- Investment Property	-	-	(12)	-	(12)
- Property, plant and equipment	-	(216)	-	-	(216)
- Available-for-sale financial assets	-	-	(41)	-	(41)
- Subsidiary companies	-	-	(778)	-	(778)
Reversal of allowance for impairment loss on receivables	(359)	-	(313)	-	(672)
Contingency sum provided in prior years no longer required	(10,494)	-	-	-	(10,494)
Waiver of debts	-	-	(279)	-	(279)

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A9. Segment information (cont'd)

Year ended 31 December 2016

	Property Development	Construction & Trading	Management, Investment & Others	Motor Racing Circuit	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
Sales	850,849	563,306	405,313	24,540	1,844,008
Less: Inter-segment sales	-	(446,973)	(403,416)	-	(850,389)
Total revenue	850,849	116,333	1,897	24,540	993,619
RESULTS					
Segment results	135,386	40,802	(12,025)	(6,914)	157,249
Interest income	9,176	-	2,272	95	11,543
Finance costs	(5,552)	(1,858)	(14,907)	(1,308)	(23,625)
Share of profit / (loss) in associated companies	-	738	(1,950)	-	(1,212)
Profit / (Loss) before taxation	139,010	39,682	(26,610)	(8,127)	143,955
Taxation	(46,902)	(8,993)	(4,501)	1,643	(58,753)
Net profit / (Loss) for the financial year	92,108	30,689	(31,111)	(6,484)	85,202
Assets					
Additions to non-current assets	216,879	20,590	24,636	2,222	264,327
Segment assets	1,952,673	182,720	454,681	235,430	2,825,504
Other non-cash expenses					
Allowance for impairment losses on:					
- Available-for-sale financial assets	-	-	27,026	-	27,026
- Goodwill arising on consolidation	6,040	-	-	-	6,040
- Receivables	135	-	517	-	652
Bad debts written off	-	306	-	8	314
Deposit written off	121	-	4	-	125
Depreciation of:					
- Investment properties	42	567	187	-	796
- Property, plant and equipment	505	2,224	3,040	10,601	16,370
Fair value loss on revaluation of					
financial assets at fair value through profit or loss	-	-	32	-	32
Loss on disposal of property, plant and equipment	32	-	41	-	73
Property development costs written off	210	-	-	-	210
Property, plant and equipment written off	-	1	339	42	382
Share-based payment	-	-	2,574	-	2,574
Unrealised loss on foreign exchange	1	-	-	-	1
Other non-cash income					
Interest income from					
financial assets measured at amortised cost	-	-	(1,490)	-	(1,490)
Gain on remeasurement of previously held equity interest	-	-	(2,928)	-	(2,928)
Gain on disposal of:					
- Available-for-sale financial assets	-	-	(3,420)	-	(3,420)
- Financial assets at fair value through profit or loss	-	-	(37)	-	(37)
- Investment properties	-	(1,427)	-	-	(1,427)
- Non-current assets classified as held for sale	-	-	(4,964)	-	(4,964)
- Property, plant and equipment	(3)	(1)	(355)	-	(359)
Provision for staff economic compensation write back	-	-	-	(3,475)	(3,475)
Reversal of allowance for impairment loss on receivable	-	-	-	(2)	(2)
Unrealised gain on foreign exchange	-	-	(2,111)	(166)	(2,277)

