



**LBS BINA GROUP BERHAD**

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

**Interim Financial Report**

**30 June 2018**

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	<b>Page No.</b>
<b>Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>1 - 2</b>
<b>Condensed Consolidated Statement of Financial Position</b>	<b>3 - 4</b>
<b>Condensed Consolidated Statement of Changes in Equity</b>	<b>5 - 7</b>
<b>Condensed Consolidated Statement of Cash Flows</b>	<b>8 - 9</b>
<b>Notes to the Interim Financial Report</b>	<b>10 - 21</b>
<b>Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)</b>	<b>22 - 30</b>

**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 2018**

	Note	Unaudited Individual Quarter		Unaudited Cumulative Period	
		Current Year Quarter 30.06.2018 RM'000	Preceding Year Quarter 30.06.2017 RM'000 Restated	Current Year To date 30.06.2018 RM'000	Preceding Year To date 30.06.2017 RM'000 Restated
Revenue		304,751	346,885	544,868	592,155
Cost of sales		(221,003)	(256,994)	(377,473)	(430,434)
Gross profit		83,748	89,891	167,395	161,721
Interest Income		1,367	199	2,025	1,792
Other income		4,685	6,117	9,874	8,991
Operating expenses		(42,580)	(40,752)	(80,457)	(72,982)
Finance costs		(10,311)	(7,265)	(18,606)	(14,082)
Share of loss in associated companies		(18)	(17)	(25)	(10)
Profit before tax		36,891	48,173	80,206	85,430
Taxation	B5	(12,814)	(18,189)	(30,069)	(34,617)
Net profit for the financial period		24,077	29,984	50,137	50,813
<b>Net profit for the financial period attributable to:</b>					
Owners of the Parent		20,820	26,853	43,864	46,803
Non-controlling interests		3,257	3,131	6,273	4,010
		24,077	29,984	50,137	50,813
<b>Earnings per share attributable to Owners of the Parent:</b>					
Basic (sen)	B11	1.62	1.86	3.41	3.24
Diluted (sen)	B11	1.58	1.78	3.32	3.10

**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 2018 (cont'd)**

	Unaudited		Unaudited	
	Individual Quarter		Cumulative Period	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Quarter	To date	To date
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Net profit for the financial period	24,077	29,984	50,137	50,813
Other comprehensive income, net of tax:				
Exchange translation differences				
for foreign operations	2,915	(1,690)	(1,264)	(3,783)
Change of stakes in a subsidiary company	(7,573)	-	(6,674)	-
(Loss) / Gain on revaluation of				
available-for-sale financial assets	(713)	1,663	(9,074)	(3,184)
Total comprehensive income	<u>18,706</u>	<u>29,957</u>	<u>33,125</u>	<u>43,846</u>
for the financial period				
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	26,098	25,727	34,412	38,205
Non-controlling interests	(7,392)	4,230	(1,287)	5,641
	<u>18,706</u>	<u>29,957</u>	<u>33,125</u>	<u>43,846</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 2017 and the accompanying explanatory notes attached to the interim financial report.*

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**- As At 30 June 2018**

	Notes	Unaudited 30.06.2018 RM'000	Unaudited 31.12.2017 RM'000 Restated	Unaudited 01.01.2017 RM'000 Restated
<b><u>ASSETS</u></b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	A10	294,921	256,611	261,064
Capital work-in-progress		25,728	17,003	5,368
Inventories - land and property development costs		1,384,923	1,334,055	730,526
Investment properties		167,609	60,881	61,469
Investment in associated companies		2,903	2,374	2,636
Other investments		73,158	83,004	99,950
Goodwill on consolidation		116,407	114,612	126,980
		<b>2,065,649</b>	<b>1,868,540</b>	<b>1,287,993</b>
<b>Current Assets</b>				
Inventories - land and property development costs		589,255	455,627	367,334
Inventories - completed properties and others		259,509	266,861	187,867
Contract assets		254,099	375,809	343,130
Trade and other receivables		783,077	709,373	425,954
Other investments		3,072	2,021	-
Tax recoverable		4,789	2,943	6,844
Fixed deposits with licensed banks		35,378	29,700	49,079
Cash held under Housing Development Accounts		116,752	147,645	74,387
Cash and bank balances		110,705	103,841	107,332
		<b>2,156,636</b>	<b>2,093,820</b>	<b>1,561,927</b>
<b>TOTAL ASSETS</b>		<b>4,222,285</b>	<b>3,962,360</b>	<b>2,849,920</b>
<b><u>EQUITY AND LIABILITIES</u></b>				
<b>Equity attributable to Owners of the Parent</b>				
Share capital		809,078	775,285	641,424
Redeemable Convertible Preference Shares ("RCPS")		112,628	125,908	-
Reserves		413,125	380,696	525,948
Treasury shares, at cost		(88)	(88)	(88)
		<b>1,334,743</b>	<b>1,281,801</b>	<b>1,167,284</b>
Non-controlling interests		89,061	89,514	41,205
<b>TOTAL EQUITY</b>		<b>1,423,804</b>	<b>1,371,315</b>	<b>1,208,489</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**- As At 30 June 2018 (cont'd)**