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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 21 November 2017, LBS Bina Holdings Sdn. Bhd. ("LBS") subscribed for 51 ordinary shares in Dayang Merdeka Sdn. Bhd. ("DMSB") for a cash consideration of RM51 only. Consequently, DMSB became a 51% owned subsidiary company of LBS.
- (ii) On 29 November 2017, LBS acquired 255,000 ordinary shares representing 51% equity interest in Bimbingan Simfoni Sdn. Bhd. ("BSSB") for a total cash consideration of RM255,000 only. Consequently, BSSB became a 51% owned subsidiary company of LBS.
- (iii) On 7 December 2017, LBS acquired additional 100,000 ordinary shares representing 20% equity interest in Irganj Kejora Sdn. Bhd. ("IKSB") for a total cash consideration of RM30,000,000 only. Consequently, IKSB became a wholly-owned subsidiary company of LBS.
- (iv) On 8 December 2017, Kemudi Ehsan Sdn. Bhd. ("KESB"), a 80% owned subsidiary company of LBS, increased its paid up share capital from 500,000 to 10,000,000 ordinary shares. LBS subscribed for an additional of 7,600,000 ordinary shares in KESB by way of cash. KESB remained as a 80% owned subsidiary company of LBS.
- (v) On 13 December 2017, LBS Borneo Sdn. Bhd. ("LBSBSB"), a 51% owned subsidiary company of LBS, increased its paid up share capital from 100 to 100,000 ordinary shares. LBS subscribed for an additional of 50,949 ordinary shares in LBSBSB by way of cash. LBSBSB remained as a 51% owned subsidiary company of LBS.
- (vi) On 13 December 2017, MITC Engineering Sdn. Bhd. ("MITCE"), a wholly-owned subsidiary company of MGB, subscribed for 2,040,000 ordinary shares in MGB SANY (M) IBS Sdn. Bhd. ("MGB Sany") for a total cash consideration of RM2,040,000 only. Consequently, MGB Sany became an indirect 51% owned subsidiary company of MGB.
- (vii) On 29 December 2017, LBS acquired additional 5,000 ordinary shares representing 1% equity interest in Casa Inspirasi Sdn. Bhd. ("CISB") for a total cash consideration of RM1,000,000 only. Consequently, CISB became 69% owned subsidiary company of LBS.

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

- (i) On 30 January 2018, LBS acquired 510 ordinary shares representing 51% equity interest in Legasi Holdings Group Sdn. Bhd. ("LHGSG") for a total cash consideration of RM510 only. Consequently, LHGSG became a 51% owned subsidiary company of LBS.
- (ii) On 19 February 2018, MGB Land Sdn. Bhd. ("MGBLSB"), a wholly-owned subsidiary company of MGB, acquired 300,000 ordinary share in Multi Court Developers Sdn Bhd ("MCDSB") for a total cash consideration of RM2,800,000 only. Consequently, MCDSB became an indirect 51% owned subsidiary company of MGB.

There were no other material subsequent events as at 21 February 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 31 December 2017 were as follows:

	Amount RM'000
Approved and contracted for property development land:	
- Sale and Purchase Agreement	3,420
- Joint Venture Agreements	417,611
Approved and contracted for acquisition of property, plant and equipment:	
- Sale and Purchase Agreements	11,473
	<u>432,504</u>

A14. Changes in contingent assets or contingent liabilities

	31.12.2017 RM'000	31.12.2016 RM'000
Bank guarantees issued for :		
- Property Development	52,866	41,351
- Construction Contracts	12,825	6,644
- Others	30	30
	<u>65,721</u>	<u>48,025</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 year were summarised as below:-

	Amount RM'000
Income	
Sale of development properties	20,487
Rental income	138
Expenses	
Contractors' fees	9,950
Equity instrument	64,530
Legal fees	302
Rental expenses	143
Rendering of services	684
Interest on advances	325

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) Companies in which the Company or its subsidiary companies have financial interest;
- (iv) Persons who have financial interest in subsidiary companies;
- (v) Persons connected to certain directors of the Company;
- (vi) Directors and key management personnel of the Company or its subsidiary companies and their close family members;
- (vii) A holding company of the Company; and
- (viii) An associated company of the Company.

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

B1. Review of Group performance

	Individual Period			Cummulative Period		
	Current Year	Preceding	Changes	Current Year	Preceding	Changes
	Quarter	Year Quarter		To date	Year To date	
	31.12.2017	31.12.2016	%	31.12.2017	31.12.2016	%
	RM'000	RM'000		RM'000	RM'000	
Revenue						
Property Development	353,172	279,628	26%	1,207,900	850,849	42%
Construction and Trading	174,484	168,050	4%	680,750	563,306	21%
Management, Investment & Others	22,925	228,751	-90%	398,156	405,313	-2%
Motor Racing Circuit	5,531	8,349	-34%	22,064	24,540	-10%
	<u>556,112</u>	<u>684,778</u>	-19%	<u>2,308,870</u>	<u>1,844,008</u>	25%
Less: Inter-segment sales	<u>(149,388)</u>	<u>(362,508)</u>	59%	<u>(946,732)</u>	<u>(850,389)</u>	11%
	<u>406,724</u>	<u>322,270</u>	26%	<u>1,362,138</u>	<u>993,619</u>	37%
Profit / (Loss) before taxation						
Property Development	47,264	69,445	-32%	177,055	139,010	27%
Construction and Trading	9,953	4,884	104%	40,950	39,682	3%
Management, Investment & Others	(5,047)	(22,794)	78%	(14,623)	(26,610)	-45%
Motor Racing Circuit	<u>(2,671)</u>	<u>2,488</u>	-207%	<u>(13,103)</u>	<u>(8,127)</u>	61%
	<u>49,499</u>	<u>54,023</u>	-8%	<u>190,279</u>	<u>143,955</u>	32%

For the current quarter under review, the Group achieved revenue and profit before taxation ("PBT") of approximately RM407 million and RM49 million respectively. These represent 26% increase in revenue and 8% decrease in PBT over the results achieved in the corresponding quarter in the year 2016.

The decrease in PBT was mainly due to the decrease in interest income and other income such as one off government grant received in preceding year quarter and the increase in finance cost.

For the financial year ended 31 December 2017, the Group achieved revenue and PBT of approximately RM1.36 billion and RM190 million respectively. These represent 37% increase in revenue and 32% increase in PBT over the results recorded in the corresponding year 2016.

The improved revenue for the current quarter and financial year ended 31 December 2017 were largely from the ongoing projects with impressive take up rate at Bandar Saujana Putra, D' Island Residence, Bandar Putera Indah, Sinaran Mahkota, Midhills, Desiran Bayu, LBS Alam Perdana and Zenopy Residences.

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B1. Review of Group performance (cont'd)

Property Development

Property development remains the key driver of our business operations and accounted for more than 90% of our Group's total revenue for the financial year ended 31 December 2017.

For the financial year ended 31 December 2017, Property Development segment posted a higher revenue by 42% to RM1.21 billion from RM851 million in the previous financial year. The PBT increased by 27% to RM177 million from RM139 million in the previous financial year.

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.

As at 27 February 2018, the Group achieved property sales of approximately RM293 million and unbilled sales of RM1.42 billion as at 31 December 2017. Projects within the Klang Valley remain the largest revenue contributor, accounting for approximately 70% of the Group's revenue for the current financial year.

Construction and Trading

For the financial year ended 31 December 2017, the Construction and Trading segment posted a higher revenue by 21% and PBT increased by 3%. The increase in revenue and PBT were primarily contributed from in-house jobs.

Management, Investment and Others

For the financial year ended 31 December 2017, the Management, Investment and Others segment posted a lower revenue by 2% and a lower loss before taxation ("LBT") by 45%.

The decrease in revenue was mainly due to the decrease in intra-group dividends being declared in the current financial year. The improvement in LBT was mainly due to the non-provision of impairment loss in the current financial year on the investment in equity securities listed in Hong Kong Stock Exchange as compared to the provision made in the preceding financial year, foreign exchange loss and the increase in finance costs.

Motor Racing Circuit

For the financial year ended 31 December 2017, the Motor Racing Circuit segment recorded a lower revenue by 10% and LBT increased by 61%. The decrease in revenue and the increase in LBT were mainly due to lower income from racing corporate day events and sponsorship mainly attributable to the Typhoon Hato that struck South China in August 2017 and the decrease in one off consultancy income.

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

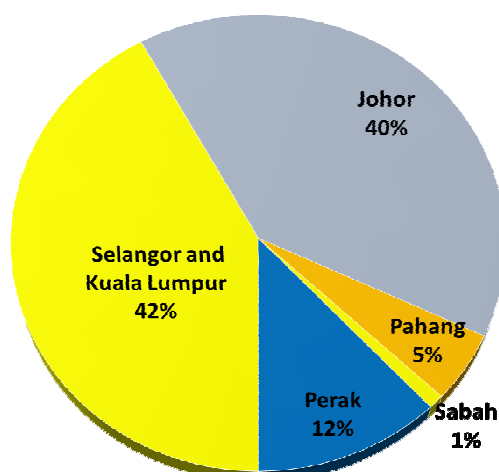
	Current Quarter 31.12.2017 RM'000	Immediate Preceding Quarter 30.09.2017 RM'000	Changes (%)
Revenue	406,724	351,974	16%
Profit before taxation ("PBT")	49,499	48,169	3%