	Notes	Unaudited 30.06.2018 RM'000	Unaudited 31.12.2017 RM'000 Restated	Unaudited 01.01.2017 RM'000 Restated
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
Trade and other payables		511,406	523,725	302,969
Finance lease payables	B8	11,207	8,743	4,127
Bank borrowings	B8	693,129	511,291	314,144
Sukuk Murabahah Programme ("SUKUK")	B8	28,449	-	-
Deferred tax liabilities		5,041	8,086	18,053
		<u>1,249,232</u>	<u>1,051,845</u>	<u>639,293</u>
<b>Current Liabilities</b>				
Contract liabilities		36,167	33,725	24,250
Trade and other payables		1,044,256	1,125,637	656,846
Bank overdrafts	B8	92,390	70,739	100,902
Finance lease payables	B8	4,382	3,834	2,108
Bank borrowings	B8	316,160	268,793	195,545
SUKUK	B8	4,995	-	-
Tax payable		50,899	36,472	22,487
		<u>1,549,249</u>	<u>1,539,200</u>	<u>1,002,138</u>
<b>TOTAL LIABILITIES</b>		<u>2,798,481</u>	<u>2,591,045</u>	<u>1,641,431</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,222,285</u>	<u>3,962,360</u>	<u>2,849,920</u>
<b>Net Assets per share attributable to Owners of the Parent (RM)</b>		<u>0.86</u>	<u>0.85 #</u>	<u>0.83 #</u>

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

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**- For the financial period ended 30 June 2018 (The figures have not been audited)**

	Attributable to owners of the Parent										
	Non-distributable							<-Distributable->			
	Share Capital RM'000	Share Capital RCPS RM'000	Treasury Shares RM'000	ESOS Reserve RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Sub-total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance as at 1.1.2018											
- as previously stated	775,285	125,908	(88)	6,982	109,732	24,976	(283,128)	524,653	1,284,320	89,582	1,373,902
- effects of adoption of the MFRS Framework	-	-	-	-	-	-	-	(2,519)	(2,519)	(68)	(2,587)
Balance as at 1.1.2018 (restated)	775,285	125,908	(88)	6,982	109,732	24,976	(283,128)	522,134	1,281,801	89,514	1,371,315
Amount recognised directly in equity:											
Net profit for the financial period	-	-	-	-	-	-	-	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	-	-	-	-	(1,285)	-	(186)	-	(1,471)	207	(1,264)
Loss on revaluation of available-for-sale financial assets	-	-	-	-	-	-	(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
- Exercise of RCPS	13,280	(13,280)	-	-	-	-	-	-	-	-	-
Realisation of warrants B reserve	-	-	-	-	-	(3,428)	3,428	-	-	-	-
Realisation of ESOS reserve	-	-	-	(31)	-	-	-	31	-	-	-
Total transactions with owners	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	108,447	21,399	(287,867)	566,029	1,334,743	89,061	1,423,804

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**- For the financial period ended 30 June 2017 (cont'd) (The figures have not been audited)**

	<----- Attributable to owners of the Parent ----->										
	<----- Non-distributable ----->							<-Distributable->			
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	ESOS Reserve RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Sub-total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance as at 1.1.2017											
- as previously stated	641,424	(88)	74,235	8,415	119,866	36,567	(218,062)	503,462	1,165,819	41,205	1,207,024
- effects of adoption of the MFRS Framework	-	-	-	-	-	-	-	1,465	1,465	-	1,465
Balance as at 1.1.2017 (restated)	641,424	(88)	74,235	8,415	119,866	36,567	(218,062)	504,927	1,167,284	41,205	1,208,489
Amount recognised directly in equity:											
Net profit for the financial period	-	-	-	-	-	-	-	46,803	46,803	4,010	50,813
Foreign currency translation	-	-	-	-	(5,492)	-	78	-	(5,414)	1,631	(3,783)
Loss on revaluation of available-for-sale financial assets	-	-	-	-	-	-	(3,184)	-	(3,184)	-	(3,184)
Total comprehensive income for the financial period	-	-	-	-	(5,492)	-	(3,106)	46,803	38,205	5,641	43,846



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**- For the financial period ended 30 June 2017 (cont'd) (The figures have not been audited)**