For the current quarter under review, the Group's revenue and PBT were approximately RM407 million and RM49 million respectively as compared to the revenue and PBT of approximately RM352 million and RM48 million respectively 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

As at reporting date, the Group has a total land bank of approximately 4,123 acres and the breakdown by geographical area is as follows:-



As the property development is the key driver of our business operations, the Group's prospects remain positive with total property sales of RM293 million as at 27 February 2018, total unbilled sales of RM1.42 billion as at 31 December 2017, anchored by 19 ongoing projects and a total land bank of approximately 4,123 acres.

B4. Profit forecast or profit guarantee

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

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B5. Taxation

The breakdown of tax expense was as follows:-

	Individual Quarter		Cumulative Period	
	Current year Quarter 31.12.2017 RM'000	Preceding year Quarter 31.12.2016 RM'000	Current year To date 31.12.2017 RM'000	Preceding year To date 31.12.2016 RM'000
Current year tax provision	25,244	30,497	83,558	67,033
Under provision in prior years	1,769	2,544	1,780	4,659
Deferred taxation	<u>(3,240)</u>	<u>(6,302)</u>	<u>(8,090)</u>	<u>(12,939)</u>
Total tax expense	<u>23,773</u>	<u>26,739</u>	<u>77,248</u>	<u>58,753</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 difference.

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 21 February 2018, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report :-

- (i) On 26 March 2014, the Company's indirect wholly-owned subsidiary company, Intellview Sdn. Bhd. had entered into a conditional Sale and Purchase Agreement ("SPA") with Laser Plus Sdn. Bhd. for the purchase of a piece of leasehold land known as Country Lease No. 015005991, Tanjong Lipat, Jesselton in the District of West Coast in the State of Sabah measuring approximately 6.25 acres at the consideration sum of Ringgit Malaysia Seventy Two Million and Five Hundred Thousand (RM72,500,000) only.

The parties had subsequently entered into an agreement on 10 August 2016 ("Agreement") to amend and vary the provisions in the SPA. Accordingly, the Agreement herein shall supersede any other previous agreement entered by the parties including the abovementioned SPA.

The Conditions Precedent as set out in this SPA have been fulfilled. Accordingly, the SPA has become unconditional.

- (ii) On 20 April 2014, the Company's indirect subsidiary company, Koleksi Sigma Sdn. Bhd. had entered into a Joint Development Agreement with YPJ Multi Ventures Sdn. Bhd. for the proposed joint development project to develop 3 pieces of land with total land area measuring 10.6 acres in Tampoi, Johor.

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

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B6. Status of corporate proposals (cont'd)

The following is the status of corporate proposals that have been announced by the Company but has not been completed as at 21 February 2018, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report :- (cont'd)

- (iii) On 19 September 2015, the Company had signed a Memorandum of Understanding ("MOU") with Zhuhai Jiuzhou Holdings Group Co., Ltd. ("Jiuzhou Holdings") in relation to the proposed Zhuhai International Circuit Limited ("ZIC") Upgrading and Transformation Plan ("Plan").

This MOU is not subject to the approval of shareholders. However the Plan would be subject to the feasibility study and approvals of all relevant authorities in China.

On 16 November 2017, the Company has received permit for an additional usage of the land (264 acres) as proposed under the Plan from the Development and Reform Bureau of Gaoxin District (高新区发展和改革委员会).

The Company shall obtain relevant approvals from the local authorities, (i.e. Water Resources Department, Environmental Department, Land and Resources Department, etc.) latest by November 2019 for the West Land and November 2020 for the East Land, prior to commencement of work.

- (iv) 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.

- (v) On 18 April 2017, MGB has announced its proposal to diversify the MGB Group's existing business to include property development and property investment ("New Businesses"). The New Businesses which is complementary to the existing construction business is expected to contribute positively to the revenue and earnings of the Group. The proposed diversification of business has been duly approved by the MGB's shareholders at the Extraordinary General Meeting held on 27 December 2017.
- (vi) On 16 June 2017, the MGB announced its proposal to undertake a private placement of up to 10% of the total number of issued shares of the MGB ("Proposed Private Placement") to investors to be identified.

On 5 July 2017, Bursa Securities has approved the listing and quotation for up to 47,414,419 new MGB Shares to be issued ("Placement Shares").

B6. Status of corporate proposals (*cont'd*)

The following is the status of corporate proposals that have been announced by the Company but has not been completed as at 21 February 2018, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report :- (*cont'd*)

- (vi) On 20 July 2017, RHB Investment Bank Berhad (“RHBIB”) announced the price fixing for 28,000,000 Placement Shares under the first tranche of the Proposed Private Placement at RM1.08 per Placement Share, represents a discount of approximately 5.52% to the five (5)-day volume weighted average market price of the MGB’s shares.

On 1 August 2017, RHBIB announced that the 28,000,000 Placement Shares were listed and quoted on the Bursa Securities. The issue price per Placement Share was fixed at RM1.08 and total gross proceeds raised were approximately RM30.24 million. This also marked the completion of the first tranche of the Proposed Private Placement.

On 27 December 2017, RHBIB announced that Bursa Securities had vide its letter dated 26 December 2017, resolved to grant the MGB an extension of time from 3 January 2018 until 30 June 2018 to complete the implementation of the Private Placement.

As at the report date, there is no additional Placement Shares being issued subsequent to the completion of first tranche of the Private Placement.

- (vii) On 5 July 2017, MGB has announced its proposal to change its name from ML Global Berhad to MGB Berhad (“Proposed Change of Name”).

The Proposed Change of Name to “MGB Berhad”, which stands for “Malaysian Generations Builder”, is to better reflect the corporate identity and branding of MGB and to align with the MGB’s focus and aspiration to be a regional construction company.

The Proposed Change of Name has been duly approved by MGB’s shareholders at Extraordinary General Meeting held on 27 December 2017.

On 28 December 2017, MGB received the Notice of Registration of New Name dated 28 December 2017 issued by the Companies Commission of Malaysia. Accordingly, MGB’s name has been changed from “ML Global Berhad” to “MGB Berhad” with effect from 28 December 2017.

- (viii) On 17 July 2017, the MGB announced that it has signed a Memorandum of Understanding (“MOU”) with Sany Construction Industry Development (M) Sdn Bhd (“SANY (M)”) in relation to the setting up of a joint venture entity (“Newco”) for business of manufacturing of Industrialised Building System (IBS) precast products for building projects. MGB and SANY (M) hereinafter collectively be referred to as the (“Parties”).

The Parties have to come to an understanding to form a joint venture entity in Malaysia to collaborate with each other to set up a precast concrete panel manufacturing facility and/or plant to design, produce, market, sell and to install the precast concrete products in housing and commercial development principally in Malaysia and such other relevant arrangement or business activities to be mutually agreed between the Parties from time to time.

On 5 December 2017, both parties have finalised its agreement and a shareholders’ agreement was executed between MITCE and SANY (M) to form a joint venture company (“JVCo”) provisionally known as MGB Sany (M) IBS Sdn. Bhd. To undertake the business of manufacturing of IBS precast products for building projects and to regulate the relationship and respective rights of both parties.

The JVCo was incorporated on 13 December 2017 with paid up capital of RM4,000,000 and shareholdings structure as follows:

- i) MGB – 51%
- ii) SANY (M) – 49%

B6. Status of corporate proposals (cont'd)

The following is the status of corporate proposals that have been announced by the Company but has not been completed as at 21 February 2018, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report :- (cont'd)

- (ix) On 5 September 2017, the Company's wholly-owned subsidiary company, Saujana Tunggal Sdn. Bhd. had entered into a Share Sale Agreement ("SSA") for the acquisition of 2,000,000 ordinary shares representing 100% of the equity interest in Gerbang Mekar Sdn. Bhd., from Jadi Wawasan Sdn. Bhd. and Chua Choon Yang for a total consideration of Ringgit Malaysia Twelve million (RM12,000,000) only.