	← Attributable to owners of the Parent →										
	← Non-distributable →							←-Distributable->			
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	ESOS Reserve RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Sub-total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Transactions with owners:											
Net changes of non-controlling interests	-	-	-	-	-	-	-	-	-	371	371
Changes in ownership interest in subsidiary companies	-	-	-	-	-	-	2,442	-	2,442	(2,452)	(10)
Realisation of subsidiary company's reserve	-	-	-	-	-	-	672	-	672	4,813	5,485
Dividend paid/ payable	-	-	-	-	-	-	-	(13,459)	(13,459)	-	(13,459)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(310)	(310)
Issuance of ordinary shares:											
- Exercise of warrants	31,051	-	1,281	-	-	(2,157)	-	-	30,175	-	30,175
- Exercise of ESOS	7,456	-	46	-	-	-	-	-	7,502	-	7,502
Realisation of warrants B reserve	-	-	-	-	-	(6,691)	6,691	-	-	-	-
Realisation of ESOS reserve	-	-	-	(107)	-	-	-	107	-	-	-
Realisation of ESOS's share premium	2,814	-	75	(2,889)	-	-	-	-	-	-	-
Share-based payment	-	-	-	1,471	-	-	-	-	1,471	-	1,471
Total transactions with owners	41,321	-	1,402	(1,525)	-	(8,848)	9,805	(13,352)	28,803	2,422	31,225
Transition to no-par value regime	75,637	-	(75,637)	-	-	-	-	-	-	-	-
Balance as at 30.06.2017	758,382	(88)	-	6,890	114,374	27,719	(211,363)	538,378	1,234,292	49,268	1,283,560

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.

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

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

	<b>Unaudited Current Period Ended 30.06.2018 RM'000</b>	<b>Unaudited Preceding Period Ended 30.06.2017 RM'000 Restated</b>
Profit before tax	80,206	85,430
Adjustments for :-		
Non-cash items	(3,442)	16,912
Other operating items	15,138	8,392
Operating profit before changes in working capital	<u>91,902</u>	<u>110,734</u>
Changes in working capital :		
Inventories - land and property development costs	(164,985)	(102,670)
Inventories - completed properties and others	7,352	(634)
Contract assets	121,933	(55,163)
Contract liabilities	3,169	7,014
Receivables	(117,348)	(90,808)
Payables	63,602	185,267
Foreign exchange reserve	2,062	16,012
	<u>(84,215)</u>	<u>(40,982)</u>
Cash generated from operations	7,687	69,752
Dividends received	193	580
Interest received	2,025	1,792
Interest paid	(36,783)	(25,529)
Tax paid	(20,815)	(20,602)
Tax refund	23	16
	<u>(55,357)</u>	<u>(43,743)</u>
Net cash (used in) / generated from operating activities	<u>(47,670)</u>	<u>26,009</u>
<b>Cash Flows From Investing Activities</b>		
Additional investment in :		
- Subsidiary and associated companies	(20,800)	(4,615)
- Financial assets at fair value through profit or loss	-	(12,500)
Repayment of prior year investment in subsidiary and associated companies	(15,755)	(17,986)
Purchase of :		
- Investment properties	(1,278)	(301)
- Property, plant and equipment	(20,674)	(4,509)
Proceeds from disposal of :		
- Financial assets at fair value through profit or loss	-	12,527
- Property, plant and equipment	995	701
- Subsidiary companies	-	6,660
Deposits and consideration paid for acquisition and joint venture of future development lands	(121,470)	(56,837)
Acquisition of subsidiary companies, net of cash acquired	(6,324)	(164)
Capital work-in-progress incurred	(11,405)	(1,668)
Net cash used in investing activities	<u>(196,711)</u>	<u>(78,692)</u>

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

	<b>Unaudited Current Period Ended 30.06.2018 RM'000</b>	<b>Unaudited Preceding Period Ended 30.06.2017 RM'000 Restated</b>
<b>Cash Flows From Financing Activities</b>		
(Increase) / Decrease in fixed deposits pledged	(10,062)	18,151
Increase in cash and bank balances pledged	(6,020)	(10,366)
Drawdown of bank borrowings	363,834	211,825
Repayment of bank borrowings	(149,559)	(134,778)
Dividend paid	(28,180)	(26,487)
Dividend paid to non-controlling interests	-	(310)
Proceeds from :		
- Exercise of ESOS	4,667	7,502
- Exercise of warrants	13,863	30,175
- Exercise of warrants in a subsidiary company by non-controlling interests	2,479	-
Repayment of finance lease payables	(2,456)	(1,410)
Net cash generated from financing activities	<u>188,566</u>	<u>94,302</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(55,815)	41,619
<b>Effect of exchange rate changes</b>	(271)	(2,168)
<b>Cash and cash equivalents at the beginning of the financial period</b>	178,558	79,796
<b>Cash and cash equivalents at the end of the financial period</b>	<u>122,472</u>	<u>119,247</u>
<b>Cash and cash equivalents at the end of the financial period comprise:</b>		
Fixed deposits with licensed banks	35,378	31,387
Cash held under Housing Development Accounts	116,752	104,871
Cash and bank balances	110,705	105,919
Bank overdrafts	(92,390)	(80,614)
	<u>170,445</u>	<u>161,563</u>
Less : Fixed deposits pledged with licensed banks	(34,896)	(22,071)
Cash and bank balances pledged	(13,077)	(20,245)
	<u>122,472</u>	<u>119,247</u>