The Conditions Precedent as set out in this SSA have been fulfilled. Accordingly, the SSA has become unconditional.

- (x) On 31 October 2017, the Company proposed to undertake the following:-
- (i) proposed subdivision of every 1 existing ordinary share in LBGB into 2 ordinary shares in LBGB ("**Subdivided Share(s)**") or "**LBGB Share(s)**") held on an entitlement date to be determined and announced later ("**Entitlement Date**") ("**Proposed Subdivision**"); and
- (ii) proposed bonus issue of up to 162,993,550 new LBGB Shares ("**Bonus Share(s)**") on the basis of 1 Bonus Share for every 10 Subdivided Shares held on the Entitlement Date ("**Proposed Bonus Issue**").

(collectively referred to as the "Proposals")

On 24 November 2017, RHB Investment Bank Berhad ("RHB Investment Bank"), on behalf of the Board of Directors of LBGB, has submitted the application in relation to the Proposals to Bursa Malaysia Securities Berhad ("Bursa Securities").

On 14 December 2017, Bursa Securities has via its letter dated 14 December 2017, approved the following:-

- (a) Listing and quotation of:-
1. up to 162,993,550 Bonus Shares to be issued pursuant to the Proposed Bonus Issue;
 2. up to 10,561,694 additional warrants A 2008/2018 ("Warrants A") pursuant to the adjustment arising from the Proposals;
 3. up to 67,316,805 additional warrants B 2015/2020 ("Warrants B") pursuant to the adjustment arising from the Proposals; and
 4. up to 147,126,291 new Subdivided Shares to be issued arising from the exercise of the additional Warrants A and additional Warrants B, and conversion of the outstanding redeemable convertible preference shares ("RCPS") following the adjustment arising from the Proposals.
- (b) The approval granted by Bursa Securities is subject to the following conditions:-
1. LBGB and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;
 2. LBGB and RHB Investment Bank to inform Bursa Securities upon the completion of the Proposals;
 3. LBGB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed; and
 4. LBGB and RHB Investment Bank are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements.

On 7 February 2018, the Company had announced the book closure date in relation to the Proposals.

On 13 February 2018, the Company announced on the adjustments for Warrants A, Warrants B and RCPS pursuant to the Proposals.

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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	Not yet fully utilised
	850,000		

The utilisation status of all tranches of Promissory Note as at 21 February 2018, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of interim financial report, were as follows :-

a) Tranche 1 of Promissory Note (HKD250 million)

	Note	Proposed Utilisation	Proposed Utilisation	Actual Utilisation	Proceeds Balance	Deviation		Timeframe for utilisation
		HKD'000	RM'000	RM'000	RM'000	RM'000	%	
Reduction of bank borrowings	1,2,3	121,951	54,976	(42,181)	12,795	-	-	1 year
Special dividend	1,2,3	78,049	35,184	(31,427)	3,757	-	-	1 month
Payment for trade and other payables	1,2,3	24,390	10,995	(36,837)	(25,842)	(25,842)	-235%	1 year
Operating expenses	1,2,3	25,610	11,545	(2,255)	9,290	-	-	1.5 years
		250,000	112,700	(112,700)	-	(25,842)	-235%	

b) Tranche 2 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	RM'000	%		
Reduction of bank borrowings	1,2,3	70,000	37,618	(21,867)	15,751	-	-	1 year	N/A
Special dividend	1,2,3	80,000	42,992	(31,931)	11,061	-	-	1 year	N/A
Payment for trade and other payables	1,2,3	30,000	16,122	(39,810)	(23,688)	(23,688)	-147%	1 year	Note 5
Operating expenses	1,2,3	20,000	10,748	(13,872)	(3,124)	(3,124)	-29%	1 year	Note 5
		200,000	107,480	(107,480)	-	(26,812)	-176%		

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B7. Utilisation of proceeds raised from corporate proposals (cont'd)

(i) Disposal of equity interests (cont'd)

(c) Tranche 3 of Promissory Note (HKD200 million)