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

**NOTES TO THE INTERIM FINANCIAL REPORT (UNAUDITED)**

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**A1. Basis of preparation**

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

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

**A2. Changes in accounting policies**

Basis of accounting

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

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

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

Standards issued but not yet effective

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

		<u>Effective date for financial periods beginning on or after</u>
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019

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

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

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

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

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

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

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

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

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

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

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

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

	Audited As previously stated RM'000	Adjustments RM'000	Unaudited As restated RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	256,611	-	256,611
Capital work-in-progress	17,003	-	17,003
Inventories - land and property development costs	1,334,055	-	1,334,055
Investment properties	60,881	-	60,881
Investment in associated companies	2,374	-	2,374
Other investments	83,004	-	83,004
Goodwill on consolidation	114,612	-	114,612
	1,868,540	-	1,868,540
<b>Current Assets</b>			
Inventories - land and property development costs	468,965	(13,338)	455,627
Inventories - completed properties and others	263,646	3,215	266,861
Contract assets	353,465	22,344	375,809
Trade and other receivables	710,712	(1,339)	709,373
Other investments	2,021	-	2,021
Tax recoverable	2,943	-	2,943
Fixed deposits with licensed banks	29,700	-	29,700
Cash held under Housing Development Accounts	147,645	-	147,645
Cash and bank balances	103,841	-	103,841
	2,082,938	10,882	2,093,820
<b>TOTAL ASSETS</b>	3,951,478	10,882	3,962,360

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

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

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

	Audited As previously stated RM'000	Adjustments RM'000	Unaudited As restated RM'000
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity attributable to Owners of the Parent</b>			
Share capital	775,285	-	775,285
RCPS	125,908	-	125,908
Reserves	383,215	(2,519)	380,696
Treasury shares, at cost	(88)	-	(88)
	1,284,320	(2,519)	1,281,801
Non-controlling interests	89,582	(68)	89,514
<b>TOTAL EQUITY</b>	1,373,902	(2,587)	1,371,315
<b><u>LIABILITIES</u></b>			
<b>Non-Current Liabilities</b>			
Trade and other payables	523,734	(9)	523,725
Finance lease payables	8,743	-	8,743
Bank borrowings	511,291	-	511,291
Deferred tax liabilities	7,587	499	8,086
	1,051,355	490	1,051,845
<b>Current Liabilities</b>			
Contract liabilities	34,588	(863)	33,725
Trade and other payables	1,111,795	13,842	1,125,637
Bank overdrafts	70,739	-	70,739
Finance lease payables	3,834	-	3,834
Bank borrowings	268,793	-	268,793
Tax payable	36,472	-	36,472
	1,526,221	12,979	1,539,200
<b>TOTAL LIABILITIES</b>	2,577,576	13,469	2,591,045
<b>TOTAL EQUITY AND LIABILITIES</b>	3,951,478	10,882	3,962,360
<b>Net Assets per share attributable to Owners of the Parent (RM)</b>	0.85 #		0.85 #

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

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

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

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

	Cumulative Period		
	Unaudited As previously stated 30.06.2017 RM'000	Adjustments RM'000	Unaudited As restated 30.06.2017 RM'000
Revenue	603,440	(11,285)	592,155
Cost of sales	(409,284)	(21,150)	(430,434)
Gross profit	194,156	(32,435)	161,721
Interest Income	1,792	-	1,792
Other income	8,991	-	8,991
Operating expenses	(98,236)	25,254	(72,982)
Finance costs	(14,082)	-	(14,082)
Share of loss in associated companies	(10)	-	(10)
Profit before tax	92,611	(7,181)	85,430
Taxation	(35,387)	770	(34,617)
Net profit for the financial period	57,224	(6,411)	50,813
Other comprehensive income, net of tax:			
Exchange translation differences for foreign operations	(3,783)	-	(3,783)
Change of stakes in a subsidiary company	-	-	-
Loss on revaluation of available-for-sale financial assets	(3,184)	-	(3,184)
Total comprehensive income for the financial period	50,257	(6,411)	43,846
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent	44,606	(6,401)	38,205
Non-controlling interests	5,651	(10)	5,641
	50,257	(6,411)	43,846