	Note	Proposed Utilisation HKD'000	Proposed Utilisation RM'000	Actual Utilisation RM'000	Proceeds Balance RM'000	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
						RM'000	%		
Reduction of bank borrowings	1,2	100,000	53,270	(53,270)	-	-	-	1 year	N/A
Special dividend	1,2,4	80,000	42,616	(42,616)	-	-	-	1.5 years	N/A
Payment for trade and other payables	1,2	20,000	10,654	(10,654)	-	-	-	1 year	N/A
		200,000	106,540	(106,540)	-	-	-		

(d) Final Tranche of Promissory Note (HKD200 million)

	Note	Proposed Utilisation HKD'000	Proposed Utilisation RM'000	Actual Utilisation RM'000	Proceeds Balance RM'000	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
						RM'000	%		
Reduction of bank borrowings	1,2	123,750	66,008	(66,008)	-	-	-	1 year	N/A
Special dividend	1,2,4	65,000	34,671	(10,941)	23,730	-	-	2 years	N/A
Operating expenses	1,2	11,250	6,001	(6,001)	-	-	-	1 year	N/A
		200,000	106,680	(82,950)	23,730	-	-		

Notes:

- 1) (a) HKD250 million
Adopted the exchange rate of HKD1.00 : RM0.4510, being the closing rate as at 30 December 2014 published by Bank Negara.
 - (b) HKD200 million
Adopted the exchange rate of HKD1.00 : RM0.5374, being the closing rate as at 1 September 2015 published by Bank Negara.
 - (c) HKD200 million
Adopted the exchange rate of HKD1.00 : RM0.5327, being the closing rate as at 16 March 2016 published by Bank Negara.
 - (d) HKD200 million
Adopted the exchange rate of HKD1.00 : RM0.5334, being the closing rate as at 3 June 2016 published by Bank Negara.
- 2) The proceeds balance is expected to be utilised within the timeframe from the receipt of the proceeds.
 - 3) Any shortfall in the funds allocated for specific purpose will be funded from the funds allocated for other approved purposes.
 - 4) Any unutilised proceeds have been placed in short term deposits until such relevant expenses have been identified.
 - 5) The excess fund arising after special dividend payment and settlement of bank borrowings which is no longer required subsequently, have been utilised for the Group's project and/or operating expenses.

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B7. Utilisation of proceeds raised from corporate proposals (*cont'd*)

(ii) Issuance of Redeemable Convertible Preference Shares (“RCPS”)

Proceeds totaling approximately RM127 million were raised under Renounceable Rights Issue of New RCPS which was issued on 8 August 2017.

As at 21 February 2018, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of interim financial report, the proceeds has been fully utilised as follows :-

Projects	Proposed Utilisation RM'000	Actual Utilisation RM'000	Proceeds Balance RM'000	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
				RM'000	%		
Bukit Jalil (Kuala Lumpur) Alam Perdana (Ijok, Selangor)	38,098	38,098	-	-	-	2.3 years	N/A
Kota Tinggi (Johor) Cybersouth (Dengkil, Selangor)	25,399	25,399	-	-	-	1.3 years	N/A
Midhills (Gohtong Jaya, Pahang)	12,699	12,699	-	-	-	1.3 years	N/A
Bandar Putera Indah (Batu Pahat, Johor)	12,699	12,699	-	-	-	2.3 years	N/A
Other projects	12,699	12,699	-	-	-	1.3 years	N/A
Working Capital	6,350	6,350	-	-	-	3.3 years	N/A
	6,350	6,350	-	-	-		
	126,993	126,993	-	-	-		

(iii) MGB's Private Placement

On 1 August 2017, RHBIB announced that the 28,000,000 Placement Shares were listed and quoted on the Bursa Securities. The issue price per Placement Share was fixed at RM1.08 and total gross proceeds raised were approximately RM30.24 million. This also marked the completion of the first tranche of the Proposed Private Placement.