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

	Unaudited As previously stated RM'000	Adjustments RM'000	Unaudited As restated RM'000
Net cash generated from operating activities	26,009	-	26,009
Net cash used in investing activities	(78,692)	-	(78,692)
Net cash generated from financing activities	94,302	-	94,302
Net increase in cash and cash equivalents	41,619	-	41,619
Effect of exchange rate changes	(2,168)	-	(2,168)
Cash and cash equivalents at 1 January 2017	79,796	-	79,796
Cash and cash equivalents at 30 June 2017	119,247	-	119,247



## 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 2017 was not subject to any qualification.

### A4. Seasonal or cyclical factors

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

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

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

### A6. Material changes in estimates

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

### A7. Debt and equity securities

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

#### (i) Under the Company

- (a) Issuance of 3,723,600 new ordinary shares for cash pursuant to the exercise of options under the Employees' Share Option Scheme ("ESOS") at the following range of exercise prices :

	<u>Batch 1</u>	<u>Batch 2</u>	<u>Total</u>
Exercise price (RM)	1.00 to 1.84	0.46 to 0.81 #	
No. of shares issued	2,732,800	990,800	3,723,600

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

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

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

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

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

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

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

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

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

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

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

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

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

**A8. Dividend paid**

There was no dividend paid during the quarter under review.

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

**A9. Segment information**

**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
<b>REVENUE</b>					
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
<b>FINANCIAL RESULTS</b>					
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 in associated companies	-	(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
<b>Assets</b>					
Additional investment in associated company	-	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
<b>Other non-cash expenses</b>					
Allowance for impairment loss 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
Property, plant and equipment written off	-	-	9	22	31
Fair value loss on revaluation of financial assets at fair value through profit or loss	-	-	3	-	3
Unrealised loss on foreign exchange	-	-	10	-	10
<b>Other non-cash income</b>					
Negative Goodwill	-	-	(2,342)	-	(2,342)
Reversal of contingency sum provided in prior years no longer required	(12,056)	-	-	-	(12,056)
Dividend income from financial assets at fair value through profit or loss	-	-	(54)	-	(54)
Gain on disposal of :					
- Property, plant and equipment	(101)	(2)	(254)	-	(357)
Reversal of allowance for impairment loss on receivables	(2,260)	-	-	-	(2,260)
Unrealised gain on foreign exchange	-	-	-	(26)	(26)

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

## A9. Segment information (cont'd)

Period ended 30 June 2017

	Property Development RM'000 Restated	Construction & Trading RM'000 Restated	Management, Investment & Others RM'000 Restated	Motor Racing Circuit RM'000 Restated	Consolidated RM'000 Restated
<b>REVENUE</b>					
Total revenue	533,662	335,616	29,479	8,438	907,195
Less: Inter-segment revenue	-	(285,785)	(29,255)	-	(315,040)
Revenue from external customers	533,662	49,831	224	8,438	592,155
<b>RESULTS</b>					
Segment results	79,448	22,697	4,849	(9,262)	97,732
Interest income	1,370	54	319	49	1,792
Finance costs	(5,773)	(964)	(6,729)	(616)	(14,082)
Share of profit in associated companies	-	-	(10)	-	(10)
Profit / (loss) before tax	75,045	21,787	(1,571)	(9,829)	85,432
Taxation	(24,544)	(5,745)	(5,172)	844	(34,617)
Net profit / (loss) for the financial period	50,501	16,042	(6,743)	(8,985)	50,815
<b>Assets</b>					
Additions to non-current assets	63,537	3,155	416	824	67,932
Segment assets	2,349,541	145,215	422,641	223,071	3,140,468
<b>Other non-cash expenses</b>					
Allowance for impairment loss on:					
- Goodwill arising on consolidation	8,366	-	3	-	8,369
- Receivables	-	-	-	28	28
Bad debts written off	330	-	692	-	1,022
Depreciation of:					
- Investment properties	105	324	8	-	437
- Property, plant and equipment	1,473	1,720	596	4,307	8,096
Net loss on disposal of:					
- Property, plant and equipment	156	-	212	-	368
- Financial assets at fair value through profit or loss	-	-	10	-	10
Property, plant and equipment written off	5	15	7	96	123
Share-based payment	-	-	1,471	-	1,471
Unrealised loss on foreign exchange	-	-	178	113	291
<b>Other non-cash income</b>					
Dividend income from financial assets at fair value through profit or loss	-	-	(38)	-	(38)
Gain on disposal of:					
- Property, plant and equipment	-	(121)	-	-	(121)
- Subsidiary companies	-	-	(778)	-	(778)
Reversal of allowance for impairment loss on receivable	(128)	-	-	-	(128)
Reversal of contingency sum provided in prior years no longer required	(2,997)	-	-	-	(2,997)
Waiver of debts	-	-	(279)	-	(279)