As at 21 February 2018, being the latest practicable date from the date of issuance of this interim financial report, the proceeds raised pursuant to the Proposed Private Placement has been fully utilised as follows:

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Proceeds Balance RM'000	Deviation		Timeframe for utilisation	Explanations (deviation is 5% or more)
				RM'000	%		
Working Capital	29,816	29,816	-	-	-	1 year	N/A
Defray the estimated expenses *	424	424	-	-	-	1 month	N/A
	30,240	30,240	-	-	-		

**The estimated expenses comprising professional fees, fees payable to relevant authorities and other related expenses. Any excess/shortfall in funds for estimated expenses will be adjusted to/from funds allocated for working capital.*

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B8. Borrowings and debt securities

The Group borrowings and debt securities were as follows:-

Year ended 31.12.2017

	<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	70,739	N/A	70,739
Finance lease payables	N/A	8,743	N/A	3,834	N/A	12,577
Bank borrowings	N/A	512,379	N/A	265,783	N/A	778,162
Total borrowings		<u>521,122</u>		<u>340,356</u>		<u>861,478</u>

Year ended 31.12.2016

	<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	100,902	N/A	100,902
Finance lease payables	N/A	4,127	N/A	2,108	N/A	6,235
Bank borrowings						
- Ringgit Malaysia	N/A	314,144	N/A	188,457	N/A	502,601
- USD	N/A	-	N/A	7,088	USD1 : RM4.4860	7,088
Total borrowings		<u>318,271</u>		<u>298,555</u>		<u>616,826</u>

B9. Material litigation

There was no material litigation as at 21 February 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

On 29 January 2018, the Company had declared a special dividend of 4 sen per ordinary share (Exempt from Income Tax) in respect of the financial year ended 31 December 2017, which the entitlement date and payment date have been fixed on 21 February 2018 and 20 March 2018, respectively.

LBS BINA GROUP BERHAD (518482-H)

B11. Earnings per share (“EPS”)

Basic EPS

The calculation of the basic EPS is based on the profit attributable to the Owners of the Company and divided by the weighted average number of ordinary shares in issue:-

	Current year to date 31.12.2017	Preceding year to date 31.12.2016
Net profit attributable to Owners of the Parent (RM'000)	103,403	85,301
Weighted average number of ordinary shares in issue ('000)	667,780	589,508
Basic EPS (sen)	15.48	14.47

Diluted EPS

The calculation of the diluted EPS is based on the profit attributable to the Owners of the Company and divided by the weighted average number of ordinary shares that would have been in issue upon full exercise of the remaining options under the ESOS granted, adjusted for the number of such shares that would have been issued at fair value, as well as the full conversion of warrants and RCPS:-

	Current year to date 31.12.2017	Preceding year to date 31.12.2016
Net profit attributable to Owners of the Parent (RM'000)	103,403	85,301
Adjusted weighted average number of ordinary shares in issue ('000)	718,858	615,853
Diluted EPS (sen)	14.38	13.85

LBS BINA GROUP BERHAD (518482-H)**B12. Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Current Year Quarter 31.12.2017 RM'000	Current Year To Date 31.12.2017 RM'000
Allowance for impairment loss on :		
- Goodwill arising on consolidation	(1,187)	(12,786)
- Associated company	(48)	(48)
- Investment property	(24)	(24)
- Inventories	(105)	(105)
- Receivables	(2,255)	(2,283)
Amortisation of intangible asset	-	(590)
Bad debts written off	(300)	(1,315)
Depreciation of :		
- Investment properties	(220)	(879)
- Property, plant and equipment	(6,585)	(18,886)
Property, plant and equipment written off	(58)	(186)
Share-based payment	(729)	(2,694)
Net foreign exchange loss	(8,369)	(13,619)
Capital work-in-progress written off previously no longer required	1,001	-
Contingency sum provided in prior years no longer required	7,497	10,494
Dividend income from :		
- Financial assets at fair value through profit or loss	21	59
Grant income	-	3,572
Net gain / (loss) gain on disposal of :		
- Available-for-sale financial assets	6	41
- Financial assets at fair value through profit or loss	-	(10)
- Investment property	-	12
- Property, plant and equipment	60	(393)
- Subsidiary companies	-	778
Reversal of allowance for impairment loss on receivables	544	672
Waiver of debts	-	279
	<hr/>	<hr/>

By Order of the Board,

**Dato' Lim Mooi Pang
Executive Director**

Petaling Jaya, Selangor Darul Ehsan
28 February 2018