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

### **A10. Valuation of property, plant and equipment**

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

### **A11. Changes in the composition of the Group**

- (i) On 18 April 2018, LBS Bina Holdings Sdn. Bhd. ("LBS"), a wholly-owned subsidiary company of the Company, acquired 539,000 ordinary shares, representing 49% equity interest in Bendera Berlian Sdn. Bhd. ("BBSB") for a total cash consideration of RM539,000 only. Consequently, BBSB became a 49% owned associated company of LBS.
- (ii) On 31 May 2018, LBS acquired 72,500 ordinary shares, representing 29% equity interest in Generasi Simbolik Sdn. Bhd. ("GSSB") for a total cash consideration of RM72,500 only. Consequently, GSSB became a wholly-owned subsidiary company of LBS.
- (iii) Changes of equity interest in MGB  
During the current financial quarter, the Company's equity interest in MGB has increased from 54.72% to 56.16% as the result of the followings:
  - a) Acquisition of 7,909,900 ordinary shares of MGB by the Company for a total cash consideration of RM7,533,047 only; and
  - b) Conversion of 1,354,779 Warrants 2014/2019 by non-controlling interests at the exercise price of RM0.50 per warrant into 1,354,779 new ordinary shares.

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

### **A12. Material events subsequent to the end of financial period**

In July 2018, the Company's equity interest in MGB has increased from 56.16% to 56.38% as the result of acquisition of 1,067,000 ordinary shares of MGB by the Company for a total cash consideration of RM978,682 only.

There were no other material subsequent events as at 22 August 2018, being the latest practicable date, which shall not be earlier than 7 days from the date of issuance of this interim financial report.

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

### A13. Capital commitments

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

	<b>Amount RM'000</b>
Approved and contracted for:	
a) Property development land	
- Sale and Purchase Agreement	3,420
- Development Rights Agreement	86,940
- Joint Venture Agreement	425,611
b) Acquisition of property, plant and equipment	
- Sale and Purchase Agreement	612
c) Interior design and renovation works	
- Purchase Order	256
	<u>516,839</u>

### A14. Changes in contingent assets or contingent liabilities

	<b>30.06.2018 RM'000</b>	<b>30.06.2017 RM'000</b>
Bank guarantees issued for :		
- Property Development	52,594	45,089
- Construction Contracts	12,775	13,576
- Others	30	30
	<u>65,399</u>	<u>58,695</u>

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

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

### A15. Significant related party transactions

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

	<b>Amount RM'000</b>
<b>Income</b>	
Sale of development properties	4,379
Rental income	89
<b>Expenses</b>	
Equity instrument	867
Finance costs	71
Legal fee	56
Purchase of property	1,500
Rental expenses	39
Rendering of services	187

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

- (i) A firm or companies in which a close family member of certain directors of the Company or subsidiary companies have financial interest;
- (ii) A firm or companies in which certain directors of the Company or its subsidiary companies have financial interest;
- (iii) Persons who have financial interest in subsidiary companies;
- (iv) Persons connected to certain directors of the Company;
- (v) Directors and key management personnel of the Company or its subsidiary companies and their close family members;
- (vi) A holding company of the Company; and
- (vii) An associated company 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 segments are analysed as follows:

	Individual Period			Cumulative Period		
	Current Year Quarter 30.06.2018 RM'000	Preceding Year Quarter 30.06.2017 RM'000 Restated	Changes %	Current Year To date 30.06.2018 RM'000	Preceding Year To date 30.06.2017 RM'000 Restated	Changes %
<b>Revenue</b>						
Property Development	258,528	315,137	-18%	452,012	533,662	-15%
Construction and Trading	202,984	172,111	18%	361,616	335,616	8%
Management, Investment & Others	6,901	26,054	-74%	14,230	29,479	-52%
Motor Racing Circuit	6,579	5,244	25%	12,329	8,438	46%
Total revenue	474,992	518,546	-8%	840,187	907,195	-7%
Less: Inter-segment revenue	(170,241)	(171,661)	1%	(295,319)	(315,040)	6%
Revenue from external customers	304,751	346,885	-12%	544,868	592,155	-8%
<b>Profit / (Loss) before tax</b>						
Property Development	18,317	48,431	-62%	41,630	75,044	-45%
Construction and Trading	14,881	9,145	63%	27,730	21,788	27%
Management, Investment & Others	5,715	(4,537)	226%	14,868	(1,571)	1046%
Motor Racing Circuit	(2,022)	(4,866)	58%	(4,022)	(9,829)	59%
	36,891	48,173	-23%	80,206	85,432	-6%

For the current quarter under review, the Group achieved revenue and profit before tax ("PBT") of approximately RM305 million and RM37 million respectively. These represent 12% decrease in revenue and 23% decrease in PBT over the results achieved in the corresponding quarter in the year 2017.

For the six months ended 30 June 2018, the Group achieved revenue and PBT of approximately RM545 million and RM80 million respectively. These represent 8% decrease in revenue and 6% decrease in PBT over the results recorded in the corresponding period in the year 2017.

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

**Property Development**

For the six months ended 30 June 2018, Property Development segment recorded lower revenue and PBT by 15% and 45% respectively.

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

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

Projects within the Klang Valley remain as the largest revenue contributor, accounting for approximately 74% of the Group's revenue for the current financial period.



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

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

#### Construction and Trading

For the six months ended 30 June 2018, Construction and Trading segment posted higher revenue and PBT by 8% and 27% respectively. The increase in revenue and PBT were primarily contributed from in-house jobs.

#### Management, Investment and Others

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

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

#### Motor Racing Circuit

For the six months ended 30 June 2018, Motor Racing Circuit segment recorded higher revenue by 46% and improvement in Loss before tax ("LBT") by 59%. The higher revenue and improvement in LBT were primarily due to higher income derived from corporate day events and sponsorship, and lower depreciation charge.

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

	Current Quarter 30.06.2018 RM'000	Immediate Preceding Quarter 31.03.2018 RM'000	Changes (%)
Revenue	304,751	240,117	27%
Profit before tax ("PBT")	36,891	43,315	-15%

For the current quarter under review, the Group's revenue and PBT were approximately RM305 million and RM37 million respectively as compared to the revenue and PBT of approximately RM240 million and RM43million respectively in the immediate preceding quarter.

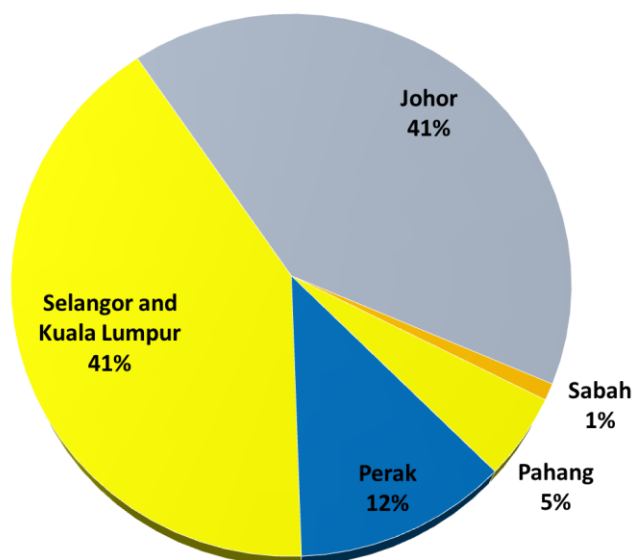
The increase in revenue was mainly attributable to higher progressive recognition of revenue from its on-going projects. The decrease in PBT was mainly due to cost savings from certain completed projects in the immediate preceding quarter.

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

### B3. Group's prospects for the current financial year

Property development remains as the key driver of our business operations and it accounts for more than 80% of the Group's total revenue for the current financial period.

As at reporting date, the Group has a total land bank of more than 4,100 acres and the breakdown by geographical area is as follows:



Whilst the prospects for the property industry remains challenging, the Group's prospects moving forward remain positive with total property sales of RM1.15 billion as at 28 August 2018, total unbilled sales of RM1.72 billion as at 31 July 2018, anchored by 19 ongoing projects and a total land bank of more than 4,100 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 30.06.2018 RM'000	Preceding year Quarter 30.06.2017 RM'000 Restated	Current year To date 30.06.2018 RM'000	Preceding year To date 30.06.2017 RM'000 Restated
Current year tax provision	15,808	21,640	33,374	38,253
Under provision in prior years	-	(20)	-	224
Deferred taxation	(2,994)	(3,431)	(3,305)	(3,860)
Total tax expense	<u>12,814</u>	<u>18,189</u>	<u>30,069</u>	<u>34,617</u>

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

### B6. Status of corporate proposals

The following is the status of corporate proposals that have been announced by the Company but has not been completed as at 22 August 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 20 April 2014, the Company's indirect subsidiary company, Koleksi Sigma Sdn. Bhd. had entered into a Joint Development Agreement ("JDA") with YPJ Multi Ventures Sdn. Bhd. for the proposed joint development project to develop 3 pieces of land with the total land area measuring 10.6 acres in Tampoi, Johor.

A Deed of Settlement Agreement was signed on 1 August 2018, whereas both parties mutually agreed to terminate this Agreement due to non-fulfillment of the conditions precedent.

- (ii) 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 Gaixin District (高新区发展和改革局).

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.

Any material development with regards to the MOU will be announced accordingly.

**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 22 August 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 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.

- (iv) On 16 June 2017, 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").

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.

The Private Placement was deemed completed on 5 June 2018 following the shareholder's approval obtained for the general mandate to issue new shares not exceeding 10% of the total number of issued shares of the Company at the 16<sup>th</sup> Annual General Meeting.

- (v) On 5 March 2018, the Company had entered into a Heads of Agreement ("HOA") with NWP Holdings Berhad ("NWP") for the followings:

(i) The Company, through its indirect wholly-owned subsidiary company namely, Lamdeal Investments Limited, to undertake jointly with NWP, a development project on the 264 acres of land ("Development Land") involving transformation of Zhuhai International Circuit Limited, which is located in Jinding District, Zhuhai, Guangdong Province, People's Republic Of China ("Proposed Development").

(ii) The Company to subscribe 1,100,000,000 NWP Shares, representing approximately 73.7% of the enlarged number of issued shares of NWP for a total cash consideration of RM93,500,000 or 8.5 sen per share for the purpose of part funding the Proposed Development.

On 30 May 2018, the Company and NWP had mutually entered into an agreement to mutually terminate the HOA dated 5 March 2018 ("Letter Agreement").

Pursuant to the Letter Agreement, both the Company and NWP mutually agreed to fully release and discharge each other from all the respective obligations and liabilities under, arising from or in connection with the HOA and to terminate, rescind and revoke the HOA with effect from the date of Letter Agreement, being 30 May 2018, and neither party shall have any further rights, entitlements or claims whatsoever against the other in respect of the HOA.

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

### B7. Utilisation of proceeds raised from corporate proposals

#### (i) Disposal of equity interests

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

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

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

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

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

The utilisation status of the final tranche of Promissory Note as at 22 August 2018, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of interim financial report, was as follows :

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

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

Note:

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

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

### B8. Borrowings and debt securities

The Group borrowings and debt securities were as follows:

#### 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>

#### Period ended 30.06.2017

	<u>Long term</u>		<u>Short term</u>		<u>Total borrowings</u>	
	<u>Foreign denomination</u>	<u>RM'000 denomination</u>	<u>Foreign denomination</u>	<u>RM'000 denomination</u>	<u>Foreign denomination</u>	<u>RM'000 denomination</u>
<u>Secured</u>						
Bank overdrafts	N/A	-	N/A	80,614	N/A	80,614
Finance lease payables	N/A	5,311	N/A	2,200	N/A	7,511
Bank borrowings	N/A	376,303	N/A	210,329	N/A	586,632
Total borrowings		<u>381,614</u>		<u>293,143</u>		<u>674,757</u>

### B9. Material litigation

There was no material litigation as at 22 August 2018, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

### B10. Dividend declared

In respect of the previous financial year ended 31 December 2017:-

On 12 April 2018, the Company has declared an interim dividend of 1 sen per ordinary share, which the entitlement date and payment date have been fixed on 12 June 2018 and 11 July 2018, respectively.

At the Annual General Meeting held on 06 June 2018, the shareholders of the Company approved a final dividend of 1.2 sen per ordinary share, which will be paid on 5 September 2018 to depositors registered in the Record of Depositors on 06 August 2018.

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

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

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

### B11. Earnings per share (“EPS”)

#### **Basic EPS**

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

	<b>Current Period Ended 30.06.2018</b>	<b>Preceding Period Ended 30.06.2017 Restated</b>
Net profit attributable to Owners of the Parent (RM'000)	<u>43,864</u>	<u>46,803</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,287,172</u>	<u>1,444,211</u> #
Basic EPS (sen)	<u>3.41</u>	<u>3.24</u> #

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

#### **Diluted EPS**

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

	<b>Period Ended 30.06.2018</b>	<b>Period Ended 30.06.2017 Restated</b>
Net profit attributable to Owners of the Parent (RM'000)	<u>43,864</u>	<u>46,803</u>
Adjusted weighted average number of ordinary shares in issue ('000)	<u>1,321,652</u>	<u>1,509,923</u> ^
Diluted EPS (sen)	<u>3.32</u>	<u>3.10</u> ^

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

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

	<b>Current Year Quarter 30.06.2018 RM'000</b>	<b>Current Period To Date 30.06.2018 RM'000</b>
Allowance for impairment loss on :		
- Goodwill arising on consolidation	(93)	(1,041)
- Receivables	(75)	(75)
Bad debts written off	(14)	(14)
Depreciation of :		
- Investment properties	(260)	(589)
- Property, plant and equipment	(6,316)	(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	(24)	(31)
Dividend income from financial assets at fair value through profit or loss	37	54
Gain on disposal of :		
- Property, plant and equipment	206	357
Gain on a bargain purchase arising from acquisition of a subsidiary company	-	2,342
Reversal of allowance for impairment loss on receivables (Reversal of) / allowance for expected credit losses on receivables	234	(76)
Reversal of contingency sum provided in prior years no longer required	3,281	12,056
Net foreign exchange gain	103	24

**By Order of the Board,**

**Dato' Lim Mooi Pang**  
**Executive Director**

Petaling Jaya, Selangor Darul Ehsan  
29 August 2018